California Public Utilities Commission

505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE **PRESS RELEASE**

Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

CPUC ORDERS PG&E TO REDUCE OPERATING PRESSURE ON ADDITIONAL GAS TRANSMISSION PIPELINES

SAN FRANCISCO, February 2, 2011 – The California Public Utilities Commission (CPUC) today ordered Pacific Gas and Electric Company (PG&E) to lower the operating pressure on certain gas transmission pipelines following a staff investigation.

The CPUC's action is the latest action the agency has taken since the Sept. 9, 2010, explosion of a PG&E gas transmission pipeline in San Bruno, Calif. Immediately after the accident, the CPUC ordered PG&E to reduce the pressure in the pipeline through San Bruno. In December, the CPUC ordered pressure reductions in several other PG&E pipelines in the East Bay, after records deficiencies were found.

The CPUC also has ordered PG&E to produce extensive records about its pipeline system, after investigators from the CPUC and the National Transportation Safety Board found that PG&E's records incorrectly identified the type of pipe in the ground in San Bruno. The ruptured pipe had a longitudinal weld, but PG&E's records incorrectly showed the pipe was seamless.

This week, as part of the ongoing staff investigation into the San Bruno explosion, the CPUC learned that PG&E over a period of several years had allowed the pressure in several other gas transmission pipelines to rise above the Maximum Allowable Operating Pressure (MAOP) set by law. Some of the affected pipelines are located in what are termed High Consequence Areas, which means highly populated areas.

In light of this new information, the CPUC ordered PG&E to:

- Reduce the operating pressure by 20 percent below the MAOP of the following transmission lines that have segments located in High Consequence Areas: Line 148 (running 17.68 miles from Manteca to Modesto), DFM 0805-01 (running 3.49 miles from Milpitas to San Jose), DFM 0807-01 (running 0.5 miles in Milpitas), and DFM 1816-01 (running 8.44 miles from Watsonville to Aptos Hills).

- Reduce the operating pressure by 20 percent below MAOP for any additional transmission lines that have segments located in High Consequence Areas that are found, through further investigation, to have experienced planned or unplanned events in which the segments experienced pressure greater than 110 percent of MAOP.

PG&E must maintain these pressure reductions until such time as the CPUC allows PG&E to return the lines to their normal operating pressures.

"As we've done throughout the course of the San Bruno investigation, based on the best information available, we're taking prudent actions to ensure the safety of the public," said CPUC Executive Director Paul Clanon. "Exceeding MAOP does not, in and of itself, mean that a pipeline is at risk of failure, since the MAOP is set well below the maximum tolerance of a pipeline. But, compounded with our earlier finding that PG&E may have misidentified the types of pipelines it has in the ground, we are being particularly cautious and ordering the pressure reductions until we can better understand the safest operating pressure on these pipelines."

Today's action by the CPUC is one of many directives given to PG&E since the explosion in San Bruno in order to ensure public safety. These directives include a Sept. 12, 2010, order to PG&E to immediately reduce pressure in the ruptured pipeline, a Dec.

16, 2010, order to PG&E to reduce pressure on all other pipelines that were of the same size and age as the pipeline that exploded in San Bruno and had not yet been pressure tested, and a Jan. 3, 2011, order to PG&E to conduct a complete and comprehensive records search of pipeline documents in order to determine the valid MAOP based on the weakest section of the pipeline or component to ensure safe operation of PG&E's pipelines.

Documents related to PG&E's pipeline explosion in San Bruno, including the letter sent by Executive Director Clanon to PG&E today, are available on the CPUC's website at www.cpuc.ca.gov/PUC/events/sanbruno.htm.

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

###