

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)

**SAFETY AND ENFORCEMENT DIVISION'S  
APPEAL OF THE PRESIDING OFFICER'S DECISION**

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July 1, 2016

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**I. INTRODUCTION**

Pursuant to Rule 14.4 of the Commission’s Rules of Practice and Procedure (“Rules”), the Safety and Enforcement Division (“SED”) hereby submits its appeal of the Presiding Officer’s Decision, dated: June 1, 2016 (“POD”). In the POD, SED supports PG&E having been found in violation regarding systemic recordkeeping flaws, and the imposition of fines. However, SED recommends that its initial penalty assessment be adopted. If not, then SED recommends the following modifications to the POD, harmonizing its assessment with the POD’s analysis. A redlined version of the POD, including the suggested edits, has been included as Attachment 1. SED’s proposed modifications result in a fine of approximately **\$55 million**.

**II. THE POD SHOULD REMOVE ALL LANGUAGE THAT  
SUGGESTS THAT 99% SAFETY IS ACCEPTABLE**

The POD errs in stating that “[a] system that works over 99% of the time is not a *system* in need of improvement.”<sup>1</sup> This statement relies heavily on PG&E’s self-serving advocacy regarding its dig-in rate. SED has previously explained how PG&E’s dig-in

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<sup>1</sup> POD at 25, 45.

assessment is misleading, and how in presenting PHMSA data, PG&E failed to differentiate between PG&E's at-fault and third party damage.<sup>2</sup>

Furthermore, PG&E's system is far from "99% safe." It has numerous mapping errors beyond the smaller percentage that lead to incidents. For example, Exhibit 31 documents: "390 mapping errors for the last six months of 2014."<sup>3</sup> Exhibit 30 documents: "[a] recent adverse trend in dig-ins ... which notes numerous incidents of PG&E at-fault dig-ins from January 1, 2014 through June 30, 2014."<sup>4</sup> SED has also pointed out that "[i]t does not appear that PG&E has conducted a meaningful examination of the risk that erroneous maps have contributed to at-fault dig-ins."<sup>5</sup>

Beyond that, not all safety violations in PG&E's gas distribution system are necessarily detected, but are known to exist due to PG&E's prior practice of omitting the installation of locating, or tracer, wires. According to Exhibit 32, PG&E's employees estimated that, since the 1980's, tens of thousands of plastic services have been installed without a locating wire.<sup>6</sup> The POD further acknowledges that "there could be thousands of unmapped plastic inserts in PG&E's system."<sup>7</sup> Unmapped facilities, that are difficult to subsequently locate due to a missing tracer wire, present a significant safety hazard, regardless of the number of such incidents that have been tied to this investigation.<sup>8</sup>

Finally, it should be noted that a system that is 99% safe should still be improved. If an airline company boasted a 99% flight success rate, it would have difficulty securing customers. If an automobile brake manufacturer had a 99% stopping rate, a recall would be enacted. A company, such as PG&E, that delivers natural gas, a naturally dangerous

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<sup>2</sup> SED Reply Brief at 7-8.

<sup>3</sup> SED Reply Brief at 6 (citing Hearing Exh. 31).

<sup>4</sup> SED Reply Brief at 6 (citing Hearing Exh. 30 at 1).

<sup>5</sup> SED Reply Brief at 7.

<sup>6</sup> Hearing Exh. 32 at 6-7.

<sup>7</sup> POD at 23.

<sup>8</sup> PG&E's internal audit found 17 dig-in incidents associated with missing or damaged locating wire. (Exhibit 32 at 7.) The Kentfield incident also involved a missing tracer wire (POD at 52).

commodity, should not be held to a lower standard. As the POD holds, “[a] violation is a violation.”<sup>2</sup>

### **III. THE TOTAL FINE OF \$24.31 MILLION REACHED BY THE POD IS INSUFFICIENT**

The total fine of \$24.31 million reached by the POD is insufficient to account for PG&E’s numerous safety violations identified in this proceeding. The POD errs in adopting this total fine amount.<sup>10</sup>

#### **A. PG&E’s \$33.636 Million “Maximum Appropriate Penalty” is Substantially Higher than the POD’s \$24.31 Million Fine**

It is notable that the POD’s \$24.31 million fine is approximately \$9 million *less* than what PG&E advocated as the “maximum appropriate penalty.”<sup>11</sup> While maintaining that PG&E should not be penalized whatsoever, PG&E’s Reply Brief posits the following recommendation:

PG&E submits that the maximum appropriate penalty in this proceeding is approximately \$33.636 million, which is commensurate with the total amount of penalties that SED has proposed for the four areas identified above—the Carmel and Mountain View incidents, unmapped plastic inserts, and PG&E’s alternative method for setting MAOP. SED’s recommended penalties for alleged violations associated with those four areas consist of the following:

- \$9.88 million for an alleged violation of 49 C.F.R. §192.605(a) in connection with the Carmel incident, *after* taking into account the \$10.85 million penalty PG&E has already paid in connection with the Carmel citation;
- \$5.863 million for alleged violations related to the Mountain View incident;

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<sup>2</sup> POD at 25.

<sup>10</sup> SED notes that the POD’s total fine does not appear to include the \$50,000 assessed for PG&E’s failure to communicate with Carmel officials.

<sup>11</sup> PG&E Reply Brief at 2-3.

- \$10.85 million for alleged violations associated with unmapped plastic inserts; and
- \$7.12 million for alleged violations arising out of PG&E’s alternative method for setting MAOP.<sup>12</sup>

This accounting establishes that PG&E had factored in the \$10.85 million already paid to the General Fund in relation to the Carmel Citation, in determining that it should not be fined more than an additional \$33.636 million. PG&E’s estimation, based on its review of the facts and circumstances of this case, was also reflected in its advocacy regarding remedial measures. On that score, PG&E recommended “earmarking approximately \$30 million of any fine imposed for implementation of the remedial measures.”<sup>13</sup> PG&E’s recommended remedial measures “earmark” is \$5.69 million *lower* than the POD’s total fine recommendation.

Notably, PG&E’s proposed maximum \$9.88 million for the Carmel House Explosion, for its 49 C.F.R. §192.605(a) violations, though lower than SED’s \$20.73 million recommendation, was much higher than the POD’s \$100,000 fine for the Carmel House Explosion. The POD’s \$100,000 additional fine for the Carmel House Explosion was far below the apparent expectations of the primary case opponents: SED and PG&E. It is critical to re-evaluate the POD’s outcome for the recordkeeping violations associated with the Carmel House Explosion.<sup>14</sup>

The fact that the POD’s outcome was significantly lower than PG&E’s recommended “maximum appropriate penalty” sends the wrong signal to PG&E regarding the need for improvement in its gas distribution recordkeeping.

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<sup>12</sup> PG&E Reply Brief at 2-3 (internal citation omitted, emphasis in original).

<sup>13</sup> PG&E Reply Brief at 3.

<sup>14</sup> The POD’s determination of additional fines for Mountain View, \$100,000, was also far lower than PG&E’s maximum appropriate penalty of \$5.863 million.

**B. Applicable Precedent Indicates That a Higher Fine Should be Applied in this Proceeding**

The POD erroneously focuses on ALJ 277 in its assessment of recent, comparable precedent.<sup>15</sup> On this point, SED agrees that ALJ 277 is analogous to the instant proceeding, in principle, because: “[t]he evidence here persuasively shows that PG&E’s violations compromised PG&E’s system safety.”<sup>16</sup> Yet, unlike the instant proceeding, the \$16.76 million fine that was upheld in ALJ-277 was for PG&E’s *self-reported* violation of 49 CFR § 192.723(b)(2).<sup>17</sup>

ALJ 277 is also not comparable in scale, in light of the numerous safety violations, in many geographic areas, over several decades, identified in this proceeding. Beyond that, unlike ALJ 277, this proceeding involves a house explosion.

While SED did cite to ALJ 277 in its Opening Brief, the more reasonably comparable precedent would be the Rancho Cordova Explosion and the Malibu Canyon Fire. For its part, PG&E concedes that: “[t]he closest analogue in this OII to Rancho Cordova is the Carmel incident, because it also involved a house explosion.”<sup>18</sup> PG&E also went beyond its \$33.636 million recommendation, and opined that: “it is reasonable to view the \$38 million fine in the Rancho Cordova incident as the outer limit of the range of fines that would be appropriate in this case.”<sup>19</sup> Ultimately, regarding the penalty range, PG&E concluded that: “... the \$10.85 million Carmel citation, the \$16.75 million fine for the Leak Survey Incident, and the \$38 million Rancho Cordova fine all suggest that a penalty, if any, ranging from \$5 million to \$38 million could be appropriate in this case—if the Commission decided that violations had actually occurred.”<sup>20</sup>

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<sup>15</sup> POD at 22-23.

<sup>16</sup> ALJ 277 at 14. It is also notable that ALJ 277 upheld SED’s methodology of compounding violations on a monthly basis, rather than a daily basis. (ALJ 277 at 19, FOF 6, 9; 21, COL 2.)

<sup>17</sup> ALJ 277 at 18-22.

<sup>18</sup> PG&E Reply Brief at 24.

<sup>19</sup> PG&E Reply Brief at 25.

<sup>20</sup> PG&E Reply Brief at 25.

SED stands by its assessment on this point, which is reflected in its Opening Brief:

Regarding the Rancho Cordova House Explosion, a case that involved a fatality, the current recommended fine is higher due in part to the numerous identified safety violations, occurring over a significant period of time. Further, the PWA Report establishes substantial safety risks in PG&E's service territory, due to PG&E's poor distribution recordkeeping. In SED's view, the Commission should not wait for another fatality before holding PG&E accountable for conduct that resulted in a non-fatality house explosion.<sup>21</sup>

PG&E discounted the applicability of the Malibu Canyon Fire Settlement.<sup>22</sup>

However, in doing so, PG&E's Reply Brief made a significant error. PG&E opines that:

SED's Opening Brief states that the parties settled for \$63.5 million, but that amount includes the value of restitution paid to private parties in addition to the penalties.<sup>23</sup>

Contrary to PG&E's assertion, not a single dime of the \$63.5 million Malibu Canyon Fire Settlement was allocated by the settlement towards restitution for private parties. The language in the Commission Decision, located at the page of PG&E's citation, at its footnote 98, demonstrates otherwise:

[I]t is important to keep in mind that the SCE [Southern California Edison] Settlement Agreement is one of three settlements in this proceeding that together will result in an overall settled amount of \$ 63.5 million (\$ 35.4 million to the State General Fund and \$ 28.1 million for remedial measures), of which SCE's share is \$ 37 million (\$ 20 million fine to the State General Fund and \$ 17 million for the MASEP).<sup>24</sup>

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<sup>21</sup> SED Opening Brief at 93.

<sup>22</sup> PG&E Reply Brief at 20-21.

<sup>23</sup> PG&E Reply Brief at 21.

<sup>24</sup> D. 13-09-028, 2013 Cal. PUC LEXIS 514, at \*47.

PG&E apparently confused the agreed-upon \$28.1 million in remedial measures, owed in conjunction with the \$35.4 million payable to the State General Fund, with restitution. PG&E also omitted to mention that its cited decision specifically identified SCE's remedial measures as being shareholder-funded.

SCE agrees to pay a fine of \$ 20 million to the State of California General Fund. SCE also agrees to provide \$ 17 million to assess utility poles in the Malibu area for compliance with GO 95 safety factors and SCE's internal standards. Substandard poles found by the assessment will be remediated. The combined settlement payments of \$ 37 million (\$ 20 million + \$ 17 million) will be borne by SCE's shareholders; SCE's customers will not bear any costs.<sup>25</sup>

Ignoring this fact, PG&E argued that: "SED recommends a fine in this OII that is more than three times larger than the Malibu Canyon Fire fine."<sup>26</sup> Mathematically, the agreed-upon penalty in the Malibu Canyon Fire (\$63.5 million) is **just over half** the amount of SED's proposed fine in this proceeding (approximately \$112 million). As explained in SED's Opening Brief, this is appropriate, given the "significant admissions regarding alleged violations [that] were made by SCE and one of the telecommunications providers in the [Malibu Canyon Fire] settlements."<sup>27</sup> SED also noted that its recommended fine is: "higher than the Malibu settlement in part because of the numerous identified safety violations, occurring over a significant period of time."<sup>28</sup> Obviously, the lower amount is also reflective of the nature of a settlement, sparing the litigants the costs and risks of litigation.

PG&E's erroneous assertions regarding the Malibu decision should be given no weight. To the extent that the POD relied on PG&E's erroneous assessment of the Malibu decision in rejecting its status as a recent, comparable case, SED urges the Commission to reconsider that analysis.

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<sup>25</sup> D. 13-09-028, 2013 Cal. PUC LEXIS 514, at \*2.

<sup>26</sup> PG&E Reply Brief at 21.

<sup>27</sup> SED Opening Brief at 93.

<sup>28</sup> SED Opening Brief at 94.

Both the Rancho Cordova incident and the Malibu Canyon fire demonstrate that a higher fine than determined by the POD is warranted.

**IV. PG&E SHOULD BE ORDERED TO PAY A SHAREHOLDER FUNDED FINE OF \$7.12 MILLION FOR ITS VIOLATION OF 49 CFR SECTION 192.619**

The POD errs in not finding PG&E in violation of 49 CFR section 192.619, and not fining PG&E \$7.12 million, regarding the MAOP issue. Putting aside the numerous arguments already raised by SED on this issue, this appeal will focus on PG&E's admission that it violated 49 CFR section 192.619.

In its Opening Testimony, PWA points to the following admission by PG&E:

The SED finding related to PG&E's inability to locate MAOP documentation and as-built installation records from 1961 for Zone 196 in the Colusa District. *PG&E responded that it believed the violation was actually of provisions in 192.619, further that the correct reference system was #178 not #196.*<sup>29</sup>

PG&E responded to its admission with the following testimony:

Q 39 According to the PWA Report, PG&E acknowledged that it violated section 192.619 in an August 16, 2010 letter to SED. How do you respond?

A 39 The violation of section 192.619 included in the referenced letter is not based on the MAOP policy at issue in this proceeding. ...<sup>30</sup>

Upon receipt of this testimony from PG&E, PG&E's section 192.619 admission was essentially confirmed by PG&E, without the need for further comment. However, given the finding of the POD on the MAOP issue, SED submits that PG&E's view of its admitted violation regarding MAOP as being "not at issue" is incorrect. The specific admission language is included in workpapers, at Attachment W106, which is the August 16, 2010 letter from PG&E to SED. At page W106.013, under CPUC Findings the letter states:

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<sup>29</sup> PWA Report at 50:32-35 (emphasis in original).

<sup>30</sup> PG&E Reply Testimony at 5-19:13-16 (internal citation omitted).

During the audit, PG&E notified us that PG&E could not locate any MAOP documentation and the as-built installation records from 1961 for Zone #196 in Colusa District. ...<sup>31</sup>

On the same page, under PG&E Response, the letter states:

PG&E respectfully disagrees that this finding is a violation of §192.328, *but does however agree that it is a violation of §192.619 Maximum allowable operating pressure*: Steel or plastic pipelines. ... The corrective action was yet to be determined at the time of the audit.<sup>32</sup>

The volumes of missing MAOP records, which PG&E admitted constitute a violation of 49 CFR section 192.619, are within the scope of this recordkeeping proceeding. Further, there is no difference in principle between the missing Colusa records, and other missing MAOP records.

Beyond that, in D.12-12-030, the Commission emphasized the importance of recordkeeping to comply with the requirements of 192.619:

Specifically, the regulation states:

(c) The requirements on pressure restrictions in this section do not apply in the following instance. An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years preceding [July 1, 1970].

To comply with this provision, a natural gas system operator must undertake four separate affirmative obligations:

1. Examine and determine that the pipeline segment is in satisfactory condition;
2. Obtain and evaluate its operating history;
3. Obtain and evaluate its maintenance history; and,

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<sup>31</sup> Hearing Exh. 7 at W106.013.

<sup>32</sup> Hearing Exh. 7 at W106.013 (emphasis added, typographical error in original).

4. Determine the highest actual operating pressure during the five year period.

No natural gas system operator can comply with these requirements without creating and preserving accurate and reliable system installation, operating, and maintenance records. Thus, we find that PG&E has failed to demonstrate that long-standing regulations excuse incomplete and inaccurate natural gas system record-keeping.<sup>33</sup>

The absence of pre-1970 records to establish MAOP for the 243 distribution systems is a fact not disputed by PG&E. The fact that there is no current state or federal code regulation that allows the use of post-1970 records to establish the MAOP for the said 243 distribution systems is also a fact not disputed by PG&E. The POD's adverse finding based on PG&E's actions in response to the missing records, may be used to mitigate a fine, but should not abrogate the finding of a violation. That would contradict the POD's position that "a violation is a violation." SED submits that the Commission should find that PG&E violated 49 CFR section 192.619, at the very least, because PG&E has admitted that it violated 49 CFR section 192.619.

Upon finding that PG&E is in violation of 49 CFR section 192.619, the next step is establishing an appropriate fine. On this topic, PG&E's Reply Brief concedes that "if the Commission finds PG&E in violation, ***PG&E does not disagree with SED's maximum fine calculation*** [regarding MAOP]."<sup>34</sup> PG&E then indicates its "suggested maximum fine" of \$7.12 million next to SED's recommended fine of the same amount.<sup>35</sup> PG&E's Reply Brief also states that "PG&E believes that it could have done better"<sup>36</sup> and that:

PG&E recognizes that it could have communicated more effectively with SED regarding its alternative method for setting MAOP. For that reason, PG&E submits that any fine

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<sup>33</sup> D.12-12-030, at 96-97 (internal citation omitted).

<sup>34</sup> PG&E Reply Brief, Appx. A, A-13 (emphasis added).

<sup>35</sup> PG&E Reply Brief, Appx. A, A-13.

<sup>36</sup> PG&E Reply Brief at 1.

associated with this issue should not exceed SED's proposed \$7.12 million.<sup>37</sup>

The time duration that SED used to calculate the \$7.12 million ran from "January 12, 1971, (the effective date of General Order 112-C, which extended 49 CFR § 192.619(c) to California) to September 30, 2015 (the date of SED's report)."<sup>38</sup> Taking into consideration the POD's discussion of PG&E's remedial measures on this issue, the end date of the violation could be adjusted to July 29, 2008, which is the date of PG&E's "White Paper" regarding the missing MAOP documentation in the Peninsula Division.<sup>39</sup> This time duration is 13,713 days. Adopting the POD's methodology for applying PU Code section 2108 on a daily basis, the daily fine that concurs with SED's recommendation would be approximately \$519.22. This daily fine is close to the statutory minimum of \$500.

PG&E should be found in violation of 49 CFR section 192.619, at the very least, based on PG&E's admission to that violation. Given that finding, in setting an appropriate fine, the Commission should consider that PG&E does not dispute SED's recommended fine of \$7.12 million. This outcome is consistent with the record.

**V. A DIFFERENT VIOLATION END DATE SHOULD BE USED FOR THE MISSING DEANZA LEAK REPAIR RECORDS 1979-1991**

SED supports the POD's determination that PG&E had violated relevant code sections regarding the missing De Anza Leak Repair Records (1979-1991). However, SED recommends that the end date of for the missing De Anza Leak Repair Records (1979-1991), discussed at pages 34-41 of the POD, be modified. This would result in a higher fine than what was reached in the POD regarding the missing De Anza records.

From a purely typographical standpoint, SED notes that the POD uses inconsistent end dates. A pages 37 and 38, a "January 1, 2011" date is used. In a summary table on

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<sup>37</sup> PG&E Reply Brief at 10.

<sup>38</sup> POD at 31.

<sup>39</sup> Attachment W103.

page 38, a “December 31, 2011” date is used. SED notes that December 31, 2011 is 12,052 days after the start date of the violation: January 1, 1979.<sup>40</sup>

Using the POD’s analysis, SED does not believe that either of these dates is the correct end date for this violation. Both dates used in the POD are approximations of the known to be lost “for a few years” language found on the February 18, 2014 CAP Item regarding the missing De Anza records.<sup>41</sup> However, more specifically, under a section of the CAP Item apparently dated March 14, 2014, the following text appears:

I have asked employees (mappers, construction, etc.) about these records and it was known these records were missing for a few years.<sup>42</sup>

A fair reading of this text would indicate that *at or around March 14, 2014*, PG&E management became aware that PG&E personnel had known about the missing De Anza records for a few years. This is a more appropriate end date for the violation than either 2011 date because it is when PG&E management had notice, not only that PG&E was missing over a decade leak repair forms from the De Anza Division, but that this unreported problem had been known by PG&E personnel for years. This was a “teachable moment” for the Company to initiate reforms encouraging more prompt escalation of such deficiencies.<sup>43</sup> After all, how can the Company investigate failures per 49 CFR § 192.617 without management being informed of such failures?

In contrast, the 2011 dates indicate a time period when only some PG&E personnel knew about the missing records. Ending the violation at this point could have the unintended consequence of signaling to PG&E personnel to not report such deficiencies to PG&E management. Withholding such information about missing records

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<sup>40</sup> The POD identifies a 12,052 day count in establishing the fine for this violation (POD at 38).

<sup>41</sup> Hearing Exh. 6 at W049.001-3.

<sup>42</sup> Hearing Exh. 6 at W049.002.

<sup>43</sup> SED notes that this is a more appropriate end date than August 27, 2013, when PG&E’s Internal Gas Incident Investigation, which identified the missing De Anza records, was reviewed (Hearing Exh. 2 at W048.001). While this date indicates when PG&E management may have learned about the missing De Anza records, it was before management learned that PG&E personnel had been aware of the problem.

from PG&E management would endanger public safety, and impair investigations per 49 CFR § 192.617.

A more appropriate end date for the Missing De Anza records violation, however, would be **June 12, 2015**. This is the data response date indicated on Hearing Exhibit 33, associated with when PG&E provided the February 18, 2014 CAP Item, identifying the missing De Anza records to the Commission staff. While the POD declined to uphold SED's allegation that PG&E had failed to timely notify the Commission regarding the missing De Anza records,<sup>44</sup> it did find that PG&E's actions associated with the missing records did constitute a violation of 49 CFR §§ 192.617 and 192.605(b)(8).<sup>45</sup> SED is concerned that, on this record, PG&E, and other utilities, may operate on the mistaken belief that the Commission need not be informed about other areas where years of records are missing, in violation of law.

Thus, moving the end date of this violation to June 12, 2015 would ensure that self-reporting of such violations is not discouraged. Indeed, even in the absence of the recommended finding of obstruction, the Commission should affirm the required self-reporting of violations. ALJ 274, which was adopted in December 31, 2011, provides a legal basis for such a holding:

20. It is reasonable to require the gas corporations to provide notice of any self identified and self-corrected violations, as described in Finding 19, to Commission Staff and to local authorities within ten calendar days of self-identification of the violation.

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F. Self-identified and self-corrected violations

1. To the extent that a gas corporation self-identifies and self-corrects violations and no injury or damage has occurred,

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<sup>44</sup> SED vigorously disagrees with this finding. The Commission issued a directive stating: "What explanation does PG&E offer for each recordkeeping failure claimed in the SED incident investigation reports?" (OII at 9). In its response, PG&E failed to advise the Commission about the 12 years of missing records in the De Anza Division, despite the fact that its internal investigation on the Mountain View incident, dated: August 27, 2013, listed this information as a "lesson learned." (Hearing Exh. W048.002-3.) This was a glaring, material omission.

<sup>45</sup> POD at 47.

Staff shall consider such facts in determining whether a citation should be issued. ***The gas corporation shall provide notification of such violations shall be provided to Commission Staff*** and to local authorities, as described above, within ten days of self identification of the violation.<sup>46</sup>

On this topic, D.98-12-075 advised that: “[w]hen a public utility is aware that a violation has occurred, the Commission expects the public utility to promptly bring it to the attention of the Commission.”<sup>47</sup> While D.98-12-075 did not define “promptly” as a specific number of days, SED submits that PG&E’s late disclose here was not prompt.

Regardless of the Commission’s holding on SED’s obstruction charge, moving the end date of the missing De Anza records violation to June 12, 2015 affirms that mandatory, timely self-reporting to the Commission, per ALJ 274, is incorporated into failure investigations per 49 CFR § 192.617. Thus, regardless of the facts underlying SED’s allegation regarding the Commission’s delayed access to this critical information, PG&E should have nevertheless told the Commission about its years of missing leak repairs in De Anza long before its June 2015 disclosure. Mandatory self-reports to the Commission should be one of the established procedures for operator failure investigations per 49 CFR § 192.617.

SED stands by its recommended fines for this matter. However, to assist the Commission in calculating a modified fine for this subject area, using the POD’s analysis, SED has prepared the table below indicating the different potential timeframes. It is also within the Commission’s discretion to assign the POD’s recommended daily fine. SED submits that the \$834.95 figure in the POD reflects an interpretation of the facts and law that places this violation towards, but not at the bottom, of the potential fine range.<sup>48</sup> While SED has a more negative view of this violation, it submits that such an

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<sup>46</sup> Resolution ALJ 274 at 15, Finding #29, Appx. A at 6 (emphasis added).

<sup>47</sup> D.98-12-075, 1998 Cal. PUC LEXIS 1018 at \*58.

<sup>48</sup> SED believes that the \$834.95 figure may be a miscalculation, though the POD’s analysis would place the daily fine within range of that figure.

interpretation could be fairly reflected by a simpler \$1,000 daily fine.<sup>49</sup> In order to harmonize the potential fine adjustments with the POD, SED used that number in the fine calculations below. None of the values below reach the \$8.6 million in additional fines, beyond \$10,786,000, advocated by SED. Nevertheless, the table below should not be interpreted as a withdrawal from SED’s original recommended fines.

**Table 1**

<b>Violation</b>	<b>Begin Date</b>	<b>End Date</b>	<b>Days</b>	<b>Daily Fine</b>	<b>Total Fine</b>
Missing De Anza Leak Division Repair Records	January 1, 1979	January 1, 2011  (Potential date when some PG&E personnel were aware that 12 years of records were missing)	11,688	\$1,000	\$11,688,000
Missing De Anza Leak Division Repair Records	January 1, 1979	August 27, 2013  (Review date for PG&E’s internal incident investigation regarding the Mountain View incident, which identified the 12 years of missing records)	12,657	\$1,000	\$12,657,000
Missing De Anza Leak Division Repair Records	January 1, 1979	March 14, 2014  (Date when PG&E management had notice that not only were 12 years of records missing, but that this unreported	12,856	\$1,000	\$12,856,000

<sup>49</sup> SED notes that the Commission imposed a \$1,000 per violation fine in D.04-04-065 for 56 violations of GO 165, for Edison’s failure to identify unsafe conditions (D.04-04-065, 2004 Cal. PUC LEXIS 207 at \*92, FOF 14).

		problem had been known by some PG&E personnel for years.)			
Missing De Anza Leak Division Repair Records	January 1, 1979	June 12, 2015  (Date identified in PG&E Data Request Response associated with <i>PG&amp;E's June 2015 disclosure</i> of the 12 years of missing records to Commission staff.)	13,311	\$1,000	\$13,311,000

**VI. THE POD’S METHODOLOGY FOR ASSESSING FINES FOR SPECIFIC INCIDENTS SHOULD BE ADJUSTED**

The POD adopts a significantly lower fine for certain specific incidents identified in the OII than SED.<sup>50</sup> Putting aside the POD’s perspective on comparable precedent, and PG&E’s remedial efforts, at footnote 41, the POD states its primary reason for arriving at a substantially lower fine than SED:

Articulating and applying a reasoned basis for assessing fines on the enumerated incidents is the primary reason our total fine amount is substantially less than SED’s total recommended fine.<sup>51</sup>

This footnote indicates that the POD could have arrived at a substantially higher fine based on its view of the case. However, the POD was hesitant to adopt SED’s assessment primarily due to a perceived failure to “articulate and apply a reasoned basis.”

Yet, SED submits that this does not constitute a legal bar for the Commission. If the Commission disagrees with SED’s articulation, under PU Code § 701, the Commission still has the authority to do “all things necessary and proper” to ensure that PG&E is held accountable for its wrongdoing. Moreover, “[t]he Commission is obligated

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<sup>50</sup> POD at 44-53.

<sup>51</sup> POD at 45, fn. 41.

to see that the provisions of the Constitution and state statutes affecting public utilities are enforced and obeyed.”<sup>52</sup>

Central to the POD’s critique is that “SED’s recommended fines vary significantly” for conduct that the POD views as essentially similar.<sup>53</sup> However, this is to be expected given the condition of the record. Some of PG&E’s violations have existed in the field for decades, which under the mechanics of PU Code section 2108, result in a larger fine than more recent violations. This is fair because a longstanding violation is not similar conduct compared to a recent violation, and warrants a higher fine. Higher fines for longstanding violations also encourage a utility to engage in proactive correction of its prior mistakes.

In any event, the POD adopts a methodology which includes finding PG&E in violation of 49 CFR § 192.603(b), 49 CFR § 192.605(b)(3), and PU Code § 451 for each of the identified incidents.<sup>54</sup> SED submits that it is within the Commission’s discretion to organize the violations in that manner. However, SED disagrees with the POD’s methodology for counting the number of penalties to assess.<sup>55</sup>

The POD’s methodology leaves unspoken which violations resulted in the given fines. Up to three violations are authorized by the POD’s approach, yet it does not find more than two violations for any of the identified incidents. In SED’s view, if PG&E violated a given code section, then it should be penalized for that violation.

Further, SED does not believe that PG&E’s use of a contractor mitigates PG&E’s violations. Under PU Code § 2109:

In construing and enforcing the provisions of this part relating to penalties, the act, omission, or failure of any officer, agent, or employee of any public utility, acting within the scope of his official duties or employment, shall in every case be the act, omission, or failure of such public utility.<sup>56</sup>

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<sup>52</sup> R.01-10-001, 2001 Cal. PUC LEXIS 941 at \*5 (citing Cal. Pub. Util. Code § 2101).

<sup>53</sup> POD at 45.

<sup>54</sup> POD at 47-48.

<sup>55</sup> POD at 48-53.

<sup>56</sup> PU Code § 2109.

Thus, in construing and enforcing the code, the Commission should not make a distinction between the acts of contractors and PG&E itself. The POD errs in that distinction.

Beyond that, the POD opines that: “[i]nconvenience and service interruption to customers reflects a greater harm than just release of gas to the atmosphere.”<sup>57</sup> SED cautions that this statement is not always true. A release of gas has the potential of causing a significant safety hazard. In SED’s view, this aspect of the harm does not necessarily mitigate a violation.

The SED’s specific recommendations are indicated in the following sections.

**A. PG&E should be Ordered to Pay a Shareholder Funded Fine of \$20.73 Million related to its Failure to Document the Plastic Insert associated with the Cause of the Carmel House Explosion**

The POD separates out the Milpitas I Incident in its penalty assessment.<sup>58</sup> SED believes that the Carmel House Explosion was destructive enough to justify applying the same reasoning, and treating this incident separately. Unlike all of the other incidents at issue in this proceeding, in Carmel, a person’s house exploded. This warrants more punishment than the \$10.85 million paid to account for PG&E’s failed emergency procedures, or any fines established for failure to investigate failures systemwide, or any fines established for the missing De Anza records.<sup>59</sup> The *recordkeeping* failure in Carmel must be accounted for separately. The \$100,000 additional fine determined by the POD is insufficient, in SED’s view.

As explained in SED’s Opening Brief:

The PG&E welding crew welded a tapping tee onto a two-inch steel distribution main on 3rd Avenue, when the welding crew discovered that the steel distribution main had an

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<sup>57</sup> POD at 49.

<sup>58</sup> POD at 49-50.

<sup>59</sup> See ALJ 323.

inserted and unmapped 1 ¼-inch plastic line. The inserted plastic main was damaged by the welding and tapping process which caused the natural gas to escape the plastic main. Natural gas migrated into the residential structure, resulting in an explosion.<sup>60</sup>

As explained in OII itself, regarding inaccurate records:

PG&E admitted that there were no records found on the installation of the inserted plastic on 3rd Avenue. PG&E also admitted that the only available document containing information about the main was Plat 3956-C08 that was used by the PG&E GC welding crew on the day of the incident. The Plat 3956-C08 map showed a 2-inch steel main on 3<sup>rd</sup> Avenue and did not reflect the inserted 1 ¼-inch plastic line. In addition to the error regarding the main, the Plat 3956-C08 also showed a ¾-inch steel service pipe instead of an inserted ½-inch plastic service.<sup>61</sup>

As discussed in SED’s Opening Brief, Mr. Burnett, who had served as the Mayor of Carmel at the time of the incident, testified about the event’s impact on the Carmel community:

PG&E’s own workers were shielded from the blast by their service truck, which may have saved their lives. [internal citation omitted] ... The blast sent building debris just over the heads of crews and residents walking nearby. Shrapnel was hurled into neighboring houses and windows were blown in by shock waves. ... I can testify that the explosion caused a terrifying threat to life and limb in the Carmel community that the Commission should not ignore. ... I have personally spoken with several neighbors near the explosion and they recounted to me the terrifying jolt they felt and heard from the nearby explosion. Moreover, it was pure serendipity that no one was killed or injured.<sup>62</sup>

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<sup>60</sup> SED Opening Brief at 36 (internal citations omitted).

<sup>61</sup> OII at 7.

<sup>62</sup> Exhibit 44, Prepared Direct Testimony of Mayor Jason Burnett on Behalf of the City of Carmel-by-the-Sea (“Mayor Burnett Testimony”), at 3:10-11, 15-17, 22-24; 4:2-4.

These facts and circumstances warrant the \$20.73 million fine advocated by SED. SED calculated this fine by counting time from the July 17, 1997, the manufacturing date of the plastic insert (the installation date is unknown) until the incident date, March 3, 2014.<sup>63</sup> It makes sense to fine PG&E over this period of time because longstanding violations warrant additional punishment.<sup>64</sup>

While a weekly assessment at the maximum penalty amounts was used by SED in its Opening Brief, SED notes that a daily assessment consistent with the POD's approach would result in a daily fine of approximately \$3,413 per day (multiplied by 6,073 days = \$20.73 million). This is acceptable given the fact that no injuries or fatalities resulted from the explosion, and taking into consideration the POD's determinations regarding PG&E's subsequent measures.

Even adopting PG&E's maximum acceptable fine of \$9.88 million for the Carmel incident would be more appropriate than the POD's current \$100,000 determination. PG&E essentially deducted the \$10.85 million already paid to the General Fund in response to its citation for failed emergency measures in response to the Carmel House Explosion. PG&E's \$9.88 million figure would result in a daily fine of \$1,627 per day (multiplied by 6,073 days = \$9.88 million).

SED asserted this violation under 49 CFR § 192.605(a), for PG&E's failure to follow its written procedures to maintain and update its operating maps and records.<sup>65</sup> PG&E referenced that code section in its reply brief indicating the amount discussed above: "\$9.88 million for an alleged violation of 49 C.F.R. §192.605(a) in connection with the Carmel incident."<sup>66</sup> The procedure that PG&E failed to follow was Mapping Standard 410.21-1.<sup>67</sup> PG&E's violation of its mapping standard was discussed in the SED Incident Investigation Report attached to the OII:

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<sup>63</sup> SED Opening Brief at 77-78.

<sup>64</sup> See PU Code section 2108.

<sup>65</sup> SED Opening Brief at 76.

<sup>66</sup> PG&E Reply Brief at 3.

<sup>67</sup> See SED Reply Brief at 17.

## **Mapping Procedures**

In 1997 and 1998, the applicable mapping procedure for PG&E was Mapping Standard 410.21-1. After the insertion of the plastic pipe into the main and service by field crews, a record of change is turned in to the PG&E's mapping group. Mapping Standard 410.21-1 sections, "*II. Gas Mains. 15. Insert Mains...*" and "*III. Gas Services. 9. Insert Service...*" required an update of the existing maps to reflect the conditions that existed in the field. As of 08/15/2014 PG&E has been unable to find any record of the plastic insertions that took place along 3rd Avenue in Carmel.<sup>68</sup>

The same report asserted the violation as follows:

PG&E failed to follow Mapping Standard 410.21-1 and update records of the gas distribution system when the distribution main along 3rd Avenue in Carmel was inserted with 1 ¼-inch plastic. Similarly, PG&E failed to follow and update its records when the service line to the house damaged by the explosion was inserted with a 1/2-inch plastic. Therefore, SED finds PG&E in violation of Title 49 CFR § 192.605(a) ...<sup>69</sup>

SED believes the Title 49 CFR § 192.605(a) is the appropriate code section for this violation. However, SED notes that the POD found violations regarding the specific incidents, including the Carmel House Explosion, under the provisions of 49 CFR § 192.603(b), 49 CFR § 192.605(b)(3), and Pub. Util. Code § 451.<sup>70</sup> The 49 CFR § 192.605(b)(3) violation, regarding the Carmel House Explosion, resulted in a \$50,000 assessment, which PG&E agrees is the maximum properly calculated fine (if a violation is found).<sup>71</sup> If the Commission believes that 49 CFR § 192.603(b) or PU Code § 451 are more appropriate violations than SED's alleged 49 CFR § 192.605(a) violation, for

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<sup>68</sup> OII, Appx. A-6, at 29.

<sup>69</sup> OII, Appx. A-6, at 31.

<sup>70</sup> POD at 47-48.

<sup>71</sup> PG&E Reply Brief, Appx. A, A-11.

PG&E's longstanding failure to document its plastic insert, then this distinction should not alter the proposed \$20.73 million fine.

Title 49 CFR § 192.603(b) requires that “[e]ach operator shall keep records necessary to administer the procedures established under § 192.605.” PU Code § 451 requires that a utility “promote the safety, health, comfort, and convenience of its patrons, employees, and the public.” Adjusting to the POD’s analysis, SED notes that either or both of these code sections were violated from the day that the unmapped plastic insert was installed until the day of the explosion.<sup>72</sup>

Regarding this continuing violation, SED notes that the POD declines to apply Pub. Util. Code § 2108 to the identified incidents, including the Carmel House explosion, as recommended by SED. Yet, as explained in the Appeal by the City of Carmel, at pages 5-6, PG&E has already lost the argument regarding the applicability of PU Code § 2108.<sup>73</sup> While it is within the Commission’s discretion to decline to apply PU Code § 2108 to the other incidents<sup>74</sup>, SED recommends application of the statute to the fine assessment regarding the Carmel House Explosion. This ensures that the fine is commensurate with the harm caused by PG&E to the Carmel homeowner and the Carmel community.

**B. PG&E Should be Ordered to Pay a Shareholder Funded Fine of \$370,000 for its Violations of 49 CFR Section 192.603(b) Associated with Certain Identified Incidents**

While SED did not allege the identified incidents under 49 CFR Section 192.603(b), the POD nevertheless found PG&E in violation:

In the incidents listed below, PG&E failed to have the records necessary to operate and maintain its natural gas distribution system as required by § 192.603(b) because PG&E did not

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<sup>72</sup> See PU Code §§ 2107, 2108.

<sup>73</sup> *Pacific Gas and Electric Company v. California Public Utilities Commission* (2015) 237 Cal.App.4th 812, 854-57.

<sup>74</sup> SED disagrees with the notion that the specific incidents are “isolated failures” (POD at 45). Indeed, D.98-12-075 observes that: “[a] series of temporally distinct violations can suggest an on-going compliance deficiency which the public utility should have addressed after the first instance.” (D.98-12-075, 1998 Cal. PUC LEXIS 1018 at \*56.)

have complete and accurate records of its distribution pipeline. Complete and accurate records are necessary to safely operate and maintain the system. In each of the incidents listed below, PG&E's gas distribution system records were erroneous or incomplete in some respect. Each of these erroneous or incomplete records is a violation of § 192.603(b).<sup>75</sup>

Statutory maximum fines were used in the POD's chart at pages 50-53 for the 13 identified incidents. The number of violations varied based on application of the three principles found on page 49 of the POD. However, as indicated above, SED disagrees with the application of the three principles. As stated above, if PG&E violated a given code section, then it should be penalized for that violation.

Reviewing the POD's chart at pages 50-53, SED has extracted the following "per-violation" fines. SED removed Milpitas Incident I, which the POD treats separately, and the Carmel House Explosion, which SED advocates should be treated separately with a more substantial fine.

Castro Valley Incident:	\$20,000
Morgan Hill Incident:	\$50,000
Milpitas Incident II:	\$50,000
Mountain View Incident:	\$50,000
San Ramon Incident	\$20,000
Kentfield Incident	\$20,000
Sacramento Incident:	\$20,000
Fresno Incident:	\$50,000 <sup>76</sup>
San Jose Incident II:	\$50,000
Colusa Incident:	\$20,000
Roseville Incident:	\$20,000

This results in a total fine for the 49 CFR Section 192.603(b) violations of \$370,000. While inclusive of some violations that are not indicated above, SED notes that PG&E's "maximum properly calculated fine" for SED's Category 1 violations

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<sup>75</sup> POD at 47-48.

<sup>76</sup> SED believes that the POD's use of a \$20,000 figure for the Fresno Incident is a typographical error due to the total calculation of \$100,000 for this incident, and the date when it occurred.

associated with 49 CFR Section 192.605(a), an analogous violation to 49 CFR Section 192.603(b) as used in the POD, was \$376,000.<sup>77</sup>

Given the analysis in the POD, the fine for the 49 CFR Section 192.603(b) violations should be \$370,000.

**C. PG&E Should be Ordered to Pay a Shareholder Funded Fine of \$520,000 for its Violations of 49 CFR Section 192.605(b)(3) Associated with Certain Identified Incidents**

Excluding its admission regarding the Mountain View Incident, PG&E contested SED's allegations regarding 49 CFR section 192.605(b)(3). However, the POD found for SED on this issue:

PG&E violated § 192.605(b)(3) with each incident because it was unable to provide its operating personnel with accurate records, maps, and operating history.<sup>78</sup>

With the violations confirmed, the remaining step is determining appropriate fines. On this issue, PG&E concedes that “[i]f the Commission were to impose penalties in connection with these alleged violations, *PG&E generally does not disagree with SED’s calculations*[.]”<sup>79</sup>

Indeed, a chart provided by PG&E contrasting SED's recommended fine and PG&E's “maximum properly calculated fine” demonstrates that the ultimate difference between the case opponents, given the POD's finding of violations of 49 CFR section 192.605(b)(3), is \$120,000.<sup>80</sup> Specifically, SED recommended a fine of \$500,000, while PG&E provided a “maximum properly calculated fine” of \$380,000.<sup>81</sup>

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<sup>77</sup> PG&E Reply Brief, Appx. A, A-2 - A-4.

<sup>78</sup> POD at 48.

<sup>79</sup> PG&E Reply Brief, Appx. A, A-11 (emphasis added).

<sup>80</sup> PG&E Reply Brief, Appx. A, A-11.

<sup>81</sup> PG&E Reply Brief, Appx. A, A-11.

The difference between these two proposals relate to only two incidents: Milpitas I and Colusa.<sup>82</sup> These proposed fines are shown below in bold, with the other acknowledged fines for this category appearing in regular typeface:

Castro Valley Incident:	\$20,000
Morgan Hill Incident:	\$50,000
<b>Milpitas Incident I:</b>	<b>\$100,000</b>
Milpitas Incident II:	\$50,000
Mountain View Incident:	\$50,000
Carmel House Explosion:	\$50,000
<b>Colusa Incident:</b>	<b>\$20,000</b>
San Ramon Incident:	\$20,000
Roseville Incident:	\$20,000
Sacramento Incident:	\$20,000
Fresno Incident:	\$50,000
San Jose Incident II:	\$50,000 <sup>83</sup>

SED explained in its Opening Brief that: “[f]or Milpitas Incident I, the fine is doubled to reflect the two occasions when inaccurate information was provided.”<sup>84</sup> As explained in the Incident Investigation Report:

The valve position was manually transcribed as 'OPEN' in the SynerGEE model based on the plat sheet, which resulted in the inaccuracy in the SynerGEE model conducted prior to the distribution main transfer. Since the valve was closed at the time of incident, it prevented gas from being fed from an alternate feed and resulted in the loss of gas service to customers.<sup>85</sup>

In other words, PG&E first violated 49 CFR section 192.605(b)(3), for failing to provide its operating personnel the accurate records, when it manually transcribed the valve position into the model. PG&E then violated 49 CFR section 192.605(b)(3), for failing to provide its operating personnel the accurate records, upon providing the model results to its crew. These violations are separate from the PU Code section 451 violations

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<sup>82</sup> See PG&E Reply Brief, Appx. A, A-11.

<sup>83</sup> SED Opening Brief at 84-85 (emphasis added).

<sup>84</sup> SED Opening Brief at 84.

<sup>85</sup> Incident Report at 10.

associated with Milpitas I discussed at pages 49 - 50 of the POD, because they relate to the specific transfers of incorrect information.

Further, PG&E's defense that Milpitas I is not a recordkeeping incident has already been refuted in SED's Reply Brief:

PG&E admits that its records did not match the conditions in the field. The basic premise that PG&E is ignoring in its defense is that good recordkeeping assumes *concurrence* between records and the conditions in the field. Paper or computerized records do not distribute natural gas. The function of those records is to advise as to the conditions in the field.<sup>86</sup>

PG&E's defenses regarding Colusa have also already been refuted by SED's Reply Brief at 22-23.

The POD finds a violation of 49 CFR section 192.605(b)(3) regarding the Kentfield Incident, though SED did not specifically allege the Kentfield Incident under that code section.<sup>87</sup> In doing so, the POD indicates that regarding the Kentfield Incident, PG&E was unable to provide its operating personnel with accurate maps, records, and operating history.<sup>88</sup> Statutory maximum fines were used in the POD's chart at pages 50-53, for the identified incidents. A single fine of \$20,000 appears regarding the Kentfield Incident, which occurred in 2011.

SED's recommended fine of \$500,000 for PG&E's violations of 49 CFR section 192.605(b)(3), as well as an additional \$20,000 fine for the Kentfield Incident, should be adopted. The total fine for the 49 CFR section 192.605(b)(3) violations would be \$520,000.

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<sup>86</sup> SED Reply Brief at 14 (emphasis in original).

<sup>87</sup> POD at 48.

<sup>88</sup> POD at 48.

**D. PG&E Should be Ordered to Pay a Shareholder Funded Fine of \$370,000 for its Violations of PU Code Section 451 Associated with Certain Identified Incidents**

While SED did not allege all of the identified incidents under PU Code section 451, the POD nevertheless found PG&E in violation:

Finally, each incident of PG&E failing to have complete and accurate records to make available to on-site operating personnel resulted in this public utility also failing to operate its natural gas distribution system in such a way as to “promote the safety, health, comfort, and convenience of its patrons, employees, and the public” as is required by § 451.<sup>89</sup>

Reviewing the POD’s chart at pages 50-53, SED has extracted the following “per-violation” fines in the same manner as for the 49 CFR Section 192.603(b) violations indicated above.

Castro Valley Incident:	\$20,000
Morgan Hill Incident:	\$50,000
Milpitas Incident II:	\$50,000
Mountain View Incident:	\$50,000
San Ramon Incident	\$20,000
Kentfield Incident	\$20,000
Sacramento Incident:	\$20,000
Fresno Incident:	\$50,000 <sup>90</sup>
San Jose Incident II:	\$50,000
Colusa Incident:	\$20,000
Roseville Incident:	\$20,000

This results in a total fine for these PU Code section 451 violations of \$370,000. Given the analysis in the POD, the fine for these PU Code section 451 violations should be \$370,000. SED notes that this analysis is separate from the Pub. Util. Code section 451 violations associated with Milpitas Incident I, which SED supports.<sup>91</sup>

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<sup>89</sup> POD at 48.

<sup>90</sup> SED believes that the POD’s use of a \$20,000 figure for the Fresno Incident is a typographical error due to the total calculation of \$100,000 for this incident, and the date when it occurred.

<sup>91</sup> See POD at 49-50.

**E. The POD Errs in Excluding Six Incidents that were presented in the PWA Report**

The POD errs in not penalizing PG&E regarding six incidents that were presented by SED with recommended fines. As mentioned above, in SED’s view, if PG&E violated a given code section, then it should be penalized for that violation. SED urges the Commission to address the following six incidents missing from the POD and adopt SED’s recommended fines as follows:

Alameda:	\$40,000
Alamo:	\$100,000
Antioch:	\$40,000
Lafayette:	\$70,000
San Francisco:	\$50,000
San Jose I:	<u>\$100,000</u>
	\$400,000

While SED acknowledges that the POD found against SED regarding the “one-call” program, SED notes that each of the six incidents meets the POD’s test for a Pub. Util. Code section 451 violation. Thus in order for the POD to be consistent, it should find PU Code section 451 violations for the six incidents indicated below:

<b>Incident Description</b>	<b>Harm Caused</b>	<b>Recommended Determination</b>
Alameda, 9/28/2010, third-party excavator struck and damaged a 4-inch plastic main, incorrectly marked by PG&E.	Gas release, evacuation of residences	1 violation @ \$20,000
Alamo, 7/24/2013, third-party excavator working on flooded surface and with emergency Underground Service Alert (USA) notification struck and damaged a ½-inch plastic service line and an adjacent ¾-inch steel service tee, unmarked by PG&E and the map did not have dimensions.	Gas release	1 violation @ \$50,000
Antioch, 3/15/2010, third-party excavator struck and damaged a 2-	Gas release	1 violation @ \$20,000

inch plastic main, incorrectly marked by PG&E due to disconnected locating wire and stray locating signal.		
Lafayette, 8/27/2013, resident struck and damaged an underground valve and ¾-inch steel service line due to incorrect gas service record which indicated the service line was cut off. The incorrect Gas Service Record showed that the stub had been cut in 2002.	Gas release	1 violation @ \$50,000
San Francisco, 4/8/2014, third-party excavator struck and pulled a mismarked 1-inch plastic service line connected to an 8-inch steel line. PG&E unmarked the 8-inch steel main and instead marked an inactive main located 6 feet from the active 8-inch line.	Gas release, service interruption	1 violation @ \$50,000
San Jose I, 11/7/2014, third-party excavator struck and damaged a 2-inch plastic distribution main. PG&E had failed to respond to the USA notification within 2-working days or establish a later mutually agreeable date.	Gas release, evacuation from nearby businesses	1 violation @ \$50,000
	<b>TOTAL</b>	<b>\$240,000</b>

This results in a total fine, for these incidents, of \$240,000.

## VII. CONCLUSION

SED recommends that its initial penalty assessment be adopted. However, if not, then SED recommends the abovementioned modifications to the POD, harmonizing its assessment with the POD's analysis.

Respectfully Submitted,

/s/ EDWARD MOLDAVSKY

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