



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: November 18, 2013

Citation #: 13-004

Operator ID#: 15007

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

Gas Corporation (Operator): Pacific Gas and 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 5 (Negligible Risk); Citation Level 4 resulting in a financial penalty of \$ 50,000 for the violations associated with the five utility self-reports (See Enclosures 1-5.)

VIOLATIONS:

Operator is hereby cited with having violated General Order 112-E, as described below.

1. **Title 49 Code of Federal Regulations (CFR) § 192.143(a)** which states:
"each component of a pipeline must be able to withstand operating pressures and other anticipated loadings without impairment of its serviceability with unit stresses equivalent to those allowed for comparable material in pipe in the same location and kind of service...."
2. **Title 49 Code of Federal Regulations (CFR) § 192.145** which states:
(a) *"Except for cast iron and plastic valves, each valve must meet the minimum requirements of API 6D (incorporated by reference, see § 192.7), or to a national or international standard that provides an equivalent performance level. A valve may not be used under operating conditions that exceed the applicable pressure-temperature ratings contained in those requirements."*

(c) *"Each valve must be able to meet the anticipated operating conditions."*



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: November 18, 2013

Citation #: 13-004

Operator ID#: 15007

3. **Title 49 Code of Federal Regulations (CFR) § 192.481(a)** which states:
"Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows: Onshore: At least once every 3 calendar years, but with intervals not exceeding 39 months."

4. **Title 49 Code of Federal Regulations (CFR) § 192.739(a)** which states:
"Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests..."



Public Utilities Commission

STATE OF CALIFORNIA

Citation Date: November 18, 2013

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Operator ID#: 15007

ENCLOSURES:

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

1. *Enclosure 1 – Self Identified Letter dated 2/24/2012*
2. *Enclosure 2 - Self Identified Letter dated 5/11/2012*
3. *Enclosure 3 - Self Identified Letter dated 5/18/2012*
4. *Enclosure 4 - Self Identified Letter dated 7/31/2012*
5. *Enclosure 5 - Self Identified Letter dated 3/6/2013*

STATEMENT OF FACTS:

The above violations are documented in the attached *Enclosures 1 – 5*. SED conducted an independent review of each report to verify the reported facts and has determined that the issues are generally related as they each involve negligible risk violations associated with High Pressure Regulators (HPR).¹ As such, SED believes that the five utility self-reports constitute sufficient *prima facie* burden of proof to warrant this citation.²

¹ Please note as of 11/15/2013 SED has an outstanding data request related to Self-Report dated 3/6/2013 but its significance is believed to be minor and not affect the risk level or resulting citation amount.

² See Appendix A of Resolution ALJ-274.



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STATE OF CALIFORNIA

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SED CITATION ANALYSIS

| Element of Sentencing Schedule | Staff Finding |
|---|---|
| Number of violation (s) and duration of violation (s) since inception | 1 Violation of 49 CFR §192.143 3 Violation of 49 CFR §192.145 9 Violations of 49 CFR §192.739 11 Violations of 49 CFR §192.481 |
| Maximum Fine per P.U. Code § 2107 and P.U. Code § 2108 | <i>The Maximum fine would be in excess of the Citation Level 4 maximum of \$50,000 due to daily compounding prescribed in P.U. Code § 2108</i> |
| Severity of the offense: overall level of risk of violation(s) | <i>Risk Level # 5 – Negligible Risk</i> |
| The conduct of the utility before, during, and after the offense | <i>Utility cooperative with Staff</i> |
| Previous occurrence of similar violations by the utility | Citation 13-001 involved a related issue with an HPR but did not involve the above referenced code violations |
| Self-reporting of the violation | <i>Yes, 2/24/12, 5/11/12, 5/18/12, 7/31/12,3/6/13</i> |
| Indication of the violation (s) being willful | <i>No</i> |
| Actions taken by the utility to address the violation | <i>Enclosure 1 – replaced valve, Enclosure 2 – inspected 9 HPR sets and initiated process to identify additional locations Enclosure 3 & 4 – Reduced operating pressure on DFM , transferred services to distribution main Enclosure 5 – added active farm taps to appropriate maintenance schedule</i> |



Public Utilities Commission

STATE OF CALIFORNIA

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Operator ID#: 15007

| | |
|--|--|
| Associated safety related condition | N/A |
| Financial resources of the utility | <i>5.8 Million customers; \$3.282 Billion Revenue in 2012</i> |
| The totality of the circumstances | <i>Violations were promptly reported and corrective actions completed by utility</i> |
| The amount of the fine in the context of other SED citations or Commission decisions | N/A |
| Other factors deemed relevant by SED | <i>Utility was cooperative with staff</i> |
| Resultant Citation Taking All Of These Factors Into Account | \$ 50,000.00 |



Public Utilities Commission

STATE OF CALIFORNIA

Citation Date: November 18, 2013

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RESPONSE:

Respondent is hereby called upon to provide a response to this Citation by: **5:00 PM (PST) on November 28, 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.



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: November 18, 2013

Citation #: 13-004

Operator ID#: 15007

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 blue ink, appearing to read "Elizaveta Malashenko", written over a horizontal line.

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



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: November 18, 2013

Citation #: 13-004

Operator ID#: 15007

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 Treasurer,
Chief Financial Officer, or President/CEO

(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.



Public Utilities Commission

STATE OF CALIFORNIA

Citation Date: November 18, 2013

Citation #: 13-004

Operator ID#: 15007

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;



Public Utilities Commission

STATE OF CALIFORNIA

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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).



Public Utilities Commission
STATE OF CALIFORNIA

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Enclosures to Accompany Utility Appeal

Utility to add Enclosures as appropriate