



**Pacific Gas and
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NEWS

FOR IMMEDIATE RELEASE

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PG&E STATEMENT REGARDING GAS TRANSMISSION LINE 147

SAN FRANCISCO, Calif. —Pacific Gas and Electric Company (PG&E) (NYSE: PCG) today issued the following statement regarding Line 147, a 3.8 mile cross-tie gas transmission line on the San Francisco Peninsula. The pipeline has been the subject of questions about its safety by the City of San Carlos. In addition, it has been the subject of a California Public Utilities Commission (CPUC) proceeding regarding the company's self-reporting of records discrepancies regarding the line.

“We welcome the Commission affirmation today that this pipeline can be safely operated at a pressure up to 330 pounds per square inch. The safety of Line 147 has been extensively assessed and confirmed not only by PG&E but also by the country's leading pipeline safety consultant and by the Safety and Enforcement Division of the CPUC. This line plays a critical role in delivering natural gas safely and reliably to PG&E customers in the Peninsula. During this time of year when temperatures are at some of the coldest levels, returning this line to full and safe service will help ensure that all PG&E customers continue to receive the natural gas they need to stay warm. In addition, returning the line to service gives us the capacity we need to move forward with safety-related work on other lines.”

In a separate decision, the Commission fined PG&E \$14,350,000 for delays in formally reporting the details of discrepancies found between certain pipe on Line 147 and PG&E's records for that pipe.

“While we appreciate the Commission's decision to allow us to return this line to service and agree with the Commission that timely and transparent communication with the CPUC and the public is essential, we believe the fine associated with this ruling is

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excessive. We acknowledge our communication efforts fell short of expectations in this instance and we are committed to improving the way that we communicate with the CPUC to meet the Commission's expectations for the timely flow of information in every instance.

“An independent review, which was conducted by the law firm of Munger, Tolles & Olson LLP at the request of the Audit Committee of the PG&E Corporation Board of Directors, concluded that there was no intent to mislead or deceive the Commission or its staff regarding Line 147 nor was there an atmosphere that would encourage such conduct.

“The principal cause of the delay in notification to the CPUC was a good faith but lengthy effort by PG&E, after ensuring the safety of the affected segment of Line 147, to determine the correct Maximum Allowable Operating Pressure (MAOP) on Line 147 in light of newly discovered pipe specifications and applicable state and federal regulations.”

Pacific Gas and Electric Company, a subsidiary of PG&E Corporation (NYSE:PCG), is one of the largest combined natural gas and electric utilities in the United States. Based in San Francisco, with more than 20,000 employees, the company delivers some of the nation's cleanest energy to 15 million people in Northern and Central California. For more information, visit <http://www.pge.com/about/newsroom/> and www.pgecurrents.com.