



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
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MICHAEL R. PEEVEY
PRESIDENT

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July 27, 2012

Mr. Jeffrey D. Wiese
Associate Administrator for Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Ave., S.E.,
Washington, D.C. 20590

Subject: Update on Cast-Iron Natural Gas Pipeline Replacement in California

Dear Mr. Wiese,

Thank you for your letter of June 13, 2012 to the California Public Utilities Commission (CPUC). This letter provides an update on the replacement of cast-iron natural gas pipelines in California.

Pacific Gas and Electric Company (PG&E) is the only CPUC-jurisdictional gas utility that has cast-iron pipelines still in use providing natural gas service in California. In 1985, the CPUC approved a multi-year Gas Pipeline Replacement Program (GPRP) for PG&E, which enabled PG&E to replace or rehabilitate hundreds of miles of cast-iron pipelines. As a result, PG&E has deactivated 781 miles of the 829 miles of cast-iron pipelines that existed at the beginning of the GPRP. On average, PG&E has deactivated 30 miles of cast-iron pipeline per year.

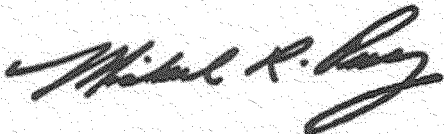
Currently, PG&E has approximately 48 miles of cast-iron pipeline remaining throughout its operating territory with a majority of this mileage, approximately 43 miles, located in San Francisco. PG&E plans to replace the remaining cast-iron pipelines in all locations, other than San Francisco, by the end of 2014. The City of San Francisco has in place a 5-year moratorium on excavations in streets that have been reconstructed, repaved or resurfaced in the preceding 5 years, which is limiting the progress for replacement of cast-iron pipelines within this densely populated area.

We believe our efforts to deactivate cast-iron pipelines under our jurisdiction have worked successfully to address, and eventually eliminate, the threat of gas leakage from this non-ductile material. We continue to seek ways to accelerate the replacement of all remaining cast-iron natural gas pipelines in California. To that effect, the CPUC recently sent a letter to the City of San Francisco, encouraging it to work with PG&E to determine what actions can be taken to allow PG&E to complete its deactivation of the remaining cast-iron pipelines in the city at a

faster rate than currently contemplated by PG&E's work schedule. The CPUC will continue to monitor the cast-iron replacement progress being made by PG&E in an effort to confirm that replacement continues on schedule.

If you have any questions related to this matter, please contact Michael Robertson at (213) 576-7082 or by email at MDR@cpuc.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Peevey". The signature is fluid and cursive, with the first name "Michael" being the most prominent.

Michael R. Peevey
President

cc: Julie Halligan, Deputy Director, CPSD
Michael Robertson, Program Manager, CPSD/GSRB