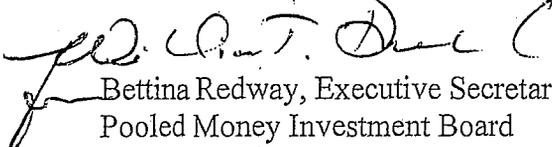


POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

Date: November 10, 2010

To: Pooled Money Investment Board
Bill Lockyer, Chair
John Chiang, Member
Ana J. Matosantos, Member

From:  Bettina Redway, Executive Secretary
Pooled Money Investment Board

Subject: Surplus Money Investment Fund Participation Request

The State Treasurer's Office asked the staff of the State Controller's Office to review a request from the Public Utilities Commission to allow the following Fund to participate in the Surplus Money Investment Fund:

Special Deposit Fund Account
San Bruno Independent Review Panel Expenses
Fund Number 0942245

The State Controller's Office staff notified the State Treasurer's Office that they had determined this request is consistent with the statutory requirements of Section 16470, et seq., of the Government Code and recommended approval by the Pooled Money Investment Board. The State Treasurer's Office staff concurs with this recommendation. The effect of this action will be to credit interest earnings to these funds rather than the General Fund.

Please indicate your approval by signing below:

Bill Lockyer

Date

John Chiang

Date

Ana J. Matosantos

Date

Memorandum

To : Bettina Redway
Executive Secretary
Pooled Money Investment Board

Date: November 9, 2010

From : State Controller's Office
Kathy Perry, Bureau Chief
Division of Accounting and Reporting
Bureau of Accounting

Subject: SURPLUS MONEY INVESTMENT FUND PARTICIPATION REQUEST

I recommend approval for the following funds to participate in the Surplus Money Investment Fund:

San Bruno Independent Review Panel Expenses (Special Deposit Fund)
(Fund Number: 0942245)

If you have any questions, please contact Al Davis at (916) 322-3009 or Annette Stephenson at (916) 322-4462.

cc: Bill Dowell, State Treasurer's Office
Erica Jones, State Treasurer's Office
Greg Bruss, Department of Finance
Phillip Gee, State Controller's Office, Division of Accounting & Reporting

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

DATE: November 5, 2010

TO: Kathy Perry, Chief
Division of Accounting & Reporting
State Controller's Office

FROM: *for* *Jeff Wurm*
Bettina Redway
Executive Secretary
Pooled Money Investment Board

SUBJECT: Surplus Money Investment Fund Participation Request

Attached is a request from the Public Utilities Commission, for participation of the following fund in the Surplus Money Investment Fund:

Special Deposit Fund
San Bruno Independent Review Panel Expenses
Fund Number 0942245

Please research this request and provide recommendation to this office. I am notifying the Department of Finance of this request by copy of this letter.

Enclosure

cc: Bill Dowell, State Treasurer's Office
Jeff Wurm, State Treasurer's Office
Greg Bruss, Department of Finance
Alan Davis, State Controller's Office

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 20, 2010

Pooled Money Investment Board
c/o State Treasurer's Office
915 Capitol Mall, Room 106
Sacramento, CA 95814

RE: Request for Participation in SMIF

We are requesting to enroll Special Deposit Fund 0942.245 for participation in the Surplus Money Investment. Attached is a Form AUD 10 establishing SDF 0942.245 pursuant to P.U.C. Resolution # L-403.

Please contact me if you have further questions.


Brenda Cochran, Chief
Management Services

Memorandum

To : Ed Quan
Public Utilities Commission
Accounting Office
505 Van Ness Avenue, Room 3000
San Francisco, CA 94102-3298

Date: October 7, 2010

OCT 18 2010

EXECUTIVE DIRECTOR'S OFFICE

From : State Controller's Office
KATHY PERRY, Chief *Kathy Perry*
Bureau of Accounting
Division of Accounting and Reporting

Subject: SPECIAL DEPOSIT FUND ACCOUNT

The following Special Deposit Fund account has been established in the State Controller's FISCAL System.

Account Title: San Bruno Independent Review Panel Expenses

Ledger Code: 0912245-8660-1945-501-D

Period of Availability: From September 28, 2010 through June 30, 2013

Attached please find the completed AUD-10 for your files.

If you have any questions regarding this account, please contact Maureen Pagonis at (916) 322-4598.

KP:PG:mp

Attachment(s)

cc: Annette Stephenson
Alexis Liakos

REQUEST TO STATE CONTROLLER TO ESTABLISH OR AMEND SPECIAL DEPOSIT FUND ACCOUNT

SUBMIT ORIGINAL TO DEPARTMENT OF FINANCE. UPON APPROVAL, DEPARTMENT OF FINANCE WILL FORWARD ORIGINAL TO STATE CONTROLLER'S OFFICE FOR PROCESSING. WHEN ACCOUNT HAS BEEN ESTABLISHED, AN ACKNOWLEDGED COPY WILL BE RETURNED TO THE AGENCY, AFTER WHICH CLAIMS MAY BE SUBMITTED.

UNLESS EXCEPTED BY LAW, EXPENDITURES FROM THIS ACCOUNT ARE SUBJECT TO GENERAL STATE LAWS GOVERNING THE EXPENDITURE OF STATE FUNDS (SEE 1 OPS. CAL. ATTY. GEN. 90). THIS INCLUDES CONTRACT, PURCHASE AND CIVIL SERVICE REQUIREMENTS, BOARD OF CONTROL RULES, APPROVALS BY DEPARTMENT OF GENERAL SERVICES AND ATTORNEY GENERAL, ETC.

CLAIM SCHEDULE WILL SHOW APPROPRIATION AS GOVERNMENT CODE (GC) SECTION 16370 AND THE ACCOUNT TITLE.

UNDER THE PROVISIONS OF GC SECTION 16370 AND STATE ADMINISTRATIVE MANUAL SECTION 18420 PLEASE ESTABLISH OR AMEND THE FOLLOWING SPECIAL DEPOSIT FUND ACCOUNT.											
Proposed Account Title: San Bruno Independent Review Panel Expenses											
Source of Monies: Pacific Gas and Electric Company (PG&E) in accordance with a Commission order.											
Purpose of Account: To fund the Independent Review Panel to help in the investigation of the San Bruno explosion and fire on Sept. 9, 2010.											
Date of Trust Instrument:		Department of Finance Approval: By: <i>Kelly Sutt</i> Date: <i>9/24/2010</i>									
Disposition of Residue: Return to PG&E		Statute Reference, If Any: N/A									
Expenditures Authorized: Travel costs and other incidental expenses of panel members, and expert consultants retained by the Independent Review Panel.											
Period of Availability: From September 23, 2010 through June 30, 2011 2013											
Department: California Public Utilities Commission		Organization Code: 8660									
Contact Person: Ed Quan		Title: Deputy Executive Director									
Signed: <i>[Signature]</i>		Date: Sept. 21, 2010									
STATE CONTROLLER USE ONLY											
Remarks:											
Account Established: Date: <i>9-30-10</i>											
<i>[Signature]</i> BUREAU CHIEF DIVISION OF ACCOUNTING AND REPORTING											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">FUND</th> <th style="width: 25%;">AGENCY</th> <th style="width: 25%;">FY</th> <th style="width: 25%;">REF/ITEM</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0942245</td> <td style="text-align: center;">8660</td> <td style="text-align: center;">1945</td> <td style="text-align: center;">501</td> </tr> </tbody> </table>				FUND	AGENCY	FY	REF/ITEM	0942245	8660	1945	501
FUND	AGENCY	FY	REF/ITEM								
0942245	8660	1945	501								

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Legal Division

San Francisco, California
Date: September 23, 2010
Resolution No. L-403**RESOLUTION**

DIRECTIVES OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION PURSUANT TO CALIFORNIA CONSTITUTION, ARTICLE 12, SECTIONS 1-6, PUBLIC UTILITIES CODE SECTIONS 315, 451, 701, and 702, TO INVESTIGATE THE FACTS SURROUNDING THE EXPLOSION AND FIRE OF PACIFIC GAS AND ELECTRIC COMPANY'S NATURAL GAS TRANSMISSION LINE NO. 132, TO MAKE AN IMMEDIATE ASSESSMENT OF THE SAFETY OF PG&E'S OTHER GAS TRANSMISSION LINES, TO ESTABLISH AN INDEPENDENT REVIEW PANEL TO ASSIST IN THE FACT-FINDING INVESTIGATION OF THE SAN BRUNO EXPLOSION AND THE OVERALL SAFETY OF PG&E'S GAS TRANSMISSION LINES IN CALIFORNIA, TO RATIFY THE MANDATORY INSTRUCTIONS OF THE EXECUTIVE DIRECTOR'S PREVIOUS EMERGENCY MANDATES TO INVESTIGATE THE SAN BRUNO INCIDENT (INCLUDING, REDUCTION OF PRESSURE IN LINE 132, REQUIRED INSPECTIONS AND, SURVEYS, AND THE PREPARATION OF PLANS), TO MAKE ALL OF THE UTILITY'S EMPLOYEES AND CONTRACTORS AVAILABLE FOR FACT-FINDING INVESTIGATORY INTERVIEWS, AND TO PRESERVE ACCIDENT RECORDS AND GENERAL RECORDS REGARDING THE SAFETY AND INTEGRITY OF LINE 132.

SUMMARY

This Resolution is issued to ensure the immediate safety of the residents of the City of San Bruno and the people of California in connection with the operation of the Pacific Gas and Electric Company ("PG&E") natural gas transmission system. The orders within this Resolution provide, among other things, for an investigation into the explosion of PG&E's natural gas transmission line 132 in the City of San Bruno on the evening of September 9, 2010 ("San Bruno explosion"), and into the general safety risks associated with PG&E's other gas transmission lines in the State. This investigation will

be limited to fact-finding only. Adjudicatory or rulemaking proceedings may follow but are not part of the ordered investigation in this Resolution. The Resolution also creates an Independent Review Panel of experts ("Independent Review Panel" or "Panel") to gather facts, review these facts and make recommendations to the Commission for the improvement of the safe management of PG&E's natural gas transmission lines. The costs of the Panel will be funded by PG&E. A memorandum account is authorized to track the costs of the Panel for cost recovery purposes, but the Commission defers any decision on the allocation of such costs between PG&E's shareholders and customers. The President of the Commission is authorized to select the members of the Panel, subject to confirmation by a vote of the Commission.

BACKGROUND

At approximately 6:15 in the evening of September 9, 2010, a portion of PG&E's natural gas pipeline 132 ruptured and exploded in the City of San Bruno near Skyline Boulevard, killing seven residents and injuring numerous others, some of them severely. The San Bruno explosion resulted in a large fireball which ultimately destroyed 37 homes. It took PG&E approximately one and a half hours to shut off the gas flow on the ruptured line, by closing two manually operated pipeline valves—one of them a mile away from the rupture, and the other one and a half miles away. The San Bruno explosion may be the largest transmission pipeline explosion in an urban/suburban setting in U.S. history, certainly the most catastrophic in California history.

JURISDICTION AND AUTHORITY

The Commission issues the directives in this Resolution pursuant to its plenary and broad powers under, *inter alia*, the California Constitution and the Public Utilities Code section 451, which mandates the following: "Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public." (Pub. Util. Code, § 451.) In our broad grant of jurisdiction over public utilities in California, we are authorized to "do all things, whether specifically designated in ... [the Public Utilities Code] or in addition thereto, which are necessary and convenient" to our regulation of public utilities, including, though not limited to, adopting necessary rules and requirements in furtherance of our constitutional and statutory duties to regulate and oversee public utilities operating in California. (Pub. Util. Code, § 701.) This Commission has comprehensive jurisdiction over questions of public health and safety arising from utility operations. (*San Diego Gas & Electric v. Superior Court* ("Covalt") (1996) 13 Cal.4th 893, 923-924.) Our jurisdiction to regulate these entities is set forth in the California Constitution and in the Public Utilities Code. (Cal. Const., art. XII, §§ 1-6; see generally, Pub. Util. Code, §§ 216, 701, 768, 1001.) Public utilities are required to "obey and comply with every order, decision, direction, or

rule made or prescribed by the commission" (Pub. Util. Code, § 702; see also, Pub. Util. Code, §§ 761, 762, 767.5, 768, 770.)"

Under federal statutes, the Commission is certificated by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") in the U.S. Department of Transportation to adopt the federal pipeline safety standards, to enforce those standards, order the preservation and maintenance of records, and enforce these powers through injunctive relief. (See 49 U.S.C. § 60105, subds. (b)(1) through (b)(7)).

RATIFICATION AND APPROVAL OF THE MANDATES OF THE EXECUTIVE DIRECTOR

Because of this unforeseen emergency, the Commission's Executive Director ordered PG&E to perform certain duties in a letter dated September 13, 2010. By this Resolution, the Commission hereby approves those mandates. Specifically, those mandates included the following:

- 1) Reduce the operating pressure on PG&E's Line 132 to a pressure level of 20% below the operating pressure at the time of the failure and retain that lower pressure level until such time as the Commission allows PG&E to return to Line 132's normal operating pressure;
- 2) Ensure that there are no additional risks to the residents of San Bruno by conducting an integrity assessment of all gas facilities in the impacted area;
- 3) Conduct an accelerated leak survey of all transmission lines in PG&E's service territory, giving priority to segments in class 3 and class 4 locations, within one month of the date of this letter and take corrective action as required and report the results to the Executive Director on or before October 12, 2010;
- 4) Evaluate records of customer leak-complaint response times and response effectiveness system-wide, take immediate mitigation measures if deficiencies are found, and report the results to the Executive Director;
- 5) Prepare a plan for a complete safety inspection of PG&E's entire natural gas transmission pipeline system and provide the plan to me no later than September 23, 2010;

- 6) Make all employees and contractors available for interviews with federal and state investigators, including if requested, examinations under oath;
- 7) Preserve all records related to the incident, including work at the Milpitas Terminal during the month of September 2010;
- 8) Preserve all records related to the maintenance or modification of Line 132 by PG&E and/or its contractors performed within the City of San Bruno over the past ten (10) years;
- 9) Review the classification of natural gas transmission lines and determine if the classification has changed since the initial designation and report the results to the Executive Director;
- 10) Investigate and report to the Executive Director PG&E's forecasted versus actual levels of spending on pipeline safety and pipeline replacements from 2005 to the present; and
- 11) Conduct a review of all gas transmission line valve locations in order to determine locations where it would be prudent to replace manually operated valves with automated valves and report the results to the Executive Director.

Mandate #1, above, which required PG&E to reduce the operating pressure on PG&E's Line 132 to a pressure level of 20% below the operating pressure at the time of the pipeline rupture and to retain that lower pressure level until such time as the Commission allows PG&E to return Line 132 to a higher operating pressure, is consistent with PHMSA's Corrective Action Orders in similar emergency situations, including the following recent example:

Pursuant to 49 U.S.C. §60112, I hereby order BP to take the following corrective actions...The terms of the restart plan must include provisions for...Reducing the MOP of the Affected Pipeline Facility to 80 percent of the highest operating pressure experienced at the White Oak Station (MP 0) and Crete Station (MP 19.95) in the 60 days prior to August 17, 2010."

In the Matter of BP Pipelines (North America), Inc., Respondent, (Aug. 26, 2010) CPF No. 3-2010-5010H, at p. 4; see also *Evaluation of the Effectiveness of a 20% Pressure Reduction After a Pipeline Failure* (May 1997) Report No. DTRS56-96-C-0002-001, U.S. Department of Transportation.

With respect to mandates #7 and #8, PG&E is required to maintain its gas transmission pipeline records and make them available for review under 49 C.F.R. Part 192.947.

In this Resolution, the Commission approves the foregoing mandates of the Executive Director in his letter to PG&E of September 13, 2010, and adopt these mandates in this Resolution, but with minor modifications as set forth in the Ordering Paragraphs below.

WAIVER OF COMMENT PERIOD

The tragic San Bruno explosion is an unforeseen emergency of local and statewide importance requiring immediate action by the Commission. The normal 30-day comment period for the issuance of an order or resolution may be waived in circumstances such as these. (Pub. Util. Code §§ 311, subs. (d) & (g)(2); see also *Resolution E-3731, Pacific Gas and Electric Company* (April 3, 2001) 2001 Cal. PUC LEXIS 659.) The Commission's Rules of Practice and Procedure also permit such a waiver.¹

ESTABLISHMENT OF AN INDEPENDENT REVIEW PANEL TO ASSIST IN THE FACT-FINDING INVESTIGATION

The Commission will establish, within 60 days of the date of this Resolution, an Independent Review Panel of experts to gather facts and make recommendations based on the facts to the Commission as to whether there is a need for the general improvement of the safety of PG&E's natural gas transmission lines, and if so, how these improvements should be made. The Panel will be retained by the Commission and funded by PG&E. The President of the Commission will select the experts on the Panel. The Commission establishes this Panel pursuant to its powers under Public Utilities Code sections 451, 701 and 702. The Charter of the Panel is appended to this Resolution and incorporated herein by reference.

PG&E shall provide full cooperation to Commission staff and the Panel during the investigation into the cause of the San Bruno explosion and the safety of PG&E's gas transmission pipelines in general. In this regard, upon request, PG&E shall provide Commission staff and/or the Panel: (i) any factual or physical evidence under the utility

¹ "In an unforeseen emergency situation, the Commission may reduce or waive the period for public review and comment on proposed decision, draft resolutions, and alternates. "Unforeseen emergency situation" means a matter that requires action or a decision by the Commission more quickly than would be permitted if advance publication were, made on the regular meeting agenda. Examples include, but "are not limited to...[a]ctivities that severely impair or threaten to severely impair[,] public health or safety[,]...[c]rippling disasters that severely impair public health or safety[,]...[u]nusual matters that cannot be disposed of by normal procedures if the duties of the Commission are to be fulfilled." (Cal. Code of Regs., tit. 20, § 14.6 subs. (1), (2) and (8).)

or utility agent's physical control, custody, or possession related to the San Bruno explosion; (ii) the name and contact information of any known percipient witness; (iii) any employee or agent of PG&E, who is a percipient witness or expert witness; the name and contact information of any person or entity that has taken possession of any physical evidence removed from the site of the San Bruno explosion; (iv) any and all documents under the utility's control that contain facts related to the San Bruno explosion; any additional information deemed relevant and necessary by Commission staff and/or the Panel to the investigation of the San Bruno explosion; and (v) any and all information related to the safety and integrity of PG&E's gas transmission pipelines. In obtaining information from PG&E and other sources, the Panel shall coordinate as necessary with Commission staff as their respective investigations proceed.

The Commission observes that Public Utilities Code sections 311, 313, and 314, authorize each of the Commissioners, the Executive Director, the Assistant Executive Directors and the Administrative Law Judges to issue subpoenas requiring the attendance of witnesses and production of documents for examinations under oath even prior to the initiation of formal proceedings, which is similar to the investigatory authority, prior to hearings under Government Code sections 11180-11191. In this regard, even without the compulsion of a subpoena, the Commission hereby confirms that under Public Utilities Code §§ 313, 314, 314.5, 315, 581, 582, 584, 701, 702, 771, 1794, and 1795, the Commission staff may obtain information from utilities and is already deemed to have the general investigatory authority of the Commission. Because the Commission staff already has the authority, there is no need to grant this authority to Commission staff. However, inasmuch as the Panel is newly established, it is necessary that the Commission confer the same investigatory authority as the Commission staff already possesses to the Panel, for purposes of the fact-finding investigation of the San Bruno explosion and the safety of PG&E's natural gas transmission pipelines.

The Panel, like the Commission staff, may review documents that are marked "Confidential under § 583" subject to the provisions of Public Utilities Code section 583. This statute requires such documents to be kept confidential (unless the utility waives the confidentiality requirement, the Commission orders the release, or a Commissioner orders release in the course of a proceeding). However, in order to ensure that documents are not withheld from the public without legally valid justification, we will require that in order for PG&E to maintain the confidentiality of documents produced to the Commission in this pre-adjudicatory investigation, PG&E must comply with the following procedures: (1) each page of the confidential documents must be marked "Confidential under § 583"; (2) for each document marked "Confidential under § 583", the utility must provide a justification for treating it confidentially; and (3) any document designated for protection as confidential must not already be available to the public. In addition, unless or until a formal proceeding is initiated, the Commission authorizes the Commission's President to act on behalf of the Commission to release for public

inspection documents marked by PG&E as “Confidential under § 583”, if he finds that PG&E has not sufficiently justified its confidentiality or that the public interest warrants its release to the public.

Since we are in a fact-finding stage and are not interested in the thoughts, opinions or communications of PG&E’s attorneys, we expect that PG&E will not withhold facts or expert opinions under the guise of attorney-client privilege or the work product doctrine. Indeed, public utilities in California are statutorily required to report any facts or expert opinions as to the cause of accidents to the Commission under the Public Utilities Code section 315.² Similarly, we put PG&E on notice that it must promptly make available its employees and independent contractors for interviews requested by federal investigators (e.g., the National Transportation Safety Board (“NTSB”)) and state investigators (e.g., Commission staff or the Panel), including examinations under oath pursuant to Public Utilities Code section 314. Under analogous statutory provisions, such as Government Code sections 11180-11191, courts have recognized the differences between examinations under oath, which are conducted prior to formal hearings, and depositions. (See, e.g., *People v. West Coast Shows, Inc.* (1970) 10 Cal. App. 3d 462, 470.) Moreover, as the United States Supreme Court explained in *Hannah v. Larche* (1960) 363 U.S. 420, 446, “[w]hen agencies are conducting nonadjudicative, fact-finding investigations, rights such as appraisal, confrontation, and cross-examination generally do not obtain. While the person summoned may have the advice of counsel, counsel may not, as a matter of right, otherwise participate in the investigation.” The Supreme Court further recognized that the lack of counsel participation or other parties was necessary for agencies to conduct efficient investigations, and that this would not violate the due process rights of a party, because the party, if ultimately charged, would be accorded all of the traditional judicial safeguards at a subsequent adjudicative hearing. (*Id.*) For all of these reasons, the Commission interprets very broadly the investigatory authority of Commission staff, and the investigatory authority granted to the Panel.

² It is also the Commission’s understanding that although the utilities have an attorney-client privilege, that privilege does not extend to the underlying facts as they have been communicated to the attorney. (See, e.g. *Wells Fargo Bank v. Superior Court* (2000) 22 Cal.4th 201, 210; see also *Martin v. Workers Compensation Appeals Board* (1997) 59 Cal. App. 4th 333, 345.) Moreover, it is not clear that the work product doctrine, Code of Civil Procedure section 2018.030, is applicable to pre-adjudicatory administrative fact-finding. However to the extent it does apply, except for the attorney’s own thoughts and mental impressions, the work product doctrine is considered a qualified privilege. We find that the public interest in ensuring the safety of California citizens from potential disasters, such as the San Bruno Explosion, clearly outweighs PG&E’s need for its experts’ opinion to be withheld from the Commission. (See, *Kizer v. Sulnick* (1988) 202 Cal.App.3d 437, 441 [“Appellant cannot fulfill his statutory duty to investigate the possible health hazards posed by the waste facility without access to all relevant information....”].)

FINDINGS OF FACT

1. The Commission finds that the San Bruno explosion of September 9, 2010, is an "unforeseen emergency" under Public Utilities Code sections 311(d) and 311(g)(2).
2. The mandates issued by the Commission's Executive Director set forth in his letter to PG&E dated September 13, 2010, were necessary to immediately address the unforeseen emergency of the San Bruno explosion.
3. The Commission finds that the normal 30-day comment period for the issuance of an order or resolution should be waived. (Pub. Util. Code § 311(d) and 311(g)(2).)
4. The Commission finds that the establishment of an Independent Review Panel is reasonable and necessary under these emergency circumstances, and that the authority to select the members of such Panel shall be exercised by the President of the Commission, subject to confirmation by a vote of the Commission.
5. The Commission finds that it is reasonable and necessary for the expenses of the Panel to be paid by PG&E. Issues regarding the allocation of the costs and expenses of the Panel between shareholders and customers shall be determined in a later proceeding. PG&E is instructed to pay the costs and expenses, and record those costs and expenses in a memorandum account.
6. The Commission finds that the Charter of the Panel, appended hereto, is reasonable and appropriate.
7. The Commission finds that it is necessary for the Panel to have access to information involving the investigation of the San Bruno explosion and the safety and integrity of PG&E's natural gas transmission pipelines, and such access should be pursuant to Public Utilities Code sections 313, 314, 314.5, 315, 581, 582, 584, 701, 702, 771, and 1795.
8. In order to ensure that documents are not withheld from the public without legally valid justification during this pre-adjudicatory investigation, PG&E must comply with the following procedures : (1) each page of the confidential documents must be marked "Confidential under § 583"; (2) for each document marked "Confidential under § 583", the utility must provide a justification for treating it confidentially; and (3) any document designated for protection as confidential must not already be available to the public.
9. The Commission finds that it is reasonable and necessary under these emergency circumstances that the Commission authorize the Commission's President to act on behalf of the Commission to release for public inspection documents marked "Confidential under § 583" if he finds that PG&E has not sufficiently justified its

assertion of confidentiality or that the public release of such documents is in the public interest.

CONCLUSIONS OF LAW

1. The San Bruno explosion is an "unforeseen emergency" under Public Utilities Code sections 311(d) and 311(g)(2).
2. The mandates issued by the Commission's Executive Director in his letter to PG&E dated September 13, 2010, were reasonable and necessary to immediately address the unforeseen emergency of the San Bruno explosion.
3. The Commission's ratification of the mandates set forth in the Executive Director's letter to PG&E of September 13, 2010, is a reasonable, necessary and appropriate means of immediately addressing the unforeseen emergency of the San Bruno explosion.
4. It is reasonable and necessary to waive the normal 30-day comment period for the issuance of this Resolution pursuant to Public Utilities Code sections 311(d) and 311(g)(2).
5. It is reasonable and necessary to establish an Independent Review Panel of experts to gather facts regarding the San Bruno explosion and PG&E's natural gas transmission pipeline system, and to evaluate these facts and make recommendations regarding the overall safety of PG&E's transmission pipelines in order to address this unforeseen emergency.
6. It is reasonable and necessary that the President of the Commission select the members of the Panel, under these emergency circumstances, subject to confirmation by a vote of the Commission.
7. It is reasonable and necessary that PG&E fund the costs and expenses of the Panel because of these emergency circumstances. PG&E is instructed to pay the costs and expenses and to record those costs and expenses in a memorandum account. Issues regarding the allocation of costs and expenses of the Panel between shareholders and customers shall be determined later.
8. The Charter of the Panel, appended hereto, is reasonable and appropriate under these emergency circumstances.
9. The Panel is given the same investigatory authority as the Commission staff has under the Public Utilities Code. Access by the Panel to information shall be limited to the investigation of the San Bruno explosion and the safety and integrity of PG&E's natural gas transmission pipelines.
10. In this fact-finding and investigatory process, in order for PG&E to maintain the confidentiality of documents produced to the Commission in this pre-adjudicatory investigation, PG&E must comply with the following procedures:

- (1) each page of the confidential documents must be marked "Confidential under §583;" (2) for each document marked "Confidential under § 583," the utility must provide a justification for such confidential treatment; and (3) any document designated by PG&E for protection as confidential must not already be available to the public.
11. It is reasonable and necessary under these emergency circumstances to authorize the Commission's President to act on behalf of the Commission and to release to the public documents PG&E has marked "Confidential under § 583" if he finds that PG&E has not sufficiently justified its assertion of confidentiality or that the public release of such documents is in the public interest. This authorization will remain in effect until a formal proceeding is initiated.
 12. It is in the best interests of this investigation that PG&E make PG&E employees or independent contractors available for examinations under oath by the Commission staff or by the Panel.
 13. Examination under oath prior to adjudicatory hearings are different from depositions and, for purposes of efficiency in conducting the Commission's investigation, the participation of counsel for the witness or other parties shall not be allowed at this early stage of investigation.

ORDER

1. The normal 30-day comment period for the issuance of the Executive Director's letter to PG&E of September 13, 2010, and this Resolution shall be waived pursuant to Public Utilities Code sections 311(d) and 311(g)(2), *Resolution E-3731, Pacific Gas and Electric Company* (April 3, 2001) 2001 Cal. PUC LEXIS 659, and Cal. Code of Regs., tit. 20, §§ 14.6 subd. (1), (2) and (8).
2. In response to this unforeseen emergency, an Independent Review Panel shall be established to gather information regarding the San Bruno explosion and the overall safety of PG&E's natural gas transmission pipelines, and to review and evaluate such information, as well as make recommendations to the Commission.
3. The President of the Commission shall select the members of the Panel, subject to confirmation by a vote of the Commission. The Panel shall operate under the Charter appended to this Resolution.
4. PG&E shall pay for the costs and expenses of the Panel and shall establish a memorandum account to record those costs and expenses.
5. PG&E shall provide cooperation to Commission staff and the Panel during the investigation into the cause of the San Bruno Explosion and safety of PG&E's

transmission lines in general. In this regard, upon request, PG&E shall provide Commission staff and/or the Panel: (i) any factual or physical evidence under the utility or utility agent's physical control, custody, or possession related to the San Bruno Explosion; (ii) the name and contact information of any known percipient witness; (iii) the name and contact information of any employee or agent of PG&E who is a percipient witness or an expert witness; (iv) the name and contact information of any person or entity that has taken possession of any physical evidence removed from the site of the San Bruno explosion; (v) any and all documents under the utility's control that contain facts related to the San Bruno explosion, and (vi) any and all information related to the safety and integrity of PG&E's gas transmission pipelines.

6. For the limited purpose of this investigation in the San Bruno explosion and the general safety and integrity of PG&E's natural gas transmission pipelines, the Commission authorizes the Panel to have the same investigatory authority and access to information as the Commission staff possesses under Public Utilities Code sections 313, 314, 314.5, 315, 581, 582, 584, 701, 702, 771, 1794, and 1795.
7. In order to maintain the confidentiality of documents produced to the Commission in this pre-adjudicatory investigation, PG&E shall comply with the following procedures: (1) each page of the confidential documents must be marked "Confidential under §583"; (2) for each document marked "Confidential under § 583", the utility must provide a justification for its confidential treatment; and (3) any document designated by PG&E for protection as confidential must not already be available to the public.
8. The Commission authorizes the Commission's President to act on behalf of the Commission to determine whether documents that PG&E has marked "Confidential under § 583" shall be released to the public. The President may release such a document if he finds that PG&E has not sufficiently justified its assertion of confidentiality or that its public release is in the public interest.
9. PG&E shall make available for examinations under oath by the Commission staff or by the Panel, PG&E employees or independent contractors. Neither PG&E's counsel, nor any other person other than the person being examined, may "participate" in the examination under oath.
10. PG&E shall reduce the operating pressure on PG&E's Line 132 to a pressure level of 20% below the operating pressure at the time of the failure and retain that lower pressure level until such time as the Commission allows PG&E to increase the pressure in Line 132.
11. PG&E shall ensure that there are no additional risks to the residents of the City of San Bruno by conducting an integrity assessment of all gas facilities in the impacted area.

12. PG&E shall conduct an accelerated leak survey of all natural gas transmission pipelines, giving priority to segments in class 3 and class 4 locations, within one month of the date of this letter and take corrective action as required and report the results to the Commission's Executive Director on or before October 12, 2010.
13. PG&E shall evaluate records of customer natural gas leak-complaint response times and response effectiveness system-wide, take immediate mitigation measures if deficiencies are found, and report the results to the Executive Director within ten (10) days of the date of this Resolution.
14. PG&E shall prepare a plan for a complete safety inspection of PG&E's entire natural gas transmission pipeline system and provide the plan to the Executive Director immediately.
15. PG&E shall make all employees and independent contractors who performed work on Line 132 prior to the San Bruno explosion available for interviews with federal and state investigators, including if requested, examinations under oath.
16. PG&E shall preserve all records related to the San Bruno explosion, including work at the Milpitas Terminal during the months of August and September 2010.
17. PG&E shall preserve all records related to the inspection, maintenance or modification of Line 132 by PG&E and/or its contractors performed within the City of San Bruno over the past ten (10) years.
18. PG&E shall review the classification of its natural gas transmission pipelines and determine if those classifications have changed since the initial designation.
19. PG&E shall report the results of its review of the classification of its natural gas transmission lines and any subsequent changes to those classifications since PG&E's initial designation to the Executive Director within ten (10) days of the date of this Resolution.
20. PG&E shall investigate and report to the Commission PG&E's forecasted versus actual levels of spending on pipeline safety and pipeline replacements from 2003 to the present within ten (10) days of the date of this Resolution.
21. PG&E shall conduct a review of all natural gas transmission line valve locations in order to determine locations where it would be prudent to replace manually operated valves with remotely operated or automated valves and shall report its results to the Commission within thirty (30) days of the issuance date of this Resolution.

22. In all other respects, PG&E shall fully cooperate with the Commission's investigation into the San Bruno explosion, including a general investigation into the safety and integrity of PG&E's gas transmission lines, and respond expeditiously to the Commission's request for information.

This Order is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting of September 23, 2010. The following Commissioners approved it:

PAUL CLANON
Executive Director

**CHARTER
OF THE
INDEPENDENT REVIEW PANEL**

- What is the public's right to information concerning the location of natural gas transmission and distribution facilities in populated areas?

Membership and Support

The membership of the Panel shall consist of no fewer than three experts, and no more than five, selected by the President of the Commission, and confirmed by a vote of the Commission. The President of the Commission shall select a leader for the Panel. The Panel shall exercise investigatory powers as granted by the Commission. Commission staff shall provide administrative support to members of the Panel. The Panel also shall be free to seek opinions and recommendations from expert consultants.

Compensation and Expenses

Members of the Panel shall be paid a nominal sum. Reasonable expenses incurred by members will be paid. Expert consultants to the Panel shall be paid reasonable compensation.