

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

RESOLUTION ALJ-277
Affirming Citation no. 2012-01-001 Issued to
Pacific Gas and Electric Company for
Violations of General Order 112-E.

Resolution ALJ-277

**COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO
ON DRAFT RESOLUTION ALJ-277**

Pursuant to the Commission’s Rule of Practice and Procedure 14.5, the City and County of San Francisco (“CCSF”) submits these comments on Draft Resolution ALJ-277, issued on March 19, 2012 (the “Draft Resolution”). The Draft Resolution denies Pacific Gas & Electric’s (“PG&E”) appeal of citation no. 2012-01-001, and directs PG&E to pay a fine of \$16,760,000 within 30 days of the date the Draft Resolution is issued. This is the first appeal of a citation issued by the Consumer Protection and Safety Division (“CPSD”). It is important for the Commission to demonstrate that staff will use the additional enforcement procedure to ensure that natural gas utilities adhere to their statutory and service obligations. Both the Independent Review Panel and the National Transportation Safety Board recommended that the Commission revise its graduated enforcement framework to increase the efficacy of its gas safety oversight.

The Draft Resolution carefully analyzes the appropriate level of fine per violation. As the Draft Resolution notes, leak surveys are the primary tool available to detect and correct gas leaks before they become serious and the collection and analysis of leak survey data should be an integral part of gas pipeline operations. Failing to perform the required leak surveys not only places the public at risk by potentially allowing an unsafe condition to remain unmitigated, it also deprives the operator of potentially relevant information regarding its pipelines. Various reports have found that one of the key deficiencies in PG&E’s gas pipeline operations was the

failure to adequately collect and analyze relevant data. The public must be assured that PG&E's gas pipelines are being operated safely and it is equally important for the utilities to know that safety regulations will be enforced aggressively.

The Draft Resolution appropriately rejects PG&E's claim that the proposed fine of \$16,760,000 is excessive. In view of the ongoing nature of the violations and the public safety threat created by the violations, the actual fine could be more robust. For example, the number of violations could be calculated based on the number of days following the first missed leak survey. Each day that PG&E failed to conduct the required leak survey placed the public at harm, and the fine should reflect this reality. As the Draft Resolution notes, "each day of an ongoing offense is a separate and distinct violation. The violations here are about 25,140." Using the maximum fine amount per violation and using each day that PG&E did not perform the required leak survey as a separate and distinct violation, the potential fine could be as much as \$502,800,000. CCSF is not proposing this fine, but is noting that the range of potential fine amounts is quite large. Given this range, the penalty proposed in the Draft Resolution appears very small.

In addition, the Draft Resolution correctly rejects PG&E's request that Commission suspend citations for self-reported violations until further consideration. The Commission has sufficient discretion to consider on a case-by-case basis how to weigh the various factors relevant to determining the amount of a penalty, including whether a utility self-reported the violation. Here, given the duration of the violation, the potential harm to the public created by its omissions, and the potential negative impact on PG&E's day-to-day and long-term operations, the suspension of the penalty because PG&E self-reported the violation is not warranted.

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CERTIFICATE OF SERVICE

I, KIANA V. DAVIS, declare that:

I am employed in the City and County of San Francisco, State of California. I am over the age of eighteen years and not a party to the within action. My business address is City Attorney's Office, City Hall, Room 234, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-4698.

On April 9, 2012, I served:

**COMMENTS OF THE CITY AND COUNTY OF SAN FRANCISCO ON DRAFT
RESOLUTION ALJ-277**

by electronic mail on all parties in on the attached service list for citation ALJ-277
2012-01-001.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on April 9, 2012, at San Francisco, California.

/S/

KIANA V. DAVIS

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