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PRESS RELEASE

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**CPUC APPROVES PIPELINE SAFETY PLAN FOR PG&E;
INCREASES WHISTLEBLOWER PROTECTIONS**

SAN FRANCISCO, December 20, 2012 - The California Public Utilities Commission (CPUC) today approved Pacific Gas and Electric Company's 2012-2014 Pipeline Safety Implementation Plan. The CPUC required PG&E to pressure test 783 miles of natural gas pipeline, replace 186 miles of pipeline, upgrade 199 miles of pipeline to allow in-line inspection, and install 228 automated shut off valves.

The CPUC authorized rate recovery for 39 percent of the funds PG&E requested, approving \$299 million in increased revenue for the 3-year period. PG&E's rate for residential core service will increase by about 1.5 percent as a result of today's decision. The CPUC required that PG&E's shareholders bear the risk of cost overruns because PG&E's past management decisions led to the need to undertake this massive project on an expedited schedule.

Additionally, PG&E shareholders will bear the costs of pressure testing pipeline for which pressure test records are missing. PG&E is required to continue its record management improvement project; however, due to past deficiencies in document management, the costs of this project and its computer database may not be recovered from ratepayers.

The CPUC also required PG&E to scrutinize and evaluate its internal corporate operations as well as external events, such as trenching work by other entities, to capture cost-effective safety improvement opportunities.

"Today's decision places PG&E firmly on the path toward a much safer natural gas transmission



system, while limiting the cost to ratepayers to those expenditures that are truly needed to meet the higher safety standards that the CPUC has adopted. All costs that are the result of past PG&E mistakes are assigned to the company's shareholders," said CPUC Commissioner Mike Florio.

Said Commissioner Catherine J.K. Sandoval, "I support an ongoing and unwavering commitment to safe gas transmission and distribution systems and operations for now and future decades."

Added Commissioner Mark J. Ferron, "As a result of approving these new safety plans, the utilities will need to raise substantial amounts of capital to implement this new standard. Today's decision strikes the right balance between the share of costs borne by PG&E shareholders and those borne by ratepayers."

Separately, the CPUC today adopted new protections for safety whistleblowers, in accordance with Assembly Bill 705. The new protections ensure that all natural gas utilities in the state post in a prominent physical location, as well as in electronic form on their website where employees are likely to see it, information about whistleblower protections, including the CPUC's Whistleblower Hotline (800- 649-7570, fraudhotline@cpuc.ca.gov).

The proposals voted on today are available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M040/K622/40622382.PDF> and <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M037/K661/37661696.PDF>.

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

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