



Public Utilities Commission
STATE OF CALIFORNIA

Citation Date: June 16, 2020
Citation #: D.16-09-055 G.20-06-001
Operator ID#: 15007

CITATION
ISSUED PURSUANT TO DECISION 16-09-055

Gas Corporation (Operator) To Which Citation is issued: Pacific Gas and Electric (PG&E)

OFFICER OF THE RESPONDENT:

Christine Cowser
VP, Gas Asset Management and System Operations
Pacific Gas and Electric Company
Gas Transmission and Distribution Operations
6121 Bollinger Canyon Road
San Ramon, CA 94583

CITATION:

Operator is cited a financial penalty amount of \$600,000 for violating General Order (GO) 112-F which incorporates by reference Title 49 Code of Federal Regulations (CFR) Part 192. The violation resulted in an incident (DOT# 1206479) that occurred on March 10, 2018 at [REDACTED] San Jose, CA.

VIOLATIONS:

General Order 112-F, Section 104.1 states:

"It is the intent of the California Public Utilities Commission to automatically incorporate all revisions to the Federal Pipeline Safety Regulations, 49 Code of Federal Regulations (CFR) Parts 191, 192, 193, and 199 with the effective date being the date of the final order as published in the Federal Register."

The operator violated G.O. 112-F Reference, Title 49 CFR, Part 192 §192.605(b)(3) as identified below.

1. U.S. Department of Transportation Chapter 49 CFR §192.605(b)(3) states:

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(3) Making construction records, maps, and operating history available to appropriate operating personnel.



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In 1951, PG&E installed a service line at [REDACTED] and created Gas Service Order #6798 LW indicating that a portion of this service line consisted of copper pipe.

In 2006, PG&E initiated its Copper Service Replacement Program. Copper service lines are at greater risk for internal corrosion, and PG&E sought to proactively remove and replace these lines from their system.

Instead of using information from PG&E's Gas Service Order #6798 LW, as required by 49 CFR §192.605(b)(3), PG&E relied solely on paper maps to develop its Copper Service Replacement Program. However, PG&E's paper maps did not indicate the service line at [REDACTED] as being partially copper. Therefore, PG&E failed to make all construction records, particularly the Gas Service Order #6798 LW, available to the appropriate personnel when identifying copper service lines for the Copper Service Replacement Program.

As a result, PG&E failed to identify the partial copper service line at [REDACTED] for inclusion in its Copper Service Replacement Program. The known risk associated with copper service lines should have expedited its removal and replacement. The partial copper service line remained in service where it developed internal corrosion, a known threat to copper service lines. This internal corrosion resulted in a leak at the transition fitting. Natural gas migrated into [REDACTED] and subsequently ignited causing approximately \$638,472 in property damage, and one injury.

The Safety and Enforcement Division (SED) finds PG&E in violation of Title 49 CFR §192.605(b)(3) for failing to make Gas Service Order #6798 LW available to personnel developing the Copper Service Replacement Program, resulting to property damage at [REDACTED]. The partial copper service line remained unidentified and in service after PG&E initiated its Copper Service Replacement Program in 2006 until the incident date of March 2018, a total of 12 years.

PENALTY (#1):

SED recommends PG&E incur a fine of \$50,000 per year for which the violation spanned, resulting in a total fine of \$600,000.



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Total Penalty Amount

Decision 16-09-055 adopted an administrative limit of no more than \$8 million for each citation issued under the gas and electric safety citation programs. As a result of the GO 112-F violation determined by SED and identified in this report, the total amount of this citation is \$600,000.

STATEMENT OF FACTS AND ENCLOSURES:

PG&E failed to make construction records available to the appropriate operating personnel.

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

1. *Enclosure 1 – SED Investigation Report, dated August 16, 2019*
2. *Enclosure 2 – SED Notice of Probable Violation, dated May 1, 2020*
3. *Enclosure 3 – PG&E Response to Notice of Probable Violation, dated May 29, 2020*
4. *Enclosure 4 – PG&E’s original Gas Service Record, dated June 29, 1951*



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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>One violation total; Title 49 CFR §192.605(b)(3) that occurred in 2006, and spanned until the incident date in 2018.</i>
Severity or gravity of the offense	<i>PG&E's violation of Title 49 CFR §192.605(b)(3) was a contributing factor to the incident which caused a gas leak to migrate into a customer's home. The gas subsequently ignited, causing approximately \$638,472 in property damage, and one injury.</i>
Conduct of the utility	<i>The utility is being cooperative and has initiated steps to prevent recurrence.</i>
Self-reporting of the violation	<i>Not self-reported. Violation found as a result of SED's investigation of gas incident G2018310-2506.</i>
Financial resources of the utility	<i>4.3 Million customers, \$715 Million Revenue requirement</i>
The totality of the circumstances	<i>Due to the severity of the offense, a penalty of \$600,000 in accordance with California Public Utilities Code §§2107 and 2108 is imposed for the violation. PG&E failed to provide construction records to the appropriate operating personnel, and this failure created a hazard to the public.</i>
The role of precedent	<i>N/A</i>
Resultant Citation Taking All Of These Factors Into Account	\$600,000.00



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RESPONSE:

Respondent is hereby called upon to provide a response to this Citation by: **5:00 PM on July 16, 2020**. By way of such response, Respondent, **within 30 calendar days**, must either agree to satisfy the amount of the penalty set forth in this citation¹, or appeal² the citation. In addition, Respondent must do one of the following:

- (1) For violations constituting immediate safety hazards: Respondent must immediately correct the immediate safety hazards.
- (2) For violations that do not constitute immediate safety hazards: Violations that do not constitute immediate safety hazards must be corrected within 30 days after the citation is served. If said violations that do not constitute immediate safety hazards cannot be corrected within 30 days, then the Respondent must submit a detailed Compliance Plan to the Director of SED within 30 days after the citation issues, unless the utility and the Director of SED, before the expiration of the 30 day period, agree in writing to another date, reflecting the soonest that the Respondent can correct the violations. The Compliance Plan must provide a detailed description of when the violation will be corrected, the methodology to be utilized, and a statement supported by an declaration from Respondent's Chief Executive Officer or appropriate designee (CEO Declaration) stating that in the Respondent's best judgment, the time that will be taken to correct the violation will not affect the safety or integrity of the operating system or endanger public safety.

Note: Respondent will forfeit the right to appeal the citation by failing to do one of these two options outlined in the Response above within 30 days. Satisfaction of a citation amount or filing a Notice of Appeal does not excuse Respondent from curing the violation. The amount of the penalty may continue to accrue until a Notice of Appeal is filed. Penalties are stayed during the appeal process. 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 ensure compliance with applicable statutes and Commission orders.

¹ For fines paid pursuant to Pub. Util. Code § 2107 and D.16-09-055 Respondent would usually submit payment within the 30 calendar days response time. Given the pendency of Respondent's chapter 11 case, however, Respondent requires bankruptcy court approval in order to satisfy the fine. Therefore, within 30 calendar days, Respondent shall submit to SED copies of a motion filed in the bankruptcy court seeking approval to satisfy the fine, in lieu of submitting a check. Promptly following the bankruptcy court's authorization of payment, Respondent shall 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.

² Respondent may Appeal 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 Decision 16-09-055" for information on the appeals process and the attached "Notice of Appeal Of Citation Form."



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NOTIFICATION TO PUBLIC AGENCIES:

As soon as is reasonable and necessary, and no later than 30 calendar days after service of the citation is effected, Respondent must provide a notification to the Chief Administrative Officer or similar local agency authority in the city and county where the violation occurred. 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.

The CPUC expects the Operator 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 "Lee Palmer", is written over a horizontal line.

Lee Palmer
Director – Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Leslie.Palmer@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, submit copies of a filed motion seeking bankruptcy court approval to pay a fine in the amount of \$ _____ as included in the citation.

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

(Signature) (Date)

(Printed Name and Title)

Promptly following bankruptcy court approval, this form shall be re-submitted with payment, which must be with a check 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 address provided on the Citation.



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DIRECTIONS FOR SUBMITTING AN APPEAL TO A CITATION ISSUED PURSUANT TO DECISION 16-09-055

Within 30 calendar days of the Respondent being served with a **CITATION ISSUED PURSUANT TO DECISION 16-09-055**, Respondent may appeal the citation. Beyond 30 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 instructed in the Response section of this citation.

To appeal the citation, Respondent/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 serve the Notice of Appeal, 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 Office of Ratepayer Advocates

At the address listed below within 30 calendar days of the date on which the Appellant is served the Citation. 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: Lee Palmer

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.

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.



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After receipt of the Appellant's *Notice of Appeal Form*, Appellant has a right to a hearing to 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 Appellant;
- (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;
- (d) Appellant is entitled to a copy of or electronic reference to Resolution ALJ-299 Establishing Pilot Program Citation Appeal and General Order 156 Appellate Rules (Citation Appellate Rules); and
- (e) 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 Appellant's behalf. At the Commission's discretion, the hearing in regard to the Appellant's appeal can be held in a CPUC hearing room at either of 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 from Citation Issued by Safety and Enforcement Division
Pursuant to Decision 16-09-055

Appellant:

Christine Cowser
VP, Gas Asset Management
and System Operations
Pacific Gas and Electric Company
Gas Transmission and Distribution Operations
6121 Bollinger Canyon Road
San Ramon, CA 94583

Citation Date: June 16, 2020
Citation #: D.16-09-055 G.20-04-002
Operator ID#: 15007
Appeal Date: _____

“Appeal of _____ from _____ issued by Safety and
[Operator Name] [Citation Number]
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