



*Pacific Gas and
Electric Company™*

CPUC Citation Workshop PG&E Opening Comments on ALJ-274 Program

Jane Yura
Vice President, Standards & Policies
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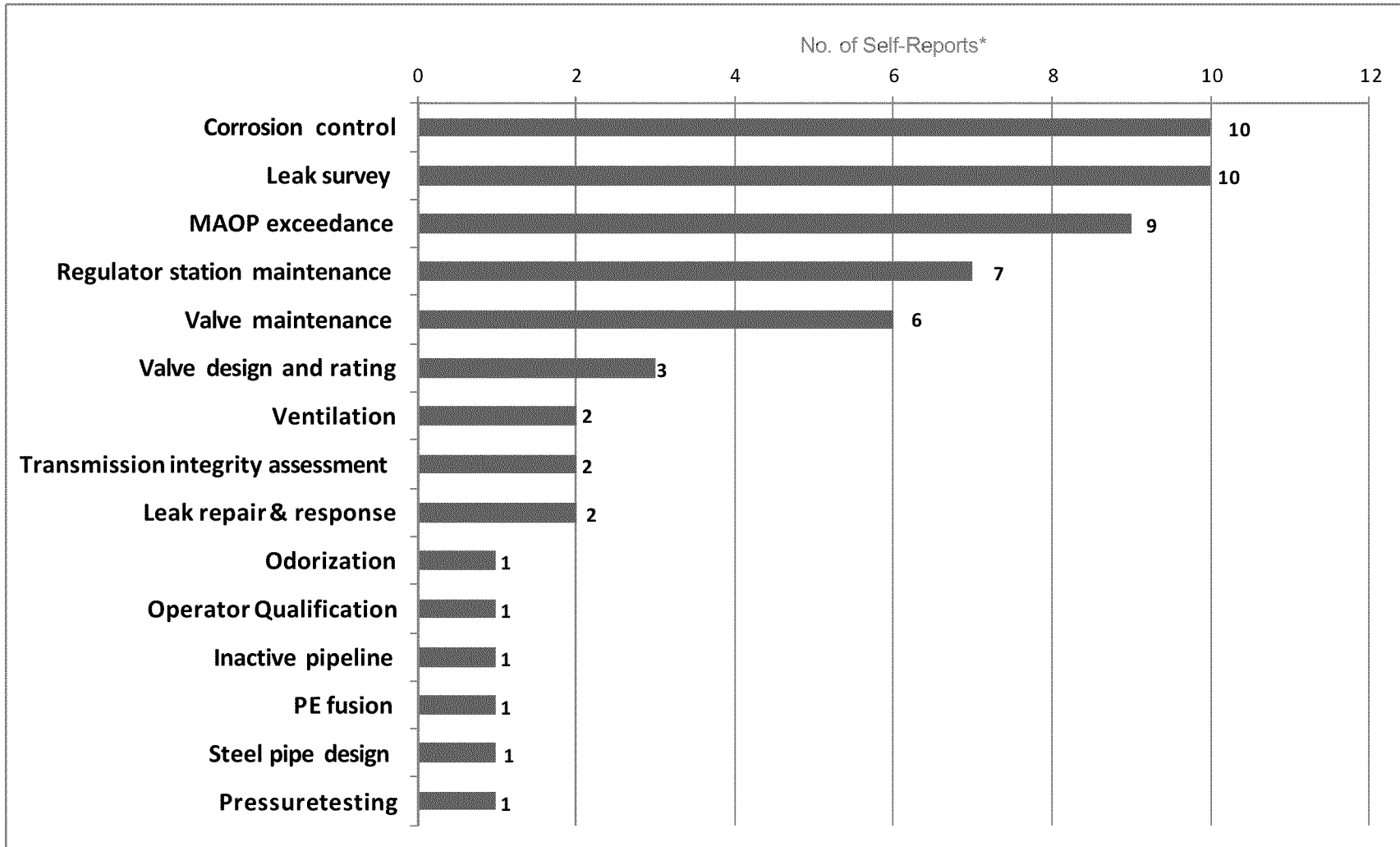
Opening Comments

- Workshop addresses the right questions
- Common goal: how this effort will improve the safety of our systems
- Other considerations:
 - Learn from successful self-reporting and citation programs nationally
 - SB 291, if enacted into law

How Has PG&E Interpreted ALJ-274?

- 57 self-reports submitted since December 2011
- Self-reports include possible noncompliance with requirements of 49 CFR Part 192, and with PG&E's standards and procedures
- Categories not included (based on 2012 workshop):
 - Issues addressed via ongoing CPUC proceedings
 - Issues identified via internal review before a CPUC audit
 - Issues identified during QA/QC processes within reasonable period of time
- CPUC always informed of a possible noncompliance issue

PG&E Self-Reports (57 as of July 31, 2013)



High Potential Safety Risk Issues Should be Self-Reported

Develop a risk assessment matrix, based on potential safety risk, and frequency

Self-Report Risk-Based Assessment Conceptual Map				
Frequency (occurrence)	High	Low Potential Safety Impact High Frequency	Medium Potential Safety Impact High Frequency	High Potential Safety Impact High Frequency
	Medium	Low Potential Safety Impact Medium Frequency	Medium Potential Safety Impact Medium Frequency	High Potential Safety Impact Medium Frequency
	Low	Low Potential Safety Impact Low Frequency	Medium Potential Safety Impact Low Frequency	High Potential Safety Impact Low Frequency
		Low	Medium	High
		Potential Safety Risk		

Proposals for Further Clarification of ALJ-274

- Report lower impact possible noncompliance findings semi-annually, and at annual CPUC audits
- Exclude:
 - Noncompliance with operator policies, standards, procedures and bulletins that are not specifically required by 49 CFR Part 192 (see 49 CFR Section 192.13(c))
 - Duplicate reporting mechanisms (safety-related conditions, reportable gas incidents)
- Require executive declaration when a high potential safety risk issue cannot be mitigated within 10 business days of confirmation
- Require local government notice when a citation is issued (not when a self-report is filed)

Self-Reporting Should be Factored into Citations, Penalties

- Promote self-reporting -- no citations for voluntary self-reported violations, except for those with high potential safety risk
- Provide an opportunity to cure -- use formal compliance plans for mitigations requiring longer-term implementation; violating a compliance plan is subject to citation and penalty
- Staff should have the flexibility to assess a penalty within a minimum/maximum range -- not only the maximum, and there should be a dollar cap on penalties

Lessons from Others: Self-Reporting Enhances Safety

- Successful self-reporting programs can dramatically improve safety performance – Aviation: 65% reduction in fatal accident rate
- Voluntary, non-punitive reporting systems focus operators, manufacturers and regulators to “find it and fix it” preventing future accidents
- Successful self-reporting programs, such as FAA, NRC, FERC, and PHMSA, have common requirements that result in non-punitive and/or mitigation of potential penalties. These requirements include:
 - Self-identification and self-reported in a timely manner
 - Immediate efforts to remedy the issue
 - No intentional or repeated wrongdoing
 - Meet-and-confer procedures before penalty determination
 - Sharing information and lessons learned