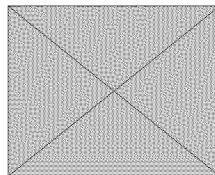From: Cherry, Brian K
Sent: 9/5/2013 3:19:25 PM
To: Clanon, Paul (paul.clanon@cpuc.ca.gov); Lindh, Frank (frank.lindh@cpuc.ca.gov) (frank.lindh@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: PG&E Admits Falsely Reporting Safety of S.F. Peninsula Pipelines

I hate to be a stickler for details, but if this is going to the service list, it represents a continuing violation of the ex parte rules in an adjudicatory proceeding.

From: Ramaiya, Shilpa R
Sent: Thursday, September 05, 2013 3:15 PM
To: Doll, Laura; Horner, Trina; Cherry, Brian K; Allen, Meredith
Subject: FW: PG&E Admits Falsely Reporting Safety of S.F. Peninsula Pipelines
Importance: High

FYI – this appears to have been just circulated to the service list. See the Red font statement reminding folks of the hearing tomorrow and "fining PG&E"

From: Alex Doniach [mailto:alex@singersf.com]
Sent: Thursday, September 05, 2013 2:10 PM
To: Alex Doniach
Cc: Sam Singer
Subject: PG&E Admits Falsely Reporting Safety of S.F. Peninsula Pipelines
Importance: High

5 September 2013

For Immediate Release:

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PG&E Admits Falsely Reporting Safety of S.F. Peninsula Pipelines

Utility faces unprecedented hearing and possible fine by CPUC regulators three years after San Bruno explosion and fire

San Francisco – Three years after bad recordkeeping resulted in the deadly Pacific Gas & Electric Company explosion and fire in San Bruno, the California Public Utilities Commission has requested an unprecedented special hearing and possible fine for PG&E this Friday, Sept. 6, after company officials recently admitted using bad records to falsely assume it was safely operating two major gas pipelines stretching 34 miles from Milpitas to San Francisco.

San Bruno City officials say the latest revelation raises serious concerns about whether PG&E has made any attempt to fix the flawed recordkeeping that federal and state investigators found to be a major factor in the Sept. 9, 2010 PG&E pipeline explosion in San Bruno that killed eight people, destroyed 38 homes and damaged scores more.

"The fatal disaster that struck our community happened as a result of gross negligence and bad recordkeeping and here we are, three years later, and PG&E is admitting to negligent oversight and bad records," said San Bruno Mayor Jim Ruane. "This latest 'error' is more than troubling – it's disgusting. How many innocent lives must be lost, how many communities must endure tragedy before PG&E and our State regulators finally wake up and put safety first?"

Faulty recordkeeping was found to be a major contributor to the explosion and fire in San Bruno after federal and state investigators found that PG&E had maintained bad or nonexistent pipeline safety records for much of its more than 1,000 miles of urban natural gas transmission lines. As a result, state regulators required PG&E to lower pressure on its other Peninsula gas pipelines until safety records could be verified.

In 2011, PG&E declared that the pipeline construction records were accurate for both Lines 101, which runs from Milpitas to San Francisco, and Line 147, which runs in the San Carlos area. Based on PG&E's representations, the CPUC allowed PG&E to increase the pressure

back to pre-explosion levels.

But two years later, the company recently admitted that the records it had relied on to make that determination were bad. In reality, PG&E's pipelines were found too weak to withstand higher pressure after an October 2012 corrosion-related leak in San Carlos revealed seams in the pipeline previously not thought to exist.

Attorneys for PG&E acknowledged this mistake in a corrected filing submitted on July 3 of this year, alarming state regulators who called the latest revelation and "continuing inaccuracy of PG&E's records" "profoundly troubling" given the three years since the San Bruno tragedy and "the expenditure of hundreds of millions of dollars for record review and validation."

The CPUC's Administrative Law Judges also said that submitting the filing before the Fourth of July "raises questions" about whether PG&E was trying to hide the error or "mislead the Commission" given that PG&E's record-keeping practices continue to be an "extraordinarily controversial issue."

Judges have summoned PG&E for a hearing on Friday, at which time the company faces fines of up to $50,000 for each of five rules it may have violated.

These fines are the latest for PG&E, which is also facing possible penalties fines of more than $2 billion for the 2010 explosion and fire in San Bruno.

Ruane said this latest breach by PG&E and lack of oversight by the CPUC more than ever underscores the need for a series of additional and critical remedial measures to ensure systemic regulatory change in the future.

City officials are calling for an Independent Monitor to ensure PG&E follows its own safety plan in the face of possible lax enforcement by politically appointed CPUC Commissioners with close ties to utilities. They are also pushing for $5 million per year for a "California Pipeline Safety Trust," which will serve as a legacy to this tragedy and will function as an important, impartial advocate for pipeline safety, and the installation of lifesaving fully Automated Shutoff Valves.

"We believe critical and remedial measures – and specifically an Independent Monitor —is essential to ensuring the accuracy and integrity of PG&E's records and the active oversight of the CPUC," Ruane said. "The tragedy in San Bruno could have been prevented and now, three years later, we will continue to work so that the legacy of the disaster in our City is the opportunity to prevent future tragedy here and in communities across the nation."

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PLEASE NOTE: Two CPUC hearings will take place starting at 10 a.m. and 1:30 p.m. tomorrow, Friday, Sept. 6, in the auditorium at 505 Van Ness Ave. to consider fining PG&E for falsely reporting pipeline information.

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