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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the
Commission's Own Motion into the
Operations and Practices of Pacific Gas and
Electric Company with Respect to
Facilities Records for its Natural Gas
Transmission System Pipelines.

Investigation 11-02-016
(Filed February 24, 2011)

**PREPARED DIRECT TESTIMONY OF MAYOR JIM RUANE
ON BEHALF OF
THE CITY OF SAN BRUNO**

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1 **BEFORE THE PUBLIC UTILITIES COMMISSION**
2 **OF THE STATE OF CALIFORNIA**

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9 **PREPARED DIRECT TESTIMONY OF MAYOR JIM RUANE**
10 **ON BEHALF OF**
11 **THE CITY OF SAN BRUNO**

12 **I. INTRODUCTION**

13 On February 24, 2011, the Commission instituted the above-named formal
14 investigation to determine whether Pacific Gas & Electric ("PG&E") "violated any
15 provision or provisions of the California Public Utilities Code, Commission general orders
16 or decisions, or other applicable rules or requirements pertaining to safety recordkeeping"
17 for PG&E's gas service and facilities.¹

18 The CPSD Report being issued with the Order³ alleges that PG&E violated the
19 California Public Utilities Code, Commission general orders or decisions, or other
20 applicable rules or requirements pertaining to safety recordkeeping for its gas service and
21 facilities.

22 ***Events of September 9, 2010 from City of San Bruno's Perspective***

23 At dinnertime, in the early evening of September 9, 2010 in the Crestmoor
24 neighborhood of San Bruno—a typical California suburb—a malevolent force was about
25 to be unleashed. The tragedy about to engulf the City of San Bruno stemmed from gross
26

27 ¹ See "INTRODUCTION AND STATEMENT OF PURPOSE," Order Instituting
28 Investigation I.11-02-016

1 human errors made 54 years ago, compounded by subsequent mistakes which allowed
2 defective welds to remain but completely undetected by PG&E, the utility that installed
3 and operated high pressure gas Line 132. Some say we were lucky that many families
4 were at Back to School Night that evening, but the unlucky were at home, either eating
5 dinner or watching the football game. When Line 132 failed along a badly welded seam
6 and catastrophically ruptured, it released 47.6 million of cubic feet of flammable natural
7 gas—enough gas to meet PG&E’s customers’ need for the entire City of San Bruno for a
8 month. Within seconds, the gas ball ignited with incredible force and violence. The
9 roaring fireball soared over 100-feet into the air and its sound was deafening. The
10 explosion shook the neighborhood with such force that our residents first mistook it for an
11 earthquake or an airplane crash. Two thousand degrees of superheated air and flames
12 overtook the neighborhood. Our residents ran for their lives with just the clothes on their
13 backs.

14 Eight people lost their lives and 66 were burned and injured, including four
15 firefighters who suffered smoke inhalation. Several survivors suffered severe burns,
16 endured months of hospitalization and rehabilitation and still face long and difficult
17 recoveries. The explosion destroyed 38 homes and damaged 70 others. A large crater, 72
18 feet long by 26 feet wide cut through the Crestmoor neighborhood. Vacant lots stand
19 where a children’s playground and family homes once stood.

20 The first 911 call was received within seconds. Firefighters at San Bruno Fire
21 Department’s Station 52 immediately saw the fire and rushed to the scene just blocks
22 away. Hundreds of first-responders from throughout the Bay Area as well as San Bruno’s
23 own Fire, Police, Public Works, and other departments, responded to the explosion and fire
24 setting a new standard for emergency response for cities in California and across the
25 country.

26 During the first minutes of the disaster locating the source and cause of the fire was
27 difficult because of the monstrous flames, heat, and noise. Previous routine mailed notices
28 and first responder briefings did little to alert Firefighters and residents to the danger that

1 lurked below the street in this heavily populated neighborhood in the form of a thirty-inch
2 high pressure natural gas line. Initially, many believed the explosion was due to an
3 airplane crash since San Bruno is located in the take-off pattern of the San Francisco
4 International Airport and the roar of the escaping gas sounded like a jet turbine.

5 ***Post-explosion Recovery***

6 Although it has been over a year-and-a-half, the victims have a long way to go to
7 full recovery. Even when talking to the victims now, their pain and loss is raw and hasn't
8 diminished. Our residents continue to grapple with their fears and their loss of that basic
9 sense of safety they should feel in their own homes.

10 We are tremendously proud of the way our community has come together and our
11 progress toward reconstruction and repair of the dozens of damaged homes and
12 replacement of the 38 that were destroyed. Using an expedited plan review and permitting
13 process, we have issued building permits for 14 new homes. Two are already completed
14 and ten more are under construction. Another several applications are pending.

15 The City's infrastructure sustained major damage as a result of the explosion. The
16 City has completed slope stabilization and replacement of damaged retaining walls in the
17 Crestmoor Canyon and has initiated rehabilitation of the damaged water system. Over the
18 next several months we will repair and rebuild the water, sewer, storm water and street
19 lighting systems in the neighborhood, repave the streets, reforest the burned canyon and
20 replace the neighborhood park. The damaged Crestmoor neighborhood no longer looks
21 like a desolate battlefield, it is now a busy construction zone. We look forward to the day
22 when the residents have returned and can reclaim their neighborhood and resume their
23 lives in peace and safety.

24 The San Bruno community has been irreparably and permanently harmed as a result
25 of the explosion and the misconduct that led to it. For a long time to come, our community
26 will feel the human and social impacts of the horrific explosion. The community of San
27 Bruno will be inextricably and forever linked to this terrible tragedy. Our public utility
28 systems operate on faith and trust which was destroyed on that evening.

1 *City's Comments on CPSD Report and Investigation*

2 The Consumer Protection and Safety Division (CPSD) report (CPSD report) issued
3 with the Order factually substantiates PG&E's failure to follow the recordkeeping rules
4 and demonstrates that inadequate recordkeeping practices were substantial and
5 contributing causes to the PG&E pipeline explosion.² As stated by the CPSD report,
6 records management is extremely important as it is "inextricably tied to the governance of
7 a business, its ability to operate legally, efficiently, and effectively, and provide traceable,
8 verifiable and complete records."³

9 When the NTSB initiated its investigation, it reviewed PG&E's as-built records. As
10 we now know, the records for the failed section of Line 132 in San Bruno indicated that
11 the pipe was part of a 1,742-foot-long segment installed in 1956 as part of a relocation of
12 the pipeline originally installed in 1948. According to PG&E's records, it had a .375-inch
13 thick wall and was "SML," PG&E interpreted this to mean that the pipe was seamless.
14 However, as is now well known the ruptured section of the pipe was not seamless, but had
15 a longitudinal seam which itself was defective and would not have met the integrity
16 standards in effect as of the date of installation. Maintenance and safety inspections on gas
17 pipelines are dependent upon accurate "as built" records. Simply stated, PG&E's records
18 were insufficient to accurately identify the pipe's characteristics. The inaccurate
19 interpretation of the records led to a more serious problem. The entire integrity
20 management and safety program of the utility was based on a false premise....a premise
21 that PG&E should have discovered. Did the rest of Line 132 use "seamless pipe" when
22 undertaking routine maintenance and repair of Line 132; did the utility ever verify its own
23 records based upon field observations; and did anyone at the utility examine its purchasing
24 records to determine when and if "seamless" pipe was procured and for what job? The

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26 ² CPSD report, page 7-105; http://www.cpuc.ca.gov/NR/rdonlyres/23513DF5-28CB-425B-BAE4-0151981F0779/0/CPSD_Recordkeeping_OII_Report_Final.PDF

27 ³ CPSD report, page 4-19; http://www.cpuc.ca.gov/NR/rdonlyres/23513DF5-28CB-425B-BAE4-0151981F0779/0/CPSD_Recordkeeping_OII_Report_Final.PDF
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1 answer is tragically “no.” Therein lies the horror of this entire proceeding, blind faith on
2 data entry that was never verified, never questioned and never re-examined in any manner.
3 If your entire safety program is based upon data, that data must be “verifiable” as the OII
4 and the NTSB use that term. Finding a box of paper is not compliance with the law.

5 In response to the fact that PG&E's records on Line 132 were incorrect, on January
6 3, 2011, the NTSB issued urgent safety recommendations to PG&E requiring PG&E to
7 "aggressively and diligently search" for "as-built drawings, alignment sheets, and
8 specifications, and all design, construction, inspection, testing, maintenance, and other
9 related records . . . relating to pipeline systems components . . . " to determine the valid
10 Maximum Allowable Operating Pressure, based on the weakest section of the pipeline or
11 component, to ensure safe operation of all PG&E's pipelines.⁴

12 In response to an urgent recommendation by the NTSB, the CPUC immediately
13 directed PG&E to undertake the NTSB's Safety Recommendations and conduct a
14 complete and comprehensive records search of pipeline documents to determine the valid
15 MAOP and to determine whether PG&E has accurate and up-to-date knowledge of critical
16 aspects of its gas transmission pipeline system to ensure safe operation of all PG&E's
17 pipelines.⁵ PG&E's recordkeeping practices proved to be even more egregious as PG&E
18 couldn't initially comply with NTSB and CPUC's recommendations to produce traceable,
19 verifiable, and complete records, resulting in a \$3 million fine.⁶

20 The City appreciates and thanks the CPSD for its thorough and impressive analysis
21 of PG&E's recordkeeping practices in its report. The City believes that the completion of
22 full investigation and analysis of PG&E's systemic operational failures relating to its
23 recordkeeping are critical to assure that residents' interests and concerns are fully and
24

25 ⁴ <http://www.nts.gov/doclib/reports/2011/PAR1101.pdf>

26 ⁵ [http://www.cpuc.ca.gov/NR/rdonlyres/E1242297-98D3-4788-8926-
27 640D0B354BA9/0/LettertoPGE010311.PDF](http://www.cpuc.ca.gov/NR/rdonlyres/E1242297-98D3-4788-8926-640D0B354BA9/0/LettertoPGE010311.PDF)

28 ⁶ http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/164615.htm

1 adequately addressed, to help ensure that a full and accurate conclusion is reached, and to
2 make sure that an explosion of this magnitude doesn't happen again. Similarly, the City
3 supports the efforts being undertaken by the CPUC to complete the necessary fact-finding
4 and to impose the necessary and appropriate sanctions and oversight required to protect
5 San Bruno residents' safety and that of residents throughout the State of California.

6 The City's interests in the outcome of this investigation relate to 1) ensuring that the
7 NTSB recommendations regarding recordkeeping are followed both in letter and in spirit;
8 2) that utilities verify the data in their systems to insure that it is the correct basis upon
9 which to predicate an-integrity management program and risk assessment; and 3) the
10 allocation of the fine proceeds. The City is participating in the CPUC's rulemaking
11 process and the additional OIIs relating to the explosion. We believe that it is the City's
12 responsibility to play a leadership role to ensure that the community has a voice and that
13 this terrible tragedy never happens again, anywhere, ever. We are ratepayers, citizens, a
14 franchisee, a municipal corporation, and we are the victim.

15 With respect to the CPUC in particular, the City believes that historically there has
16 been too close a relationship between the regulator and the regulated utility. This, we
17 believe has led to the acceptance of practices, policies and safety protocols that are more
18 "convenient" for the parties than are scientifically or technically based. PG&E is being
19 investigated for very serious violations of laws and rules, these violations resulted in the
20 death of eight innocent citizens. As much as we appreciate the efforts and attention of the
21 CPUC today in resolving these matters, we also believe that an examination of the
22 relationship between the regulator and the utility is fully warranted.

23 **A. *City's Interest in Recordkeeping***

24 The City's interest is to know what happened and why it happened in our City. The
25 City is looking to the CPUC to timely complete its analysis of the CPSD report and its
26 investigation. The City anticipates that the CPUC's conclusion and findings will be
27 consistent with the NTSB recommendations. Throughout these complex proceedings and
28 technical issues, the City remains, as always, interested in the truth: why did eight people

1 have to die? It is the position of the City of San Bruno that all the NTSB recommendations
2 be adopted by the parties to whom they were addressed.⁷

3 The City believes that deficiencies in PG&E's recordkeeping and documentation
4 practices resulted in the company failing to adequately identify and address potential risks
5 in its transmission system that could, and *should have* been addressed prior to the rupture.
6 PG&E disclosed that it identified a leak on Line 132 some 9 miles south of San Bruno in
7 1988. A portion of the pipeline was replaced to repair the leak. Federal law took effect in
8 December 2004 (CFR 192.907) requiring pipeline operators to establish and maintain an
9 integrity management program to address known risks on each transmission pipeline
10 segment in an HCA. Records of this 1988 event should have been taken into account
11 when PG&E enacted their integrity management program pursuant to the 2004 regulations.
12 Had this known risk to Line 132 been properly addressed in PG&E's integrity
13 management program, a hydrostatic test of Line 132 likely would have been required.
14 Given the construction deficiencies on the pipeline, it is likely that Line 132 would have
15 failed this test. Inaccurate and incomplete records on pipe used to fabricate PG&E Line
16 132 raise concerns about unknown risks that may affect the safety of this pipeline and
17 other pipelines constructed during or near the same time period.

18 Post construction inspection and testing programs were not adequate to identify the
19 deficiencies before the pipeline ruptured. This was due in part to the absence of verifiable
20 as-built records. These deficiencies were not identified and corrected during the pipeline
21 construction process and post construction inspection and testing programs were not
22 adequate to identify the deficiencies before the pipeline ruptured in part due to the absence
23 of verifiable as-built records. We believe that inaccurate historical inventory and as-built
24 records for materials used to fabricate the pipeline has resulted in unrecognized increased
25 risk for material failure and raises concern about all pipelines constructed by PG&E during
26 this time period.

27
28 ⁷ <http://www.nts.gov/doclib/reports/2011/PAR1101.pdf>

1 While accurate as-built records for Line 132 are not available to help the pipeline
2 operator and regulators fully understand how the pipeline was constructed, PG&E used
3 historical operating pressures (the highest actual operating pressure to which the segment
4 was subjected during the 5 years preceding) to determine the MAOP for Line 132 in
5 HCAs. PG&E's interpretation of Federal pipeline safety regulations for determining the
6 MAOP for older pipeline systems, so called "grandfather provisions," resulted in actions
7 by PG&E to periodically spike pressure on the pipeline system above maximum operating
8 pressure to establish or maintain the MAOP and that spiking pressure on Line 132 exposed
9 it to stresses that later led to failure.

10 Although we know that the CPUC is investigating PG&E for serious violations, we
11 are concerned that PG&E just disclosed, over a year-and-a-half after the explosion, to the
12 CPUC that Line 132 has a history of weld failures. Apparently PG&E recently found the
13 1989 memo in a records search, however, it is absolutely unacceptable that PG&E is still
14 finding records almost two years after being directed by the NTSB and the CPUC to
15 urgently find all records relating to Line 132. This causes the City serious concern that
16 there might be other information not disclosed to the CPUC that could put public safety at
17 risk.

18 It is still unclear whether the implementation of the NTSB recommendations will be
19 addressed in PG&E's Implementation Plan in the Order Instituting Rulemaking⁸ (OIR) or
20 in this investigation. The CPUC has yet to determine in what formal forum it will address
21 these important issues. PG&E has made representations that it has, and is attempting to,
22 remedy the deficiencies in its recordkeeping practices, but as noted in the CPSD report,
23 many of PG&E's current recordkeeping practices have not changed since the explosion.⁹
24 The City is asking that all recommendations in the CPSD report be followed and
25

26 ⁸ Order Instituting Rulemaking 11.02.019 initiated by the CPUC on February 24, 2011.

27 ⁹ CPSD report, page 7-107; http://www.cpuc.ca.gov/NR/rdonlyres/23513DF5-28CB-425B-BAE4-0151981F0779/0/CPSD_Recordkeeping_OII_Report_Final.PDF
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1 implemented. As well, unlike the CPSD report in the root cause OII¹⁰, the CPSD report in
2 this investigation only outlines a few recommendations to PG&E to rectify its
3 recordkeeping practices. The City is interested in CPSD's recommendations to PG&E
4 going forward on how it can remedy its gross negligence in its records management.

5 In one of the few recommendations, the CPSD report recommends that the CPUC
6 "consider implementing an annual records management audit of PG&E to monitor its
7 ongoing records management activities, performance, and improvement."¹¹ However, the
8 City asks that the CPUC not just *consider* implementing the audit, but *mandate* an annual
9 records management audit. It is unacceptable that there appears to be no mandates, nor
10 laws, requiring an audit of PG&E's recordkeeping practices in the past.

11 In all, the City urges the CPUC to promptly promulgate and implement rules
12 addressing these critical safety issues that will enhance and improve public safety for the
13 residents of California and provide another enforcement tool for the CPUC.

14 **B. City's Interest Regarding CPUC Fines**

15 The City desires to be in lockstep with the CPSD and PG&E throughout the entire
16 negotiation process and to confirm that the end result, including fines levied against
17 PG&E, includes the City's input and perspective. It is anticipated that any proposed
18 Stipulation in this investigation would include provisions relating to the fine(s) levied
19 against PG&E and the distribution of fines. The City acknowledges that California Public
20 Utilities Code Section 2104 provides that "[a]ll fines and penalties recovered by the state
21 in any action, together with the costs thereof, shall be paid into the State Treasury to the
22 credit of the General Fund." However, California courts have long held that the CPUC's
23 powers are broad and should be liberally construed.¹² Accordingly, the Legislature

24 _____
25 ¹⁰ Order Instituting Investigation 12-01-007

26 ¹¹ CPSD report, page 7-107; http://www.cpuc.ca.gov/NR/rdonlyres/23513DF5-28CB-425B-BAE4-0151981F0779/0/CPSD_Recordkeeping_OII_Report_Final.PDF

27 ¹² *Pacific Bell Wireless, LLC v. Public Utilities Com'n of State of Cal.* (2006), 140
28 Cal.App.4th, 718, 736; *Consumers Lobby Against Monopolies v. Public Utilities Com.*
(1979) 25 Cal.3d 891.

1 enacted Public Utilities Code Section 701, granting the CPUC broad authority to “*do all*
2 *things*, whether specially designated in [the Public Utilities Act] *or addition thereto*, which
3 are *necessary* and convenient in the exercise of such power and jurisdiction.”¹³ Any
4 additional powers that the CPUC exercises “must be cognate and germane to the regulation
5 of public utilities . . . ”¹⁴

6 Here, the CPUC’s stated mission is to serve “the public interest by *protecting*
7 *consumers* and ensuring the provision of *safe*, reliable utility service and infrastructure at
8 reasonable rates, with a commitment to environmental enhancement and a healthy
9 California economy”¹⁵ (emphasis added). Accordingly, the City requests that a portion of
10 any fine levied against PG&E be designated to public safety and emergency response
11 resources for the City and the peninsula region. The dedication of a portion of the fine to
12 public safety and emergency response specifically and directly addresses the CPUC’s
13 mission of safety.

14 Any portion of the fine will be used for enhanced public safety for all the citizens of
15 our city and to help us, as a community, get beyond the tragedy and devastation caused by
16 PG&E’s explosion and fire in September 2010. Our entire city and community is the
17 victim of this terrible disaster. We lost eight souls. More than 70 homes were burned and
18 destroyed. A giant hole still exists in the heart of our community, a scar that will always
19 be with us. It is a horrible memory that will never be forgotten and a catastrophe that
20 never should have occurred. Nothing - no amount of money, no amount of apologies, will
21 ever bring back the citizens we lost, the homes that were destroyed, the family heirlooms
22 that were burned, the community that existed before Sept. 9, 2010.

23 As a community and as a City, we will continue to fight for safety and
24 accountability from PG&E to provide the highest safety standards, not only in our city, but
25 to every individual and family they serve. No one should ever perish this earth because the

26 ¹³ *Id.* at 736, citing *Consumers Lobby, supra*, 25 Cal.3d at 905-906, emphasis added.

27 ¹⁴ *Consumers Lobby, supra*, 15 Cal.3d at 905-906.

28 ¹⁵ See <http://www.cpuc.ca.gov/PUC/aboutus/pucmission.htm>.

1 public utility they count upon for the basic needs of life did not do enough to protect their
2 basic safety. The lasting legacy of September 9, 2010 is San Bruno's dedication to
3 fighting to ensure this type of disaster is never allowed to happen again. PG&E and all
4 utilities must uphold the highest safety standards for the benefit of all.

5 Accordingly, the reallocation of the fine to enhance public safety is "cognate and
6 germane" to the regulation of utilities. Clearly, the preliminary numerous and extensive
7 pipelines safety concerns and proposed rules addressed in the CPUC's OIR and OIIs in this
8 matter at hand further necessitates additional financial resources to address public safety,
9 not to be placed in the State's general revenue fund. The reallocation of a portion of the
10 fine to be dedicated public safety is in accordance with the CPUC's stated mission, case
11 law, and weighs in favor of public interest.

12 **II. WITNESS QUALIFICATIONS**

13 My name is Jim Ruane. My business address is 567 El Camino Real, San Bruno,
14 CA 94066. I have been Mayor of the City of San Bruno since 2009 and a member of the
15 San Bruno City Council since 1995.

16 This is the first time I have testified before the Commission.

17
18 This concludes my prepared direct testimony.

19 Respectfully submitted,

20 /s/ Steven R. Meyers _____

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