



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: March 20, 2015
Citation #: ALJ 274 15-03-001
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 (PG&E)
To Which Citation Is Issued

RESPONDENT:

Mr. Jesus Soto, Vice President
Pacific Gas & Electric Company
6111 Bollinger Canyon Road, Room 4590-D
San Ramon, CA 94583

CITATION:

Operator is hereby cited for one violation resulting in a financial penalty of \$200,000

VIOLATIONS:

Operator is cited for violating General Order 112-E, as described below.

1. §191.25 Filing safety-related condition reports.

"(a) Each report of a safety-related condition under §191.23(a) must be filed (received by the Associate Administrator) in writing within five working days (not including Saturday, Sunday, or Federal Holidays) after the day a representative of the operator first determines that the condition exists, but not later than 10 working days after the day a representative of the operator discovers the condition. Separate conditions may be described in a single report if they are closely related. Reports may be transmitted by facsimile at (202) 366-7128..."

PG&E submitted a Safety Related Condition Report (SRCR) to Pipeline and Hazardous Materials Safety Administration (PHMSA) and California Public Utilities Commission (CPUC) on Transmission Line DFM-1601-09 located in the City of Tracy, San Joaquin County, California on December 9, 2014. The submitted report has the date of discovery as August 19, 2014 and the date of determination August 21, 2014.



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The pressure reduction took place on August 21, 2014 and pipe replacement and pressure restoration took place on December 2, 2014. However, PG&E failed to submit the SRCR to PHMSA and CPUC in the timeframe outlined in Title 49 Code of Federal Regulations - §191.25.

PG&E in a response to email inquiry on January 9, 2015 reported, "Human error is the reason this Safety-Related Condition report was submitted late. The issue was brought to the attention of Regulatory Compliance in a timely manner via email, but the email was missed and did not get acted upon until the later date."

ENCLOSURES:

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

1. *Enclosure 1 – PG&E Safety Related Condition Report, dated 12/09/2014*
2. *Enclosure 2 - PG&E email response, dated 01/09/2015*
3. *Enclosure 3 - PG&E email response, dated 02/05/2015*

STATEMENT OF FACTS:

The above violation is evident from the attached *Enclosure 1 – PG&E submitted Safety Related Condition Report* and submission of facts by PG&E as in *Enclosure 2 - PG&E email response*.



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SED CITATION ANALYSIS

Element of Sentencing Schedule	Staff Finding
Number of violation (s) and duration of violation(s)	<i>One violation of Title 49 CFR §191.25 in 2014 (for the period August – December 2014).</i>
Severity of the offense: overall level of risk of violation(s)	<i>One violation that did not create significant hazardous conditions since remedial action(s) were taken in required timeframe. Late reporting is unacceptable for Safety Related Conditions and deprives the regulator of conducting a timely field examination. One violation resulting in total fine amount of \$200,000 (\$50,000 for each month of violation)</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>This was reported as "safety related condition"</i>
Indication of the violation (s) being willful	<i>No</i>
Actions taken by the utility to address the violation	<i>Refer to Enclosure 1</i>
Associated safety related condition	<i>Several corrosion pits were found, the deepest pit measured 41% wall loss</i>
Financial resources of the utility	<i>4.3 Million customers, \$715 Million Revenue requirement</i>
The totality of the circumstances	<i>Several corrosion pits were observed on the 6-inch diameter DFM-1601-09 pipeline at mile point 0.42. The pipeline was exposed at this location for a casing</i>



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	<i>remediation project. The deepest corrosion pit measured 41% wall loss and was near a girth weld for a mitered bend. PG&E took necessary remedial actions, but failed to submit the required report to PHMSA and CPUC within timeframe outlined in Title 49 CFR §191.25</i>
Other factors deemed relevant by SED	<i>Utility cooperative with staff, calculated citation amount based on number of offenses (1) over a period of four months</i>
Resultant Citation Taking All Of These Factors Into Account	\$200,000.00



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RESPONSE:

Respondent is hereby called upon to provide a response to this Citation by: **5:00 PM (PST) on March 30, 2015.**

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

- (1) Correct the violations with any immediate safety hazard requiring immediate correction as soon as feasible, 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 Form". Also attached is a copy of Resolution ALJ-299 including Appendices A and B.

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 the 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 the citation is issued. Within 10 days of providing such notification, Respondent must serve an affidavit to the Director of SED, 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 regardless of the Operator's intentions to accept or appeal the violation(s) noted in the Citation.

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

Elizaveta Malashenko

Director

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, Appellant must file a Notice of Appeal (including a completed title page complying with Rule 1.6 of the Commission's Rules of Practice and Procedure, and attached Notice of Appeal Form) along with copies of any materials the Appellant wants to provide in support of its appeal with the Commission's Docket Office and must be served, at a minimum, on

- 1) The Chief Administrative Law Judge (with an electronic copy to: ALJ_Div_Appeals_Coordinator@cpuc.ca.gov),
- 2) The Director of Safety and Enforcement Division
- 3) The Executive Director
- 4) General Counsel
- 5) The Director of the Division of Ratepayer Advocates

within 10 calendar days of the date on which the Appellant is served the Citation at the address listed below. The Appellant must file a proof of service to this effect at the same time the Appellant files the Notice of Appeal. The Notice of Appeal must at a minimum state: (a) the date of the citation that is appealed; and (b) the rationale for the appeal with specificity on all grounds for the appeal of the citation.

California Public Utilities Commission
505 Van Ness Ave,
San Francisco, CA 94102
Attn: <Insert Title>

NOTE: Submission of a *Notice of Appeal Form* in no way diminishes Appellant'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.



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Ex Parte Communications as defined by Rule 8.1(c) of the Commission's Rules of Practice and Procedure, are prohibited from the date the citation is issued through the date a final order is issued on the citation appeal.

After SED receives the Appellant'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 Appellant will be notified and provided with the location, date, and time for the hearing. At the hearing,

- (a) Appellant may be represented by an attorney or other representative, but any such representation shall be at the sole expense of the Respondent;
- (b) Appellant 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) Appellant 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 five business days prior to the date of the hearing; and
- (d) Appellant may bring documents to offer in evidence (Rule 13.6 (Evidence) of the Commission's Rules of Practice and Procedure applies) and/or call witnesses to testify on Respondent's behalf. At the Commission's discretion, the hearing in regard to the Appellant'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 Appellant's appeal will be adjudicated in conformance with all applicable Public Utilities Code requirements.



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Notice of Appeal Form

Appeal of PG&E from Citation ALJ 274 15-03-001 issued by Safety and Enforcement Division (For A Citation Issued Pursuant to Resolution ALJ-274)

Appellant:

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

Citation Date:

Citation #: ____-____-____

Operator ID#:

Appeal Date: _____

"Appeal of [insert Operator Name] from [insert Citation number] issued by Safety and Enforcement Division"

Statements supporting Appellant'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