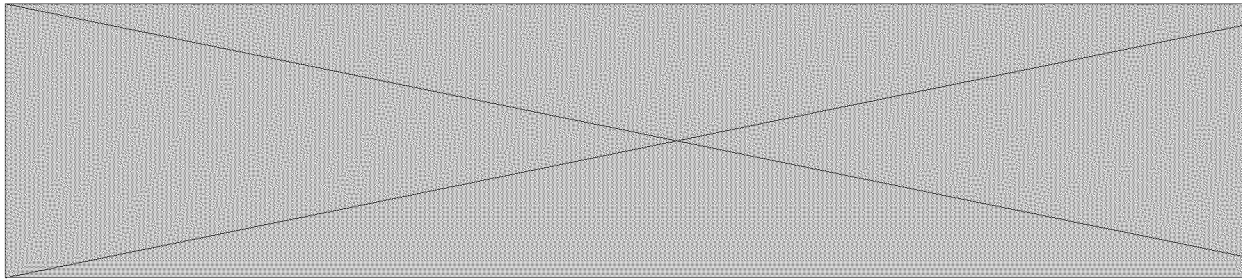


From: Cherry, Brian K
Sent: 4/29/2014 8:27:59 AM
To: Malashenko, Elizaveta I. (elizaveta.malashenko@cpuc.ca.gov); Tyrrell, Denise (denise.tyrrell@cpuc.ca.gov); Clanon, Paul (paul.clanon@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: Update on Carmel Incident

FYI

From: A Message from Jesus Soto
Sent: Tuesday, April 29, 2014 8:26 AM
To: Gas Operations All Employees
Cc: Officers and Directors - All
Subject: Update on Carmel Incident



Team:

As I committed to you in my last message, we now have the results about what happened when a gas explosion severely damaged a vacant home in Carmel-by-the-Sea last month. This was a serious event, and we're very grateful no one was hurt.

Exponent, the independent engineering firm that PG&E hired to lead an assessment, released the final report on Friday, April 25, to PG&E. As part of our commitment to the community of Carmel of an open and transparent process, we shared a copy of this report with the city and the California Public Utilities

Commission (CPUC).

On March 3, 2014, a crew performing tapping operations in Carmel drilled into a steel distribution line, which had previously been fitted with an inner plastic pipe they did not know about. Approximately 15 to 30 minutes later an explosion took place in an adjacent, vacant house. Exponent conducted site inspections of the distribution line, damaged house and nearby sewers, in addition to interviewing witnesses and conducting a helium migration test. Based on its analysis, Exponent concluded gas migrated from the space between the inserted plastic pipe and the steel pipe into the soil and, eventually, through an opening in a sewer service lateral into the home. The ignition source was likely the stove pilot light.

We fully embrace Exponent's findings and we are committed to carrying out each of the corrective actions from the firm's report. Learning from this accident is an important way that we can become a better gas company and uphold our commitment to our customers that safety is at the heart of everything we do. From the time of the accident, we've implemented changes to the field processes addressed by the report's findings. We also continue to keep an open line of communication with Carmel officials, the local fire and police departments, and our customers. We are taking one more step forward on our path to building a safety-first culture.

Findings from the report

Exponent's report concludes the gas explosion may have been prevented by proper verification of the natural gas distribution line's status and configuration prior to tapping. This underscores the importance of following all field procedures all of the time. We take this incident very seriously and Exponent provided several recommendations in its report, which we have already incorporated into our safety practices or are working quickly to do so.

Our regulator, the CPUC, as well as local fire and police officials are also conducting their own assessments and we look forward to those results. But as I said, we are already taking steps to address this issue. In addition to entering the findings into Corrective Action Program (CAP), we:

- Enhanced the step-by-step process used by gas workers before

tapping on a pipeline.

- ██████████ Added a new process for gas workers to make sure they have the right equipment and procedures to handle potential emergencies.
- ██████████ Added new emergency response training for all PG&E Gas Construction employees.
- ██████████ Put in place a quality assurance check system to verify that these new work methods and tools are being followed. With additional layers of quality verification, we'll be able to identify additional ways we can improve the way we work.
- ██████████ Have cut the amount of time in half that it takes to update our mapping system after a construction project is completed.

If you would like to view the report in its entirety, you may access it [here](#). If you have any questions about this incident, the enhanced tapping procedure, or anything about the safety of our gas system, please don't hesitate to call or email me or Kevin Knapp.

As always, thank you for continuing to raise any issues so that we can continually enhance our gas system and the way we all work together.

Be safe,

Jesus