From: Cherry, Brian K
Sent: 9/28/2010 1:22:33 PM
To: pac@cpuc.ca.gov (pac@cpuc.ca.gov); tdp@cpuc.ca.gov (tdp@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: Need your input -- Wall Street Journal Inquiry - Index No. 627 (RUSH REQUEST)

FYI. Heads up on the request we received from WSJ Rebecca Smith.

From: Redacted
Sent: Tuesday, September 28, 2010 10:29 AM
To: Redacted; San Bruno Incident Data Requests
Cc: SB Responder Group
Subject: FW: Media Request: Wall Street Journal Inquiry - Index No. 627 (RUSH REQUEST)

Redacted

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Request:

This is a **Rush Priority 1 Request**. Please answer the questions below.

Special Note:

Rebecca Smith of The Wail Street Journal is working on a story and would like PG&E confirmation/comment on a number of federal and state data findings on pipeline safety. Her deadline is Tuesday.

She is fine with receiving information as it is developed (the answers do not have to be delivered all at one time). We have separated the questions into different categories to assist with answer development.

Also to assist with answer development, the media relations team suggests the following prioritization:

1) the CPUC audit questions (because those are the questions that are most specific to the company),

2) the Federal related questions,

3) remaining questions we can answer.

Question(s):

627.1 General questions:

- The broader theme of the story will be that regulatory oversight is pretty weak around pipeline safety. For the most part, utilities have plenty of opportunity to fix the situation, and there is no accountability. Does PG&E have a comment on this?
- In her story, she will state that, given the lack of state/federal penalties for pipeline problems, civil court is the only place where PG&E pays. She plans to cite examples of the wrongful death process in civil courts, perhaps including a Santa Rosa explosion in 1992 that killed a two-year-old girl and her grandmother. The case was litigated for 5 years, and PG&E paid $2.8 million for the child's death and $200,000 per surviving child of the grandmother. She plans to quote the attorney for the plaintiffs, saying that gas leaks are not that big a deal for PG&E because most don't result in a blast. Gas has to be 5-15% concentrated or else it won't ignite. Is there a PG&E comment on this quote?
- She knows we have 4.3 million natural gas customer accounts, but how many people does this serve? Approximate is fine. (Answer is likely 15 million.)

627.2 Federal (PHMSA?)-related questions:

- Federal data on pipeline incident investigations show only $850 paid in fines for infractions of federal and state pipeline rules for 2004-2008. What portion of these, if any, was paid by PG&E?
- California gas utilities had 15,320 probable violations in 2004-2008. Of these,12,949 were corrected by California gas utilities, leaving 16 percent unresolved. What portion of these unresolved probable violations, if any, does PG&E have? Can PG&E comment on the high volume of probable violations (15,320)?
- According to The Wall Street Journal's analysis of PHMSA data, PG&E has more incidents than any other gas utility from 2004 through mid-2010. Can we confirm? Comment? She said all 57 PG&E incidents show a couple of examples of preventable incidents.
    - One incident is a gas explosion/fire on July 7, 2005 in Los Altos on a PG&E pipeline from 1948. The cause cites "solder gone at connection." Any details on this incident we can provide?

627.3 CPUC-related questions:

- The CPUC Consumer Protection and Safety Division (CPSD) posts annual reports on pipeline

safety, but she cannot find anything posted after 2007. Do we have access to PG&E filings for 2008-2009?

627.4 CPUC CPSD audit questions:

- She discovered that there are only 88 PHMSA inspectors for the U.S. and only 9 CPUC CPSD inspectors to oversee 100,000 miles of natural gas pipelines in California. She discovered that the CPSD conducts a natural gas pipeline audit once every 2-3 years. Apparently, 2 audit results were released last week under the San Bruno tab on the CPUC website. Rebecca would like to know if PG&E will release others?
- In one audit result from October 17, 2008 (Peninsula division), problems identified include a leak survey performed by an uncredentialed (does this mean untrained?) employee. The audit indicates that the Supervisor was "removed." Does this mean fired? Relocated? Please specify. The audit indicates PG&E replaced the employee with a credentialed employee and resurveyed the line in 2008. Does this mean that there was no qualified survey for 2007?
- In the second audit result from May 22, 2008 (Hollister/Milpitas district), there was only one record for two pressure limiting station devices (A-80 and A-84), leading to questions whether the devices were properly maintained. Confirm? Comment?
- Also in the second audit result from Milpitas, there was a cathodic protection device that didn't appear to be working, citing locations with broken lead wires and missing IDs, which are required for test stations. What happened in this instance and what was done to resolve the issue? If cathodic protection isn't working, does that mean pipes could be subject to corrosion?
- There are records she does not have access to (2008-2009), but the records she has indicate problems and infractions of code requirements. Record-keeping and missing credentials also seem to be a problem that goes largely unpenalized. Confirm? Comment?
- Are these audit findings typical or atypical, given how inaccessible most pipelines are (underground or underwater in most cases)?

627.5 Gas Transmission and Storage Rate Case question:

- In our Gas Transmission and Storage Rate Case (2008-2014) Chapter 6 Testimony by Roy Sturges, as captured in the table on page 6-4, 73 percent of PG&E's larger pipelines would use ECDA? Is this the correct interpretation of what this table shows? Is this transmission pipelines? HCA pipelines?

627.6 Inspection method question:

- In her story, she will state that Direct Assessment is an older method that is not as good at finding internal corrosion as in-line inspection. Comment? PG&E has a proposal in our rate case to upgrade Line 132 for in-line inspections by 2013. Can we confirm? Comment?

Due Date: Tuesday, September 28, ASAP

Legal Review Required? Yes (Redacted and Steve Garber)

QA Review to be performed by: Redacted

Assigned to: Redacted

Redacted

GRC

Redacted