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A nice article on our EVP.

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Nick Stavropoulos  
PG&E executive believes in doing the right thing

By David R. Baker

The day after a natural gas explosion leveled a house in Lexington, Mass., Nick Stavropoulos faced a pack of reporters and told them it was all his company's fault.

Stavropoulos was sure that claiming responsibility was the right thing to do, even though the company's lawyers advised against it.

His business, KeySpan Energy Delivery New England, supplied gas to Lexington, a town northwest of Boston best known as the cradle of the American Revolution. Working from faulty plans, a KeySpan crew on Nov. 9, 2005, accidentally connected a high-pressure gas main to a low-pressure system routing gas into homes.

A small, 86-year-old pipe burst open in the basement of one house.

The gas ignited. Two residents escaped with minor injuries, largely because they were outside when the building blew apart.

"I got up in front of the group and I said, 'Hey, look, my name's Nick Stavropoulos, I'm president of KeySpan, this is my gas company and I take complete responsibility for what happened here,'" he recalled later.

"I wasn't nervous, because it was clear — it was our fault, 100 percent our fault."

Just 1 complaint

Stavropoulos had never before had to face a press mob, or make that kind of admission. But the mea culpa worked.

KeySpan shut off gas to 2,000 people while 500 workers dug up the streets, looking for leaky pipe. And Stavropoulos got just one complaint — from someone upset that crews were making noise at 4 a.m. Instead, many

Lexington residents wrote and called to thank the company.

“And I thought, ‘For what?’ ” he said. “ ‘I just ruined your town, and you’re thanking us?’ But what I learned from that was, accept responsibility. Tell people what you know. Tell people what you don’t know.”

The experience would serve him well. Last year, Pacific Gas and Electric Co. hired Stavropoulos to reorganize and reform its troubled natural gas operations following the deadly 2010 explosion of a gas pipeline beneath San Bruno. He started as PG&E’s executive vice president of gas operations — a newly created position at the company — in June 2011.

More than any other person, Stavropoulos, 54, bears responsibility for fixing a piece of PG&E shaken by revelations of sloppy record-keeping, questionable maintenance and unheeded warnings that some of its pipes weren’t safe.

PG&E’s attempts to repair its battered public image, and its strained relationship with the community, depend on his success.

An enthusiastic man with a wide smile and an untamed Boston accent, Stavropoulos has drawn praise even from some of PG&E’s toughest critics.

The unions that represent the 6,000 employees of PG&E’s gas business call him a welcome change. He brings to the job, they say, a willingness to listen and a deep knowledge of the gas industry that some of his predecessors lacked.

“He’s a new creature at PG&E,” said Tom Dalzell, business manager for the International Brotherhood of Electrical Workers, Local 1245.

Stavropoulos reached out to the union as soon as he arrived and spelled out exactly what he wanted to do, Dalzell said.

“He did not have a single idea that we did not agree with,” Dalzell said. “The first meeting I thought, ‘Well, he sure is saying the right things, so let’s see what he does.’ And he’s done more in the last year here than they did in the last 20 years. He walks the walk.”

#### Personal tragedy

Stavropoulos took the job out of hope that, by preventing another San Bruno, he might save lives. That desire has deeply personal roots.

Four years ago, his 26-year-old daughter Nicole died after choking on a piece of meat at home. Stavropoulos tried to perform the Heimlich maneuver while his wife, Patrina, dialed 911. But he wasn’t able to save Nicole. Neither were the paramedics.

He keeps on his desk a photo of Nicole, her smile an echo of his. He’s open to discussing the incident, although his bright cackle of a voice turns quiet when he does. “I could never imagine what the folks went through in San Bruno that day,” he said. “But I do understand the magnitude of what the loss feels like, to have someone there one second and gone the next. And that gave me the courage to think about uprooting and coming all the way across the country to take on this challenge here. It was like, ‘This is my purpose now.’ ” Stavropoulos grew up in Cambridge, Mass., in a three-story home loaded with relatives. Everyone worked — including his father in the meat-packing industry and his mother, who had a job at a plant that made electrical transformers. Stavropoulos started taking jobs outside the home when he was 12.

He ended up in the natural gas business somewhat by chance.

While studying accounting at Bentley University in Boston's western suburbs, he landed a summer internship with Colonial Gas Co., a local utility. The job turned permanent after he graduated in 1979.

He initially worked on Colonial's rate-hike requests. But the small company was in disarray, and Stavropoulos quickly started taking on other tasks. He also developed a fascination with the gas business, with its complex web of invisible infrastructure that helps make modern life possible.

"When you dig up these streets, it's just incredible to see what's under there and what you need to deal with," he said.

By 1990, he had become Colonial's chief financial officer. Soon, Colonial was bought by another company, which in turn was purchased by KeySpan Corp. Stavropoulos kept rising through the organization, at first running KeySpan's New England operations, then its network in New York City and Long Island as well. His deft response to the Lexington explosion, and the public scrutiny that followed, deeply impressed his boss, former KeySpan CEO Robert Catell.

"Whenever anything like that happens, it's very, very difficult," Catell said. "And he handled that magnificently. He was good with the regulators, he was good with the press, he was good with the community."

Corroded pipes

Although the blast had been caused by human error, aging infrastructure also played a part.

The steel pipe that burst had corroded through in several spots, investigators found.

Replacing old pipes would become one of Stavropoulos' priorities at KeySpan and later at National Grid, an international energy company that bought Key-Span in 2007. New England's natural gas network is older than most, some of it placed in the ground before the Civil War. Stavropoulos keeps in his office a piece of the last pre-Civil War pipe in Boston, removed on his watch.

"Because you're dealing with underground assets, you do your best to try to make an assessment of what's going on," he said. "But you can't see every aspect of it. When the stuff's underground, it's a real challenge."

The PG&E executives who recruited Stavropoulos in the spring of 2011 told him exactly what he was in for, should he accept the job.

The September 2010 explosion of a gas pipeline beneath San Bruno had killed eight people, incinerated a neighborhood and uncovered long-festering problems at the utility.

Records of PG&E's vast pipeline network were scattered, incomplete and sometimes inaccurate. The pipe that ruptured, triggering the blast, was so poorly welded that federal investigators said it should never have been used. A panel hired by state officials to study the explosion would issue a report faulting PG&E for a "dysfunctional" corporate culture that placed too little emphasis on safety.

The board told Stavropoulos what to expect.

"It wasn't like they had to read the report to know what it was going to say," he said. "They were very open about it: 'Here's what you're going to find, and we really are committed to fixing this.'"

## Splitting the business

Part of the fix involved splitting PG&E's electricity and gas operations into separate business units and naming different people to head each.

The fact that PG&E placed a veteran natural gas executive in charge of gas operations pleased the company's rank and file, union representatives say. In the past, gas had languished under executives more focused on electricity.

"He's somebody who really is a gas guy," said Karen Sawislak, executive director of Engineers and Scientists of California, Local 20.

"Senior leadership had drifted away from people who were really steeped in the utilities business.

This is his career, and he's really not interested in anything other than building the best gas business. I'm convinced of that."

PG&E's long-range response to the blast included replacing 35 miles of distribution lines and 39 miles of transmission lines this year. In 2013, those figures will rise to 185 miles and 64 miles, respectively. Workers have also been pressure-testing pipelines throughout the company's territory, which covers most of Northern and Central California.

Stavropoulos has thrown himself into the job, to the exclusion of most everything else. He lives near PG&E's downtown San Francisco headquarters, rises early, and rarely takes days off. His wife spends most of her time back East, caring for her elderly parents. Their 27-year-old son lives in Arizona. Perhaps not surprisingly, Stavropoulos has visibly lost weight since he arrived.

'Very refreshing'

Assemblyman Jerry Hill, who represents San Bruno, has been pleased with Stavropoulos' performance.

Hill has been a sharp critic of PG&E, repeatedly lashing the company for prizing profits above safety, and he sees Stavropoulos as someone genuinely trying to do the right thing.

"He got off to a good start," Hill said. "He convinced management to put resources behind the distribution system, and he was very frank in his comments. And that's very refreshing."

Hill noted, however, that as much as PG&E is trying to reform itself, the company still fought hard to kill his legislation that would have held utility executives personally responsible for corporate wrongdoing that happens on their watch. The company succeeded in derailing the bill.

"If I see (Stavropoulos) in Sacramento testifying — as they often are — against my legislation, I think he'll lose credibility," Hill said.

Stavropoulos scorns what he calls the Minimally Compliant School: utility workers and executives who believe in doing nothing more than safety regulations require.

He has assembled a team of gas industry veterans he says are committed to going well beyond the requirements.

He also sent PG&E employees an e-mail praising two of their colleagues who discovered that the company had failed to conduct required leak surveys in portions of Contra Costa County. That discovery eventually prompted the state Public Utilities Commission to fine PG&E \$16.8 million.

Regardless, Stavropoulos says, he wants his people to hunt down problems.

And he wants that culture to continue long after he's gone.

"We'll be at this forever," he said. "Improving the system is a forever thing. It's kind of like a boat. The day you put it in the water, you're doing maintenance on it, and it never ends until the day you throw it away. Same thing happens on an electric network or a gas network. You're just constantly at it, and you've got to be relentless."

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