PG & E to Pay $70M for Deadly Pipeline Blast

TERENCE CHEA, Associated Press

SAN FRANCISCO (AP) — Pacific Gas & Electric Co. has agreed to pay $70 million in restitution to San Bruno for the 2010 pipeline explosion that killed eight people in the San Francisco suburb, company and city officials said Monday.

In a joint statement, PG&E and San Bruno said the money will be used to establish a nonprofit organization to help the community recover from the Sept. 9, 2010, blast, which also injured dozens of people and destroyed 38 homes.

The funds will help San Bruno "get beyond the tragedy and devastation caused by PG&E's explosion and fire," said Mayor Jim Ruane. "As a community and as a city, we remain fully dedicated to assuring our community's full recovery."

The agreement does not settle about 90 civil lawsuits that victims of the explosion have filed against the San Francisco-based company. A trial has been set for July 23 in San Mateo County Superior Court.

The new nonprofit organization will determine how the restitution is spent for the benefit of the community as a whole. PG&E will make the $70 million payment within 30 days and won't seek to recover the money through insurance or customers' utility rates, officials said.

The company previously set up a $100 million fund to support emergency needs in the aftermath of the explosion in a quiet neighborhood overlooking San Francisco Bay.

PG&E President Chris Johns said: "We committed the night of the tragedy, and continue to commit, that we will help the victims and the community heal and rebuild. Today's announcement is another step in that process."

Bob Pellegrini, who sued PG&E after losing his home in the blast, said he is happy for the city but hopes the company will move quickly to compensate people directly affected by the explosion.

"This has been very traumatic for our entire neighborhood. You can see it on the people's faces. They're battle-weary," said Pellegrini, 49, who is still waiting to move into his house, which is being rebuilt.

PG&E officials have said the company plans to compensate blast victims and hopes to settle the civil lawsuits without going to trial. They have not specified how much the company will pay victims.

Federal investigators blame PG&E for the explosion, saying a litany of failures led to the blast, which they concluded was the result of an "organizational accident," not a

simple mechanical failure.

Escaping gas fed a pillar of flame 300 feet tall for more than 90 minutes before workers were able to manually close valves that cut off gas to the ruptured pipeline. Investigators said the damage would have been less severe had automatic valves been in place.

The California Public Utilities Commission voted unanimously in January to open a top-level legal investigation into whether PG&E broke any laws, a process that ultimately could end in hefty fines for the company. Agency staff issued a scathing report saying the natural gas line blew up in part due to what they called the systematic failures of PG&E's corporate culture, which emphasized profits over safety.

Staff also cited the utility's woeful record-keeping, haphazard emergency response and failure to follow both federal pipeline safety laws and accepted industry practices.

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