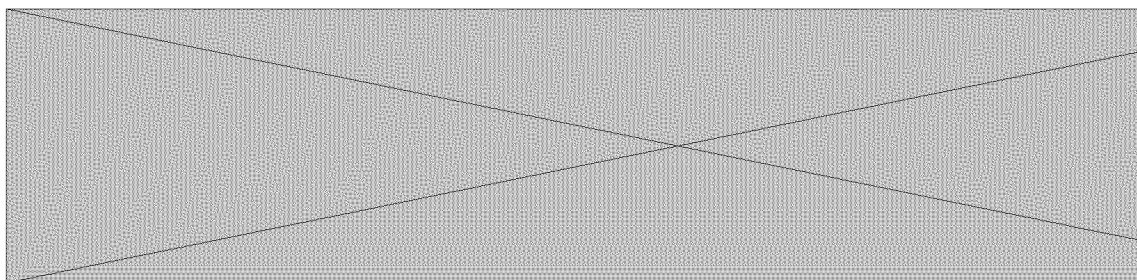


From: Cherry, Brian K
Sent: 9/11/2012 1:14:54 PM
To: Mark J. Ferron (mark.ferron@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: NTSB Recommendations; Four Down, Eight to Go
FYI.

Begin forwarded message:

From: A Message from Nick Stavropoulos
<AmessagefromNickStav@pge.com>
Date: September 11, 2012 1:04:45 PM PDT
To: All PG&E Mail Recipients <ALLPG&E@exchange.pge.com>, All PGE
Corp Employees <AllPGECorpEmployees@exchange.pge.com>
Subject: NTSB Recommendations; Four Down, Eight to Go



Team:

Sometimes I come to you with bad news—but not today. While our list of to-dos definitely remains with us, I'm pleased to share that we have received closure on four of the 12 recommendations made to PG&E by the National Transportation Safety Board (NTSB) after the San Bruno accident.

The three that recently closed are:

Emergency Procedure

A comprehensive response procedure to large-scale emergencies on our gas transmission lines has been established. The procedure identifies a single person to assume command and specifies duties for all others involved. It includes the development and the use of troubleshooting protocols and checklists and requires periodic tests or drills to show that the procedure works.

911 Notification

Our gas control room operators, who work around the clock to monitor our transmission pipeline network, are now required to immediately and directly notify the respective 911 call centers when a possible pipeline rupture is detected.

Toxicological Tests

We have revised our post-accident toxicological testing to ensure that it's timely and complete.

The NTSB recommendation closed earlier this year was:

Traceable, Verifiable and Complete Records

This item reflects the comprehensive and exhaustive search we undertook for records held throughout the company in a variety of different locations and by numerous sources and departments.

Additionally, as of January 2012, we completed validation for 2,088 miles of pipeline located in dense urban areas. Through April 2012, we validated another 1,032 miles of pipeline in more rural, less populated areas. By early 2013, we expect this number to reflect a total number of more than 4,600 miles.

Eight NTSB Recommendations Still Pending

The eight areas we are working aggressively to close out are:

1. Maximum Allowable Operating Pressure Validation
2. Hydrostatic Testing
3. Work Clearance Procedures
4. SCADA System Tools to Locate Leaks/Breaks
5. Automatic and Remote Shutoff Valves
6. Integrity Management Program
7. Integrity Management (Threat Assessment)
8. Public Awareness Program Continuous Improvement

The NTSB has classified all eight remaining recommendations as “open and acceptable.” The other possible response from the NTSB on our efforts—other than “closed”—is “open and unacceptable.”

It’s important to understand that many of the action plans related to these items span the course of several years and will take longer to complete as they are more complex and larger in scope and scale.

The NTSB will not close out a recommendation based only on ideas and a vision they are looking for results and completion—and where applicable—efforts that are sustainable. The changes we’ve made went to the core of the issues. We didn’t just apply a bandage to cover the “wound” or areas of concern. Also important is the fact that our improvement efforts will flex and change as business requirements and new safety standards demand them to.

When Accidents Occur, We Must Learn from them and Prevent them

We've also been studying other pipeline failures so that we can learn from them, including the accidents that occurred in Mississippi and Michigan. Our philosophy is that it doesn't matter if these incidents involved different gases, products and circumstances. Knowledge is power, and just as other utilities have learned from the San Bruno accident, we too need to get smarter by understanding the root causes of incidents and applying industry recommendations and solutions whenever possible.

Building Open, Transparent and Honest Relationships

On September 5, Jane Yura, vice president of Standards and Policies, Jesus Soto, senior vice president of Gas Transmission Operations and I met with NTSB Chairman Deborah Hersman, board members and others. One of the NTSB's priorities is to ensure that aviation, railway, highway and gas pipeline operators—among others—have safety management programs in place to *prevent* accidents from occurring.

They invited us to Washington, D.C. to hear about what PG&E is doing to achieve gas safety excellence. We provided them with a comprehensive review of everything we're doing, have completed and plan to do, including:

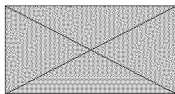
- Structuring the Gas Operations organization to support the flow of work we do
- Knowing our system: what makes it up, the shape it's in, the conditions it operates under, and the changes it may see in the future
- Identifying safety risks and threats, prioritizing them and creating action plans to address them
- Having single points of contact, when possible, and clear lines of accountability

I'm honored to have received this invitation from the NTSB and to have represented PG&E with Jane and Jesus.

Along with the critically important work that we are doing every day to identify and manage risks, strengthen our gas pipeline infrastructure, and be compliant in our

operations, we must keep the dialogue flowing with our customers, community leaders, elected officials, regulators and, last but not least, our colleagues at PG&E and other utilities. We need to be open, transparent and honest in our actions and our words. I'm not just asking you to live by this standard; I invite you to hold me to it as well.

I know in my heart that all 20,000 of us PG&Eers want to make a difference in our neighborhoods and communities and to improve the utility industry as a whole. People are beginning to notice. The NTSB's closure on four of our 12 recommendations is further proof that we're making steady progress and heading in the right direction. Keep up the good work, everyone. And remember, if we don't know about it, we can't fix it.



Nick