Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: January 27, 2012
Citation #: 2012-01-001
Operator ID#: 15007

CITATION FOR VIOLATION(S) ISSUED PURSUANT TO RESOLUTION ALJ-274 OF GENERAL ORDER 58-A, 58-B AND/OR 112-E

Gas Corporation (Operator): Pacific Gas and Electric Company
To Which Citation Is Issued

Respondent: Ms. Jane Yura
(For Operator) Vice President, Gas Operations,
Standards and Policies
Pacific Gas and Electric Company
P.O. Box 770000, Mailcode N15F
San Francisco, CA 94177

VIOLATIONS:

Operator is hereby cited with having violated General Order 58-A, 58-B, and/or 112-E, as described below. These violations occurred during the period 1993 through 2011.

(1) Title 49 CFR § 192.723(b)(2): "*A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months.*"

STATEMENT OF FACTS:

The above violations are documented in the attached CPSD Preliminary Investigation Report, which is based on one or more of the following: CPSD's review of the Operator's records and/or substantiating documents obtained from other sources, CPSD's field findings related to the Operator's facilities or operations, or other reasons as stated in the attached report.

RESPONSE:

Respondent is hereby called upon to provide a response to this Citation by: **5:00 PM (PST) on February 6, 2012**.

By way of such response Respondent, **within 10 calendar days,** may either:

(1) Correct the violations, and/or submit a Compliance Plan to the Director of CPSD for correcting those violations requiring more than 10 days to correct, and pay a fine of **$ 16,760,000** pursuant to Pub. Util. Code § 2107. (Submit a check payable to California Public Utilities Commission using the attached *Citation Payment Form.* Upon payment, the fine will be deposited in the State Treasury to the credit of the General Fund and this citation will become final); **or**

(2) Confirm that the violation noted in this Citation have been corrected and/or otherwise do not present an on-going safety hazard to the Operator's employees and the general public, and /or submit a Compliance Plan to the Director of CPSD for correcting those violations requiring more than 10 days to correct, and contest this citation by completing and submitting a *Notice of Appeal Form.* (*Please see the attached document, "**Directions For Submitting An Appeal To A Citation Issued Pursuant To Resolution ALJ-274**" for information on the process for appealing.)4*

NOTE: It should be clear that the CPUC expects Operators to take actions, as soon as feasible, to correct, mitigate, or otherwise make safe all violations noted on the Citation regardless of the Operator's intentions to accept or appeal the violation(s) noted in the Citation.

Respondent's failure to provide a response, as noted above, within 10 calendar days from the date the citation is served, will place Respondent in default of the citation and will result in forfeiture of Respondent's rights to appeal the citation. A late payment will be subject to a penalty of 10% per year, compounded daily and to be assessed beginning the calendar day following the payment-due date. The Commission may take additional action to recover any unpaid fine and ensure compliance with applicable statutes and Commission orders.

Notification to Public Agencies

As soon as is reasonable and necessary, and no later than 10 calendar days after service of the citation is effected, Respondent must provide a notification to the City Manager or similar local agency authority in the city and county where a citation is issued. Within 10 days of providing such notification, Respondent must serve an affidavit to the Director of CPSD, at the mail or e-mail address noted below, attesting that the local authorities have been notified; the date(s) for when notification was provided; and the name(s) and contact information for each local authority so notified.

Michelle Cooke

Michelle Cooke, Interim Director
Consumer Protection and Safety Division, Room 2205
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
mlc@cpuc.ca.gov

Attachments

Public Utilities Commission
STATE OF CALIFORNIA

Citation #: 2012-01-001
Gas Corporation: Pacific Gas and Electric Company
Operator #: 15007

CITATION PAYMENT FORM

I (we) _____ hereby agree to comply with this citation dated _____, and have corrected/mitigated the violation(s) noted in the citation on _____ and no later than _____, all work to make permanent corrections to any mitigated, or otherwise remaining concerns related to the violation(s) will be completed as noted in the Compliance Plan we have submitted to the Director of CPSD and, herewith, pay a fine in the amount of $ _____ as included in the citation.

Signature of Gas Corporation Treasurer,
Chief Financial Officer, or President/CEO

_____
(Signature) (Date)

_____
(Printed Name and Title)

Payment with a check must be made payable to the ***California Public Utilities Commission*** and sent to:

California Public Utilities Commission
Attn: Fiscal Office
505 Van Ness Avenue
San Francisco, CA 94102-3298

NOTE: A copy of the completed Citation Payment Form must be sent to the Director of Consumer Protection and Safety Division, via email or regular mail, to the addresses provided on the Citation.

CPSD Preliminary Investigation Report

December 30, 2011 Notice of Violation Regarding Missed Leak Surveys in PG&E's Diablo Division

Summary:

On December 30, 2011, in accordance with Resolution ALJ-274, PG&E notified the Commission's Consumer Protection and Safety Division (CPSD) of a non-compliance issue found at PG&E's Diablo Division.

CPSD's Gas Safety and Reliability Branch (GSRB) staff met with PG&E on January 4, 2012 to review documentation related to the self-identified and reported violations on several leak surveys not having been performed, in compliance with the Commission's General Order 112-E, for certain pipeline facilities maintained by PG&E's Diablo Division (Diablo).

According to PG&E, while working to digitize existing "hard copy" versions of leak survey plats, a mapper at Diablo found 16 plat maps containing a total of approximately 13.83 miles of distribution mains and 1,125 services[1] that had not been included in, or leak surveyed per Diablo's leak survey program. Out of the 16 plat maps, two maps illustrate distribution mains and services that were installed within the last five years. The gas distribution facilities on the remaining plats missed one or more five-year leak surveys as required by 49 CFR 192.723 (b) (2). GSRB's review noted that due to information duplicated on adjoining plats, 15 plats contained 13.83 miles of subject pipe which was not surveyed.

CPSD confirmed that as of December 29, 2011, distribution facilities on all 16 maps have been leak surveyed. On December 30, 2011, notifications were sent out to City Officials whose city boundaries encompass the distribution facilities included on the 16 plats. The leak surveys, performed in the end of December 2011 found:

14 – Grade 3 leaks (most of these leaks were found on the riser threads)
5 – Grade 2 leaks
2 – Grade 2+ leaks
1 – Grade 1 leak
Total: 22 leaks

The Grade 1 leak was mitigated by venting on the day it was found and repaired the next day and the Grade 2+ leaks were repaired on January 3 and 4, 2012. PG&E committed to repairing all leaks, including all Grade 3 leaks, by no later than January 20, 2012.

[1] This number may change as the investigation continues and pending PG&E's thorough review of the plat maps. The variation in the number of services is due to duplication of services on some of the adjacent maps.

According to PG&E, Diablo's mapping department created new plats or updated existing plats as new construction occurred and new distribution facilities were added to the system. However, Diablo's mapping department did not include the new or updated plats into the Leak Survey Schedules. As a result, Diablo's leak survey department was not aware of the plats and did not include them in its leak survey schedule. The plats were not leak surveyed until the discrepancy was discovered in late December 2011.

The cause of the violation appears to be a lack of clarity in PG&E's standards coupled with a lack of quality control. PG&E did not ensure that the updated plats containing distribution facilities were included in a timely manner into its leak survey program. GSRB is reviewing the extent to which Diablo's mapping department misinterpreted PG&E's standards and whether similar problems exist in other PG&E divisions.

GSRB notes that PG&E has initiated measures to prevent this situation from recurring in the future. GSRB's review found that the missed leak surveys in the Diablo division did not extend to valves, regulator stations, or cathodic protection since none of these exist on the identified plat maps, and the installation and scheduling for maintenance for these facilities follows a different process than that for leak surveys.

Preliminary Findings:

Out of the reported 16 plat maps that were not added to the leak survey schedule, Plat# 64C07 contained a 25-foot distribution pipeline downstream of a transmission facility which was leak surveyed as a part of the transmission leak survey. Two plat maps, 63F02 and 64A10, contained mains and services installed within the last 5 years. These two maps are still within their 5-year distribution leak survey requirement. PG&E missed one or more of the required 5-year distribution leak survey for the distribution mains and services on the remaining 13 plat maps. This is a violation of Title 49 Code of Federal Regulations Part 192.723(b)(2) which states in part:

> *"A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months."*

There was no injury or damage resulting from the violation and PG&E has initiated corrective actions in Diablo, including a leak survey of the distribution mains and services on all 16 identified maps. Repair of all leaks found is scheduled to be completed by January 20, 2012. Further, PG&E has taken initial steps to determine if a similar problem exists in other parts of its service territory. A list of all plat maps from its Gas and Electric Mapping System (GEMS) database will be compared to the entire list of plat maps currently on the Leak Survey Schedule to identify any discrepancies. PG&E plans to manually review all plat maps currently not in the Leak Survey Schedule for any missed distribution facilities. PG&E will be required to report their findings to CPSD when completed. Additionally, as a part of GSRB's investigation, PG&E's current standard and process for mapping and leak survey scheduling, including its Quality

Assurance/Quality Control measures, will be reviewed in detail to determine possible areas for misinterpretation and any changes needed.

Recommendations:

Commission Resolution ALJ-274 requires Staff to consider factors in Public Utilities Code § 2104.5 for self-identified and self-corrected violations. In determining whether a citation should be issued, CPSD has considered the size of the business, the gravity of the violation, and the good faith of the person charged in attempting to achieve compliance.

Natural gas is a highly combustible substance that can be explosive under certain conditions. Because it is lighter than air, it tends to migrate which may make it difficult to detect. Utilities are required to continuously monitor their pipeline facilities, and take preventive and mitigative measures to secure life and property. Leak surveys are one of the key and critical tools natural gas operators must use to monitor the integrity of their systems. Leak surveys are known and widely accepted as an effective, preventative measure that can help detect conditions that are, or can become, hazardous so that such conditions can be addressed in a timely manner before they result in injuries, fatalities, or property damage.

Some of the plat maps identified in Diablo Division include distribution mains that were installed as early as 1993. Many of the plat maps cover more than one distribution main installation. This indicates that PG&E has failed to monitor portions of its underground distribution mains and services for the past 19 years. While it is fortunate that no injuries or damages resulted from the violations, PG&E is obligated to operate its systems in manner that promotes and safeguards the health and safety of the public. In the absence of information regarding mapping discrepancies in other divisions, CPSD does not yet know the extent of this issue, nor can it determine at this point whether the problem was caused by an individual's oversight or a system-wide procedural oversight. Nevertheless, it indicates a failure of PG&E's Diablo Division to accurately track and maintain its distribution assets.

Based on the preliminary findings, the recommended amount of fine is limited to the 13 plat maps in Diablo Division that missed their required 5-year leak survey which are found to be in violation of 49 CFR §192.723(b)(2). CPSD recommends that PG&E be fined the amount of $16,760,000. The calculation for the amount of the fine is provided in Appendix A. CPSD believes its calculated amount for the fine reasonably considers the prompt action taken by Diablo Division staff upon identification of the apparent mapping discrepancies and the fact that no injuries or damages are known to have resulted from this discrepancy. This penalty calculation is specific to the violations identified in Diablo Division reported to CPSD on December 30, 2011. If subsequent investigation or additional notifications identify additional violations, CPSD will address them in separate reports and citations.

APPENDIX A

The following table contains a list of the 16 plat maps identified by PG&E. A penalty amount of $20,000 per violation is used as the violations were identified and corrected prior to January 1, 2012. The amount of fine per plat map is based on the number of months from the date the first missed leak survey was due (based on the oldest main installed on the plat map) until the plat map was finally leak surveyed, multiplied by the penalty amount. Each succeeding month after the first missed leak survey date is counted as one violation.

Item #	Plat Map	City	Main Operational Date (Earliest)	A 1st Missed Leak Survey Date	B Leak Survey Date	C # of Months of Missed Leak Survey [B-A]	D Fine ($20,000 per violation) [C x $20,000]
1	53B10	Pittsburg/Antioch	11/4/1999	12/31/2004	12/29/2011	84	$1,680,000
2	53B11	Antioch	9/16/2005	12/16/2010	12/29/2011	12	$ 240,000
3	49A10	Concord	5/27/2002	8/27/2007	12/29/2011	52	$ 1,040,000
4	49B11	Concord	11/17/1999	12/31/2004	12/29/2011	84	$1,680,000
5	51E09	Danville	6/17/1993	9/17/1998	12/29/2011	159	$3,180,000
6	53E16	Antioch	5/10/2000	8/10/2005	12/29/2011	76	$1,520,000
7	56D09	Danville	9/13/2005	12/13/2010	12/29/2011	12	$ 240,000
8	58F02	Antioch	3/23/1998	6/23/2003	12/29/2011	102	$2,040,000
9	63F02*	Brentwood	5/1/2007	None	12/29/2011	-	$ 0
10	59D09	Brentwood	12/5/2001	12/31/2006	12/29/2011	60	$ 1,200,000
11	59E09	Brentwood	6/13/2006	9/13/2011	12/29/2011	3	$ 60,000
12	59F12	Brentwood	7/13/2006	10/13/2011	12/29/2011	2	$ 40,000
13	64A10*	Discovery Bay	6/20/2008	None	12/29/2011	-	$ 0
14	64C07**	Contra Costa County	12/8/1998	12/31/2003	12/29/2011	-	$ 0
15	64D06	Contra Costa County	12/8/1998	12/31/2003	12/29/2011	96	$1,920,000
16	64D07	Contra Costa County	12/8/1998	12/31/2003	12/29/2011	96	$1,920,000
						TOTAL AMOUNT	**$16,760,000**

Notes:

*2 Plat maps that were created to reflect new distribution services within the last 5 years. These have not exceeded the required 5 calendar year or 63-month leak survey requirement;

** This plat map only contains a service line, located downstream of a regulator station, part of which was leak surveyed as part of the transmission survey, but also contained footage not leak surveyed. In the future, PG&E will move and reflect the service line, for leak survey purposes, on adjacent Plat #64D07.

DIRECTIONS FOR SUBMITTING AN APPEAL TO A CITATION ISSUED PURSUANT TO RESOLUTION ALJ-274

Within 10 calendar days of the Respondent being served with a ***CITATION FOR VIOLATION(S) ISSUED PURSUANT TO RESOLUTION ALJ-274***, Respondent may appeal the citation. Beyond 10 calendar days of being served with the citation, Respondent is in default and, as a result, is considered as having forfeited rights to appeal the citation. The Respondent must still correct the violation(s) as feasible unless, within 10 calendar days from the date of service of the citation, the Respondent submits to the Director of CPSD, a Compliance Plan that provides a detailed description of when the violation(s) will be corrected, the methodology to be utilized, and a statement, supported by an affidavit from the Gas Corporation's Chief Executive Officer, that in the Respondent's best judgment, the time necessary to correct the violation(s) will not affect the integrity of the operating system or unduly endanger the public.

To appeal the citation, Respondent must complete and submit the below *Notice of Appeal Form* within 10 calendar days of the date on which the Respondent is served the Citation. The Respondent's appeal must explain with specificity all grounds for the appeal of the citation. The completed *Notice of Appeal Form,* along with copies of any materials the Respondent wants to provide in support of its appeal, must be sent to:

California Public Utilities Commission
505 Van Ness Ave, Room 2205
San Francisco, CA 94102
Attn: Director, Consumer Protection and Safety Division

Respondent must also serve a copy of the *Notice of Appeal Form,* along with copies of any supporting materials, at the address noted above, on the Commission's Executive Director, Chief Administrative Law Judge, General Counsel, and Director of the Division of Ratepayer Advocates.

NOTE: Submission of a *Notice of Appeal Form* in no way diminishes Respondent's responsibility for correcting the violation described in the citation, or otherwise ensuring the safety of facilities or conditions that underlie the violations noted in the Citation.

After CPSD receives the Respondent's *Notice of Appeal Form*, a hearing will be convened before an Administrative Law Judge. At least ten business days before the date of the hearing, the Respondent will be notified and provided with the location, date, and time for the hearing. At the hearing,

(a) Respondent may be represented by an attorney or other representative, but any such representation shall be at the sole expense of the Respondent;

(b) Respondent may request a transcript of the hearing, but must pay for the cost of the transcript in accordance with the Commission's usual procedures;

(c) Respondent is entitled to the services of an interpreter at the Commission's expense upon written request to the Chief Administrative Law Judge not less than three business days prior to the date of the hearing; and

(d) Respondent may bring documents to offer in evidence and/or call witnesses to testify on Respondent's behalf.

At the Commission's discretion, the hearing in regard to the Respondent's appeal can be held in a hearing room at either of the Offices of the CPUC at the following locations:

San Francisco:

505 Van Ness Avenue
San Francisco, CA 94102

Los Angeles:

320 West 4th Street, Suite 500
Los Angeles, CA 90013

The hearing(s) held in regard to the Respondent's appeal will be adjudicated in conformance with all applicable Public Utilities Code requirements.

State of California

Public Utilities Commission

Notice of Appeal Form
(For A Citation Issued Pursuant to Resolution ALJ-274)

Respondent: Ms. Jane Yura
Vice President, Gas Operations,
Standards and Policies
Pacific Gas and Electric Company
P.O. Box 770000, Mailcode N15F
San Francisco, CA 94177

Citation Date: January 27, 2012

Citation #: 2012-01-001

Operator ID#: 15007

Appeal Date: _____

Statements supporting Respondent's Appeal of Citation (You may use additional pages if needed and/or attach copies of supporting materials along with this form).