



# Public Utilities Commission

## STATE OF CALIFORNIA

Citation Date: June 24, 2022  
Citation #: D.16-09-055 G.22-06-001  
Operator ID#: 15007

### CITATION

### ISSUED PURSUANT TO DECISION 16-09-055

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

#### **OFFICER OF THE RESPONDENT:**

Ms. Janisse Quinones  
Senior Vice President, Gas Engineering  
Pacific Gas and Electric Company  
6121 Bollinger Canyon Road  
San Ramon, CA 94583

#### **CITATION:**

Operator is cited a financial penalty amount of \$1,270,000 for violating General Order (GO) 112-F which incorporates by reference Title 49 Code of Federal Regulations (CFR) Part 192. PG&E did not remediate deficient Cathodic Protection Areas and Assets in accordance to Title 49 CFR, Part 192, §192.465(d).

#### **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 GO 112-F Reference, Title 49 CFR, Part 192, §192.465(d) as identified below.

- 1. U.S. Department of Transportation Chapter 49 CFR §192.465(d) – External Corrosion Control: Monitoring states:**

***Each operator shall take prompt remedial action to correct any deficiencies indicated by the [external corrosion control] monitoring.***



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The May 19, 1989, Federal Pipeline and Hazardous Materials Safety Administration's (PHMSA) Inspection Guideline and Interpretation #PI-89-006 for 192.465(d) states that, as a rule of thumb, PHMSA interprets "prompt" as having the "correction completed the time of the next scheduled monitoring".

Per PG&E's Utility Standard: TD-4181S External Corrosion Control of Gas Facilities, Section 8.4 states, "CPAs must be restored within 12 months from the date the CPA is found below adequate levels of protection, not to exceed 15 months to the date, per Pipeline and Hazardous Materials Safety Administration (PHMSA) Inspection Guideline and Interpretation #PI-89-006 for 49 CFR §192.465(d)."

On 07/29/2021, PG&E submitted to the Safety and Enforcement Division (SED) of the California Public Utilities Commission (CPUC) its 2021 Q2 Internal Review Summary Findings (2021 Q2 IRSF CONF. xlsx). SED was made aware that PG&E failed to remediate deficient Cathodic Protection (CP) areas and/or assets for intervals, in some cases, in excess of three years.

CP is a time-dependent threat. Over time, low or inadequate CP can cause corrosion, pipe wall loss, and/or pipeline failure. PG&E's long duration of non-compliance of minimum CP requirements will likely impact the safety and reliability of its natural gas service. Of the 311 violations in which PG&E failed to remediate low reads within 15 months to the date the CP was found below adequate levels of protection, SED hereby issues a citation for the most long-standing violations—127 CP Areas and Assets that exceed 24 months (15 plus 9 months) of remedial action to the date the CP was found below adequate levels of protection.

Asset Type	Total CP Violations	Long-standing Violations
EQ_G_ETS_AN (Annual)	7	1
EQ_G_10PCT (10% er)	205	94
CPA_G_ETS_YR (Yearly)	24	15
CPA_G_ETS_BI (Bi-Annual)	75	17
<b>Total</b>	<b>311</b>	<b>127</b>

**Table 1.** CP Violations Reported By PG&E in 2021 Q2 Internal Review

PG&E identified the root cause was primarily driven by the System Analysis Program (SAP) not automatically generating troubleshoot notifications. These notifications were inadvertently cancelled since other channels were used for cancellations requests (i.e. email, verbal request, meeting updates etc.). Therefore, some requests were accidentally cancelled in error. PG&E made changes to prevent these issues from reoccurring and performed a large-scale audit between March and June 2021 and determined that all 311 violations have been corrected.

Although PG&E corrected the violations, PG&E's remedial actions were not prompt per **49 CFR §192.465(d) and PHMSA interpretation #PI-89-006**, potentially affecting the integrity



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of its gas pipeline system. Therefore, SED finds PG&E in violation of Title 49 CFR §192.465(d).

### **PENALTY:**

SED recommends PG&E incur a fine of \$10,000 per deficient CP violation that exceeded two years of remedial action to the date the CP was found below adequate levels of protection for which the violation occurred, resulting in a total fine of \$1,270,000.

### **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 \$1,270,000.

### **STATEMENT OF FACTS AND ENCLOSURES:**

PG&E failed to remediate deficient Cathodic Protection (CP) Areas and Assets for intervals exceeding PG&E's routine monitoring frequency and as required in Title 49 CFR §192.465(d).

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

1. *Enclosure 1 – PG&E 2021 Q2 Internal Review Summary Findings*
2. *Enclosure 2 – PG&E response to SED data request, dated November 05, 2021*
3. *Enclosure 3 – Index 15323-02\_Low Read Audit CAP 12086599666. xlsx*
4. *Enclosure 4 – PG&E response to SED data request, dated November 22, 2021*
5. *Enclosure 5 - List of CP deficiency more than two years.xlsx*



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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>310 Violations of Title 49 CFR §192.465(d). SED cited 127 CP Areas or Assets during the period between 2016 and 2021 that were down for over 24 months to the date the CP was found below adequate levels of protection.</i>
Severity or gravity of the offense	<i>This violation presented unacceptable risk to safe operations prior to corrective action.</i>
Conduct of the utility	<i>The utility is being cooperative and has undertaken corrective actions.</i>
Self-reporting of the violation	<i>Self-reported.</i>
Financial resources of the utility	<i>4.3 Million customers, \$3,983 Million Revenue requirement</i>
The totality of the circumstances	<i>SED considered the factors of Public Utilities Code 2104.5 in the level of its citation determination.</i>
The role of precedent	<i>N/A</i>
<b>Resultant Citation Taking All Of These Factors Into Account</b>	<b>\$1,270,000</b>



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### **RESPONSE:**

Respondent is hereby called upon to provide a response to this Citation by: **5:00 PM on July 24, 2022**. By way of such response, Respondent, **within 30 calendar days**, must either agree to satisfy the amount of the penalty set forth in this citation<sup>1</sup>, or appeal<sup>2</sup> 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 a 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.

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1 For fines paid pursuant to Pub. Util. Code § 2107 and D.16-09-055, 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.

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***Lee Palmer***

Director – Safety and Enforcement Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
[Leslie.Palmer@cpuc.ca.gov](mailto: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, 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)

This form shall be 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](mailto: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 Public Advocates Office at the California Public Utilities Commission

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 4<sup>th</sup> 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:**

Ms. Janisse Quinones  
Senior Vice President, Gas Engineering  
Pacific Gas and Electric Company  
6121 Bollinger Canyon Road  
San Ramon, CA 94583

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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*