

**Testimony of Chris Johns
President**

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**Before the U.S. Senate Commerce, Science and Transportation Committee,
Subcommittee on Surface Transportation and Merchant Marine Infrastructure,
Safety, and Security**

Legislative Hearing on:

**Pipeline Safety: Assessing the San Bruno, California Explosion and Other Recent
Accidents**

September 28, 2010

Chairman Lautenberg, Ranking Member Thune and members of the Subcommittee. My name is Chris Johns and I am President of Pacific Gas and Electric Company or PG&E. PG&E is one of the largest combined natural gas and electric utilities in the United States. Based in San Francisco, with nearly 20,000 employees, the company delivers electricity and natural gas to approximately 15 million people in Northern and Central California. PG&E's extensive natural gas system integrates more than 42,000 miles of natural gas distribution lines and more than 6,700 miles of natural gas transportation (or transmission) pipelines.

I first want to thank you for providing me with the opportunity to be here today to participate in a hearing on the safety of our nation's natural gas infrastructure.

For Americans who live or work around natural gas pipelines and facilities, the potential stakes around this issue could not be higher.

The events of the evening of September 9th are a stark reminder of that. On that evening, a rupture occurred on PG&E's natural gas transmission line running through the Crestmoor Canyon neighborhood of San Bruno, California resulting in an explosion. The results of that explosion were tragic. Seven people lost their lives. According to reports, dozens of people were taken to local hospitals and treated for serious burns and injuries. Fifteen acres burned. A large crater was created. Thirty-seven homes were destroyed and many more experienced damage. In total, 376 households were forced to evacuate. The days since have been an ordeal for the community; most of us cannot truly comprehend what the people of San Bruno went through that night, and continue to go through today. We are working with the National Transportation Safety Board (NTSB) to learn the cause of this tragic explosion.

Those of us who have been to the scene of the accident, as I have on several occasions including the night of the fire, and who have spoken with a number of families from the neighborhood, will not ever forget these experiences.

They are heart-wrenching. And yet, they can not begin to approach what the residents in that neighborhood witnessed and felt the evening of the disaster – and in the difficult days that have followed.

My heart goes out to all the families and people affected by this tragedy.

We know there is a long road to recovery ahead. We want to reiterate PG&E's commitment to stand by the people and community of San Bruno. We will do what's right to help rebuild the community – and to help people rebuild their lives.

PG&E's attention and resources have been focused on three priorities:

1. Getting help to the families and individuals affected.
2. Assuring everyone that our system is safe.

3. Cooperating fully with any and all investigations into the causes of this terrible accident.

Helping the Community

In the weeks since the tragedy, PG&E has been focused on helping the families affected by this accident and the City of San Bruno. On behalf of PG&E, I want extend our personal appreciation to San Bruno City Mayor Jim Ruane and all of the City officials whose heroic efforts and tremendous leadership are helping San Bruno to begin to recover from this tragedy.

Some of the steps we have taken include:

- Providing affected residents with immediate support in the form of housing, clothing and financial assistance, such as \$1,000 pre-paid debit cards to help meet immediate needs;
- Establishing the Rebuild San Bruno Fund, which is making up to \$100 million available to:
 - Provide direct emergency assistance, in the form of cash disbursements for immediate expenses not covered by insurance.
 - Ensure that residents are reimbursed for costs or losses that may not be covered by insurance.
 - Provide financial assistance to the City of San Bruno for certain costs it incurs as it responds to this accident and to rebuild or repair public infrastructure and facilities.
- Restoring power and gas service to the neighborhood and conducting in-home safety checks.

With regard to the Rebuild San Bruno Fund, PG&E has already provided San Bruno officials with an initial \$3 million to help compensate the city for certain of its estimated expenses incurred to date.

We have also now distributed checks to hundreds of households, in the amounts of \$15,000, \$25,000, or \$50,000 each, depending on the extent of damage incurred. Residents have not been asked to waive any potential claims in order to receive this assistance. Also, these funds are being provided in addition to the company's ongoing provision of funds to ensure affected residents continue to have access to temporary housing and other basic necessities.

Restoring Public Confidence

We recognize that the accident has shaken customers' confidence in the safety and integrity of our system both in the areas surrounding San Bruno and across PG&E's service area. We take these concerns very seriously and have taken steps to help restore that confidence. First, we re-inspected the three major pipelines that serve the San Francisco Peninsula. We also reduced the operating pressure of the transmission lines serving the area by 20 percent.

In addition to these efforts we are conducting aerial inspections of our entire natural gas transmission system. In addition, we have begun the ground leak survey of the entire gas transmission system beginning with the high consequence areas.

And, this past week we publicly released detailed information about PG&E's gas pipeline safety and maintenance practices, including some of the tools that we use in our engineering analyses and planning for future preventative maintenance work on transmission pipelines.

In those communities throughout Northern and Central California where PG&E's gas transmission facilities are located, we have been meeting – and will continue to meet –

face to face with public officials. These meetings give officials the opportunity to ask questions about our pipeline system and understand the steps we are taking to ensure its integrity and safety. We are also reviewing safety procedures concerning our natural gas system with first responders in those communities, and we are leaving behind detailed maps to ensure they know where our facilities are located.

We are doing the same for our individual customers. In fact, customers can now go online and log in to their individual account to see whether or not any of PG&E's gas transmission lines run near their homes, and if so where the lines are located.

As noted previously, we operate approximately 6,700 miles of natural gas transmission pipeline. We divide these pipelines into about 20,000 pipeline segments. A segment is a length of contiguous pipe with the same specifications, e.g. class location, wall thickness, diameter, material. As part of normal operations, we regularly assess our pipelines. Among other steps, this work includes ongoing inspections, leak surveys, pipeline patrols, preventative, corrective and condition-based maintenance and 24-hour monitoring of system conditions.

In the course of these efforts, any time we identify a threat to public safety, whether because of a customer's report or through our own ongoing assessments, we take action to address it. This includes priority dispatch of our first responders and crews. If there is an imminent hazard, we will not leave the site in question until proper safety conditions have been established.

We also continue to invest significantly in our system, with the majority of these investments aimed at enhancing safety and reliability. In fact, over the past five years we have spent \$30 million more on our gas transmission system than the amount authorized by the California Public Utilities Commission (CPUC).

These investment decisions are informed and guided, in part, through PG&E's ongoing assessment and consideration of a number of factors for each of the approximately 20,000 segments of pipeline. Our engineers consider such criteria as the potential for third-party damage to the line, like what may occur if there is digging or construction in the area; the

condition of the pipe, corrosion risk, and its specific design and physical characteristics; how close the particular segment is to areas that may be prone to ground movement; and how close it is to densely populated or environmentally sensitive areas. The data used in this assessment are updated regularly throughout the year to reflect the latest engineering evaluations, field tests, hands-on inspections and maintenance work.

This procedure, which is part of our overall integrity management program, is followed in some form by almost every gas transmission pipeline operator in the United States.

Nationwide, the natural gas industry operates 2.4 million miles of distribution and transmission pipelines. In total, companies in the industry spend an estimated \$7 billion each year in safety-related activities. Moreover, the design, construction, operation, inspection and maintenance of all operating pipelines are subject to rigorous oversight by federal and state regulators.

Federal pipeline safety regulations apply to natural gas transmission and distribution pipelines in the United States and through annual certifications and agreements, nearly all individual states have enforcement responsibility for pipelines within their own state, including California. These agreements with Pipeline and Hazardous Materials Safety Administration (PHMSA) require that each state adopt and enforce the federal regulations.

This includes the adoption and implementation of a pipeline integrity management rule that adds a layer of protection for pipelines in certain areas that, for example, have 20 or more dwellings or a site such as a playground or religious facility in a specified area, which are referred to as high consequence areas, in addition to the multitude of periodic inspections and repairs performed on all pipelines throughout the system.

Additionally, states may establish and enforce their own regulations in addition to the federal regulations, provided they are consistent with, and at least as strict as, the federal regulations. For example, the CPUC has adopted rules for natural gas distribution systems that require annual leak surveys for facilities in the vicinity of schools, hospitals

and churches, which are not specifically required in federal regulations.¹ The CPUC also performs audits of our pipeline policies and practices.

In an effort to summarize the industry's safety practices and information on current regulatory oversight, the American Gas Association (AGA), a trade association that represents natural gas distribution companies, has gathered relevant data in one place on its website and has also developed a Frequently Asked Questions document, which is included as an attachment to this written testimony.

We will continue to work with our regulators, AGA, the Interstate Natural Gas Association of America, which represents natural gas transmission companies, and others to assess and update industry best practices. We recognize that, as an industry, we have a responsibility to make sure we are operating in accordance with the highest standards when it comes to pipeline safety and integrity. Moreover, we know these standards must be continually evaluated and updated to reflect any lessons learned as a result of tragedies like the San Bruno accident and those that have occurred around the country over the past years.

Cooperating with the Investigation

We are all committed to identifying and learning from the root cause or causes of the tragic events in San Bruno. Once the causes are understood, Congress, the CPUC, our industry and others can take what has been learned to improve policies, procedures and best practices. However, this can only happen if the NTSB, the CPUC and other agencies have the information they need to conduct their investigations.

During the past weeks we have, therefore, been making every effort to be fully responsive to all requests connected with the ongoing investigation. The information

¹ The CPUC has adopted GO 112-E, which are rules that govern the design, construction, testing, operation, and maintenance of gas gathering, transmission and distribution piping systems in California.

provided by the NTSB as a result of their investigation will allow us and others to understand whether the accident was isolated or has broader implications for policies surrounding pipeline safety. Until the NTSB has concluded its investigation, however, we cannot speculate about the causes of the accident and possible changes going forward. Once the results of the investigation are known, we will act on its findings to take the appropriate action.

Supporting Efforts to Improve National Pipeline Safety Regulations

We also recognize that Congress and the Administration are focused on making our nation's natural gas system the safest it can be. As Congress moves to reauthorize the Pipeline Safety Improvement Act of 2006, we know that improvements will be made to pipeline safety that will bring about a safer national pipeline system. Toward that end, Senators Boxer and Feinstein have introduced legislation to enhance public safety, strengthen oversight and improve accountability. We support this effort and look forward to working with the Senators and other members of Congress on legislation that achieves these important and necessary goals.

Among the areas we believe warrant additional discussion in addition to those proposed in current legislative packages are providing for formalized benchmarking of safety practices among pipeline operators, reassessing the adequacy of current in-line and external testing methodologies and technologies, creating a national standard for set-backs of high-pressure pipes from residential areas, and conducting a broader review of the impacts of urbanization on the safe operation of the nation's gas transmission system.

Conclusion

Again, thank you for the opportunity to participate in today's hearing. We want to reiterate PG&E's firm commitment to stand by the people and community of San Bruno. We are committed to help rebuild the community – and to help the people of San Bruno rebuild their lives. We also want to acknowledge the importance of restoring the

confidence of all the communities we serve in the safety and integrity of our pipeline system. We owe it to the public to ensure that they can feel confident in the gas and electric service we provide. And, we understand that in order to take action to prevent future tragedies, answers are needed as to what caused this horrible accident. We will continue to work cooperatively with those investigating the accident so that we, policymakers and others have the information needed to improve pipeline safety.

Thank you and I look forward to your questions.