



**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.

Investigation 14-11-008  
(Filed November 20, 2014)

**CITY OF CARMEL-BY-THE-SEA CLOSING STATEMENT**

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January 25, 2015

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OF THE STATE OF CALIFORNIA**

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Pursuant to Administrative Law Judge Bushey's ruling at the January 21, 2016 evidentiary hearing, the City of Carmel-by-the-Sea (Carmel) respectfully submits this closing statement.

Pacific Gas and Electric Company (PG&E) was fined \$10.8 million dollars for blowing up a home in Carmel two years ago. Its practices, records and safety protocols failed in a catastrophic manner. Carmel realizes that this OII is not intended to be a retrial of those events in particular, but rather larger systemic and cultural issues regarding the ability of this company to operate a safe and secure gas utility.

The events of the past five years clearly and conclusively demonstrated that, despite thousands of pages of testimony, the applied expertise of scores of lawyers, administrators and experts, PG&E's gas transmission system was not safe and operated in violation of section 451 of the Public Utilities Code. Its records system was, and arguably still is, incompetent to run a gas utility in the 21st century. It failed to maintain the security of its rights of way and failed to follow the integrity management standards of the industry and its regulators.

Here, the Commission is looking at PG&E's gas distribution system and finding the same massive problems. President Picker recently asked: "Is PG&E too big to operate safely?" In the

context of assessing \$1.6 billion dollars of fines and penalties against PG&E for the failure of its transmission system, President Picker also wondered whether imposing fines and penalties were too easily absorbed by the company and did not prevent the executive suite from making unsafe choices. These are not revelations to the citizens of the little community of Carmel. Intuitively, the citizens are well aware of this. Almost two years after the explosion, Carmel's City Council and residents are still fearful for their safety. PG&E crews working in our streets have become a common fixture. While Carmel welcomes the much needed infrastructure upgrades, the community is still anxious when it sees PG&E's blue trucks after the explosion. Carmel citizens are still worried to this day if there will be another explosion, they are fearful of what dangers lie below in PG&E's labyrinth of underground pipelines.

This OII is about whether PG&E's gas distribution system is unsafe and whether PG&E is in violation of the law. Unfortunately, PG&E has not accepted responsibility and has not taken the steps to assuage Carmel's concerns. For example, PG&E's President Chris Johns abruptly cancelled a meeting with Carmel's Mayor Jason Burnett at the last minute in July 2015, which offended the Mayor and the community by essentially telling Carmel that the City's concerns are not worth PG&E's president's time. An elected official expressing concerns about safety is hardly grounds for a public utility to cut off communication – it is the opposite. Considering the fact that an explosion leveled a home in this community and almost killed people, one would think a utility would be going out of its way to communicate with the people of this town.

Through its testimony last week, PG&E touted the fact that they have new systems in place to improve its recordkeeping practices. We heard about PG&E's Asset Management Policy and Plan, its risk register, PAS 55, its Pathfinder project, etc. It is all well and good that

PG&E is instituting these new practices and procedures. However, this case is really about the fact that PG&E didn't know what is in the ground which caused a dangerous explosion. By the grace of God, no one in Carmel was hurt; it was a miracle that no one was home. Both in Mountain View and Carmel, there was a failure to map plastic inserts in metal lines. There is no way for PG&E to refute that fact. PG&E's records, or lack thereof, are a mess. PG&E's violations of the law had dangerous and life-threatening consequences.

Carmel supports SED in its prosecution. PG&E's arguments and witnesses' testimony presented at the evidentiary hearings in an effort to show the utility did not violate the law ring hollow and were in bad faith, so much so that Carmel believes PG&E submitted misrepresentations to the Commission. Carmel did not ask to spend valuable City resources to hold PG&E accountable. PG&E has continued to not accept responsibility for the dangerous explosion throughout the OII, Carmel hopes the Commission can see through PG&E's too little too late excuses and promises regarding the safety of its distribution system.

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Respectfully Submitted,

/s/ Steven R. Meyers

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