

After San Bruno firestorm

# California energy giant PG&E releases list of 100 most dangerous gas pipelines

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Following the deadly gas pipeline explosion September 9 in San Bruno, California, the California Public Utilities Commission (CPUC) and energy giant Pacific Gas and Electric (PG&E) have been under mounting pressure to release internal company information about the most dangerous sections of gas pipeline in northern and central California. On Monday the company reluctantly released the list, which has only heightened concerns that the region's population is sitting on a number of gas explosion "time bombs."

Christopher Johns, PG&E president, made every effort to downplay the significance of the list, as well as the company's resistance to releasing the information. He described the list as "just one of the tools that we use to do future planning." Although executive director of the California Public Utilities Commission, Paul Clanon, acknowledged that PG&E has referred to the list as a collection of "high-risk" sites.

The company refused repeated media requests for the list of risky sites for 10 days, invoking the terrorist bogeyman and "security" concerns. Again, Johns attempted to wriggle out of the controversy at a press conference, claiming that instead of security concerns the delay was needed to put the information together in a way that was more understandable to the general public. In regard to the many local governments who had no prior information about the gas lines, Johns said he'd meet with them at another, undisclosed date.

South San Francisco City Manager Barry Nagel told the media that the company never told him about the risky section of pipe sitting under the city: "We found out about it in the newspaper." The PG&E list was prepared based on data from the end of 2009 and includes limited information about each of the dangerous sections of gas pipeline, but it paints a frightening picture.

Included in the list is a section of gas pipeline stretching several dozen miles from Tracy in the San Joaquin Valley to South Fremont in the San Francisco Bay Area that has been deemed the "highest risk" section. This decrepit pipeline was originally installed in 1930 and passes through several major population centers. PG&E said in a prior funding request that 10 segments of the Tracy-Fremont line (Line 107) have a "high

likelihood of design materials initiated failure."

On Line 107 there is an especially hazardous section 10 miles long between Livermore and Sunol. Company reports say the pipeline in this area is at risk because of corrosion, aging materials and ground movement, according to the *Bay Citizen*. Doug Burkhart, who runs Livermore's Smith Denison Construction Company, which works with gas pipes, told the *Bay Citizen* that such old pipes do not have "cathodic protection" to resist corrosion like most pipes made since the late 1960s, when regulators began to require the protection.

PG&E has assets of \$45 billion. In 2009, its revenues were \$13.4 billion. Last year, in an attempt to defeat a ballot initiative that would have exposed it to competition, the company spent \$50 million. Nonetheless, PG&E doesn't plan to replace the most dangerous section of line 107 until sometime between next year and 2014. The cost of the project is estimated at \$35 million.

Another six-mile stretch of gas pipeline between Salinas and Hollister is included in the company's "top 100." The company cites "poor quality welds and outdated, low quality main line valves"—eerily similar to the issues associated with the San Bruno explosion—as the reason for the section's inclusion. This line was also installed 80 years ago and crosses the San Andreas Fault. The company told the CPUC that the cost of rerouting the line would be no more than \$8.5 million. However, this job will be put off until 2015.

Among the most disturbing sections on the list are a length of 4.3 miles in Fremont—classified by the company as the second-highest risk line in the Bay Area—and another 8-mile long section between Ripon and Stockton, which the company calls "the highest risk pipeline in the San Joaquin Valley." Of this section, PG&E says, "the consequence of failure makes the risks unacceptably high." Nonetheless, the \$33 million project will also not be completed until sometime between next year and 2014.

While PG&E included the San Bruno gas transmission line lying just north of the site of the explosion, the section that actually exploded is curiously missing from the list, despite the fact that it is 60 years old, without corrosion protection and

covered with circumferential welds and a weld running the length of the entire pipe.

While this information gives the public a breathtaking glimpse into the potentially disastrous condition of the state's gas infrastructure, much more remains to be revealed. There is no legitimate reason the company continues to withhold basic information about the history of and manner in which these pipelines are being inspected and maintained. Moreover, all customer calls are routinely recorded by the company, yet these recordings remain secret in spite of San Bruno residents reporting gas leaks weeks before the explosion.

Despite its mandate to police the safety of gas pipelines throughout the state, the CPUC only requested the information on the company's "top 100" most dangerous sites—whose existence PG&E disclosed as early as 2007—on September 17, 2010. In response to criticism, Executive Director Clanon said the CPUC didn't see the need for the information before. He brazenly declared that it wasn't for the CPUC, "to run the day-by-day activities of the utility."

In fact, the CPUC routinely ignores glaring safety issues in gas transmission. According to Geoffrey Brown, public utilities commissioner from 2001 to 2007: "During the entire six years I was at the PUC, we talked about a lot of things, but we didn't talk, to my memory, to any extent about pipeline safety."

"They are compliant lap dogs," said Loretta Lynch, CPUC president from 2000-02, referring to the agency's relationship with corporate utility companies such as PG&E. According to the *San Jose Mercury News*, she also accused PG&E of a history of neglecting critical maintenance.

An article published last week in the *Contra Costa Times* condemned a pattern of cost-cutting and fraud perpetrated on the people of California going back 20 years. According to the newspaper, PG&E and CPUC documents reveal that in 1993-95 alone the company collected \$80 million more from customers than it actually spent for its gas pipeline replacement program.

The money granted to PG&E for gas line repairs are not earmarked for those projects, thus there is absolutely no accountability. "It's the whole regulatory game. You come up with these very appealing things to spend on, and it becomes a slush fund to spend on other purposes," said Mike Florio a senior attorney for TURN (The Utility Reform Network).

In approving a 1995 funding request, the CPUC acknowledged the company's repeated failure to make needed repairs, but decided, "Despite consistent under-spending in previous years, we granted PG&E's full funding request." In response to the revelations, Julie Finch, another CPUC spokesperson, said, "What you are identifying is a pattern.... It's likely we're going to be asking them (PG&E) for more detail on what they are spending and why."

However, C. Lee Cox, PG&E's chairman, told media he thinks it's very unlikely that the CPUC will hold the company accountable in future rate negotiations, and with good reason. In addition to ignoring major risks to public safety, the CPUC

allows the company to charge rates 30 percent over the national average. PG&E is both a public utility—in the sense that the state guarantees it an 11.35 percent return (also above the industry average of about 10.5 percent)—and also a privately held corporation beholden to wealthy shareholders who demand increased profits.

As of Friday, the death toll in the lethal explosion in San Bruno, south of San Francisco, had risen to seven. Despite the San Mateo County coroner's unwillingness to pronounce death, the Bullis family publicly declared the death of three of its members: Lavonne, 82, Greg, 50 (a former marine who worked as a nurse in Walnut Creek, California), and his son William Bullis, 17 (a student at Mills High School in nearby Millbrae, California).

The same day, the Grieg family held a funeral at St. Cecilia Church for Jacqueline Greig, 44, and her daughter Janessa, 13, both killed in the explosion. Jessica Morales, 20, and Elizabeth Torres, 81, also died in the blast. Several people are still missing. The needless deaths have deeply affected the community of San Bruno, which will be traumatized by the experience for years to come. Last week San Bruno schools—Crestmoor and Portola Elementary—evacuated students and cancelled classes after reports of a gas odor.

What must be done to prevent more such deaths? The CPUC needs to be abolished and replaced with a democratically elected counsel of utility workers with technical skill and practical experience to resolve all lingering safety issues via a massive public works program. The infrastructure PG&E controls must be taken from its wealthy shareholders and their executives in the name of society and run on a rational basis, replacing the profit motive with the overriding goal of ensuring public safety in gas transmission.



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