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PRESS RELEASE

Docket #: I.14-11-008

**CPUC ISSUES \$10.85 MILLION STAFF CITATION TO PG&E;
COMMISSIONERS OPEN FORMAL CASE TO EVALUATE PG&E'S
GAS DISTRIBUTION RECORDKEEPING**

SAN FRANCISCO, November 20, 2014 - The California Public Utilities Commission (CPUC) today issued a \$10.85 million staff Citation to Pacific Gas and Electric Company (PG&E) for a natural gas explosion in Carmel-by-the-Sea in March, and, separately, opened a formal penalty consideration case against PG&E relating to recordkeeping associated with the utility's gas distribution infrastructure.

The CPUC's Safety and Enforcement Division issued a \$10.85 million Citation to PG&E for the utility's failure to take the necessary steps to make safe the area in Carmel-by-the-Sea where planned work was underway on March 3, 2014, and failure to adequately equip the construction crew with the tools necessary to stop the uncontrolled flow of natural gas, leading to the explosion of an unoccupied home. The Safety and Enforcement Division determined that PG&E violated a federal regulation and Public Utilities Code that require it to make safe any actual or potential hazard to life or property and instruct that every public utility must provide and maintain the equipment to ensure the safety of employees and the public. PG&E has 10 calendar days to pay or contest the Citation, which must be paid with shareholder funds. The Citation is available at www.cpuc.ca.gov/PUC/safety/Pipeline/citations.htm.

Separately, the CPUC's Commissioners voted to open a formal penalty consideration case pertaining to PG&E's safety recordkeeping for its natural gas distribution service and facilities. The case will review and determine whether PG&E's recordkeeping practices for its gas distribution system have been unsafe and in violation of the law (a penalty consideration case into PG&E's transmission



pipeline recordkeeping began in February 2011). Gas safety recordkeeping refers to, but is not limited to, PG&E's acquisition, maintenance, organization, safekeeping, and efficient retrieval of data that the CPUC finds is necessary and appropriate for PG&E to make good and safe gas engineering decisions, and thus to promote safety as required by Section 451 of the Public Utilities Code, as well as several other state and federal rules and regulations. In approving the opening of the case, the CPUC's Commissioners reviewed six PG&E natural gas distribution system incidents presented by the Safety and Enforcement Division as evidence of PG&E's unsafe operations, which included the incident in Carmel-by-the-Sea. Within 30 days PG&E must submit a report contesting any facts asserted in the Safety and Enforcement Division incident reports. The PG&E report allows the utility the opportunity to make a showing in opposition to the Safety and Enforcement Division's allegations, and also allows for the record to be further developed. Ex parte communications in this proceeding are prohibited. The document opening the formal investigation and the Safety and Enforcement Division Investigation Reports are available at www.cpuc.ca.gov/PUC/events/timeline.htm under Nov. 20, 2014.

“This issue is very concerning; it's a strong indication that, while PG&E has been making progress in upgrading their gas system, the progress is still very uneven,” said Commissioner Michael Picker. “PG&E is a very large operation, but we at the CPUC need to be able to assure California residents that every part of PG&E's operation is as safe as it can be. The staff actions here – our form of a prosecutorial indictment – indicate that PG&E needs to do more.”

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