



**Pacific Gas and  
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August 23, 2012

Mr. Edward Randolph  
Energy Division Director  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Dear Mr. Randolph:

Re: Unauthorized Change to the Hollister 115 kV Reconductoring Project

This is in response to your letter dated August 14, 2012, in which you notified PG&E that its decision to move and combine work areas on the Hollister project should not have been done prior to obtaining a variance from CPUC. PG&E takes its environmental compliance responsibilities very seriously, and we apologize for this error. We are instituting corrective actions to ensure that this issue does not arise on PG&E projects in the future.

In investigating this matter, we learned that some members of PG&E's staff misunderstood that the work areas could be combined without a variance because the overall work space was being reduced from the authorized acreage, and the new work space was all within the Mitigated Negative Declaration study area.<sup>1</sup> Table 2-3 of the Mitigated Negative Declaration states that the work areas are preliminary, and page 2-20 states that the site layouts would be approved by PG&E's environmental work monitor. Based on this language, PG&E staff thought they had flexibility to make these changes to the work areas.

Since this matter came to light, we have conducted additional environmental compliance training to provide clear direction to Hollister project staff at all levels that *any* use of land outside the work areas approved by the CPUC requires a variance before the change can be made. We will be providing this training to all Electric Transmission Land Planners, and key members of Construction, Project Management, and other internal business partners.

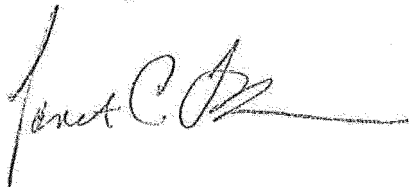
PG&E will use this incident as a point of discussion with our Electric Transmission and Substation departments to reinforce the importance of identifying adequate work areas in the Proponent's Environmental Assessment. As we have discussed with your staff, we are also modifying our approach to project applications, to provide for more flexibility in the project descriptions. For example, in the future we may identify more potential sites for proposed work areas and perform studies and surveys of

<sup>1</sup> The project description in the MND authorized 6 acres of work space in this area. By revising the area needed PG&E utilized 0.86 acres of workspace that was not outlined in the original project description, but did not utilize 4.61 acres that were outlined in the project description (please see attached map).

larger buffer zones to minimize the need for project variances. We look forward to continuing to collaborate with your staff on these efforts.

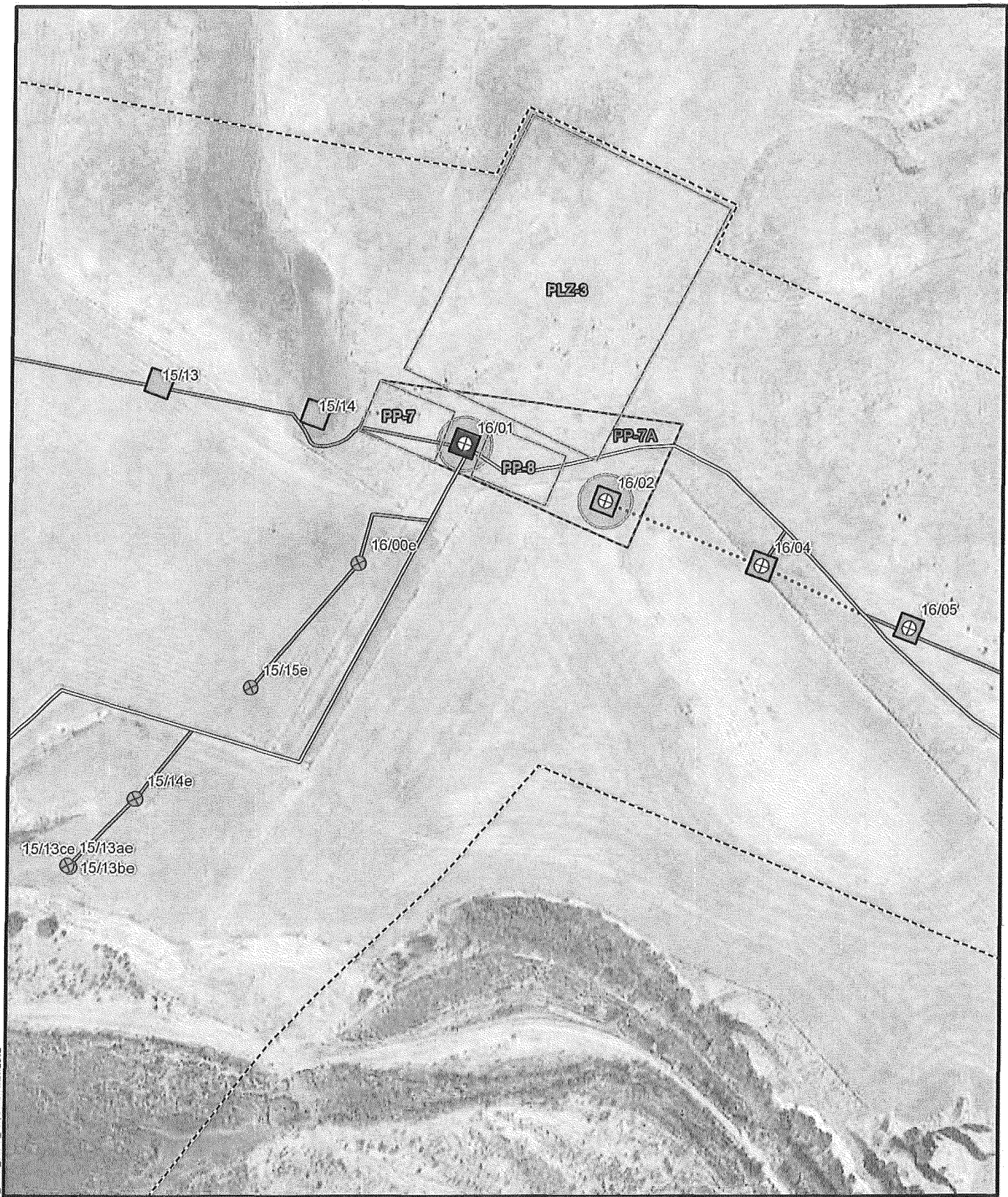
Again, we regret the situation that occurred on this Project and are committed to ensuring that it does not happen again.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Peevey". The signature is fluid and cursive, with a long horizontal stroke at the end.

cc: Michael R. Peevey  
Molly Sterkel  
Mary Jo Borak  
Andrew Smith  
Amy Baker

Attachment



Path: Z:\Projects\PG&E\_Hollister\GIS\PP7A\_MND\_Detail\_Map.mxd 3/23/2012

**PP-7A and MND Work Area Map** **Hollister 115 kV Power Line Reconductoring Project**

<ul style="list-style-type: none"> <li>⊕ Existing Pole</li> <li>⊗ Existing Pole to be Removed</li> <li>■ LDS Location</li> <li>■ TSP Location</li> </ul>	<ul style="list-style-type: none"> <li>⋯ MND Study Area</li> <li>□ MND Authorized Work Space</li> <li>□ Combined Work Area</li> <li>■ Pole Work Area</li> </ul>	<ul style="list-style-type: none"> <li>⋯ ATV Travel Route</li> <li>— Overland Travel Route</li> <li>— Existing Road</li> </ul>
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