

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 5, 2012

Mr. Thomas Allen, Director
PG&E New Generation Construction
Mail Code B5N
P.O. Box 770000
San Francisco, CA 94177
HTA1@pge.com

SUBJECT: Kern Power Plant June 19, 2012 Incident

Dear Mr. Allen:

I want to thank you, Randal Livingston, and Erik Jacobson for meeting with CPSD staff on August 29, 2012 to discuss the Kern Power Plant (Kern) incident. The purpose of this letter is to clarify CPSD expectations of an outstanding item from our June 29, 2012 document request.

On June 29, 2012, CPSD requested Root Cause Analyses (RCAs) and associated corrective actions for the recent Kern incident and the January 28, 2008 incident at PG&E's Hunters Point plant (Attachment 1.) Both incidents occurred during demolition. At Kern, there was a fatality, and at Hunters Point, there was a fatality and two injuries.

At the August 29 meeting, PG&E reported that it is not conducting a Root Cause Analysis (RCA) of the June 19 incident at Kern, nor did it conduct an RCA of the Hunters Point incident. PG&E indicated that it would ask Cal-OSHA staff investigating the Kern Power Plant incident to contact CPSD. Subsequently, Cal-OSHA staff informed CPSD that it does not perform root cause analyses on behalf of the companies it investigates.

PG&E's failure to perform a root cause analysis of the Kern Power Plant incident is contrary to the intent of CPUC General Order (GO) 167, state PUC Code 451, and PG&E's own procedures, Safety and Health Program, USP 22, and Incident Notification, Investigation and Analysis Procedure, SH&C Procedure 202. Conducted properly, an RCA and resultant corrective actions will help PG&E to identify and reduce risk factors associated with selection, project planning and approval, review, oversight, and management of contractors. Corrective actions may include, among other things, programmatic, procedural, training and organizational changes to ensure that PG&E identifies and reduces safety risks and thus safety incidents, injuries and fatalities.

CPSD requests that PG&E:

1. Conduct a root cause analysis (RCA) for the Kern Power Plant incident, including corrective actions, and submit to CPSD for review. The scope of the RCA and corrective actions must not be limited to contractor corrective actions, and must include corrective actions for PG&E. PG&E's corrective actions must identify actions to reduce or prevent recurrence of future incidents, regardless of the level of cooperation or information that PG&E receives from its contractors.

2. Make use of any third-party RCA experts, or demolition or other experts, as appropriate, to obtain an adequate RCA.

As requested in the attached June 29, 2012 letter, CPSD requests that PG&E:

- A. Not resume demolition of the oil tanks, or begin demolition of the boiler, until CPSD has reviewed an RCA report for Kern (Item 1 above).
- B. Preserve evidence required to conduct a thorough root cause analysis, including the man-lift involved in the incident.

Please send or email the requested documents as soon as reasonably possible, but no later than October 26, 2012, to:

Chris Parkes
California Public Utilities Commission
Consumer Protection and Safety Division
Electric Safety and Reliability Branch
Phone: 415-703-1975
Email: cjp@cpuc.ca.gov

If you are unable or unwilling to provide the documents requested, please identify those documents and the reason why the documents cannot be provided, in writing, by October 12, 2012.

Chris Parkes will contact you next week to request additional documents and to schedule a second inspection of the site.

If you have any questions, please contact me or Chris Parkes.

Sincerely,



Valerie Beck
Acting Deputy Director
Consumer Protection and Safety Division
415-703-2665
vjb@cpuc.ca.gov

cc: Erik Jacobson, PG&E, EBJ1@pge.com
Randal Livingston, PG&E, rsl3@pge.com
Charles Magee, CPUC, cm1@cpuc.ca.gov
Chris Parkes, CPUC, cjp@cpuc.ca.gov