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PRESS RELEASE

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CPUC ISSUES \$8.1 MILLION STAFF CITATION TO PG&E FOR NON-STANDARD PIPELINE TESTING

SAN FRANCISCO, Nov. 5, 2013 - The California Public Utilities Commission (CPUC) today issued an \$8.1 million staff Citation to Pacific Gas and Electric Company (PG&E) for allowing a contractor to conduct radiographic pipeline tests that did not meet federal requirements.

In March 2013, PG&E discovered one of its contractors performing radiographic tests of gas pipeline girth welds that were not in compliance with federal codes and CPUC requirements. Subsequently, PG&E terminated all further inspection activities by this contractor and re-validated all welds performed by the contractor on the affected project. This corrective action was completed in October 2013 and is not the basis for today's Citation. However, as a result of this discovery, the CPUC began an investigation of PG&E's previous radiographic testing and has to date discovered an additional 224 instances of substandard radiographic testing work performed by the same third-party contractor. These 224 instances are the basis for today's Citation. The CPUC's investigation is ongoing, and depending on the results of the investigation, further Citations may ensue.

"Today's Citation is only the latest reminder to PG&E that its serious lapses in management will not be tolerated," said Brigadier General (CA) Jack Hagan, director of the CPUC's Safety and Enforcement Division. "It is totally unacceptable that prior to March of this year – two and a half years after the San Bruno tragedy – PG&E could employ contractors for important testing that would do such shoddy work, and still more unacceptable is that PG&E would do such poor quality control of their contractors."

In issuing its Citation, the CPUC's safety staff said that while it does not have evidence indicating

any immediate safety threats associated with the noncompliant radiographic testing, it is imperative that the past noncompliance is corrected by PG&E and all future work performed is fully compliant with all applicable codes and standards. Specifically, CPUC staff today directed PG&E to take the following actions:

1. Expand the transmission leak survey program and perform additional surveying of affected transmission lines to provide additional assurance that there are no safety threats associated with this noncompliance.
2. Develop a plan for a comprehensive review of the extent of noncompliance of radiographic testing with Code of Federal Regulation (CFR) 49 Part 192, which specifies requirements for performance of radiographic tests.
3. Expand the existing corrective action plan to systematically address the full extent of noncompliance of radiographic testing. The corrective action plan must be based on risk management principles, addressing the highest safety risk areas first.
4. Engage with communities that are impacted by this issue, as required under the CPUC's ALJ-274, within 10 days and explain the safety implications of noncompliant radiographic testing.
5. Present a plan to the CPUC to ensure that future radiographic testing work is performed in accordance with industry standards and in a manner compliant with applicable codes and regulations.

PG&E has 10 calendar days to pay or contest the Citation.

The Citation is available at www.cpuc.ca.gov/PUC/safety/Pipeline/citations.htm.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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