

RECOMMENDATION

TUP recommends, to the Legislature of the State of California, the creation of an interim blue-ribbon, independent, Gas and Electric advisory panel.¹

Why Create a New Advisory Panel When the California Public Utilities Commission², Charged by the State of California with Energy Utility Oversight, Already Exists?

For a variety of reasons:

- ▶ The CPUC is charged with providing regulatory oversight of utilities, but not with providing expert energy system evaluations and guidance for municipal officials. Given the scope of its responsibilities, the commission is significantly understaffed and underfunded. It has neither the staffing capacity, nor the budget, readily to provide energy system appraisals of the caliber of utility industry expertise proposed for inclusion on the panel.³
- ▶ The Energy Grid evaluations and guidance produced by the panel might, in fact, be a resource useful to the commission.
- ▶ The clock continues to tick. Four years after the San Bruno explosion and fire, municipal officials still are struggling to obtain accurate, complete, and verifiable reports on the present condition of Natural Gas Grid components and installations within their communities.⁴

Would the Proposed Independent Advisory Panel Be Linked to an Existing State Agency?

The Utility Project recommends that the panel act under the jurisdiction of the *California Office of the State Fire Marshal (OSFM)*⁵.

Since 1923, the mission of the state fire marshal has been to protect life and property through the development and application of fire prevention engineering, education and enforcement. Among its responsibilities, the *OSFM* has safety regulatory and enforcement authority over intra-state hazardous liquid transportation pipelines. Additionally, the *OSFM* has professional affiliations with the *National Fire Protection Association (NFPA)*⁶.

“The *NFPA* is an international nonprofit organization [*established in 1896*](#). The company’s mission is to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus codes and standards, research, training, and education. Some of the most widely used *NFPA* codes:

¹ The creation of an independent advisory panel of experts has very recent precedents: following the San Bruno blast and fires, the CPUC chartered the formation of an Independent Review Panel, who then supplemented their expertise by retaining “outside independent consultants to aid in our investigation”. *e.g.*, (from the *Additional Document Archive*) Report Independent Review Panel Executive Summary., pg. 2

² *e.g.*, (from the *Additional Documents Archives*) CPUC: What It Is

³ “Moreover, we have not seen any evidence that the CPUC staff has the skills to perform quality analysis of operator risk management choices, either at an enterprise level or at the technical level specific to pipeline integrity management. The staff does not appear to have the skills necessary to perform an in-depth appraisal of any such analyses that might be offered by the operators.” *e.g.*, (from the *Additional Documents Archive*) Report Independent Review Panel Executive Summary., pg. 20

⁴ As of this writing, PG&E has yet to produce Natural Gas Grid documentation that is accurate, current, traceable and verifiable.

⁵ *e.g.*, (from the *Additional Documents Archive*) About the Office of the State Fire Marshal

⁶ *e.g.*, (from the *Additional Documents Archive*) About the *National Fire Protection Association*

- ▶ [NFPA 1, Fire Code](#): provides requirements to establish a reasonable level of fire safety and property protection in new and existing buildings
- ▶ [NFPA 54, National Fuel Gas Code](#): the safety benchmark for fuel gas installations
- ▶ [NFPA 70®, National Electric Code®](#): the world's most widely used and accepted code for electrical installations
- ▶ [NFPA 101®, Life Safety Code®](#): establishes minimum requirements for new and existing buildings to protect building occupants from fire, smoke, and toxic fumes⁷

What would be the Panel's task?

The panel would be an interim body, charged to provide to public officials within the PG&E service area, independent, expert, technical evaluations of:

- ▶ current condition of Energy Grid components
- ▶ extant Energy Grid data, maps, inspection and maintenance logs, and the content of both current and legacy Grid records
- ▶ suitability of currently utilized Energy Grid maintenance, testing and inspection practices
- ▶ compliance of existing utility installations with applicable state and federal guidelines
- ▶ compliance of present utility operational practices with applicable state and federal guidelines
- ▶ suitability of proposed corrections to present Grid deficiencies

How Would the Panel Be Structured?

The panel would:

- ▶ consist of two divisions, providing expert evaluations and guidance regarding the operations of both the Natural Gas Grid and the Electrical Grid
- ▶ not be under the auspices of the CPUC or affiliated with any utility industry interest
- ▶ acting under the auspices of the *OSFM*, the panel would be given the authority to obtain access to Energy Grid documentation, pursuant to the charge of the panel
- ▶ not have any regulatory authority
- ▶ select a chairman from among its members once yearly
- ▶ be provided with staffing support sufficient to accomplish their charge

What Would Be the Standards for Selection of Prospective Panel Members?

Panel members to consist of:

- ▶ individuals selected on the basis of their extensive professional utility operations experience, and impeccable utility industry credentials and certifications⁸
- ▶ individuals selected to have not less than ten years of professional utility experience
- ▶ not less than two individuals to be selected from each occupation listed below:

⁷ e.g., (from the *Additional Documents Archive*) About the National Fire Protection Association

⁸ In addition to providing expert evaluations and guidance to public officials, an underlying purpose of the panel is the restoration of public confidence in governmental oversight of energy utility operations. *The Utility Project urges that the most rigorous steps be taken to choose individuals of the greatest possible probity.*

Utility Employee	Natural Gas Utility	Electrical Utility
Field Employee ⁹	Gas Mechanic, Gas Fitter, etc.	Lineman, Cable Splicer, etc.
Inspector	D&T* Natural Gas Installation Inspector	D&T Electrical Installation Inspector
Design Engineer	D&T Natural Gas System Design Engineer	D&T Electrical System Design Engineer
Operations Manager	D&T Natural Gas System Operations Manager	D&T Electrical System Operations Manager

*Distribution and Transmission

Individuals with past or present professional associations with the CPUC, or utility companies (or their partners) operating within California, would not be eligible to serve.

What would be the length of term served?

- ▶ Individuals within an occupation would serve staggered terms of three (3) years in length; not to exceed two terms in succession.
- ▶ Any subsequent terms served are to be interrupted by intervals of not less than five (5) years

How Would Panel Members Be Selected?

- ▶ Prospective panel members would be vetted and selected by the *Office of State Fire Marshal*.
- ▶ Some utility industry personnel resources available to the *OSFM* for consultation in selecting panel members are shown below:

Utility Employee	Natural Gas Utility	Electrical Utility
Field Employee	United Assoc. of Plumbers and Gas Fitters*	International Brotherhood of Electrical Workers*
Inspector	U.S. Dept. of Trans., Pipelines & Hazardous Materials Safety Admin., Inspector Training & Qualification Division	International Assoc. of Electrical Inspectors
Design Engineer	Professional Institute of Pipeline Engineers**	Institute Of Electrical and Electronics Engineers**
Operations Manager	National Society of Professional Engineers**	National Assoc. of Power Engineers, Inc.**

*or equivalently credentialed representative organizations

**or from among the employees of comparably sized utilities, located outside of California

⁹ Field employees possess essential, boots-on-the-ground knowledge of energy system installation and operation exclusive to construction experience. The present deteriorated condition of the Electrical Grid demonstrates that this invaluable understanding of the actual maintenance and timely replacement regimens required to ensure the safe, reliable performance of energy system components, has been absent from senior utility decision-making processes for a significant period of time.

What Would Be the Salary Structure of the Panel and Its Staff?

Salaries and benefits of both panel and staff would conform to existing wage and benefits structures presently employed for compensating expert consultants to the *OSFM*.

Who Would Fund the Activities of the Panel and Its Staff?

The Utility Project recommends that the expenses incurred by the panel and its staff be wholly underwritten by the shareholders of PG&E.¹⁰

Expenses incurred by the OSFM, in the selection and administration of the panel, also would be reimbursed by PG&E, independently of OSFM's existing State funding allocations.

Why Select PG&E to Bear this Financial Burden Alone?

The present circumstances, in which no one, including PG&E, can produce accurate, complete, verifiable, and traceable system-wide documentation regarding the present condition of Energy Grid components and installations, are entirely the creation of PG&E. Their energy system records-keeping and operational failures have been well documented, in numerous state and federal reports.¹¹

Public reports show that, over years, PG&E underspent budgeted monies on pipeline repairs.¹² Additionally, according to California state financial audits, PG&E has repeatedly misused and misdirected monies collected from ratepayers for energy system upgrades and safety improvements.¹³

Through decades of utility billing and rate increases, *PG&E customers already have paid for the Gas Grid documentation that municipal officials are presently suing the CPUC to obtain.*

It is wholly unconscionable to require cash-strapped municipalities to pay yet again to ascertain the present condition of utility installations within their communities.¹⁴

If the Proposed Advisory Panel is an Interim Body, What Determines the Lifespan of the Panel?

The panel would continue its activities until such time as PG&E provides, to appropriate public officials, system-wide, accurate, current, traceable, verifiable, and complete Energy System documentation, as verified by an independent, nationally-credentialed energy system performance auditor.¹⁵

PG&E has repeatedly stated that its highest corporate goal is the safety of its customers.

In view of this public commitment, The Utility Project is hopeful that PG&E will support this recommendation: the activities of an independent advisory panel of impeccable credentials could publicly verify the validity of reforms adopted by the utility in the wake of the San Bruno, and other, catastrophic Energy System failures.

Funding the independent advisory panel, by redirecting the millions of advertising dollars that PG&E currently is spending on its "We are Family" campaign, would be a highly visible corporate commitment to

¹⁰ e.g., (from the *Additional Documents Archive*) About Forbes Rating of PG&E

¹¹ e.g., (from the *Additional Documents Archive*) Report NTSB San Bruno Full, Report Independent Review Panel Exec. Summary

¹² e.g., (from the *Additional Documents Archive*) 2011 5-16 Pipeline Repairs Under Budget in Prior Years

¹³ e.g., (from the *Additional Documents Archive*) 2012 1-13 Utility Diverted Money for Profits, Bonuses

¹⁴ e.g., (from the *Additional Documents Archive*) 2013 10-10 San Carlos May Spend \$250M to Inspect Pipeline

¹⁵ Said auditor to be selected by the *Office of State Fire Marshal*. It is essential that the entity chosen be a certified energy system auditor, located outside of California, without previous professional ties to PG&E, or PG&E partners or subcontractors.

transparency in Energy Systems operations that would ease ratepayers' apprehensions and go a long way toward restoring public trust in PG&E's capacity to competently operate California's largest energy network.