BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms	R.11-02-019

COMMENTS OF THE COALITION OF CALIFORNIA UTILITY EMPLOYEES ON THE REPORT OF THE INDEPENDENT REVIEW PANEL

Pursuant to the June 16, 2011 Scoping Memo and Ruling of the Assigned Commissioner, the Coalition of California Utility Employees submits these comments on the Report of the Independent Review Panel (the "Report").

The Coalition of California Utility Employees (CUE) is a coalition of unions whose members work at most of the electric and natural gas utilities in California. These unions include the International Brotherhood of Electrical Workers, Local 1245, which has 12,000 members who work on both natural gas and electricity systems at PG&E. Two of those members were identified in the Report as "among the true heroes of this tragedy:"

> [H]ad it not been for the experience and quick reaction of the first responders from PG&E, the San Bruno Incident could have been even worse. The field personnel who returned to duty after hours to close the pipeline valves – apparently without being dispatched by PG&E – are among the true heroes of this tragedy. These were tenured employees who had the training, experience, and mindset to take the initiative and respond.[1]

CUE offers these comments from the perspective of employees who have worked on PG&E's gas systems for many decades.

[1] Report, Executive Summary, pp. 14-15.

I. MANY OF THE ISSUES IDENTIFIED IN THE REPORT REGARDING THE TRANSMISSION SYSTEM MAY ALSO BE PRESENT ON THE DISTRIBUTION SYSTEM

The Commission opened this Rulemaking "to initiate rule and policy changes for California natural gas transmission and distribution utilities."[2] The Commission stated that the rulemaking, "will consider what aspects of the Commission's regulation of natural gas transmission ***and distribution*** pipelines should change …."[3]

The Report of the Independent Review Panel opens with a description of the San Bruno pipe failure and explosion.[4] It then explains that the "central focus" of the report is pipeline integrity management, aimed at the "core" goal of "*zero significant incidents*."[5] An "incident" is defined as an event that "involves a release of gas from a pipeline and (1) a death, or personal injury necessitating in-patient hospitalization; or …".[6] However, tragic "incidents" are not confined to the transmission system. In December 2008, an incident occurred on PG&E's ***distribution*** system in which one person was killed and five were injured in Rancho Cordova near Sacramento.[7]

In the course of discussing how PG&E's gas operations prior to 2010 failed to prevent the San Bruno incident, the Report identifies numerous issues and failings in PG&E's management of its gas transmission system. In reviewing the Report, we were struck by how many of the deficiencies identified may also apply to PG&E's distribution system. These may include the following:

- Management and oversight weaknesses[8]
- Cultural change needed[9]

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[2] OIR 11-02-019, Ordering paragraph 1.
[3] OIR 11-02-019, p. 7 (emphasis added).
[4] Report, Executive Summary, p. 1.
[5] Report, Executive Summary, p. 4; emphasis in original.
[6] Report, Executive Summary, p. 1, fn. 1.
[7] Report, Executive Summary, p. 21, fn. 19.
[8] Report, Executive Summary, p. 5.
[9] Report, Executive Summary, p. 7.

- Lack of management focus on public safety[10]
- Lack of appropriate data[11]
- Not identifying all threats[12]
- Management incentives are wrong[13]
- Insufficient resources to complete integrity assessments[14]
- Leaders without gas background and lack of expertise in management[15]
- Employee fatigue[16]
- Retirements undermine institutional memory[17]
- Safety work deferred[18]
- Need to develop and/or adopt best practices[19]
- Emergency response[20]
- Reliance on employee initiative in the absence of direction to protect customer safety[21]
- Rhetoric that doesn't match practices[22]
- "Appearance-led" strategy[23]
- Overemphasis on financial performance[24]
- Compromises on the quality and quantity of resources[25]
- Long-term decline that will require a long-term rebuilding effort[26]
- CPUC role[27]

The Commission identified gas distribution systems as within the scope of this proceeding. We understand that gas transmission systems are the Commission's first priority. However, as soon as possible, further analysis of problems related PG&E's distribution system is appropriate.

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[10] Report, Executive Summary, p. 7.
[11] Report, Executive Summary, p. 8.
[12] Report, Executive Summary, p. 8.
[13] Report, Executive Summary, p. 9.
[14] Report, Executive Summary, p. 9.
[15] Report, Executive Summary, pp. 10, 17.
[16] Report, Executive Summary, p. 10.
[17] Report, Executive Summary, p. 10.
[18] Report, Executive Summary, p. 11.
[19] Report, Executive Summary, p. 14.
[20] Report, Executive Summary, p. 14.
[21] Report, Executive Summary, p. 15.
[22] Report, Executive Summary, p. 17.
[23] Report, Executive Summary, p. 17.
[24] Report, Executive Summary, p. 17.
[25] Report, Executive Summary, p. 26.
[26] Report, Executive Summary, p. 26.
[27] Report, Executive Summary, p. 18-25.

II. CONCLUSION

We look forward to the opportunity in a later phase of this proceeding to explore more deeply the problems facing the PG&E gas distribution system, and what can be done to improve them.

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Respectfully submitted,

/s/

Marc D. Joseph
Rachael E. Koss
Adams Broadwell Joseph & Cardozo
601 Gateway Blvd., Suite 1000
South San Francisco, CA 94080
(650) 589-1660 Telephone
(650) 589-5062 Fax
mdjoseph@adamsbroadwell.com

Attorneys for the Coalition of
California Utility Employees