

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Investigation And
Order to Show Cause on the
Commission's Own Motion into the
Operations and Practices of Pacific Gas
and Electric Company with Respect to
Facilities Records for its Natural Gas
Distribution System Pipelines.

I.14-11-008
(Filed November 20, 2014)

**CLOSING STATEMENT
OF THE SAFETY AND ENFORCEMENT DIVISION**

Consistent with Administrative Law Judge Bushey's instructions, the Safety and Enforcement Division ("SED") provides the following Closing Statement.

The record in this matter establishes by a preponderance of the evidence that Pacific Gas and Electric Company ("PG&E") is in violation of the code sections identified in the *Investigation of PG&E Distribution System Recordkeeping In Support of OII.14-11-008*, prepared by Paul Wood and Associates ("PWA"), dated: September 30, 2015 ("PWA Report"),¹ and the *Response to the PG&E Reply Testimony In Support of I.14-11-008*, also prepared by PWA, dated: December 18, 2015 ("PWA Response").² These violations warrant a substantial penalty, which SED intends to discuss in greater detail in the upcoming briefs.

SED's showing identifies numerous gas distribution recordkeeping failures. Beyond some minor exceptions, the facts of these incidents are largely uncontested by

¹ See Exhibit 1, PWA Report, at 3-4.

² See Exhibit 2, PWA Response, at 11-63.

PG&E.³ PG&E also acknowledges the seriousness of these events.⁴ SED notes that these failures are drawn from CPUC reportable incidents, which are just a sample from within a significantly larger group of PG&E’s gas distribution recordkeeping–related incidents, and other recordkeeping errors.

The impact of PG&E’s failure to mitigate its loose controls over gas distribution records is exemplified by the Mountain View and Carmel incidents. On July 30, 2013, a crew melted an unknown and unmapped plastic insert in Mountain View, causing a release of gas.⁵ PG&E’s internal investigation determined that the root cause of the incident was the unmapped insert.⁶ Further, PG&E determined that “all the leak repairs done between 1979 and 1991 in the De Anza Division are missing.”⁷ The missing paper records at De Anza were never found, and were known to be missing by PG&E employees for years prior to the incident.⁸

In a letter, dated: April 4, 2014, PG&E admitted a recordkeeping violation associated with the Mountain View Incident:

In its letter, the SED found PG&E in violation of Title 49 of the Code of Federal Regulations Part 192.605(b). PG&E agrees with this violation.⁹

³ See Exhibit 4, Jim Howe Witness Testimony, at 1-4:28-30. (“[W]ith some minor exceptions noted in Chapter 3 of PG&E’s reply testimony, PG&E agrees with PWA’s description of the six incidents identified in the OII and the other events included in the PWA Report.”)

⁴ Exhibit 4, Jim Howe Witness Testimony, at 1-4:30-31.

⁵ Exhibit 1, PWA Report, at 39:18-26.

⁶ Exhibit 6, Pacific Gas and Electric Company Attachments Supporting Chapters 1 through 5, Volume 2 of 4, Attachment W048.002.

⁷ Exhibit 6, Pacific Gas and Electric Company Attachments Supporting Chapters 1 through 5, Volume 2 of 4, Attachment W048.003.

⁸ Exhibit 6, Pacific Gas and Electric Company Attachments Supporting Chapters 1 through 5, Volume 2 of 4, Attachment W049.001-W.049.003.

⁹ Exhibit 36, Mountain View Admission Letter, at 1.

A month before PG&E's admission, the Carmel incident occurred. On March 3, 2014, a PG&E crew tapped into an unknown and unmapped plastic insert in Carmel, causing a release of gas, and eventually a house explosion.¹⁰ PWA testified that "PG&E's handling of the incident at Mountain View (07/30/13), a clear precursor of the incident at Carmel (03/03/14), supports the conclusion that PG&E has failed to comply with ... 'learning from experience' regulations; until an incident is sufficiently high profile that action must be taken."¹¹

The Commission should order PG&E to pay a significant penalty for the violations identified by PWA. In order to protect public safety, PG&E must be held accountable for its practices.

Respectfully Submitted,

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¹⁰ Exhibit 1, PWA Report, at 40:1-20.

¹¹ Exhibit 1, PWA Report, at 3:7-9.