



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
505 VAN NESS AVENUE
SAN FRANCISCO, CALIFORNIA 94102

MICHAEL R. PEEVEY
PRESIDENT

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MEMORANDUM

TO: CPUC EXECUTIVE DIRECTOR PAUL CLANON
FROM: CPUC PRESIDENT MICHAEL R. PEEVEY
SUBJECT: SAN BRUNO EXPLOSION
DATE: SEPTEMBER 12, 2010
CC: COMMISSIONERS BOHN, GRUENEICH, RYAN, SIMON
AND GENERAL COUNSEL FRANK LINDH

Executive Director Clanon,

I direct you to take the following steps in response to the San Bruno explosion and our investigation.

I direct you to order PG&E to immediately undertake the following actions:

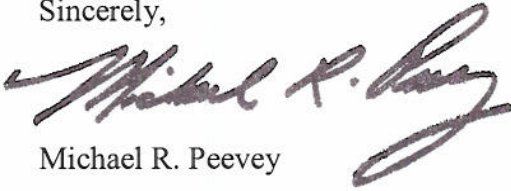
- 1) Conduct leak surveys on all natural gas lines, giving priority to transmission (higher pressure) pipelines, and to Class 3 and Class 4 segments of such lines (i.e., those in areas of highest population density), and keep the affected segment of Line 132 out of service until the CPUC directs otherwise.
- 2) Preserve all records and accident reports from the San Bruno incident, including work at the Milpitas Terminal during the month of September 2010, and ensure that all PG&E employees and contractors are available for interviews with federal and state investigators, including any requested examinations under oath. PG&E should also retain all records of work performed by PG&E or its contractors on Line 132 in the City of San Bruno.
- 3) Review and report the classification of their natural gas transmission lines and determine if the classification has changed since the initial designation.
- 4) Report immediately to the CPUC on procedures for responding to gas leak reports, and provide specific data on all leak reports and PG&E's response for a recent period, system-wide, and in the affected area.
- 5) Investigate and report to the CPUC on PG&E's authorized versus actual levels of spending on pipeline safety and pipeline replacements from 2005 to the present.

I also direct you to take the following actions:

- 1) Ensure that we are utilizing appropriate staffing levels in our investigation.

- 2) Recommend any emergency orders needed for action at the CPUC's Sept 23, 2010, business meeting.
- 3) Work closely with the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration to determine if there are additional immediate corrective actions that could be taken with PG&E.
- 4) Convene an independent expert panel to assist us in our investigation and ensure CPUC staff coordination with the panel.
- 5) Provide confidential updates to the Commissioners on a regular basis on the status and preliminary findings of our investigation, and on the directives contained in this memo.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael R. Peevey". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michael R. Peevey