

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

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Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

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**CPUC EXPANDS GAS SAFETY ENFORCEMENT TOOLS
WITH NEW CITATION PROGRAM**

SAN FRANCISCO, December 1, 2011 - The California Public Utilities Commission (CPUC) today augmented its natural gas safety efforts by creating a citation program under which natural gas companies can be fined by CPUC staff for violating state and federal safety rules.

Under the citation program, CPUC staff now has the authority to issue a written citation to gas companies when during the course of an inspection a violation of General Order 112-E or federal standards is found. Each day of an ongoing violation may be counted as an additional offense. Each citation will assess the maximum penalty amount set forth under the Public Utilities Code. The maximum penalty amount is currently \$20,000 for each offense, and this amount will increase to \$50,000 under recently enacted legislation

General Order 112-E contains specific rules governing the design, construction, testing, maintenance, and operation of utility gas gathering, transmission, and distribution pipeline systems and supplements compliance with the federal standards in the Code of Federal Regulations, Title 49, Parts 190, 191, 192, 193, and 199.

“Prior to our creation of a citation program, utilities violating state or federal rules would be ordered by CPUC staff to correct the violations, but staff lacked the ability to immediately fine a company for lack of compliance,” said CPUC President Michael R. Peevey. “We have streamlined this process and now our staff can immediately fine companies who break the law and put safety at risk.”

Citations and appeals will be posted to the CPUC's website, and gas companies are required to notify local authorities within 10 days when a citation is issued in their jurisdiction. The CPUC will prepare a quarterly report that briefly lists the citations issued, the categories of those citations, any appeals that have been submitted, and whether staff has noted any trends in the violations for which the citations are issued.

Said Commissioner Timothy Alan Simon, "Pipeline safety is a non-partisan issue. With a significant portion of California gas transmission pipelines ranging from 50 to more than 80 years old, the challenge is to ensure safe and reliable utility operations and a business friendly environment to attract capital infrastructure investment without levying tremendous rate hikes on customers. It is crucial we strike the right balance between safety, reliability, and cost."

Added Commissioner Mike Florio, "The CPUC's responsibility is to ensure that utilities provide safe and reliable service at reasonable rates. The ability of our staff to issue citations is necessary to fulfill that mandate. This is another step in implementing the National Transportation Safety Board's recommendations and making sure we enhance a culture of safety at the CPUC."

"Giving CPSD staff the ability to fine natural gas operators immediately if a violation is found is a step in the right direction," said Commissioner Catherine J.K. Sandoval. "Promptly notifying local authorities of such citations in the city/county in which they occurred and posting citations on the CPUC website provides transparency and motivates prompt compliance with safety rules."

Said Commissioner Mark J. Ferron, "I am pleased that we are taking steps to give our safety officers in the field more authority to impose fines on gas pipeline owners to ensure better gas pipeline safety. The National Transportation Safety Board and our own Independent Review Panel recommended this change and I believe it will help us be more proactive when it comes to safety."

CPUC staff will convene a workshop in early 2012 to discuss implementation of the citation program, which is effective immediately. There will also be a workshop in approximately one year to consider how the program is working, continued implementation concerns, lessons learned, and any necessary mid-course corrections.

The proposal voted on is available at

http://docs.cpuc.ca.gov/WORD_PDF/AGENDA_RESOLUTION/154205.pdf.

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

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