



California Public Utilities Commission

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PRESS RELEASE

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CPUC ISSUES \$5 MILLION STAFF CITATION TO PG&E FOR SAFETY CODE VIOLATIONS

SAN FRANCISCO, December 23, 2016 - The California Public Utilities Commission (CPUC) today issued a \$5.45 million staff Citation to Pacific Gas and Electric Company (PG&E) for using non-qualified contractors to perform certain inspections, as well as related violations.

On February 8, 2016, the CPUC's Safety and Enforcement Division found an instance of a PG&E contractor who had previously performed atmospheric corrosion inspections on PG&E's natural gas system but lacked the required qualifications. On September 14, 2016, PG&E filed a report with the CPUC stating that 101 non-qualified contractor inspectors conducted approximately half a million atmospheric corrosion inspections in seven areas of PG&E's service territory between February and May 2014 and in November 2014.

Using qualified personnel to perform maintenance activities, such as atmospheric corrosion inspections where portions of pipeline that are exposed to the air are inspected for evidence of corrosion, is of utmost importance for safe pipeline operations. PG&E violated federal and state law by using contractors who were not properly trained or qualified, failing to check qualifications of contractors, and not having quality control and quality assurance controls in place to ensure that its contractors were qualified.

PG&E has initiated corrective actions by performing re-inspections of its distribution system, which was originally inspected by non-operator qualified personnel. PG&E has completed the majority of the re-inspections and has stated that the remaining re-inspections will be completed by the second quarter of 2017. The CPUC's Safety and Enforcement Division will continue to monitor these



corrective actions to ensure compliance with law.

PG&E has 30 calendar days to pay or contest the Citation.

The Citation is available at www.cpuc.ca.gov/General.aspx?id=2494.

The CPUC requires, first of all, the immediate correction of any unsafe condition. The CPUC's Safety and Enforcement Division has staff-level authority to issue Citations to natural gas companies for violation of CPUC or federal gas safety codes and regulations. The financial penalty can range up to \$50,000 per day of violation up to a maximum of \$8,000,000 per citation.

Safety violations are identified through the CPUC's Safety and Enforcement Division's ongoing audits, inspections, and investigations, or by the utilities themselves through voluntary reporting. Further, the CPUC has a whistleblower program for anonymous and protected reporting of violations to 1-800-649-7570 or safetyhotline@cpuc.ca.gov. The CPUC also has an online whistleblower reporting form at <https://ia.cpuc.ca.gov/whblow/> where complaints can be submitted anonymously.

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

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