

**California Public Utilities Commission**  
505 Van Ness Ave., San Francisco

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**PRESS RELEASE**

Media Contact: Terrie Prosper, 415.703.1366, [news@cpuc.ca.gov](mailto:news@cpuc.ca.gov)

**CPUC BEGINS PENALTY CONSIDERATION PHASE OF INVESTIGATION  
INTO 2008 PG&E EXPLOSION IN RANCHO CORDOVA**

SAN FRANCISCO, November 19, 2010 - The California Public Utilities Commission (CPUC) today said it will evaluate charges of unlawful conduct levied against Pacific Gas and Electric Company (PG&E) by CPUC investigators concerning a December 24, 2008, PG&E natural gas pipeline explosion in Rancho Cordova, Calif. This action was taken in the wake of a final report on the incident approved by the National Transportation Safety Board (NTSB) in May 2010, and could lead to fines against PG&E, if warranted.

The CPUC's Consumer Protection and Safety Division (CPSD) investigated the explosion with the NTSB and both parties have completed their investigation. CPSD concluded that the December 2008 incident was caused by gas leaking from a September 2006 pipe repair done by PG&E that did not meet federal and state requirements for pipes transporting gas, and which separated from a mechanical coupling and caused a leak. The leaking gas migrated from the main pipeline into a house in Rancho Cordova, which ignited and caused an explosion and fire that destroyed one home, severely damaged two others, and resulted in one death and five injuries.

Based on the findings of its investigation, CPSD today asked the CPUC's Commissioners to vote to open a formal investigation during which an Administrative Law Judge (ALJ) will hear testimony related to the explosion from CPSD, PG&E, and other parties. Based on the record that will be developed, the ALJ will prepare a Proposed Decision for consideration by the CPUC's Commissioners, which could include fines and penalties against PG&E, if warranted.

“Natural gas safety is always at the forefront of our minds, and it is now on the minds of many Californians as a result of the tragic explosion of a PG&E pipeline in San Bruno in September,” said CPUC President Michael R. Peevey. “Our actions today amount to an indictment to give PG&E its day in court, and for the CPUC to consider fines if unlawful behavior is proven. As with our ongoing examination of the San Bruno explosion, this phase of our investigation of the terrible December 2008 incident in Rancho Cordova will ascertain whether PG&E violated rules and regulations and if management policies and practices contributed to violations of law and the loss of life.”

CPSD recommended that the CPUC consider fines against PG&E because CPSD alleges:

- PG&E installed the wrong and inappropriate gas pipe in the ground in Rancho Cordova in September 2006, causing the pipe to fail during a significant period of time, and to leak and cause the December 2008 explosion. CPSD contends that PG&E’s practice of storing pipes close to each other with similar appearances but different capabilities (some approved to transport gas, some not approved) contributed to confusion about proper pipes to use to transport gas.
- PG&E failed to track and locate non-conforming gas pipe that was unlawfully installed in the ground and used to transport gas, after it discovered in October 2006 that other pipe installed then in the ground in the Sacramento area was also non-conforming and unlawful to use to transport gas. CPSD contends that PG&E should have actively looked for other non-conforming pipe, and that its failure to do so and find the non-conforming Rancho Cordova pipe contributed to the explosion.
- PG&E failed to provide its employees with the equipment, means, training, direction, and supervision to respond timely and effectively to an outdoor PG&E gas leak emergency near occupied dwellings. CPSD contends that PG&E’s violations include omission to dispatch personnel and equipment capable of assessing outdoor leaks, an approximate four hour delay in the arrival of a PG&E leak investigator with equipment capable of assessing outdoor leaks, and PG&E’s failure to conduct emergency procedures such as evacuation to protect life and property.
- PG&E failed after the explosion to administer an alcohol and drug detection test to the leak investigator that arrived at the scene 2 hours and 47 minutes after the PG&E service technician at the scene first called PG&E to request that a leak investigator be dispatched to the site.

The CPUC ordered PG&E to file a motion for a protective order by Dec. 17, 2010, if it wants to specify and attempt to justify why any part of CPSD’s report should remain confidential; CPSD would then have until December 23, 2010, to reply.

A Pre-Hearing Conference before a CPUC ALJ will be set to establish a schedule for this proceeding, including the date of an evidentiary hearing. PG&E will be directed at hearings to show why the CPUC should not find it in violation of law, as outlined by CPSD, and why the CPUC should not impose penalties.

If the investigation finds that PG&E violated law the CPUC could assess fines and penalties of up to \$20,000 a day, per violation.

The order on today's action is available at:

[http://docs.cpuc.ca.gov/PUBLISHED/FINAL\\_DECISION/126786.htm](http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/126786.htm)

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