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PRESS RELEASE

Docket #: R.11-02-

**CPUC ORDERS ALL CALIFORNIA GAS TRANSMISSION
OPERATORS TO TEST OR REPLACE PIPELINE
NOT PREVIOUSLY PRESSURE TESTED**

SAN FRANCISCO, June 9, 2011 - The California Public Utilities Commission (CPUC) today ordered all California natural gas transmission operators to develop and file for CPUC consideration a Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan to achieve the goal of orderly and cost effectively replacing or testing all natural gas transmission pipeline that have not been pressure tested.

The Implementation Plans may include alternatives that demonstrably achieve the same standard of safety but must include a prioritized schedule based on risk assessment and maintaining service reliability, as well as cost estimates with proposed ratemaking. The Implementation Plan will also address retrofitting pipeline to allow for in-line inspection tools and, where appropriate, automated or remote controlled shut off valves.

In the interim, Pacific Gas and Electric Company (PG&E) will continue to work on its determination of Maximum Allowable Operating Pressure (MAOP) through pipeline features analysis and the company should use the result of that analysis to impose further pressure reductions as necessary pending replacement or testing. PG&E may use engineering-based assumptions for this analysis where required due to missing records.

In January, following the rupture of a PG&E pipeline in San Bruno, the National Transportation Safety Board (NTSB) issued Safety Recommendations, with which the CPUC immediately ordered PG&E to comply, that called for PG&E to aggressively and diligently search for pipeline records

and to use those traceable, verifiable, and complete records to determine the valid MAOP based on the weakest section of the pipeline or component to ensure safe operation of certain PG&E natural gas transmission lines that have not had MAOP established through prior hydrostatic testing.

A series of technical workshops will be convened prior to the filing of the Implementation Plans to assist the operators in prioritizing segments in their Implementation Plans.

“Our actions today place California firmly on the road to ensuring that our natural gas pipeline infrastructure is fully capable of providing safe and reliable service for decades to come,” said Commissioner Mike Florio. “The tragedy at San Bruno should never have happened, and with the program that we are launching today we intend to make sure that it never happens again.”

The proposal voted on is available at

http://docs.cpuc.ca.gov/WORD_PDF/AGENDA_DECISION/136874.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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