

From: Bottorff, Thomas E  
Sent: 6/30/2011 9:27:08 PM  
To: 'Clanon, Paul' (paul.clanon@cpuc.ca.gov)  
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Bcc:  
Subject: FW: SJMN - PG&E: Inspections of Underground Electrical Facilities Were Falsified

Paul,  
Fyi; we spoke with Steve this afternoon. The story is fairly balanced and we appreciate your quote.  
Tom

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**From:** News Flash  
**Sent:** Thursday, June 30, 2011 8:32 PM  
**Subject:** SJMN - PG&E: Inspections of Underground Electrical Facilities Were Falsified

The San Jose Mercury News reports on a PG&E internal investigation that found some of its underground electric enclosures may not have been inspected.

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## **PG&E: Inspections of underground electrical facilities were falsified**

By Steve Johnson

San Jose Mercury News, June 30, 2011

An internal PG&E investigation has determined that as many as 14 people it relied on to inspect underground electrical facilities may have falsified the checks they were supposed to do in Santa Clara County, San Francisco and the East Bay, the company disclosed Thursday.

Some of the underground enclosures in Santa Clara County hadn't even been opened so the equipment could be checked last year, said the utility's spokesman Andrew Souvall. Those inspections should have been performed by five contractors and three PG&E employees, he said.

"The investigation did confirm it is probable that 23 underground enclosures listed as having been inspected had not been inspected," he said, with another 50 enclosures "ruled suspect or not likely opened."

PG&E also has concluded that seven other underground enclosures - including one in San Francisco and another in or around Contra Costa County - "may not have been opened" and

properly checked, Souvall said. In those cases, five more PG&E inspectors are under investigation, along with another former employee of the same contracting firm used in Santa Clara County.

The revelation of questionable reports represents another blow to the company since the Sept. 9 San Bruno disaster, which killed eight people and destroyed 38 homes. Since that explosion, state regulators and others have lambasted the company for everything from its record-keeping practices to its corporate culture.

"PG&E's safety problems run deeper than natural gas pipelines," said Paul Clanon, executive director of the California Public Utilities Commission. "I am encouraged that PG&E took immediate action when this matter was brought to their attention and that they will now inspect, or re-inspect, all underground enclosures. I hope PG&E builds on this to demonstrate that they are now putting safety first."

The company plans to re-inspect more than 13,000 underground facilities in the San Jose district over the next couple of months, according to Souvall, who noted that all the work "is going to be paid for by PG&E's shareholders, not its customers."

Asked if PG&E had ever previously encountered a similar problem, Souvall said the situation in the San Jose division "was unique" in terms of the numbers of questionable inspections.

The investigation, which the company launched in November based on an employee's tip, has not uncovered any evidence of electrical equipment failing after not being inspected, Souvall said. However, he noted that one of the PG&E employees under investigation was supposed to have checked an underground enclosure in 2009 near Delmas and Park avenues in San Jose, which exploded and knocked out power to about 1,000 customers in May last year.

After getting the tip, PG&E found the questionable inspections when it checked a sample of 273 underground enclosures throughout the San Jose division, which includes San Jose, Gilroy, Milpitas, Morgan Hill and unincorporated parts of Santa Clara County, according to Souvall.

Although inspectors don't usually climb into the small enclosures, they need to open them so they can conduct a visual check of the electrical gear inside, he explained.

PG&E then reviewed the inspections supposedly done on 1,143 underground enclosures in other parts of its system. That's when it found the seven additional enclosures it suspects weren't done properly elsewhere in Northern California.

He said the PG&E inspectors in the San Jose division have been suspended with pay pending the probe's outcome and the contractors no longer are working at their company, which he declined to name because PG&E believes the firm was unaware of the questionable reports.

"We took these allegations seriously and acted swiftly," Souvall said, adding that new PG&E procedures will require it to more intensely review the work of its underground facility inspections.