

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 3, 2014

Via E-mail

Hon. Jason Burnett
Mayor, City of Carmel-by-the-Sea
P.O. Box CC
San Francisco, CA 93921

Re: PG&E's Need to Resume Its Safety Work in the City of Carmel-by-the-Sea

Dear Mayor Burnett,

The Safety and Enforcement Division (SED) of the California Public Utilities Commission (CPUC) is writing this letter as a follow-up to our September 2, 2014, meeting at the CPUC concerning the need for Pacific Gas and Electric Company (PG&E) to resume its distribution pipeline replacement program in the City of Carmel-by-the-Sea (Carmel). It is imperative for public safety that PG&E resumes integrity management work, such as replacement of the Aldyl A pipe, which is potentially hazardous pipe.

At our meeting, you requested that the CPUC certify PG&E's work would be safe. We informed you that the CPUC cannot guarantee the safety of the work of PG&E or other utilities, just like the Police Chief of Carmel cannot guarantee that there will be no crimes committed in the City of Carmel. It is the pipeline operator's responsibility to ensure the safety of its pipeline under state and federal law. However, we offered to determine enhanced safety practices that should help prevent safety related conditions, which were not being followed by PG&E at the time of the explosion. We also informed you that we would seek to have PG&E confirm that it will adopt the safety procedures as its internal work procedures to be followed, at least in Carmel, on a going forward basis. This allows us the ability to easily enforce the requirement under 49 Code of Federal Regulation (CFR) §192.13(c), which is a federal requirement that a natural gas utility must follow its own internal work procedures, and the utility can be found to violate this federal requirement if it fails to follow its own procedures. Because the CPUC has adopted all of the federal natural gas safety requirements in its General Order 112-E, the CPUC has been certificated by the U.S. Department of Transportation under 49 U.S.C. § 60105 to enforce the federal safety standards, as well as state safety requirements. In the Rancho Cordova enforcement case and in the Presiding Officer Decisions (PODs) involving the San Bruno-related enforcement cases, there were numerous violations found based upon 49 CFR §192.13(c).

PG&E has confirmed in its September 8, 2014, letter to SED and supporting attachments that it has adopted as its own work procedures the following safety enhancement measures, which were not in place at the time that it previously was replacing its distribution pipelines in Carmel:

- PG&E's Gas Carrier Pipe Checklist requires additional review of records, inspection of the jobsite, and physical verification of the facilities prior to commencing work. This allows the field crew to identify incorrectly mapped assets in the field.
- Development and implementation of TD-4150P-110, which describes the use of a mechanical bolt-on Saddle Punch Tee on steel pipe up to 2-inch in diameter. This procedure prevents damage to an unknown plastic insert from the weld heat. Additionally the saddle punch used with this fitting does not allow an inserted plastic pipe to be breached during tapping.
- Implementation of Quality Control (QC) process to ensure use of the Gas Carrier Pipe Checklist. The QC team will continue to monitor for consistent use of the Gas Carrier Pipe Checklist by its field crews in order to reduce the likelihood of a similar event occurring.

- PG&E is providing additional training and emergency tools to General Construction crews. This allows General Construction crews to respond immediately to a potentially hazardous condition or emergency situation during the course of work.
- PG&E is currently treating all odor calls, as immediate response in the city of Carmel-by-the-Sea and dispatches a Gas Service Representative to investigate the odor call immediately. PG&E's records indicate the immediate response time for year to date through August 2014 to be under 20 minutes. PG&E's goal for 2014 immediate response time is 21 minutes.
- PG&E has designated a Project Manager who will coordinate with the City of Carmel on permitting requirements and ensure that all work is performed in accordance with city requirements. A PG&E field inspector will also be assigned during construction to work closely with the City's inspector.

Furthermore, PG&E is currently exploring additional measures below to improve its operations and emergency response:

- Establish protocols in the City of Carmel similar to that of the city of San Francisco's Code Multiple-unit Resource Response Incident (MuRRI) program which provides triggers and notification protocol for PG&E personnel in a potentially hazardous situation, and actions for emergency responders arriving at the scene of a serious gas incident.
- PG&E's participation in the Monterey County's efforts to update its Multi-Jurisdictional Hazard Mitigation Plan which intends to identify local policies and actions to reduce risk from natural hazards. PG&E agreed to participate in the planning effort to improve its coordination with local municipalities

Attached hereto is a copy of PG&E's September 8, 2014, letter committing to SED that it has adopted these enhanced safety measures as its own working procedures on a going forward basis. SED has reviewed all procedures provided by PG&E using a criteria that included compliance with CPUC General Order 112-E, compliance with 49 CFR §192, adoption of industry best practices, adoption of lessons learned from analysis of previous incidents, comparison with practices of other pipeline operators, including Southern California Gas Company, and overall evaluation based on the technical expertise of our staff. SED finds PG&E's enhanced safety measures and procedures, if implemented correctly, provide an additional level of safety as it continues to perform work on its gas pipeline system. PG&E is required to keep their procedures current and as new best practices or lessons learned are identified, SED will be monitoring that PG&E is improving the procedures as necessary.

In view of the above, it is essential that PG&E's pipeline replacement program is resumed, so that potentially hazardous distribution pipeline can be replaced. Attached hereto is a copy of a letter that I sent to PG&E today to allow for PG&E to restart work in Carmel in accordance with the adopted enhanced procedures. As I explained in my letter to PG&E, its commitments are necessary for PG&E to go forward with its replacement work in Carmel, and should not be interpreted in any way against SED's ongoing investigation into possible safety violations in the past.

If you have any questions, please contact me at 415-703-2274 or elizaveta.malashenko@cpuc.ca.gov.

Sincerely,



Elizaveta Malashenko
Deputy Director
Safety and Enforcement Division

cc: Steven R. Meyers, Harvey Y. Morris