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CPUC ENLISTS THIRD-PARTY EXPERTS TO HELP SET NEW SAFETY PATH FOR PIPELINE REGULATION

SAN FRANCISCO, March 12, 2015 - The California Public Utilities Commission (CPUC) today announced it had enlisted third-party experts to assess the strengths and weaknesses of its gas safety and reliability programs and is making needed improvements in order to create a first-class safety regulatory program.

Following Pacific Gas and Electric Company's pipeline rupture in San Bruno in 2010, an Independent Review Panel recommended that the CPUC undertake an independent assessment of its gas safety and reliability functions. The CPUC enlisted consulting firm Crowe Horwath to conduct such as assessment over the past year with a forward-looking focus in order to identify opportunities for improvement in management and operations.

"Safety is our number one priority. It is essential that we take an independent and thorough look at our processes in order to understand the strengths and weaknesses of our gas safety and reliability programs to identify realistic solutions," said Elizaveta Malashenko, Director of the CPUC's Safety and Enforcement Division. "We have begun implementing the recommendations, and are working through the state budget process to determine appropriate resources. We recognize that fully implementing many of these improvements will require long-term efforts such as modern IT systems and expanded training."

The assessment details 12 opportunity areas for the CPUC's gas safety and reliability functions, and provides 33 recommendations to address those challenges. The challenges include past frequent management changes and shifting priorities, inadequate database systems, delays in completion of



investigations and inspections, inconsistent staff training and alignment, and limited ability to perform trend analysis.

Improvements already underway to the gas safety and reliability functions include:

- Completed 39 backlogged inspections.
- Completed 343 backlogged incident investigations.
- Re-organized staff to better align resources.
- Re-designed inspection/audit process to allow for more in-depth audits.
- Re-designed incident investigation process by establishing a four-tier investigation structure.

The report and summary presentation are available at www.cpuc.ca.gov/PUC/safety/Pipeline/.

For more information about the CPUC, please visit www.cpuc.ca.gov.

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