



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: December 5, 2013

Citation #: 13 - 005

Operator ID#: 15007

**CITATION FOR VIOLATION(S)
ISSUED PURSUANT TO RESOLUTION ALJ-274
OF GENERAL ORDER 112-E**

Gas Corporation (Operator): Pacific Gas & Electric Company
To Which Citation Is Issued

RESPONDENT:

Ms. Jane Yura for Pacific Gas and Electric Company
Vice President Gas Operations Standards & Policies
6121 Bollinger Canyon Road
4th Floor, Room 4460A
San Ramon, CA 94583

CITATION:

Operator is hereby cited at a Risk Level 3 (moderate risk) and Citation Level 2, resulting in a financial penalty of \$ 375,000.

VIOLATIONS:

Operator is cited with having violated General Order 112-E, as described below. This violation occurred during the period 1971 through 2012.

1. 49 CFR §192.605(e) and §192.613 Continuing Surveillance

"(a) Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions."

PG&E did not have a specific written procedure addressing Continuing Surveillance at the time of the 2012 OM&E Audit.¹ PG&E had certain standards and work procedures such as patrolling, class location

¹ PG&E now has a Continuing Surveillance procedure TD-4800S effective June 12, 2013 (Enclosure 4). SED will provide specific feedback to PG&E on the corrective action and will seek a formal response by PG&E to any SED recommendations.



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study, leak survey, cathodic protection, etc. that describe PG&E's performance of the various operations and maintenance tasks, but absent a unifying Continuing Surveillance procedure, the practices were disconnected and did not result in effective continuing surveillance.

PG&E must clearly describe how it uses and coordinates the various operations and maintenance tasks in its continuing surveillance. PG&E's written procedure should describe how findings from failure investigations, leak surveys, cathodic protection monitoring, and other operating and maintenance tasks are gathered and analyzed as a part of its continuing surveillance. The written procedure must also describe the actions to take if changes are found as a result of its data gathering and analysis.



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ENCLOSURES:

The following enclosures were used to establish the findings of fact:

1. *Enclosure 1 - SED Investigation Report*
2. *Enclosure 2 - SED 2012 PG&E OM&E Audit Findings dated 8/29/2012*
3. *Enclosure 3 - PG&E Response to OM&E Audit Finding #4, dated 10/12/2012*
4. *Enclosure 4 - PG&E Continuing Surveillance Procedure, TD-4800S, dated 6/12/2013*

STATEMENT OF FACTS:

The above violation is documented in the attached *Enclosure 1 - SED Investigation Report* which is based on one or more of the following: SED's review of the 2012 PG&E OM&E Audit, PG&E's response to the audit findings, Operator's records and/or substantiating documents obtained from other sources, SED's field findings related to the Operator's facilities or operations, or other reasons as stated in the attached report.



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SED CITATION ANALYSIS

Element of Sentencing Schedule	Staff Finding
Number of violation (s) and duration of violation (s) since inception	<i>1 Violation of Title 49 CFR §192.605(e) and §192.613 from 1971 to 2012</i>
Maximum Fine per P.U. Code § 2107 and P.U. Code § 2108	<i>\$1,000,000 as prescribed in SED Standard Operating Procedure (SOP) for a Risk Level 3, Citation Level 2.</i>
Severity of the offense: overall level of risk of violation(s)	<i>Risk Level # 3 – Moderate Risk – Citation Level #2 - \$ 375,000 See SOP</i>
The conduct of the utility before, during, and after the offense	<i>The utility is being cooperative and has undertaken corrective actions</i>
Previous occurrence of similar violations by the utility	<i>N/A</i>
Self-reporting of the violation	<i>Not self-reported. Violation found as a result of GSRB 2012 PG&E OM&E Audit</i>
Indication of the violation (s) being willful	<i>No</i>
Actions taken by the utility to address the violation	<i>Refer to Enclosures 1 thru 4</i>
Associated safety related condition	<i>N/A</i>
Financial resources of the utility	<i>4.3 Million customers, \$715 Million Revenue requirement</i>
The totality of the circumstances	<i>Missing procedure for Continuing Surveillance required by 49CFR192.613 affects PG&E's entire gas system</i>
The amount of the fine in the context of other SED citations or Commission decisions	<i>4 citations since SOP released on September 20, 2013. The first citation resulted in a \$140,000 fine, the second and third each resulted in a \$50,000 fine,</i>



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	<i>and the fourth in a \$8,100,000 fine</i>
Other factors deemed relevant by SED	<i>Utility Cooperative with staff, lowered citation 25% from SOP minimum recommended level</i>
Resultant Citation Taking All Of These Factors Into Account	\$375,000.00



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RESPONSE:

Respondent is hereby called upon to provide a response to this Citation by: **5:00 PM (PST) on December 15, 2013.**

By way of such response Respondent, **within 10 calendar days**, may either:

- (1) Correct the violations as soon as feasible, with any immediate safety hazard requiring immediate correction, and/or submit a Compliance Plan to the Director of SED for correcting those violations requiring more than 10 days to correct, **and** pay a fine pursuant to Pub. Util. Code § 2107. (Submit a check payable to California Public Utilities Commission using the attached *Citation Payment Form*. Upon payment, the fine will be deposited in the State Treasury to the credit of the General Fund and this citation will become final); **or**
- (2) Confirm that the violation(s) noted in this Citation have been corrected and/or otherwise do not present an on-going safety hazard to the Operator's employees and the general public, and /or submit a Compliance Plan to the Director of SED for correcting those violations requiring more than 10 days to correct, **and** contest this citation by completing and submitting a *Notice of Appeal Form*. Please see the attached document, "Directions For Submitting An Appeal To A Citation Issued Pursuant To Resolution ALJ-274" for information on the appeals process and the attached "Notice of Appeal Of Citation Form."

Respondent's failure to provide a response, as noted above, within 10 calendar days from the date the citation is served, will place Respondent in default of the citation and will result in forfeiture of Respondent's rights to appeal the citation. A late payment will be subject to a penalty of 10% per year, compounded daily and to be assessed beginning the calendar day following the payment-due date. The Commission may take additional action to recover any unpaid fine and ensure compliance with applicable statutes and Commission orders.

NOTIFICATION TO PUBLIC AGENCIES:

As soon as is reasonable and necessary, and no later than 10 calendar days after service of the citation is effected, Respondent must provide a notification to the City Manager or similar local agency authority in the city and county where a citation is issued. Within 10 days of providing such notification, Respondent must serve an affidavit to the Director of SED, at the mail or e-mail address noted below, attesting that the local authorities have been notified; the date(s) for when notification was provided; and the name(s) and contact information for each local authority so notified.



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The CPUC expects Operators to take actions, as soon as feasible, to correct, mitigate, or otherwise make safe all violations noted on the Citation regardless of the Operator's intentions to accept or appeal the violation(s) noted in the Citation.

A handwritten signature in black ink, appearing to read "Elizaveta Malashenko", written over a horizontal line.

Elizaveta Malashenko
Deputy Director
Office of Utility Safety and Reliability
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
elizaveta.malashenko@cpuc.ca.gov



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CITATION PAYMENT FORM

I (we) _____ hereby agree to comply with this citation dated _____, and have corrected/mitigated the violation(s) noted in the citation on _____ and no later than _____, all work to make permanent corrections to any mitigated, or otherwise remaining concerns related to the violation(s) will be completed as noted in the Compliance Plan we have submitted to the Director of SED and, herewith, pay a fine in the amount of \$ _____ as included in the citation.

Signature of Gas Corporation's Treasurer,
Chief Financial Officer, or President/CEO, or
delegated Officer thereof

(Signature) (Date)

(Printed Name and Title)

Payment with a check must be made payable to the **California Public Utilities Commission** and sent to the below address. Please include the citation number on the memorandum line of the check to ensure your payment is properly applied.

California Public Utilities Commission
Attn: Fiscal Office
505 Van Ness Avenue
San Francisco, CA 94102-3298

NOTE: A copy of the completed Citation Payment Form must be sent to the Director of the Safety and Enforcement Division, via email or regular mail, to the addresses provided on the Citation.



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**DIRECTIONS FOR SUBMITTING AN APPEAL TO A CITATION
ISSUED PURSUANT TO RESOLUTION ALJ-274**

Within 10 calendar days of the Respondent being served with a **CITATION FOR VIOLATION(S) ISSUED PURSUANT TO RESOLUTION ALJ-274**, Respondent may appeal the citation. Beyond 10 calendar days of being served with the citation, Respondent is in default and, as a result, is considered as having forfeited rights to appeal the citation. The Respondent must still correct the violation(s) as feasible unless, within 10 calendar days from the date of service of the citation, the Respondent submits to the Director of SED, a Compliance Plan that provides a detailed description of when the violation(s) will be corrected, the methodology to be utilized, and a statement, supported by an affidavit from the Gas Corporation's Chief Executive Officer, that in the Respondent's best judgment, the time necessary to correct the violation(s) will not affect the integrity of the operating system or unduly endanger the public.

To appeal the citation, Respondent must complete and submit the below *Notice of Appeal Form* within 10 calendar days of the date on which the Respondent is served the Citation. The Respondent's appeal must explain with specificity all grounds for the appeal of the citation. The completed *Notice of Appeal Form*, along with copies of any materials the Respondent wants to provide in support of its appeal, must be sent to:

California Public Utilities Commission
505 Van Ness Ave, Room 2205
San Francisco, CA 94102
Attn: Director, Safety and Enforcement Division

Respondent must also serve a copy of the *Notice of Appeal Form*, along with copies of any supporting materials, at the address noted above, on the Commission's Executive Director, Chief Administrative Law Judge, General Counsel, and Director of the Division of Ratepayer Advocates.

NOTE: Submission of a *Notice of Appeal Form* in no way diminishes Respondent's responsibility for correcting the violation described in the citation, or otherwise ensuring the safety of facilities or conditions that underlie the violations noted in the Citation.

After SED receives the Respondent's *Notice of Appeal Form*, a hearing will be convened before an Administrative Law Judge. At least ten business days before the date of the hearing, the Respondent will be notified and provided with the location, date, and time for the hearing. At the hearing,

- (a) Respondent may be represented by an attorney or other representative, but any such representation shall be at the sole expense of the Respondent;



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- (b) Respondent may request a transcript of the hearing, but must pay for the cost of the transcript in accordance with the Commission's usual procedures;
- (c) Respondent is entitled to the services of an interpreter at the Commission's expense upon written request to the Chief Administrative Law Judge not less than three business days prior to the date of the hearing; and
- (d) Respondent may bring documents to offer in evidence and/or call witnesses to testify on Respondent's behalf.

At the Commission's discretion, the hearing in regard to the Respondent's appeal can be held in a hearing room at either of the Offices of the CPUC at the following locations:

San Francisco:

505 Van Ness Avenue
San Francisco, CA 94102

Los Angeles:

320 West 4th Street, Suite 500
Los Angeles, CA 90013

The hearing(s) held in regard to the Respondent's appeal will be adjudicated in conformance with all applicable Public Utilities Code requirements.



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Notice of Appeal Form
(For A Citation Issued Pursuant to Resolution ALJ-274)

Respondent:

Name
Vice President, Gas Operations
Gas Utility Name
Mailing Address
City, CA Zip

Citation Date:

Citation #: _____

Operator ID#:

Appeal Date: _____

Statements supporting Respondent's Appeal of Citation (You may use additional pages if needed and/or attach copies of supporting materials along with this form).



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Enclosures to Accompany Utility Appeal

Utility to add Enclosures as appropriate