

From: Cherry, Brian K  
Sent: 3/25/2014 8:59:49 AM  
To: Malashenko, Elizaveta I. (elizaveta.malashenko@cpuc.ca.gov); Tyrrell, Denise (denise.tyrrell@cpuc.ca.gov); Clanon, Paul (paul.clanon@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: Carmel Incident Update

FYI

**From:** A Message from Jesus Soto  
**Sent:** Tuesday, March 25, 2014 8:58 AM  
**To:** Gas Operations All Employees  
**Cc:** Officers and Directors - All  
**Subject:** Carmel Incident Update

Team:

I want to provide you with an update on the actions that we've taken since the March 3 gas distribution incident in the community of Carmel-by-the-Sea.

While no one was hurt, our entire team has been taking this incident very seriously. We have taken unprecedented safety measures to stop all tapping work across our service area.

We are continuing to actively communicate updates and provide information to the Mayor of Carmel, the City Council, local Fire and Police officials, our regulators and concerned residents. Our proactive communications with the Carmel community demonstrates how far we've come in our safety first culture guided by our commitment to be open and transparent. Our employees have been maintaining ongoing, proactive face-to-face conversations with customers, have attended meetings and will hold a community open house this week to make sure all concerns are addressed.

Corrective actions from this incident were immediately entered into our Corrective Action Program and we engaged Exponent, an engineering firm, to conduct an independent root cause analysis. We expect their final report in two to three weeks. But we are not waiting for the final report to take action.

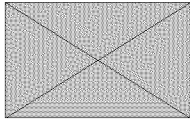
Since the incident, our teams from multiple Divisions came together to share their best practices, including highly productive conversations with the IBEW. Thanks to this collaboration among our represented and non-represented employees, we now have clearly revised steps for crews so that we avoid anything like what happened in Carmel from happening again.

Attached is the 5 Minute Meeting tailboard detailing these enhanced protocols to be used prior to performing any welding or tapping on distribution pressure steel main or services. We're rolling out these enhanced protocols today and our teams will resume welding and tapping work everywhere in the system with the exception of Carmel. We've made a commitment to city officials and residents of Carmel that we would wait until the review by Exponent is complete to restart non-emergency work in the area.

This incident has provided us with an opportunity to put an even sharper focus on records management, operational standards and field assessments. We'll share the final results of the Exponent root cause report with you when we have it. But, in the meantime, please continue your unwavering focus on safety and doing the right work, the right way every day.

Lastly, it is important that we stay tightly coordinated in our communications with the City of Carmel, so I ask that we only reach out through either Ross Leverett or Dawn Mathes for any information required for work or permits.

If you have any questions about this incident, the new tapping procedures, or anything about the safety of our gas system, please don't hesitate to call or email me or Kevin Knapp.



Jesus