

Exhibit 1

From: Cherry, Brian K
Sent: 12/18/2013 11:11:19 AM
To: Khosrowjah, Sepideh (sepideh.khosrowjah@cpuc.ca.gov); Florio, Michel Peter (MichelPeter.Florio@cpuc.ca.gov) (MichelPeter.Florio@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: Responses to last night's L147 questions

Here is the material we provided to Liza Malaschenko. The circumstances as always are more complicated.

From: Doll, Laura
Sent: Tuesday, December 17, 2013 10:46 AM
To: elizaveta.malashenko@cpuc.ca.gov
Cc: Christopher, Melvin J. (GSO); Brown, Rick (GSO)
Subject: Responses to last night's L147 questions

Liza
Here are three things you asked for last night.

1. A description of what it takes to get Line 147 back up to transmission level service. Basically, it takes between 4-8.5 hours depending on whether it happens during work or off hours, and about 12 people to get it done. The description provides info about where the work has to take place.
2. Two slides that graphically show why L147 needs to operate at 330 psig to provide needed transmission system redundancy/emergency re-routing capability. It's a good image of what happens in case of an outage both now – at 125 – and later, with the line back at 330.
3. A list of safety related projects that are at risk of not being completed while L147 operates at 125 psig. They are grouped in 3 categories (and their descriptions are a bit cryptic):
 - PSEP valve automation and regulation projects
 - Pipeline replacement projects
 - In-line inspection upgrade projects

All of these projects require clearances so that gas can continue to flow while portions of the pipe are taken out of service to be worked on. Line 147 needs to be operating at transmission level pressures (330) to accommodate that.

There are about 6 projects that definitely **cannot** proceed: they include 2 PSEP valve automation and regulation projects that were scheduled for installation on December 13, 2 pipe replacement projects on Lines 101 and 109 that are scheduled this spring, and 2 In-line inspection upgrade projects on Line 101 that are scheduled for April 2014.

There are another 17 projects that are at serious risk of not being able to proceed, and will require further analysis if L147 is not returned to transmission level service.

Hope this gets you what you were looking for. But as always, Mel and his team are ready to provide more information.

From: Florio, Michel Peter
Sent: 12/18/2013 8:07:46 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: Re: Line 147 Decision

We are both learning or remembering things we wish we hadn't I'm good to go unless you find out anything different than this.

-----Original Message-----

From: Cherry, Brian K [<mailto:BKC7@pge.com>]
Sent: Wednesday, December 18, 2013 8:05 PM
To: Florio, Michel Peter
Subject: Re: Line 147 Decision

See, I ranted so much I forgot you had another question.

The valves that control the operation between lines 101, 109 and 132 are manual valves. They require people on site and manually ratcheting down or up of pressure with pressure gauges that need to be applied. Crews need to be called in up to 8 hours in advance to make it work. The pressure is increased upwards during that time period. They are not automatic nor are they remotely controlled (an important distinction). Automatic valves are sensitive to pressure changes (ex. A drop in pressure caused by rupture from a seismic event). Remotely controlled valves can be opened or shut through SCADA at our Gas Control Center in San Ramon. Ideally, some day, if customers are willing to pay and regulators approve, most valves would be remotely controlled. Most valves on our system and SoCalGas' are not.

The valves associated with Line 147 are not remotely controlled nor are they automatic. They are manual. I'm happy to take San Carlos out to look at them.

Pretty amazing what I retained from working at SoCalGas for 17 years !

Brian K. Cherry
PG&E Company
VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
(415) 973-4977

> On Dec 18, 2013, at 7:52 PM, "Florio, Michel Peter" <MichelPeter.Florio@cpuc.ca.gov> wrote:

>

> Thank you Brian -- you are far from the only one ranting today!! This all makes sense to me. The only other loose end that I see is the City's claim that they were told automatic valves had already been installed on Line 147. I think those may have been the ones planned for this month, but a little more clarification on what valves exist and what they can do would help. No rest for the weary! Mike

>

> -----Original Message-----

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]
> Sent: Wednesday, December 18, 2013 7:43 PM
> To: Florio, Michel Peter
> Subject: Re: Line 147 Decision

>

> Let me see what I can do.

>

> I believe the simple answer is that Operating at 240 psi doesn't allow line 147 to be used as a crosstie with 101, 109 and 132, which therefore limits the ability to operate the lines efficiently and safely under high stress conditions. I believe under APD and even CWD conditions, that a rupture from a third party dig in on any of those feeder lines with line 147 at 240 psi would result in core and noncore curtailment in the northern peninsula. San Carlos would not be effected unduly but core and noncore residents in SFO would be without gas. During last weeks cold spell, we came close to just that situation with a sewer replacement project in the Peninsula. Keeping line 147 below the 330 psi operating standards also doesn't allow us to isolate sections and spurs off 101, 109 and 132 in a manner to install new automatic valves for needed seismic work, prepare and institute In line inspection pigging or do needed pipeline replacement work in other cities and municipalities. We have already cancelled work in some cities and are likely to cancel more work planned for 2014 on the Peninsula.

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> I'm sorry to rant. Let me see what more I can get tomorrow.

>
> Brian K. Cherry
> PG&E Company
> VP, Regulatory Relations
> 77 Beale Street
> San Francisco, CA. 94105
> (415) 973-4977

> On Dec 18, 2013, at 7:14 PM, "Florio, Michel Peter" <MichelPeter.Florio@cpuc.ca.gov<<mailto:MichelPeter.Florio@cpuc.ca.gov>>> wrote:

> Brian - this situation is still touch and go given the full court press by San Carlos. I am planning a lengthy explanation in my presentation of the item. It would really help if I had a bit more technically sophisticated explanation of why operating at 240 psi as proposed by San Carlos is no better than operating at 125 as today. I think I understand but want to be sure. Also, San Carlos believes that the valves on Line 147 are automated. I don't think that's true, or if it is, the automation is only shut down and not opening or regulating the flow - is that correct? If someone could get me this information by email prior to the meeting tomorrow it would be really great, but of course I understand the timing problem.

> Amazing how I've become "an apologist for PG&E" in just three short years, isn't it? THANKS, Mike

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]
> Sent: Wednesday, December 18, 2013 12:13 PM
> To: Florio, Michel Peter
> Subject: RE: Line 147 Decision

> Yes. That's the simple answer. And it is preventing safety work in other communities from being done.

> From: Florio, Michel Peter [<mailto:MichelPeter.Florio@cpuc.ca.gov>]
> Sent: Wednesday, December 18, 2013 12:10 PM
> To: Cherry, Brian K
> Subject: RE: Line 147 Decision

> Yeah, I think I get it: in order to function effectively, 147 would have to be at the same pressure as the other interconnected lines - correct? Dana Williamson from the Gov's office may be calling Tony to ask similar questions, so you should probably warn him. Nothing

like trying to "fix" things the day before the meeting!! Let sanity prevail.

>

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]
> Sent: Wednesday, December 18, 2013 11:12 AM
> To: Florio, Michel Peter
> Subject: RE: Line 147 Decision

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> If it were only so simple.

>

> From: Florio, Michel Peter [<mailto:MichelPeter.Florio@cpuc.ca.gov>]
> Sent: Wednesday, December 18, 2013 10:59 AM
> To: Cherry, Brian K
> Subject: RE: Line 147 Decision

>

> We want to go ahead but now the Governor's office is asking if we can somehow "compromise" with the City on 240 psi, which is the number they think they can live with. Mike and I are very leery since we have no basis for that number and don't know the impacts. What would you think if I ask from the dias that PG&E voluntarily limit to 240 unless absolutely necessary to avoid bigger problems? Just trying to find a way to move forward Mike

>

> From: Cherry, Brian K [<mailto:BKC7@pge.com>]
> Sent: Wednesday, December 18, 2013 10:56 AM
> To: Khosrowjah, Sepideh; Florio, Michel Peter
> Subject: Line 147 Decision

>

> Sepideh/Mike - is the decision a go for the Business Meeting or do you expect it to be held ?

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From: Cherry, Brian K
Sent: 12/19/2013 7:17:54 AM
To: Michel Florio (mike.florio@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: Need time sensitive help tonight/early tmrw

Mike - here is the info on the valves that is a much more precise in its answer. Good luck today. This is why they pay you the big bucks !

Brian K. Cherry
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VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
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Begin forwarded message:

From: "Doll, Laura" <LRDD@pge.com>
Date: December 18, 2013 at 9:09:06 PM PST
To: "Singh, Sumeet" <S1St@pge.com>, "Johnson, Kirk" <MKJ2@pge.com>, "Christopher, Melvin J. (GSO)" <M6CE@pge.com>
Cc: "Cherry, Brian K" <BKC7@pge.com>, "Yura, Jane" <JKY1@pge.com>
Subject: Re: Need time sensitive help tonight/early tmrw

Great explanation Sumeet.

I believe Brian can easily use this to answer Florio's question.

Brian will certainly let us know if he needs more.

Thanks for your always prompt responses!!

From: Singh, Sumeet
Sent: Wednesday, December 18, 2013 09:02 PM
To: Doll, Laura; Johnson, Kirk; Christopher, Melvin J. (GSO)
Cc: Cherry, Brian K; Yura, Jane
Subject: RE: Need time sensitive help tonight/early tmrw

Laura,

Brian's responses regarding Commissioner Florio's questions are spot on. Below is additional information regarding the automated valves associated with L-147:

<!--[if !supportLists]-->• <!--[endif]-->Construction for automating the valves on either ends of L-147 has been completed. These valves are **not** pressure regulators (or controlling devices) but are full open/close valves.
<!--[if !supportLists]-->• <!--[endif]-->Valves **cannot** be put into operation (or commissioned) until the pressure is the same (or equalized) on both sides of the valve meaning that the L-147 pressure has to be raised to be the same as that of L-101 and L-109 & L-132 so that a signal to the valve can be sent from Gas Control to

ensure these valves can be opened and closed completely as part of the commissioning process.

<!--[if !supportLists]-->• <!--[endif]-->Automated valves will lose their purpose and will have to remain in the closed position if the pressure in L-147 is lower than that of L-101 and L-109 & L-132 which would be analogous to having a manual valve.

Hope this helps and please let me know if you have any questions, require additional information or would like to discuss further. Thank you.

Kirk and Mel,

Please feel free to add or modify the aforementioned response.

Thank you.

Sumeet

From: Doll, Laura
Sent: Wednesday, December 18, 2013 8:32 PM
To: Johnson, Kirk; Singh, Sumeet
Cc: Cherry, Brian K; Yura, Jane
Subject: Need time sensitive help tonight/early tmrw

Kirk and Sumeet

When you follow this long string of emails you will see that Comm Florio is trying to help. We need to make sure he has the right facts -- and the message has to be in short, simple terms.

I just tried to call Mel and he didn't answer; he may be in another time zone and unavailable. But I know that you two can answer these questions and/or clarify if there are any major errors in Brian's hard hitting argument.

Sorry for the short turnaround. But this is THE moment! If we can pull this across tomorrow it will be a hugely important precedent.

Laura

From: Cherry, Brian K
Sent: Wednesday, December 18, 2013 08:06 PM
To: Doll, Laura; Christopher, Melvin J. (GSO); Allen, Meredith
Cc: Bottorff, Thomas E
Subject: Fwd: Line 147 Decision

Also, see my follow up answer to Mike on valves. Please key he know of this isn't correct.

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Begin forwarded message:

From: "Cherry, Brian K" <BKC7@pge.com>
Date: December 18, 2013 at 8:05:11 PM PST
To: "Florio, Michel Peter" <MichelPeter.Florio@cpuc.ca.gov>
Subject: Re: Line 147 Decision

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From: Cherry, Brian K
Sent: 12/19/2013 10:11:04 AM
To: Michel Peter Florio (MichelPeter.Florio@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: Response to Brian Turner about Line 147 cold weather operations

FYI.

Brian K. Cherry
PG&E Company
VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
(415) 973-4977

Begin forwarded message:

From: "Kiyota, Travis" <TTK3@pge.com>
Date: December 19, 2013 at 10:08:28 AM PST
To: "Stavropoulos, Nickolas" <N1SL@pge.com>, "Soto, Jesus (SVP)" <J81K@pge.com>, "Johnson, Kirk" <MKJ2@pge.com>, "Yura, Jane" <JKY1@pge.com>, "Park, Hyun" <Hyun.Park@pge-corp.com>, "Hartman, Sanford (Law)" <SLHb@pge.com>, "Pruett, Greg S" <Greg.Pruett@pge-corp.com>, "Bedwell, Ed" <ETB1@pge.com>, "Lavinson, Melissa A" <Melissa.Lavinson@pge-corp.com>, "Fitzpatrick, Tim" <TXFo@pge.com>, "Bottorff, Thomas E" <TEB3@pge.com>, "Cherry, Brian K" <BKC7@pge.com>, "Earley, Anthony" <anthony.earley@pge-corp.com>, "Johns, Christopher" <CPJ2@pge.com>, "Horner, Trina" <TNHc@pge.com>, "Doll, Laura" <LRDD@pge.com>, "Burt, Helen" <HAB6@pge.com>, "Giammona, Laurie" <LMGn@pge.com>, "Christopher, Melvin J. (GSO)" <M6CE@pge.com>, "Vallejo, Alejandro (Law)" <AXVU@pge.com>
Cc: "Ittner, Mary Ellen" <MEI2@pge.com>, "Hernandez, Brandon J" <BJHn@pge.com>, "Snapper, Greg" <G1Sq@pge.com>
Subject: RE: Response to Brian Turner about Line 147 cold weather operations
Reply-To: "Kiyota, Travis" <TTK3@pge.com>

Team:

We have confirmed that the City Manager of Redwood City in representing his Mayor and City Council called Brian Turner of the CPUC late yesterday to relay their position regarding Line 147. They believe that because the CPUC has completed the necessary reviews to validate the safety of the line, the Commission should allow it to be put back in service at its original operating pressure. Redwood City understands the delays to important in-line inspection work and other potential risks if the pressure is not allowed to be raised. They do agree with San Carlos that Line 147 should be in-line inspected as soon as possible.

As you may recall, Redwood City is the largest city in San Mateo County.

Thanks.

Travis

----- Original message -----

From: "Doll, Laura" <LRDD@pge.com>

Date: 12/16/2013 2:40 PM (GMT-08:00)

To: "Bottorff, Thomas E" <TEB3@pge.com>,"Cherry, Brian K" <BKC7@pge.com>,"Soto, Jesus (SVP)" <J81K@pge.com>,"Stavropoulos, Nickolas" <N1SL@pge.com>,"Yura, Jane" <JKY1@pge.com>,"Johnson, Kirk" <MKJ2@pge.com>,"Vallejo, Alejandro (Law)" <AXVU@pge.com>,"Christopher, Melvin J. (GSO)" <M6CE@pge.com>,"Ittner, Mary Ellen" <MEI2@pge.com>,"Hartman, Sanford (Law)" <SLHb@pge.com>,"Kiyota, Travis" <TTK3@pge.com>,"Kauss, Kent" <KWK3@pge.com>,"Pruett, Greg S" <Greg.Pruett@pge-corp.com>,"Lavinson, Melissa A" <Melissa.Lavinson@pge-corp.com>,"Fitzpatrick, Tim" <TXFo@pge.com>,"Bedwell, Ed" <ETB1@pge.com>,"Horner, Trina" <TNHc@pge.com>,"Allen, Meredith" <MEAE@pge.com>

Cc: "Brown, Rick (GSO)" <RCB3@pge.com>,"Ramaiya, Shilpa R" <SRRd@pge.com>,"Deniston, Laurence" <LCD1@pge.com>,"Gibson, Bill (Codes)" <WLG3@pge.com>,"Yee, Frances" <FSC2@pge.com>,"Patni, Sonal" <S1PW@pge.com>,"Rose, Natasha" <NxPq@pge.com>

Subject: FW: Response to Brian Turner about Line 147 cold weather operations

Here is the final information Mel and his team put together to respond to the questions we got this weekend from Brian Turner. I believe that Turner is responding to communications he has had with the City of San Carlos.

From: Doll, Laura

Sent: Monday, December 16, 2013 2:35 PM

To: Turner, Brian

Cc: Cherry, Brian K; elizaveta.malashenko@cpuc.ca.gov; Christopher, Melvin J. (GSO)

Subject: FW: Response to Brian Turner

Brian

Here is our response to the questions you raised this weekend about Line 147. Sorry for the delay!

Let us know if you need more information.

Thanks

Laura

From: Christopher, Melvin J. (GSO)

Sent: Monday, December 16, 2013 2:27 PM

Good afternoon Brian,

I am glad to respond to your questions regarding the operation of L-147 during the recent cold weather. In addition, I want to describe the importance of L-147 as a transmission cross tie in the Peninsula local transmission network which is the original purpose of the line.

Your first question relates to the performance of L-147 during the recent cold snap. PG&E has operated L-147 as a distribution feeder main at pressures not to exceed 125 psig, consistent with ALJ Bushey's October 20, 2013 Order. In this operating configuration, the sole function of L-147 is to deliver gas to San Carlos and Redwood City at pressures sufficient to supply the 4 distribution regulator stations connected to the line – it serves no other function at this time. The good news is that, during the recent cold weather, the 4 district regulator stations connected to L-147 were adequately supplied to meet the demands in San Carlos and Redwood City. However, even though PG&E had record send out during this period, the temperatures were not unusually cold in the San Francisco Peninsula. The coldest temperatures occurred on December 9. On that day, temperatures from San Jose to San Francisco were not significantly above PG&E's Cold Winter Day design criteria (CWD). CWD is a significant standard for non-core customers because it is the temperature at which the possibility of curtailment exists for those customers. For San Carlos and Redwood City, there is only one small non-core customer so we expected to have no difficulty meeting these demands in these communities.

In your second question you are essentially asking if we can project future performance based on recent experience. While we are continuously monitoring the performance of the line and are modelling expectations, this is a brand new operating mode for us. Demand in San Carlos and Redwood City is a function of weather. While we anticipate that the current configuration of L-147 will support a higher load in the distribution system, it is untested. It is important to understand, however, that the question of reliability in this operating configuration during cold weather extends well beyond San Carlos and Redwood City. In fact, this operating configuration creates risk of curtailment for non-core customers and, in extreme circumstances, it creates risk for core outages on the Peninsula. Operating as a DFM removes L-147 from its intended purpose as a cross tie in the Peninsula local transmission system. As a cross tie, L-147 balances load between the parallel transmission lines 101, 109, and 132. In this service, the Peninsula transmission lines have some redundancy in the event that one of the lines is taken out of service. Service interruptions can happen at any time – a dig in or regulator malfunctions are 2 examples of such unpredictable interruptions. If, for example, a segment of L-101 was taken out of service unexpectedly without L-147 operating as a cross tie, thousands or even tens of thousands of customers could lose gas service. In the worst case, under high demands, losing a segment of L-101 could lead to the loss of core and non-core customers throughout the Peninsula, including in San Francisco. In this instance, the communities of San Carlos and Redwood City would still have gas service but many thousands of customers in the Peninsula would not which is not the intended result of this operating configuration.

While ALJ Bushey's Order recognizes that there are conditions under which PG&E should operate L-147 at prior transmission pressures, increasing the pressure on the system requires manual operations that take time to implement. By the time crews can be dispatched, respond to the site, and operate the valves needed to raise L-147 pressures, pressures on the Peninsula could reach levels leading to the customer outages described above.

Since reducing the pressure on L-147 so it doesn't exceed 125 psig, PG&E has had to put on hold safety projects on the Peninsula. The commissioning and placing into service the new automated valves at Commercial Road station was scheduled and put on hold. In addition, next year's plans to perform in line inspections on L-147 and L-101 are now questionable and future pipeline replacement work on Peninsula transmission lines could be in jeopardy.

It is my view, as the person responsible for the real time operations of the system, that operating L-147 as a DFM creates more risk than operating it at its previous transmission pressures.

Sincerely,

Mel Christopher

Sr. Director, Gas System Operations