

California Public Utilities Commission
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PRESS RELEASE

Docket #: R.11-02-

**CPUC DEMANDS RECORDS FROM PG&E AFTER UTILITY FAILS
TO COMPLY WITH CPUC ORDERS;
CPUC STAFF TO RECOMMEND FINES AND PENALTIES**

SAN FRANCISCO, March 16, 2011 - The California Public Utilities Commission (CPUC) today demanded additional pipeline records from Pacific Gas and Electric Company (PG&E) after the utility refused to comply with a CPUC order for pipeline records in the wake of the September 2010 San Bruno pipeline explosion. In January, the CPUC directed the company to conduct an aggressive and diligent records search of pipeline documents in order to find traceable, verifiable, and complete records to determine the valid Maximum Allowable Operating Pressure (MAOP) of its pipelines. CPUC staff may recommend that the CPUC's Commissioners consider imposing fines and penalties against PG&E for deliberate noncompliance with CPUC directives.

On Jan. 3, 2011, the CPUC directed PG&E to undertake urgent Safety Recommendations made by the National Transportation Safety Board following the San Bruno tragedy and submit pipeline records to the CPUC by March 15, 2011. After reviewing PG&E's submission, the CPUC staff said today that PG&E did not respond to the CPUC's order to comply with the NTSB directives to compare installed pipe to as-built drawings and other records in order to be certain the proper MAOP has been established for pipelines. Instead, PG&E relied on the determination of MAOP based on the historical high operating pressure. The CPUC's directive, and the NTSB's recommendation, called for PG&E to find, to the extent possible, a basis for setting MAOP by means other than the grandfathering method described in PG&E's response.

"PG&E's willful noncompliance of our direct order may put public safety at risk. We must be certain that PG&E knows the types of pipes it has in the ground in order to know the maximum

pressure under which those pipes can operate safely,” said CPUC Executive Director Paul Clanon. “Today I sent to PG&E, by hand delivery, a letter of demand in order to obtain the documents and analysis required by the CPUC and the NTSB. It has been six months since the tragedy in San Bruno and we are working diligently to improve pipeline safety. PG&E must do its part by fully and timely complying with our orders, or face penalties.”

At the CPUC’s next voting meeting on March 24, 2011, CPUC staff will recommend to Commissioners that they issue an Order to Show Cause why PG&E should not face fines and penalties for deliberately not complying with CPUC orders. The CPUC has statutory authority to levy fines of \$20,000 per violation, per day. Multiple instances of wrongdoing could result in fines of \$1 million a day or more.

Documents related to PG&E’s pipeline explosion in San Bruno are available on the CPUC’s website at www.cpuc.ca.gov/PUC/events/sanbruno.htm.

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

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