

From: Doll, Laura  
Sent: 8/26/2014 10:24:26 AM  
To: Terrie D.' Prosper (terrie.prosper@cpuc.ca.gov) (terrie.prosper@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: News: New California City Demands CPUC Investigation of PG&E

**From:** Sam Singer [mailto:singer@singersf.com]  
**Sent:** Tuesday, August 26, 2014 10:22 AM  
**To:** Sam Singer  
**Subject:** News: New California City Demands CPUC Investigation of PG&E  
**Importance:** High

1. [Carmel asks regulator to investigate PG&E gas explosion](#)

By Jaxon Van Derbeken, SF Gate – Aug. 26, 2014

2. [Carmel says PG&E likely broke law with explosion: Council Oks pursuit of PUC investigation into March 3 house blast](#)

By Tom Leyde, Monterey Herald – Aug. 25, 2014

3. [Carmel City Council asks for state investigation into PG&E gas explosion](#)

By Brynne Wittaker, KSBW – Aug. 25, 2014

4. [City of Carmel requests investigation into gas pipeline explosion](#)

By Staff, KION – Aug. 25, 2014

5. Carmel asks for formal investigation of PG&E

By Allison Gatlin, The Californian – Aug. 25, 2014

6. Napa earthquake: Tech upgrades helped PG&E respond quickly

By David R. Baker, SF Gate – Aug. 25, 2014

7. No getting away from corruption in state government?

By Thomas Elias, The Californian – Aug. 26, 2014

-----

1. Carmel asks regulator to investigate PG&E gas explosion

By Jaxon Van Derbeken, SF Gate – Aug. 26, 2014

The city of Carmel accused Pacific Gas and Electric Co. on Monday of stonewalling its demands for information about the March gas explosion that leveled a cottage and demanded that state regulators step in to get the answers.

"The explosion could easily have killed and seriously injured people, and whether PG&E violated the law should not be ignored," Mayor Jason Burnett said in a letter urging the safety chief of the state Public Utilities Commission to open an investigation into the March 3 blast. The agency's staff has begun a preliminary inquiry, but not the full-scale regulatory probe that could lead to fines.

The explosion west of Highway 1, which destroyed a one-bedroom cottage, raised questions about apparent gaps in PG&E's records of its gas pipeline network, Burnett said in the letter.

Utilities commission spokesman Chris Chow said the agency's staff investigation is under way and that officials had not received Carmel's letter.

PG&E spokesman Greg Snapper said the decision on whether to open such a probe "is a matter for our regulator to address."

"We'll continue cooperating fully" with the commission staff's investigation, Snapper said. "This is in addition to the extensive third-party assessment that was conducted" by a consulting firm.

The explosion happened when a crew inadvertently cut into a plastic sleeve inside an older steel pipe. PG&E's maps did not show that the plastic line was there.

Gas seeped from the plastic line into the surrounding steel pipe and eventually flooded the cottage, where it exploded. No one was in the home, and there were no injuries.

Last week, PG&E officials said the company had received federal grand jury subpoenas related to the Carmel blast, but said they did not know the precise reason for the probe.

Sources say federal officials are investigating whether PG&E broke federal pipeline safety laws that require that it keep records about repairs and other work done on gas lines. PG&E officials have said they made changes to the company's work protocols after the explosion.

Burnett said PG&E officials have been "unable or unwilling to answer the very straightforward questions that Carmel has posed to them" about what led up to the blast. He said the report by PG&E's hired consultant on the explosion "does not look at the policies and procedures of the company and whether the business practices of the company follow the law."

The mayor said PG&E has refused Carmel officials' request for an investigation into whether the company broke the law. "We have concluded that PG&E is not going to provide that,"

Burnett said. "Our only recourse is to request" that state regulators intervene.

2. Carmel says PG&E likely broke law with explosion: Council Oks pursuit of PUC investigation into March 3 house blast

By Tom Leyde, Monterey Herald – Aug. 25, 2014

CARMEL >> The Carmel City Council on Monday took Pacific Gas & Electric Co. to task, alleging the utility broke state law when a natural gas explosion destroyed a home in the city on March 3.

The city also seeks a formal investigation by the California Public Utilities Commission.

On a 4-0 vote, with Councilman Kenneth Talmage absent, the council, in a special session, approved a resolution that states PG&E appears to have violated the California Public Utilities Code, covering the safe distribution of natural gas.

The resolution also directs city staff and the city attorney to seek an investigation by the PUC.

The council also voted 4-0 to have Mayor Jason Burnett write a letter to PG&E and the PUC, criticizing the utility for its apparent lack of safety concerns. Those letters are expected to be sent this week.

"Carmel today asked the CPUC to expedite the completion of its investigation that has been going on since the March PG&E gas pipeline explosion and then immediately begin a formal investigation in to what we believe are serious violations of public safety by negligence of PG&E," Burnett said in a news release.

The formal investigation would determine whether PG&E violated the Pipeline Safety Act of the California Public Utilities Code or other violations of safety, recordkeeping and proper management of its gas distribution service and facilities.

"It is Carmel's belief, based on the evidence reviewed thus far, that PG&E appears to have violated Public Utilities Code Section 451 and multiple provisions of the Pipeline Safety Act," Burnett said.

On the morning of March 3, a PG&E crew was working on a natural gas pipeline near Guadalupe Street and Third Avenue in Carmel when a gas explosion destroyed an unoccupied home at that intersection. The blast also caused minor damage to three nearby homes. No one was injured.

It is known that the explosion and the PG&E gas pipeline work are related, and Burnett requested that PG&E halt any similar non-emergency work in the city. That request remains in effect.

Burnett said the PG&E crew was tapping into the pipeline before the explosion occurred. There are different procedures when tapping into a metal gas line and a plastic gas line. The pipeline PG&E workers were tapping had a metal exterior and a plastic interior. He said the crew tapped the pipe as if it were a metal pipe, which caused the metal part of the pipeline to become pressurized, sending gas into a sewer line and then into the toilet of the home. An explosion, possibly caused by a pilot light, demolished the home.

The explosion, the mayor said, raises two questions: Why did PG&E not know the actual pipeline was plastic and not all metal? And why did PG&E wait more than 30 minutes to call 911?

During that time, Burnett said, the city fire department could have evacuated the entire neighborhood.

The U.S. Attorney's office and other authorities are investigating the Carmel explosion. The

existence of a grand jury looking into possible criminal charges against PG&E was confirmed by U.S. District Court officials last week. Burnett said he could not comment on news stories about that investigation.

The news came on the heels of PG&E's arraignment in U.S. District Court last week on criminal charges stemming from the Sept. 9, 2010, gas pipeline explosion in San Bruno, which killed eight people and injured 66.

The U.S. Attorney's office filed a 28-count indictment in connection with the blast, which leveled an entire neighborhood. Among the charges are allegations that PG&E diverted pipeline safety funds for executive pay and shareholder returns.

The utility has pleaded not guilty to the charges.

"We are deeply concerned that the same apparent negligence demonstrated by PG&E in San Bruno is possible in our community," Burnett said.

### 3. Carmel City Council asks for state investigation into PG&E gas explosion

By Brynne Wittaker, KSBW – Aug. 25, 2014

CARMEL, Calif. —The Carmel City Council is asking the California Public Utilities Commission for a formal investigation to the PG&E gas explosion that leveled a home, and damaged another, in March.

Carmel Mayor Jason Burnett said outdated records are to blame for the explosion.

"PG&E does not have good records," Burnett said, "and does not have a good record

management system. When they go out and do work, they don't know what's under the ground."

Burnett said that's what happened in Carmel when an explosion blew the roof off a home, at Guadalupe and Third streets, after a gas leak was sparked by the stove's pilot light.

No one was at home at the time of the explosion and no one was injured.

"It's similar to San Bruno and several other cases across PG&E's surface territory in the last four years," Burnett said.

The investigation that the city is calling for would look at whether PG&E violated any of the state safety rules and regulations for gas pipelines.

The city can't stop PG&E from working underground but hopes the company will wait until after the investigation is finished to begin work again.

The neighbors of the home that exploded are concerned.

"It does worry me just because, you know, like everyone else on this block, we could have lost everything," neighbor David Refuerzo said.

"We would want to make sure that everything is in place, because you wonder what things are being played around with," neighbor Emy Ledbetter said. "The gas lines and things have to be very safe. I wouldn't want that to happen to my house."

Carmel's move comes just a week after PG&E pleaded not guilty to further charges stemming from a 2009 pipeline explosion in San Bruno that killed eight people.

4. City of Carmel requests investigation into gas pipeline explosion

By Staff, KION – Aug. 25, 2014

"Carmel today asked the CPUC to expedite the completion of its investigation that has been going on since the March PG&E explosion and then immediately begin a formal investigation into what we believe are serious violations of public safety by negligence of PG&E," Mayor Jason Burnett said in a statement.

The explosion on March 3 destroyed an unoccupied home at Guadalupe Street and Third Avenue and damaged three nearby homes. There were no injuries.

Burnett said he couldn't comment on reports of a possible federal grand jury investigation into the Carmel explosion.

PG&E is facing federal charges stemming from a 2010 gas pipeline explosion that killed eight people in the city of San Bruno. The utility company has pleaded not guilty to a 28-count federal indictment on criminal charges in that case.

5. Carmel asks for formal investigation of PG&E

By Allison Gatlin, The Californian – Aug. 25, 2014

City of Carmel-by-the-Sea officials asked the California Public Utilities Commission to again formally investigate Pacific Gas & Electric, according to a letter from Mayor Jason Burnett.



In the letter Monday, Burnett accuses PG&E of violating the Public Utilities Code and multiple provisions of the Pipeline Safety Act by poor record-keeping.

The letter follows a March 3 gas explosion in Carmel that leveled a vacation cottage.

“This explosion could easily have killed and seriously injured people and whether PG&E violated the law should not be ignored,” Burnett wrote.

Carmel officials believe the Commission’s initial investigation was too narrowly-focused, Burnett wrote. However, he gleaned from the Commission’s first report that PG&E allegedly violated the law and Commission regulations by failing to operate a safe system.

Specifically, Burnett asks the Commission to examine PG&E’s gas safety practices, record-keeping and integrity management for its gas distribution service and facilities.

Particularly worrisome, he wrote, is “the fact PG&E didn’t have as-built records when conducting a pipe replacement project in Carmel.”

He further alleges PG&E “still doesn’t know what is in the ground in Carmel and elsewhere.”

There’s no reason for Carmel officials to believe PG&E will follow the recommendations suggested in the first report and subsequent remedial order, Burnett wrote.

PG&E representatives issued a statement via email.

“An order instituting investigation is a matter for our regulator to address. We’ll continue cooperating fully with the CPUC’s ongoing investigation into the incident,” according to the

statement. "This is in addition to the extensive third-party assessment that was conducted. Nothing changes our focus to make the gas system the safest in the country for every one of our customers."

6. Napa earthquake: Tech upgrades helped PG&E respond quickly

By David R. Baker, SF Gate – Aug. 25, 2014

Fifteen minutes after the ground stopped shaking Sunday morning, a computer model at Pacific Gas and Electric Co. spat out a prediction: Roughly 85,000 customers would be without power as a result of the quake, with many of them clustered around Napa. The utility started deploying its crews, trucks fanning out across the Wine Country before dawn.

"That gave us the first indication of how big an event this is and an idea of what resources we'd need and where we'd need them - so we had that right out of the gate," said Barry Anderson, PG&E's vice president of emergency response.

In the end, roughly 70,000 businesses and homes lost power following Sunday's early-morning earthquake near American Canyon. PG&E was able to restore electricity to almost all of them within 24 hours, finishing the rest by noon Monday.

"That's remarkable - that's a good time" said Bob Bea, a UC Berkeley professor emeritus in civil engineering. "For once, PG&E is due an accolade."

It wasn't just computer modeling that helped PG&E restore service so quickly after the Bay Area's biggest earthquake in 25 years. Wireless SmartMeters, which PG&E has installed on every building it serves, automatically signaled the utility when their buildings lost power.

"Back in '89, with Loma Prieta, we had outage calls from customers, and that was it," said Anderson, who is leading PG&E's response to the Napa earthquake.

PG&E's sprawling networks for delivering electricity and natural gas appear to have suffered little lasting damage from the 6.0-magnitude quake. Although 12,000 feet of electric lines were knocked down by the shaking, none of the company's substations dropped offline. More than 400 phone calls poured in from customers who smelled natural gas, but only 20 buildings lost gas service, in each case as a result of structural damage.

In the past, PG&E has at times needed days to restore electricity to areas hit by winter storms. Following Loma Prieta, which knocked out power to more than 1 million customers, the utility was able to bring power back to 900,000 within 24 hours, but still had 55,000 customers without gas a week later.

So what made the difference with this quake?

Part of the answer is technology. The computer system that predicted quake damage and the SmartMeters that reported it weren't in place 10 years ago, much less 25. Part of it is investment. The deadly 2010 explosion of a pipeline beneath San Bruno forced PG&E to inspect its natural gas system and replace miles of transmission pipes and smaller distribution lines.

Part is preparation, with PG&E holding its latest earthquake simulation for employees in May. And part is luck. Not only was the Napa quake smaller than the 6.9-magnitude Loma Prieta temblor, but the places it hit did not undergo liquefaction, in which shaking soil starts to move as a liquid. Liquefaction beneath San Francisco's Marina district during Loma Prieta snapped natural gas lines and triggered fires that consumed apartment buildings.

Natural gas is suspected in one fire that followed Sunday's quake, a blaze that destroyed four mobile homes. PG&E says its gas line into the mobile home park did not break. However, mobile home parks typically run multiple gas lines off of one meter, maintaining the lines within the park on their own. A rupture could have occurred there, according to the utility.

Bea hopes the utility continues to hunt for leaks in its North Bay natural gas system, even if it hasn't found any significant ones so far. "We've got service re-established - is that service as safe as it should be?" he said. "I would hope PG&E remains vigilant that there could be

undetected leaks."

7. No getting away from corruption in state government?

By Thomas Elias, The Californian – Aug. 26, 2014

To some, it seems almost as if California lately has become New Jersey West. Incidents of possible corruption and conflict of interest are seemingly exposed at least once a month these days, with almost no consequences for anyone involved.

Some examples:

- Last month, the Los Angeles Times revealed that the president of the state's stem cell agency, the California Institute for Regenerative Medicine, Alan Trounson, took a job with a private company shortly after the institute gave the firm a \$19 million grant. Whether or not that was payback for Trounson, it didn't look good.
- A month earlier, this column caught the state Energy Commission earmarking more than \$28 million in "hydrogen highway" grants for a new company co-founded by a consultant who only months earlier drew the map determining where hydrogen refueling stations will go and then trained commission staff on how to evaluate grants.

No conflict of interest there, the commission insisted. Right.

- More recently, the San Francisco Chronicle uncovered emails in which the chief of staff to Public Utilities Commission President Michael Peevey advised officials of Pacific Gas & Electric Co. on how to fend off lawsuits over the deadly 2010 explosion of a PG&E natural gas pipeline in San Bruno.

Never mind that the fact Peevey is the former president of a large utility by itself should have raised sufficient conflict-of-interest questions to prevent his getting that job in the first place.

These revelations – probably just the tip of a conflict-of-interest and corruption iceberg, because each exposure most likely required a tip from an insider – suggest that corruption may be rampant in state government.

The incidents are magnified because they arose while the state Senate steadfastly refuses to expel three members who have been either convicted or indicted for crimes ranging from lying about place of residence to accepting bribes for votes and assisting supposed gun-runners. Instead, all three are under suspension, but with full pay, most likely until their terms end.

Meanwhile, Gov. Jerry Brown – who could have stopped the Energy Commission grants had he wished, but might not have been able to influence the other recent episodes – took off on a Mexico trade mission accompanied by a full retinue of lobbyists and corporate executives whose contributions for the trip gained them better access than usual to Brown. Nothing is more important to special interest lobbyists and executives than access to power.

Nasty as all this appears, it isn't very different from what's gone on before. One of the key causes of the 2003 recall of ex-Gov. Gray Davis was the fact that he at least gave the appearance of trading favors for campaign contributions. The classic example came when an Oracle Corp. representative turned over \$25,000 in putative campaign funds to a Davis aide within days of the company getting a \$95 million state software contract without competitive bidding.

Of course, the recall and subsequent election of muscleman actor Arnold Schwarzenegger didn't improve matters. He began by promising never to take special-interest campaign contributions, but accepted more than \$5 million during the recall election alone. He promised to set up a special panel to investigate his own well-documented womanizing, but never did.

He ended his seven years in office by sharply reducing a murder sentence for the son of his buddy Fabian Nunez, the former speaker of the state Assembly, leading to speculation about items for which this might have been payback.

Schwarzenegger also gave special treatment to oil companies that contributed to his campaigns, suddenly began backing liquefied natural gas imports after one of his top political consultants became a lobbyist for the Australian energy firm BHP Billiton and paid three of his top staffers from both his campaign committee and state funds. These items all came within his first two years in office.

There was also the fact that Schwarzenegger's magazine contract partner, American Media – also publisher of the National Enquirer – paid one of his alleged former mistresses \$20,000 for exclusive rights to her story and then deep-sixed it.

None of this stuff has been unique. It's all the product of California's very lax conflict-of-interest laws. Because governors and legislators have shown little interest for decades in tightening them, such corruption is to be expected and will likely continue, whoever may be in power.

**Singer Associates, Inc.**

47 Kearny Street, 2nd Floor | San Francisco, CA 94108

V: (415) 227-9700 | F: (415) 348-8478

[singer@singersf.com](mailto:singer@singersf.com) | [www.singer-associates.com](http://www.singer-associates.com)

*This e-mail and any attachments may be confidential or legally privileged. If you received this message in error or are not the intended recipient, you should destroy the e-mail message and any attachments or copies, and you are prohibited from retaining, distributing, disclosing or using any information contained herein. Please inform us of the erroneous delivery by return e-mail. Thank you for your cooperation.*