From: Cherry, Brian K
Sent: 1/10/2011 5:00:39 PM
To: 'Clanon, Paul' (paul.clanon@cpuc.ca.gov)
Cc:
Bcc:
Subject: Re: CPUC Newsclips for Monday, January 10

We live in parallel universes....

**From:** Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]
**Sent:** Monday, January 10, 2011 5:00 PM
**To:** Cherry, Brian K
**Subject:** Re: CPUC Newsclips for Monday, January 10

My guys are having trouble with this one too for some reason.

On Jan 10, 2011, at 4:53 PM, "Cherry, Brian K" <BKC7@pge.com> wrote:

> Nothing yet. Soon I hope. I heard the response they received from Law was unintelligible.
>
> **From:** Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]
> **Sent:** Monday, January 10, 2011 4:53 PM
> **To:** Cherry, Brian K
> **Subject:** Re: CPUC Newsclips for Monday, January 10
>
> Nothing back on this yet?
>
> On Jan 10, 2011, at 10:39 AM, "Cherry, Brian K" <BKC7@pge.com> wrote:
>
> > Will get you the answers.
> >
> > **From**: Loduca, Janet C.
> > **Sent**: Monday, January 10, 2011 10:38 AM
> > **To**: Cherry, Brian K
> > **Cc**: Garber, Stephen (Law)
> > **Subject**: RE: CPUC Newsclips for Monday, January 10
> >
> > Brian - the team is working on some follow-up Q&A.

**From:** Cherry, Brian K
**Sent:** Monday, January 10, 2011 10:05 AM
**To:** 'paul.clanon@cpuc.ca.gov'; Loduca, Janet C.; Pruett, Greg S.
**Cc:** Bottorff, Thomas E
**Subject:** Re: CPUC Newsclips for Monday, January 10

Not sure. Let me follow up. I was under the same understanding. Jane or Greg - can you help ?

**From**: Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]
**Sent**: Monday, January 10, 2011 10:03 AM
**To**: Cherry, Brian K
**Subject**: FW: CPUC Newsclips for Monday, January 10

What are your guys saying about the facts in the Chron story yesterday? Contradicted my understanding of the rules, anyway.

**From:** Clanon, Paul
**Sent:** Monday, January 10, 2011 9:35 AM
**To:** Clark, Richard W.; Halligan, Julie; Stepanian, Raffy; Lindh, Frank; Fitch, Julie A.; Berdge, Patrick S.; Lewis, Kenneth E.
**Subject:** Re: CPUC Newsclips for Monday, January 10

The Chronicle's story on the 2008 temporary rise in pressure on Line 132 to 400 psi doesn't match what i've heard. What are the facts? Is it standard practice or not to raise pressure up to MAOP to preserve the maximum? Is 2008 really the only time PG&E has raised pressure on that line above 375 until the explosion?

On Jan 10, 2011, at 9:01 AM, "Hall, Thomas A." <thomas.hall@cpuc.ca.gov> wrote:

> Good morning. We have clips on the PUC's work to ensure pipeline safety, high-speed rail and more.
>
> ## CPUC NEWSCLIPS
>
> For Monday, January 10, 2011
>
> For newsclips help, contact Tom Hall (tbh) at 916-928-2274

Newsclips also available on Intranet in .doc format

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## ENERGY – California

### *SJ Mercury News* - Establishing safe pressures for PG&E gas lines could prove huge, costly task

By Steve Johnson and Pete Carey, Jan 9

As state regulators start the process of making PG&E

verify that the pressure limits for its natural gas pipelines are safe, they have been dismayed by the disorganized state of the utility's records, complicating a project that is now predicted to take years, cost millions and inconvenience customers along the way.

Based on what the California Public Utilities Commission has determined so far, it appears at least 450 miles -- or one fourth -- of the 1,800 miles of gas transmission pipes that PG&E operates in urban areas may need to undergo pressure tests -- typically done with liquid or gas -- to establish the safe level. That's because the company may not have paperwork justifying the limits it has set for those pipes.

Just locating all the records that describe the condition of PG&E's vast pipeline network could prove onerous, commission officials told the Mercury News last week. They said the documents appear to be scattered hither and yon, with some in dusty file cabinets, remote field offices and other places the company isn't even sure about. Even if all the records can be found, it's unclear how much stock can be put in their accuracy, given the recent revelation that PG&E's paperwork mischaracterized the portion of San Bruno pipe that exploded Sept. 9, killing eight people and destroying 38 homes.

"We've been putting them under the microscope, and when you do that, you find things that are ugly," said Julie Halligan, deputy director of the utility commission's consumer protection and safety division. "That doesn't increase your confidence."

After a recommendation from the National Transportation Safety Board, the CPUC last week ordered PG&E to identify all manufacturing, maintenance and other documents for its gas pipes so the utility can determine the lines' maximum allowable operating pressure, based on each pipe's weakest part. If the utility can't do that, the CPUC board recommended, the utility should conduct pressure tests to establish the safe level -- a procedure that involves shutting off the gas to customers.

What the CPUC didn't reveal -- until the interview with the Mercury News -- is just how involved it expects the task of finding records and testing pipes to be.

Although the cause of the San Bruno blast is still under investigation, the NTSB issued a rare "urgent" advisory last week, in part after discovering the pressure in the San Bruno transmission pipe spiked right before the blast but never reached its maximum allowable operating pressure. The pipe had been pressure tested

at that maximum level two years before the explosion.

In addition, although PG&E's records described the burst pipe section as seamless, the federal agency found that the segment actually had been welded along its length, making it potentially more susceptible to rupture.

PG&E officials declined to comment to the Mercury News late last week about the CPUC's latest concerns. But the company wrote the CPUC on Friday that it hoped to deliver the records the agency is seeking by March 15, adding, "This is a substantial undertaking."

Paul Clanon, the commission's executive director, agreed. "The records search we ordered PG&E to undertake is unprecedented," he said. "The pure logistics of getting to all those records is daunting."

Many of the more than 6,000 miles of PG&E's gas transmission lines were installed decades ago when the utility wasn't required to keep extensive paperwork on the pipe's method of construction, inspection history and other factors. Consequently, in some cases PG&E has only limited or incomplete records, Halligan said, and in other instances, "they have no records whatsoever."

State officials hope to find multiple documents that provide matching descriptions about each pipe segment, giving them some assurance the records accurately reflect what is underground.

But in cases where the records are contradictory, fuzzy or nonexistent, line segments will have to be pressure tested, they said. Although that process will shut off gas to customers in the affected area, the utility could deliver gas via trucks or alternate distribution lines to areas where pipes are being tested. How all that might work, and how many customers will be affected, has yet to be determined. PG&E has 2.9 million natural gas customers in the Bay Area.

"It potentially could be really big in terms of the disruption" for the public, said Frank Lindh, legal counsel to the CPUC.

Gas pressure already has been reduced by 20 percent in five Bay Area transmission lines because of concerns that the ruptured San Bruno segment may not be the only weak spot in PG&E's pipe network. Depending on what other problems may surface from PG&E's record search, the utilities commission may have to reduce the pressure in additional lines, which

could result in other customers not getting as much gas as they need.

Similarly unknown is the price tag for all this work.

Lindh estimated the pressure testing alone might cost "multiple tens of millions" of dollars. And if the pressure tests reveal weaknesses that require pipe segments to be replaced, the bill could increase much more. State officials said it typically costs $6 million to replace one mile of transmission pipe. Who will pick up the bill is yet to be decided.

None of this will happen overnight.

"It's going to take years," Clanon said, though he stressed that "doesn't mean the system is unsafe in the meantime. We're taking the steps to insure the safety of the system by reducing pressure and taking other steps."

He added that his agency is committed to improving PG&E's pipeline operations.

"It will get done," Clanon said. "The sense of urgency we feel at the CPUC is huge. People died at San Bruno."

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### *UPI* - PG&E records 'ugly,' California says

By Staff, Jan 10

SACRAMENTO -- Records related to natural gas transmission pipelines in California operated by Pacific Gas and Electric Co, are "ugly," a state utility director said.

The California Public Utilities Commission ordered PG&E to find documents related to its California gas transmission network so it can examine the operating pressure in the pipes to find weak spots.

The company, the San Jose Mercury News reports, might not have all of the paperwork. The CPUC, meanwhile, notes that about 25 percent of the companies 1,800 miles of pipeline might need pressure testing.

"We've been putting them under the microscope, and when you do that, you find things that are ugly," said Julie Halligan, a deputy director of consumer protection

and safety division at CPUC. "That doesn't increase your confidence."

Most of the gas transmission lines were installed before extensive record-keeping was required, the newspaper report adds. Halligan said in some circumstances there are no records about California's natural gas pipelines.

A natural gas pipeline owned by PG&E burst Sept. 9, sparking a massive fireball that ripped through a San Bruno neighborhood. The explosion killed eight people and destroyed 37 homes.

The National Transportation Safety Board said it found weld issues along the San Bruno pipeline that may have led to the rupture.

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### *SF Chronicle* - PG&E surge may have stressed San Bruno line in '08

By Jaxon Van Derbeken, Jan 9

Pacific Gas and Electric Co. briefly raised the pressure on its San Bruno natural gas line to the brink less than two years before the explosion that killed eight people - an action experts call a "huge gamble" that they fear made the pipe more susceptible to failure.

A Chronicle investigation into events before the explosion led PG&E officials to reveal that for two hours on Dec. 9, 2008, the company intentionally boosted gas pressure to the maximum legal limit of 400 pounds per square inch. That was more pressure than PG&E has ever acknowledged using on the line, which it normally ran at 375 pounds per square inch.

The utility initially explained that it had boosted the pressure because federal regulations required it to do so, but later conceded that its interpretation was inaccurate. It then explained that the spike was "part of our operating practice."

This is the first time the company has ever acknowledged running the San Bruno line at its legal maximum - a level now under scrutiny by federal investigators in light of revelations that PG&E had erroneous records about the pipeline's characteristics.

The next time the pressure exceeded 375 pounds per square inch on the line was on Sept. 9, when a

malfunction caused a surge to 386 pounds - a spike that coincided with the deadly explosion and fireball in San Bruno that destroyed 38 homes.

Early strain in line

PG&E's intentional surge in 2008 could have strained the San Bruno line and made it more vulnerable to failure at lower pressure levels, according to experts interviewed by The Chronicle. Strain caused by one surge, they said, can weaken a pipe to the point where it can fail at a lower point when pressure surges again.

"If there was a defect very close to failure, it could cause that defect to enlarge," said Robert Eiber, a nationally recognized pipeline expert. "I'm frankly amazed they were willing to take the risk. I don't know if they were aware of the risk they were taking or not. But in a case like this, it was a huge gamble."

When queried by The Chronicle, PG&E initially said federal regulators require that a pipe be run at full strength at least once every five years in order for the utility to "preserve" its legal capacity.

If the pressure ever exceeds that limit, the utility is obligated to conduct a costly, high-priority inspection of the line.

Had PG&E not spiked the pressure on the 30-inch transmission line running from Milpitas to San Francisco, utility spokesman Denny Boyles first said, the pipe's capacity would have been permanently reduced to 375 pounds per square inch under federal law.

Changing stories

But the spokesman later backtracked when asked to cite the specific federal regulation, saying PG&E's earlier response was "too general and as a result inaccurate." He maintained that PG&E still believed that 400 pounds per square inch was a "very safe level" for the San Bruno line.

In a subsequent statement, the company no longer said federal law had prompted its action.

"Putting the pressure up to 400 was part of our operating practice," Paul Moreno, a PG&E spokesman, said Friday. He said the utility operates its lines at their maximum once every five years. He declined to elaborate.

The U.S. Pipeline and Hazardous Materials Safety Administration said in a statement that the agency "does not require a pipeline operator to do anything" to preserve the legal pressure capacity of gas transmission lines.

When asked about the surge, a spokeswoman for the California Public Utilities Commission, which regulates PG&E, said only that "we do not have rules about spiking artificially."

The National Transportation Safety Board's investigation into the cause of the San Bruno blast is looking at any previous incidents of pressure surges. "That's going to be part of our investigation, and we will be looking at the pipeline's operating history," said Peter Knudson, a safety board spokesman.

Experts shocked

Although the San Bruno line did not fail during the 2008 pressure spike, experts interviewed by The Chronicle said the utility had been taking a terrible chance.

Richard Kuprewicz, a pipeline safety consultant in Redmond, Wash., said that in spiking the pressure, PG&E's action created the likelihood that "stable operations may be stressed and become unstable."

"You just don't go out there and do real-time pressure tests of this magnitude on lines without doing careful thought and evaluation," Kuprewicz said. "This is a gas transmission pipeline. This is in the middle of a city. You don't just go raise the pressure on pipelines and hope they stay together."

Eiber, a pipeline integrity consultant and researcher in Columbus, Ohio, with 50 years of experience in the business, said the natural gas industry all but abandoned artificial spikes after a 1960 incident in New Mexico in which a pipe split along its seam for 8 miles during such a test. No one was hurt.

The September disaster in San Bruno, Eiber said, "demonstrated what could have happened in their spike test. It's not a good practice."

Boyles, the PG&E spokesman, declined to respond to the criticisms, citing the federal investigation into what caused the explosion.

Records problems

The intentional pressure spike was also problematic because questions have emerged since the explosion about whether PG&E knew the real strength of the San Bruno line when it set the maximum gas pressure at 400 pounds per square inch in 1970.

The utility has conceded that its records erroneously showed that the San Bruno section of the pipeline, installed in 1956, had no seams. In fact, federal investigators found, the ruptured portion of the line not only had seams, but was pieced together in several 4-foot-long sections that were constructed to unknown, potentially inferior, specifications.

The National Transportation Safety Board says its investigators are examining the quality of seam welds that held the pipeline together - welds that PG&E did not know existed when it set the pipeline's maximum pressure. The federal agency has not reached a conclusion about what caused the explosion.

The board said last week that "it is critical to know all the characteristics of a pipeline in order to establish a valid MAOP (maximum allowable operating pressure) below which the pipeline can be safely operated. The NTSB is concerned that these inaccurate records may lead to incorrect" maximum pressure levels.

James Hall, a former chairman of the safety board and now an independent pipeline safety advocate, said PG&E's erroneous records about the line could have led the utility to set the maximum pressure level too high.

"If you don't have the records on the pipe, how are you setting the pressure?" Hall said.

Inspection issues

In fact, federal pipeline officials say, the intentional 2008 surge might have had some bearing on the validity of PG&E's subsequent inspection of the line in November 2009, which found no problems in the pipe.

The only pressure figure the government considers relevant, according to the federal pipeline safety agency, is the highest level at which the line was run from about 1997 to 2002, when Congress passed a law requiring regular inspections of pipelines in urban or "high consequence" areas.

That peak becomes a benchmark that could, if exceeded, activate a new inspection.

PG&E officials said Friday that the utility did not run the line above 375 pounds per square inch from 2000 to 2002, but that older records were unavailable.

PG&E has said it kept the San Bruno line's pressure at 375 pounds per square inch because it was connected to three other, weaker lines with that capacity. PG&E pinched off those lines for the 2008 surge, the utility said.

Putting stress on welds

Any surge above the benchmark level - intentional or otherwise - is exactly the type of incident that, under the 2002 law, should have forced PG&E to conduct a high-priority inspection using a technique that could detect weakness in a pipe's welds, federal officials said.

That's because pressure surges can put stress on a line's welds, meaning the line is no longer considered "stable," the federal pipeline safety agency said.

PG&E went forward with the November 2009 inspection using a method suitable mainly for detecting pipe corrosion, not weakness in welds.

That method, called direct assessment, involves researching records on a pipeline, electronically mapping it using ski-pole-like devices, and digging spot-check holes to examine the pipe.

The method considered more reliable for finding weak welds involves shutting down a pipe, pumping high-pressure water into it, and then repairing any damage that materializes. PG&E has avoided using it on most of its gas transmission pipes, citing the inconvenience to customers and cost of shutting down lines.

Nevertheless, PG&E's intentional spike of the line's pressure might have prevented it from using direct assessment in its 2009 inspection, federal officials indicated.

"Direct assessment is not considered a viable assessment method when manufacturing and construction defects are 'unstable,' and therefore would not be permitted under federal regulations," the pipeline safety agency said.

PG&E did not respond to queries about the legality of the 2009 inspection. The utility has consistently defended direct assessment tests as being reliable.

'Reckless enterprise'

Hall, the former National Transportation Safety Board chairman, called the 2008 spike "a reckless enterprise" that was "obviously an exercise for their financial situation, not safety."

"You are dealing with pipe that has been in the ground more than 50 years, it has never had an internal inspection tool in it, has incomplete records, and they now artificially spike the line?" Hall said. "Why would you take such a high-risk action in a high-consequence area?"

Every spike above normal operating pressure presents a risk of disaster in such an old pipeline, Hall said.

"You can roll the dice many times," he said, "before you come up with snake eyes."

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### *Tahoe Daily Tribune* - Power through the storm?

Outages raise concerns as a new company takes over

By Adam Jensen, Jan 10

SOUTH LAKE TAHEO, Calif. — Concerns about how a new, smaller electric company will be able to respond to widespread power outages persist following a change in energy providers in the Lake Tahoe Basin.

Liberty Energy — California Pacific Electric Company completed its purchase of Sierra Pacific Power Company's electrical distribution and generation assets Jan. 1.

The power company was previously referred to as CalPeco in California Public Utilities Commission documents. Sierra Pacific Power Company is a subsidiary of NV Energy and included the Nevada corporation's California operations.

Two South Lake Tahoe City Council members, Tom Davis and Bruce Grego, said they are concerned with how the new company will be able to respond to power outages like those experienced last week.

NV Energy serves about 1.2 million customers in Nevada, while Liberty Energy's coverage includes 46,000 customers in Nevada, Placer, Sierra, Plumas,

Mono, Alpine and El Dorado counties.

“They're a small company; do they have the resources to deal with a power outage?” Davis asked Thursday.

Wet, heavy snow knocked out power to almost 10,000 customers at the South Shore Dec. 29. Although most customers' electricity was restored Dec. 30, some were without power for more than 48 hours.

Several NV Energy crews from Reno and the Carson Valley were used to help restore power at the lake.

Bob Dodds, president and general manager of Liberty Energy, said the new company will have two crews at the North Shore and two crews at the South Shore, just like Sierra Pacific did.

He also said the new power company will also be able to use resources from NV Energy when necessary.

“We have agreements with NV Energy that we can pull in crews as we need,” Dodds said.

The agreements are formal, but are not available for public review because they are proprietary, Dodds said.

Dodds said the goal is to make the transition between Sierra Pacific and Liberty Energy as seamless as possible.

The South Lake Tahoe City Council approved transfer of the city's franchise agreement from Sierra Pacific to Liberty Energy in October. The 25-year agreement ends in 2018.

Councilman Bruce Grego was the lone dissenting vote against the transfer. He asked for a delay so the transfer could receive further scrutiny. On Thursday, he said the City Council should have been more critical of transferring the franchise agreement, possibly placing conditions on the new company to ensure service standards.

At the time, then-Councilman Bill Crawford said it would be “frivolous” to delay a vote on the item because the council cannot prevent NV Energy from selling its property.

The lack of a vested interest in the area covered by Liberty Energy by NV Energy could delay help to the South Shore in the case of widespread power outages,

Davis said. Using another company's resources could also pass along? costs to consumers, Davis added.

Customers' monthly bills should remain at the same level, but will be itemized differently because of the switch, Dodds said. He said a rate increase in 2012 should be similar to what Sierra Pacific would have proposed.

NV Energy spokeswoman Faye Anderson did not return a request for comment Thursday.

Davis called the potential for long-lasting, widespread power outages in winter “very disturbing,” especially for seniors or others who have trouble leaving a residence in an emergency.

Both Davis and Grego said they've asked City Manager Tony O'Rourke to discuss emergency response preparations at an upcoming council meeting, especially when it comes to keeping the lights on in the city.

Neither councilman had any doubt that the city will see a storm similar to last week's in the future.

Grego said he hoped Liberty Energy would be a part of the discussions with the city. But what the city can do beyond that may be limited, Grego said.

“I think the only thing we can do is wait and see how they perform,” Grego said.

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### *Santa Rosa Press Democrat* - PG&E, state PUC should heed plea from U.S. regulators (EDITORIAL)

By Editorial Board, Jan 8

When a natural gas pipeline exploded in San Bruno on Sept. 9, we, along with many others, suspected it was further evidence of our nation's aging infrastructure.

However, we withheld final judgment until the investigation of the cause of the explosion, which killed eight people and demolished 37 homes, could be completed. Four months later, the verdict is in, and it's worse than suspected.

Not only was the gas line rupture the result of

infrastructure failure, PG&E didn't even have accurate records about the type of pipes it was using underground.

PG&E's own engineering reports said that the San Bruno pipeline was seamless and had been built by one company. Further investigation showed that the steel segment had weak longitudinal seams and that the pipe had ruptured in a segment that had been seam-welded. Plus, not all of the segments were made by the same company, according to federal officials.

Because of that, federal regulators this week sent an urgent message asking PG&E to make sure it is operating natural gas pipelines at safe pressures and, if uncertain, to consider scaling back on the pressure to 80 percent until the lines can be tested.

Given that most houses and business within Sonoma County receive their gas and electric service from PG&E, locals should take notice.

The warnings came in two waves. On Monday, the National Transportation Safety Board called on PG&E to complete an “intensive record search” including possibly doing pipeline testing.

A day later, the federal Pipeline and Hazardous Materials Safety Administration issued a directive to all of the nation's gas line operators calling for “detailed threat and risk analyses” on the pipeline systems.

The NTSB lacks the authority to force PG&E to take action. But the California Public Utilities Commission does have such authority — and should use it. In fact, these urgent recommendations by federal regulators should be as embarrassing to the CPUC as it is to PG&E. It raises the question, why wasn't the CPUC ensuring that PG&E maintains proper records while at the same ensuring pressure is at safe levels?

Maintaining infrastructure — let alone maintaining records of infrastructure — is not sexy business. Few citizens are likely to step up at a CPUC meeting or a PG&E shareholder meeting demanding proper attention to and funding for maintaining infrastructure, particularly in a time of austerity.

Nevertheless, the dangers of backing off on such upkeep are now clear and quantifiable: Eight lives lost. Thirty-seven homes demolished.

If PG&E hopes to show its customers it's committed to safety and not taking shortcuts, it will follow the

recommendations of federal regulators quickly. The state PUC should do the same.

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### *Marin Independent Journal* - PG&E should give customers a choice on SmartMeters (EDITORIAL)

By Editorial Board, Jan 9

IF PACIFIC GAS and Electric Co. really cared about good public relations, it would give its customers the option of having SmartMeters installed.

Right now, PG&E is trying to bully its way through a P.R. disaster in Marin — when it needs to repair a few old ones.

On Tuesday, the Marin Board of Supervisors voted for a one-year emergency ban on the installation of the electronic meters that replace mechanical devices that had to be manually checked by meter readers. The wireless meters allow PG&E and its customers to monitor power consumption far more closely, which has many advantages. The new meters also mean PG&E doesn't have to pay meter readers to visit every house and business that has a meter.

SmartMeters were launched, with the state Public Utilities Commission's blessing, as a "green" measure, an easy way for ratepayers to keep track of their own power usage as a way to reduce consumption — and potentially their power costs.

What PG&E and the PUC didn't expect was opposition to the meters over worries that the wireless devices could pose health risks. That opposition has been especially strong in pockets of Marin.

A number of Inverness residents made news when they created a blockade in an effort to stop workers from getting into town to install the meters. Some even were arrested.

That display of civil disobedience was not the right approach. Protesters, while preventing PG&E from having meters installed at their homes, also were preventing the utility from changing meters on other residents' homes, some of whom might want the new devices.

PG&E maintains that SmartMeters create less

exposure to electromagnetic frequencies than regular use of a cellphone or a microwave oven. It could be right.

But the utility giant has a major public-trust problem, much of which is its own doing, including arrogantly spending tens of millions in last year's failed effort to get state voters to approve Proposition 16. And it will be dealing with fallout from the pipeline explosion in San Bruno that killed eight people for years.

Assemblyman Jared Huffman has introduced legislation to halt SmartMeter installation until the California Council of Science and Technology can collect information, analyze it and issue findings about the devices.

Local jurisdictions may not be able to ban the installation of SmartMeters. PG&E gets its marching orders from the PUC. But there is enough concern that PG&E, rather than forcing SmartMeters onto its customers, should give its ratepayers a choice.

That choice may come with a price if PG&E needs to pay meter readers to go to homes where customers want to keep their mechanical meters. That's a choice each customers would have to make, but it's a choice PG&E would be wise to offer. PG&E would be wise to remember these are customers who are unhappy.

The reality is that most likely will be OK with their SmartMeters.

Part of PG&E's job is responding to storms and fixing damage. The company didn't see this storm coming. Giving ratepayers a choice is — at this stage — an overdue repair.

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## TELECOM – California

### *LA Times* - What's to blame for AT&T outages? (COLUMN)

Recent storms caused many AT&T customers in California to lose phone, TV and Internet service, with about 70,000 still affected.

By David Lazarus, Jan 6

Steve Robin works out of his La Crescenta home as a real estate investor and property manager. He relies on AT&T for his phone line, fax line, broadband Internet connection and TV service.

So it wasn't a very ho-ho-ho moment when Robin, 50, became one of thousands of AT&T customers statewide who lost service Christmas Day as a series of powerful storms clobbered California.

His frustration grew as the days passed and the only thing AT&T service reps could tell him was that technicians were on the case. It wasn't until Monday night — 10 days after the outage began — that Robin's service was finally restored.

And he can consider himself lucky. As of this week, AT&T said it still had about 70,000 "trouble tickets" to address throughout the state and particularly in Southern California. That's about 10 times the usual number of customers reporting that their service is on the fritz.

Verizon also experienced extensive outages, although the company declined to specify how many customers were affected. Time Warner Cable said its service was disrupted in many SoCal neighborhoods.

The problems highlight the vulnerability of the telecom network — and what technicians say is a shortage of available manpower when service goes down. Recent cutbacks by telecom companies have thinned the ranks of skilled workers capable of responding to an emergency.

It's unreasonable to expect phone and cable companies to keep work crews around on a just-in-case basis. The trick is finding the correct staffing balance that allows the greatest flexibility.

The storm-related loss of phone, TV and Internet service illustrates how reliant we've come to be on these technologies, and how isolated (not to mention unproductive) we become when they're taken away.

"I was dead in the water," Robin said. "To keep working, I had to take my laptop to Starbucks, make business calls on my cellphone, go to other people's homes. I had to do whatever I could to stay connected."

I know the feeling. Our home also lost Internet access for a week and it was like having the umbilical cord severed. Suddenly all that life-sustaining data was

gone.

On the plus side, it was a holiday week and neither my wife nor I needed to be online. And our family was able to play some cutthroat games of Clue (isn't it always Col. Mustard committing the foul deed?).

But it's a drag being without a service that we pay handsomely for and that we expect to be provided with a modicum of stability. Isn't that what all those rate increases are about — keeping the network up to snuff?

You never realize how much you've come to depend on having all of cyberspace piped into your home until the line suddenly goes dark.

John Britton, an AT&T spokesman, said he was as surprised as anyone by the scope of the recent outages.

"We've seen the most water damage to the network in more than 10 years," he said.

Britton said hundreds of extra technicians have been rushed to the Southland from Northern California and other states to help get the system up and running again. He said AT&T hopes to have everything fixed by early February.

"We're putting maximum resources into dealing with this," Britton said.

A pair of AT&T technicians, who asked that their names be withheld out of concern that it could cost them their jobs, told me in separate interviews that this is indeed the case — the company is putting on a full-court press to deal with the situation. They said they and their cohorts are working mandatory seven-day weeks and 12-hour days.

But the technicians said the outages didn't need to be this bad.

"The company hasn't kept up with maintenance and upgrades for the network," one said. "That's why the problems are so widespread."

The technicians said cables and phone lines wouldn't have been so waterlogged if their casing and insulation had been inspected and repaired at more regular intervals. Both cited hungry squirrels chewing on lines as a key reason water gets in.

They also said flooding of underground vaults and pipes wouldn't have caused so much damage if the facilities had been regularly maintained.

The technicians said the network would be better maintained, and repairs would be faster, if AT&T hadn't lost so many workers in cutbacks. About 525 California technicians left the company or were reassigned last March.

Britton disputed that AT&T was unprepared for the storm damage.

"This is an emergency situation," he said. "We're not the only ones affected. They even had to close down the freeway because of the weather."

He said the number of technicians has declined in tandem with declines in the number of wire-line phone customers (as opposed to wireless customers). "We staff for the amount of work we have," Britton said.

"This network operates virtually flawlessly 99.999% of the time," he added. "When it doesn't, we're out there maintaining it."

Be that as it may, it's clear that our telecom infrastructure is more fragile than most people realize. In this age of multimedia, digital, high-speed, hold-on-to-your-hat content consumption, any outage can be disastrous for people and businesses.

It's great to get off the grid now and then and chase down mean old Col. Mustard. But that should be at your own choosing, not because you've been knocked offline for weeks.

I'm not telling AT&T how to run its business. But for a company that pocketed $12.3 billion in profit in the third quarter of 2010 alone, maybe it wouldn't hurt to have a few more techs on hand.

Just in case.

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## TRANSPORTATION – California

### *San Mateo Daily Journal* - High-speed rail

**head ditches Caltrain**

By Bill Silverfarb, Jan 7

Bob Doty, a man brought in to help save Caltrain from financial ruin by partnering with the California High-Speed Rail Authority, is moving to the private sector after heading the Peninsula Rail Program for two years.

Doty will take a senior executive position with HNTB, an engineering firm contracted to design the Peninsula segment of the high-speed rail project. He will first work on a high-speed rail program in Florida, however. Doty worked for and answered to both Caltrain and the rail authority and by agreement will do no work on the Peninsula section of the rail corridor for the next year.

The move forces Caltrain to reconsider how it will move forward with high-speed rail because Doty was hired to "save" Caltrain, Executive Director Mike Scanlon wrote in a statement.

"His departure means we will rethink the structure and the personnel to go forward with high-speed rail," Scanlon wrote in the statement. "We entered into the agreement with High-Speed Rail to help save Caltrain. We still have to save Caltrain."

Doty headed the working groups for city staff and officials related to the alternatives analysis document released in August and presented designs that showed mostly an aerial viaduct solution for the tracks on the Peninsula, not the most popular choice for many cities.

He also rolled out Context Sensitive Solutions, a tool that was meant to bridge the gap between members of rival communities who may have different opinions on how the tracks should be configured.

Not everyone was impressed with his work, however.

Belmont Mayor Coralin Feierbach said she is glad he is leaving.

"It might help that he's leaving," Feierbach said. "He was inflexible."

Belmont opposes an aerial solution for a high-speed rail and would prefer to have the tracks buried through town as does Burlingame.

Although Doty presented solutions for high-speed rail

that were not favored by many cities, Burlingame Mayor Terry Nagel did appreciate his straightforward approach.

“He will be hard to replace,” Nagel said. “He gave direct answers early on.”

High-speed rail problems start with an inadequate business plan and faulty ridership projections, Nagel said.

Nagel hopes the environmental review process will slow down or restart to include some of the alternatives the cities preferred, such as tunneling or cut-and-covered trenches.

Doty’s last day as director of the Peninsula Rail Program will be Jan. 21. His new position at HNTB will be vice president and director of high-speed rail programs.

By agreement with Caltrain and the rail authority, Doty will do no work on the Peninsula section for a year.

“We created the PRP to take full advantage of Bob Doty and his unique experience and expertise across the globe in designing and delivering large-scale rail projects. It is no surprise that a man of Bob’s talents and expertise is being snatched up by one of the firms that wants to be a player in the domestic high-speed rail competition,” Scanlon wrote in a statement.

Scanlon said Caltrain entered into the agreement with the rail authority to help save the commuter rail service, which has no dedicated stream of funding.

The transit agency’s overall fiscal year 2010-11 budget, approved in July, is about $100.9 million but is projected to drop by $30 million in the next budget cycle as contributions from SamTrans, Santa Clara County’s Valley Transportation Agency and the San Francisco Municipal Transportation Agency are expected to be slashed by half next year.

Doty would not discuss the details of the compensation associated with his new position in the private sector, except to say it is expected to be “substantially more” than the $178,000 per year he was paid as director of the Peninsula Rail Program, according to Caltrain.

HNTB is an engineering and design firm that is under contract to provide consulting expertise to high-speed rail projects throughout the United States. In California, it is designing the Peninsula segment of the California

High-Speed Rail project.

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### *Fresno Bee* - Path of high-speed rail worries Valley farmers

By Tim Sheehan, Jan 9

California's ambitious plan for high-speed trains is drawing sharp criticism from San Joaquin Valley farmers who fear the project would carve their property into useless pieces, disrupt their work and drive down land values.

Others accuse the California High-Speed Rail Authority -- the agency tasked with building the 800-mile system over the next decade -- of ignoring their concerns and steering the proposed rail line into the countryside as the path of least resistance.

"I have been able to deal with immigration officials, the United Farm Workers union and Congress," said Manuel Cunha, president of the Fresno-based Nisei Farmers League. "But these guys [at the rail authority] don't want to talk with us. Their attitude is, 'We are going to put this through and we don't really care about these farmers.' "

Not so, said Jeff Barker, the authority's deputy executive director.

"Agriculture is absolutely being listened to, and it will factor into the decisions we're making," Barker said. "You can't build a piece of infrastructure like this without affecting agricultural land, and we want to work with agriculture to mitigate those effects."

If the project is built as planned, about 170 miles of dedicated high-speed tracks would carry passengers between Merced and Bakersfield at speeds of up to 220 mph across some of the world's most fertile farmland.

That worries not only farmers whose land is likely in the path of the tracks, but also growers who have property on either side of the route.

"I'm a family farmer, and I want to stay a family farmer," said Brad Johns, a tomato farmer north of Hanford who fears the rail line would slice through his farmland "and right through the front door of my house."

"But I am acquiescing to reality," Johns said. "This [train] is coming ... and I just have to learn to live with a new neighbor."

Beyond lost acreage

Between Fresno and Bakersfield -- where the first $5.5 billion section of tracks is supposed to be built starting in 2012 -- one primary route is being considered by the rail authority. It generally runs alongside the Burlington Northern Santa Fe railroad tracks. Exceptions include a sweeping arc to take the tracks east of Hanford and several options to bypass Corcoran, Allensworth, Wasco and Shafter.

Two route options are being evaluated between Fresno and Merced. One parallels the Union Pacific railroad tracks and through the cities of Chowchilla and Madera along Highway 99, while the other tends to run alongside the Burlington Northern Santa Fe tracks a few miles to the east.

Depending on the route that's ultimately set between Merced and Bakersfield, the rail line may displace about 1,900 acres of property, according to the rail authority. Of that acreage, about 1,460 acres is farmland -- about 2 one-hundredths of a percent of the more than 7.5 million acres of agricultural land in Merced, Madera, Fresno, Kings, Tulare and Kern counties.

But farmers say the effects would be out of proportion to the acreage affected.

Johns owns 320 acres, some of which has been in his family for more than 60 years. He estimates he would lose about three acres if the tracks go where he believes they will. He's not happy about it.

"This was never part of my game plan," he said. "But I'm not going to take these lemons and make lemonade. I'm going to make margaritas."

Johns said he'll negotiate with the authority for the best possible deal to compensate for lost land and possible loss of his home.

Johns said coming through farmland naturally makes more sense for rail planners than disrupting businesses and industries in cities.

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## *LA Times* - Expo Line bidders under new scrutiny in fraud and construction problems

Probe comes after an initial review disclosed federal investigations, alleged evasion of hiring requirements and other problems.

By Dan Weikel, Jan 8

Builders of the Expo light-rail line in Los Angeles on Thursday sought to reevaluate two bidders on the project after an initial review uncovered a trail of federal investigations, allegations of fraud, past construction problems and payouts of millions of dollars in damages.

The Exposition Metro Line Construction Authority ordered a more in-depth performance analysis of the Skanska/Rados and the URS/Shimmick joint ventures — two prospective finalists competing for a contract to build the $1.5-billion second phase of the light-rail system from Culver City to Santa Monica.

"This is important and indicative of a new level of awareness by the board that we should be proactive," said Los Angeles County Supervisor Mark Ridley-Thomas, who is a member of the Expo board and requested the initial review of the two bidders.

The inspector general's office of the Los Angeles County Metropolitan Transportation Authority will handle the more detailed analysis, which includes contacting previous clients to assess each company's performance and responsibility on other construction projects.

Ridley-Thomas requested the first evaluation by the inspector general in early December after reading a news account of a federal investigation in New York that targeted Skanska USA Civil Northwest, a subsidiary of Skanska USA.

Authorities are looking into whether the subsidiary used front companies to evade requirements that it hire a certain number of subcontractors owned by women, minorities or businesses that have been officially designated as disadvantaged.

Skanska USA, a major construction company, also is the parent company of Skanska USA Civil West, which is interested in participating in the Expo project. Its partner in the joint venture is Steve P. Rados Inc.,

based in Santa Ana.

The inspector general's initial review did not find anything questionable about Rados' past performance on contracts, but it discovered four other matters related to Skanska operations, including the New York investigation.

The others involve the construction of a water filtration plant that more than doubled in price from $1.3 billion to $2.8 billion, the death of a worker for a subcontractor that resulted in occupational health and safety charges, and news accounts indicating that Skanska contributed to a secret blacklist that targeted union officials in the United Kingdom.

Skanska executives could not be reached for comment, but Steve S. Rados, co-president of Rados Inc., defended Skanska USA Civil West as a "first-rate outfit" that he had no reason to doubt. He added that he has no problem with the new performance review.

Among other things, the inspector general found that URS Corp. agreed to pay $5 million in damages to the state of Minnesota and $52 million to the victims of the Interstate 35 bridge collapse in Minneapolis three year ago. The report stated that the company was hired to analyze the integrity of the bridge and failed to discover structural defects.

In addition, URS has been sued by the Massachusetts attorney general's office, which alleges that the company defrauded the Massachusetts Port Authority. The report also stated that a URS-owned company caused uncontrolled radiation contamination at a nuclear facility and that a URS subsidiary agreed to pay the U.S. Air Force $1.7 million to resolve allegations of overbilling.

Jamie Tully, a spokesman for URS, said company representatives could not comment because they have not seen the inspector general's findings. Tully defended the firm, saying it is "one of the country's leading providers of engineering design and construction services for light-rail projects."

According to the inspector general, URS' partner in the joint venture, Shimmick Construction, based in Oakland, was involved in a dispute with Bay Area Rapid Transit over whether a pedestrian bridge was improperly welded. A Shimmick spokesman said the issue has been resolved without a finding of fault on the part of the company.

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## WATER – California

### *Monterey Herald* - Battle brews over water fee

District contends the money vital to budget and without it layoffs likely

By Jim Johnson, Jan 10

Local water officials are scrambling after a long-running fee that pays for a wide range of Carmel River mitigation and water management efforts was rejected by a state Public Utilities Commission judge last month.

They're contacting state water officials and urging the public to back the fee, which is collected by California American Water on its water bills for the Monterey Peninsula Water Management District's Carmel River mitigation program. The 8.325-percent fee collects millions of dollars per year for the program, which is designed to offset the impacts of public use of the river water source. Local officials are arguing that it is essential to continue the legally required river mitigation work in its current form.

A water district official said the fee, which had been collected for the district since the 1990s until it was halted in mid-2009, also represents a significant portion of the district's budget and the loss of revenue could result in nearly a dozen layoffs.

On Dec. 21, Administrative Law Judge Maribeth Bushey issued a proposed decision finding the fee was not justified, largely because of concerns about the potential size of the fee and the scope of work it pays for, and should be discontinued.

The commission must decide whether to adopt Bushey's proposed decision, and could consider it as early as its Jan. 27 meeting, but is more likely to wait until its Feb. 24 meeting.

State and local water officials have until today to respond to the proposed decision, and reply comments are due within a week.

The public can also submit comments through the CPUC.

Water Management District general manager Darby Fuerst said officials from the district, Cal Am and the CPUC's Division of Ratepayer Advocates, which signed an agreement backing the fee, have already met with an advisor to commission President Michael Peevey. Fuerst said the advisor indicated Peevey would consider developing an alternate proposed decision, and discuss with Bushey the possibility of a revised proposed decision.

"We think the proposed decision is flawed, both legally and factually," Fuerst said. "We're asking that the (fee) be approved again."

District wants to continue

Cal Am spokeswoman Catherine Bowie said the water district has met its responsibilities under the program and the company wants it to continue to do so. Bowie noted that the proposed decision comes on the heels of commission approval of a regional water project designed to offset the effects of pumping from the river source.

"We support the district and feel the fee should continue to be paid to them," Bowie said. "With all their years of experience, we think they're the best to continue this important work. We also believe that when we're so close to a water solution it doesn't make sense to change course."

Bowie pointed out that the river mitigation work is required and Cal Am would simply have to find another way to make sure it's done, perhaps by finding another agency to do the work, and customers would still ultimately pay for it.

"This is part of running the water system," Bowie said. "The expense will still be there."

Supervisor Dave Potter, a member of the water district board, said the question is who else could undertake the mitigation work and how much of it is actually mandated.

Fuerst said Cal Am has indicated it wants to continue working with the water district on the mitigation program and is obligated to continue funding it until a final decision by the commission. But he said Cal Am officials have already indicated they will send the district an intent to terminate its agreement with the district, which would take effect within 90 days. And the district board has directed staff to suspend all major

spending for the next three months.

If Cal Am terminates and renegotiates with the district, Fuerst said he believes the company will seek to re-evaluate the original intent of the river mitigation measures required by the state, and some district projects could be eliminated or cut back.

At the CPUC, the proposed fee was split off by the commission from a larger Cal Am general rate increase bid for 2008-10 after Bushey raised a number of issues with the method and purpose of the monthly charge, including the potential increase in the fee as overall bills rise, the apparent absence of a link between rising fee revenue and required mitigation work, and possible duplication of accounting and effort.

Monitoring the usage

In addition to mitigation work on the river's steelhead and habitat, riparian vegetation and wildlife, and lagoon vegetation and wildlife, the district's program includes water supply and usage monitoring, water production and demand management, and water supply augmentation. The district also spent nearly $1million to help pay for its headquarters.

Following the commission's decision in the summer of 2009, Cal Am stopped collecting the fees but began an account to keep a record of how much the fees would equal, and continued paying that amount — about $4.1million — to the water district for the mitigation work. State water officials require Cal Am to continue paying for the mitigation work if the water district can't or won't.

Cal Am submitted an application for the fee last January, and submitted a joint motion in May to approve a settlement agreement with the water district and the DRA.

In its application, Cal Am argued the fee was justified because its expenditure by the district occurs only after a "transparent public process," the district is prohibited by state law from collecting more than it spends, and the district's own rules allow it to fund any endeavor that confers "benefit and/or service" to Cal Am's customers. It also argued that the commission lacked the authority to scrutinize the proposed charge in detail because of its status as a local government fee.

But in her proposed decision, Bushey criticized the fee proposal because it was not based on the costs of the district's programs, and included "no ratemaking or

programmatic limitations," and provided no justification for a potentially large increase in the size of the fee. She also expressed concern about the lack of incentive for Cal Am to control costs if the commission "blindly" allows the bill for mitigation work to be passed along to customers.

In addition, Bushey recommended the memorandum account be dissolved and not recovered from ratepayers "in any way."

Bushey suggested that Cal Am could justify a "forward-looking rate mechanism" and the needed funding for required mitigation work by updating the cost of basic mitigation measures identified two decades ago, including fisheries, riparian vegetation and wildlife, and lagoon vegetation and wildlife.

Public comment on the proposed decision can be submitted in writing to: CPUC Public Advisor, 505 Van Ness Ave., San Francisco, CA 94102, or by e-mail to public.advisor@cpuc.ca.gov; or to CPUC President Michael R. Peevey at the same address.

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### *Fresno Bee* - Dams release excess water as rain fills Valley reservoirs

By Mark Grossi, Jan 10

With no room left right now in reservoirs, Valley farm water officials are actually relieved to see a break in the storms that pounded California in December and early January.

Dam tenders throughout the region have been releasing water to the Pacific Ocean so reservoirs will have room for unexpected spikes in storm runoff. It's done for public safety, but it means losing a lot of potential irrigation water.

The lull in storms would slow the releases and reduce losses. The drier weather also lets crews complete repairs on the Friant-Kern Canal, a key waterway for moving excess runoff to ground-water recharge basins.

Without the use of the canal in December and early January, more water had to be released into the San Joaquin River, which flows into the Sacramento-San Joaquin Delta and then winds up in the Pacific.

But officials don't want the January dry spell to linger

too long. They want the rain and snow to return this winter. Extended forecasts for this week include the possibility of more rain.

"We'll be following it day to day, of course," said Steve Haugen, watermaster at the Kings River Water Association.

For at least the next week, water released from Millerton, Pine Flat, Success, Kaweah, Hensley and other reservoirs in the region will continue pouring down rivers and flood-control channels.

The Friant-Kern Canal usually is available to help carry some of the extra water to ground-water basins on the east side of the Valley.

But maintenance was planned this winter season for the 60-year-old canal. Such repairs can't be done in warmer months, when customers need irrigation water. The work involves replacing hundreds of broken concrete panels. The 152-mile canal has hundreds of thousands of these massive panels.

The storms have delayed the work, said Ron Jacobsma, general manager of the Friant Water Users Authority, which maintains the canal.

"It's a shame that [the canal] has not been available," said Jacobsma.

But he added that not many water districts could have taken extra water anyway. In most years, districts would use excess water to fill ponding basins to recharge the ground water. But recent storms have inundated many farm fields and ponds.

Last week, the U.S. Bureau of Reclamation was releasing 7,000 cubic feet per second, or 14,000 acre-feet per day, into the San Joaquin River from Friant Dam. That much water would supply a city the size of Hanford for a year.

As part of the river's restoration, which began in 2009, federal officials are closely monitoring the flows, but no restoration project problems have been reported from the excess water.

Most of the San Joaquin releases are moving into a flood-control channel called the Chowchilla Bypass on the Valley's west side. Such bypasses reconnect downstream with the river and the water continues to the ocean.

Some of the water released from Friant Dam has continued down the San Joaquin River channel to the Mendota Pool, an important wide spot in the river where water is held for farmers. At the moment, the pool also is receiving excess water from the Kings River.

To prevent overfilling, water officials remove some boards from the wooden Mendota Dam to let some water pass through the pool. A slow, controlled release of water is preferable to letting the water flow uncontrolled over the top of the old dam and risking a flood downstream.

The city of Firebaugh -- downstream a few miles from the Mendota Pool -- was imperiled in 2006 because excess water from the Kings and San Joaquin combined to fill the river channel. The problem was created when a large April storm occurred and added a big flush of water to the snowmelt coming from the Sierra Nevada.

There is little danger of that scenario for now, said Steve Chedester, executive director for the San Joaquin River Exchange Contractors Water Authority, which closely monitors the Mendota Pool.

He said the runoff is coming only from rainfall and will slow down when the storms back off. But the snowpack this year is about twice its normal size for early January, creating the potential for another episode of big snowmelt runoff and late-season rainfall.

Said Chedester: "If we get a lot of rain along with a lot of snowmelt, it could get ugly."

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## ENERGY – National

### *Treehugger* - A Black Market for 100-Watt Bulbs? U.S. Ban Looms

By Jeff Kart, Jan 8

Few people seem to know that 100-watt incandescent bulbs, the Thomas Edison-type, are leaving store shelves. They were phased out in California on Jan. 1, and will be phased out across the U.S. on Jan. 1, 2012. That's less than a year away. Which makes you

wonder, will people hoard the old 100-watt bulbs? Will there be a black market for retro illumination?

There are people who scoff at global warming or just aren't as happy with energy-efficient, low-watt alternatives like CFLs and LEDs. Complaints include: They don't give off as much light, won't fit in my light fixture and take too long to warm up. On the other hand, isn't a little inconvenience worth it, to help reduce energy use and greenhouse gases from coal-fired power? (That last question doesn't apply to the scoffers). Yes, CFLs contain a tiny drop of mercury, but they keep more of it out of the environment.

The Phaseout

The U.S. will phase out most traditional bulbs by 2014, as required under the Energy Independence and Security Act of 2007. Some legislators have threatened a repeal of the light-bulb ban. Maybe after health care.

There's a ray of light in this one for folks who want an alternative to CFLs or LEDs: Halogen lights. In California, and later the U.S., the new law will require light bulbs to use 72 watts or less. The 72-watt replacement is designed to provide the same amount of light, or lumens, using less energy, at a similar upfront cost. Halogens are basically refined incandescents, the Sylvania people explain.

Survey Says

A recent survey found that 19% of people knew about the upcoming death of the 100-watt, the first traditional bulb to be phased out in the U.S. That 19 percent is up a whopping 1 (one) percent from a 2009 survey, according to USA Today.

So once more people find out, as they're bound to in news reports throughout 2011, will they start stocking up? Will it be like The Sponge, or more recently, Four Loko?

The Predictions

People have been predicting black markets for years with bans on bulbs in other places, like the European Union and Australia. For sure, there's almost always a way to get something that's illegal or banned. See drugs. Or some Internet commerce.

But the U.S. ban will lower energy use, greenhouse gas emissions and consumer bills. And most people will just buy and use the greener bulbs, some

reluctantly. And technology will improve. And future bulbs will get better.

Get Over It

So don't whine. Don't hoard. Get in the game. Cut your energy use, save your money. And move on to bigger things. Need a few ideas? See below. Already agree? Thanks. The California Energy Commission predicts the phase out in that state will eliminate the sale of 10.5 million 100-watt bulbs a year and save consumers $35.6 million in energy bills.

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## TELECOM – National

### *Connected Planet* - Broadband payback not just about subscriber revenues

Benefits to a community include jobs, enhanced quality of living—a 10% increase in broadband lines could add $100 billion to the GDP, according to NSN study

By Joan Engebretson, Jan 6

Jonathan West, general manager for Twin Lakes Telephone Cooperative, was asked a question on a recent panel about broadband stimulus that a lot of small telcos hear quite often. The panel was part of an Adtran press event in December, and West had told attendees that the fiber-to-the-home project for which the rural Tennessee telco won stimulus funding was going to cost a total of about $6,000 per home passed. The project was funded on a 50% grant/50% loan basis, with the company having more than 20 years to repay the loan.

“Isn’t that an awfully long payback period?” someone in the audience asked.

“We’re a non-profit cooperative,” West answered. “Our goal is to invest in the community.”

Because of the rural nature of its serving area, West explained that many of the infrastructure projects Twin Lakes has undertaken—including cutting over to a digital switch or getting rid of party lines--have had a long payback period. Every time one of these projects was undertaken, he said, the same questions about payback were asked and each time, the determination

was made that the investment was important for the community.

In retrospect, it would have been crazy to leave people on party lines. But at the time that decision was made, people who looked at payback only in terms of customers' monthly bills may have had good reason to question the investment, just as many people are questioning rural telcos' investment in broadband today.

A broader cost/ benefit analysis

The upshot is that in doing a cost/ benefit analysis on telecom infrastructure investment, it's important to take into account not only the direct revenues that the infrastructure generates but also the dollars that flow into a community as a result of the investment.

Imagine trying to sell a home today that only had party line phone service and think about the impact that would have on the value of the home. Now apply that logic to broadband. With two-thirds of U.S. households accustomed to having broadband connectivity, I'm already hearing that homes in areas with inadequate broadband coverage are becoming more difficult to sell. And that situation is only going to get worse as young people who never knew a world without broadband begin to buy homes.

Indirect benefits quantified

It's not easy to quantify the indirect benefits that flow from modern telecommunications infrastructure, but now and then someone takes a crack at it. Nokia Siemens Networks, for example, commissioned a study that found that the U.S. could increase its GDP by $100 billion with an increase of 10 additional broadband lines per 100 individuals. Another study, from the Internet Innovation Alliance, found that using broadband could save U.S. households an average of nearly $8,000 a year.

And although some broadband benefits are difficult to quantify, most people recognize that modern telecommunications infrastructure can help communities attract and retain business and that broadband applications—such as telemedicine and distance learning--can save money and improve a community's quality of life.

Taking these factors into account, perhaps broadband payback periods aren't as long as they might seem, particularly for community-oriented telcos like Twin

Lakes.

And besides, twenty years can go by awfully fast.

I realized that recently when I tried to replace the slouch socks that I like to wear to the gym. After failing to find new ones anywhere, I realized that not only were they completely out of style but that I'd bought some of mine when I lived in Brooklyn—and that was just over 20 years ago.

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## Politics/General/Miscellaneous

### *Bakersfield Californian* - Brown should give Dean Florez seat on PUC (EDITORIAL)

By Editorial Board, Jan 7

If Gov. Jerry Brown believes, as many do, that the California Public Utilities Commission has been inordinately chummy with the state's three major electric utilities, he cannot more effectively address the issue than by making Dean Florez a commissioner.

Two and potentially three positions are or may soon become vacant on the powerful agency charged with controlling the activities of power, water, communications and transportation providers in California. Florez, the Shafter Democrat and recently termed-out state senator, is one of several possible candidates who would bring a strong pro-consumer bent to the panel.

The PUC as currently configured has developed a reputation for coziness with utility giants Pacific Gas and Electric, Southern California Edison and San Diego Gas & Electric, and ratepayers have not always benefited. Florez, along with consumer lawyer Michael Florio and John Geesman, a former member of the California Energy Commission, would instantly tilt the scales a bit more in consumers' favor.

In a difficult economy such as this, both residential and business customers should welcome a commission that gives their concerns equal weight on assorted energy matters, including rate increases.

Florez has regularly criticized PG&E over its unpopular SmartMeters, and he grilled the company over its

alleged lax maintenance on the Bay Area pipeline that exploded last September, killing eight people and destroying 37 homes.

Florez isn't the type to withhold his feelings. Last year, for example, he voted against the appointment of current PUC President Michael Peevey, a former president of Southern California Edison -- the only state senator to do so.

Consumers need a PUC that keeps their concerns foremost in mind, at least equal to that of the utilities. If Brown is of that opinion as well, he can do no better than Florez.

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### *Oakland Tribune* - Nation's first transgender trial judge overcame discrimination

By Angela Woodall, Jan 3

OAKLAND, Calif. -- Few county judges command standing ovations before they say a word, nor do they compel hate mail from strangers halfway around the world.

Alameda County Superior Court Judge Victoria Kolakowski receives both. She is the first transgender person elected as a trial judge and one of the very few elected to any office. She will be sworn in Tuesday at the Oakland Asian Cultural Center. Then she will begin her assignment hearing criminal cases at the Wiley W. Manuel Courthouse.

"No, I am not going to be able to get you out of things," she said jokingly to an audience of transgender advocates on the Transgender Day of Remembrance, two weeks after her upset victory over deputy district attorney John Creighton in November.

"But if you come into court and they call you names or the wrong pronoun, then that's something we can take a look at," she told the crowd, brushing a lock of brown hair back from her round face. "I'm not trying to turn this into a political statement or promote an agenda."

Instead, she said she finally found the opportunity she had been waiting for. "I had a chance to serve. If my being visible helps a community that is often ignored and looked down upon, then I am happy. If not me, then who?"

But it took years of rejection and perseverance to get from Michael Kolakowski to 49-year-old Judge Victoria Kolakowski, even though as a child she hoped and prayed to wake up in a female body.

"I guess the prayer was answered," she said. "But not for a long time afterward."

The fact that she was elected in the same county as transgender teen Gwen Araujo, who was brutally murdered in 2002, sends a reminder of how dangerous being visible can be.

Anyone looking for a resemblance to the drag queen caricatures associated with people who were one sex and became another would be disappointed in Kolakowski. The New York native is a carefully groomed, mildly spoken brunette of average build who usually appears wearing glasses, modest makeup, dark pantsuits and pumps. In other words, she looks a lot like a conservatively dressed judge who might have gained a few pounds with middle age.

Kolakowski said she has never "had problems," using a euphemism for violent incidents aimed against transgender people, including 426 murders worldwide since mid-2008, according to Trans Murder Monitoring Project. But she came close the first time she appeared in public as "Vicky," short for Victoria, a name she came up with in high school.

She was a college student on summer break when she sneaked away at night from her parents' house on Staten Island. She was heading for a bus stop when a man drove up to her. "Hey, he-she. Come here," he kept calling. He assumed that she must've been working the street just because she was obviously a man dressed as a woman. She had to cross a freeway to get away from him. Looking back, she said she was lucky to have escaped being raped. Kolakowski rushed back home and didn't mention that night again until years later.

Back then, the Internet did not exist, and information about transsexuals was unavailable to minors, Kolakowski said. At Louisiana State University, she finally found some books in the college library about transsexuality and realized that she was not alone. But when she told her parents, they took Kolakowski to the emergency room of the hospital. This started an on-again, off-again series of counseling and therapy that lasted for a decade.

Kolakowski eventually married, came out with her wife

during law school and began her transition to becoming a woman on April 1, 1989. It was her last semester at LSU. She was 27. Three years later she underwent surgery to complete her transition to a woman.

She was a 30-year old lawyer with five degrees on her resume. So she had no problem attracting job offers - only to be rejected when she walked into the interview.

Rejection is one of the commonalities that transgender women and men share, and the pain can run deep. Some of the transgender lawyers Kolakowski knew killed themselves.

Kolakowski attributes her resilience to her faith - she also holds a master's degree in divinity - and the support of "some very loving people." That includes her parents and her second wife, Cynthia Laird, the news editor of the Bay Area Reporter newspaper. The couple wed in 2006.

By then Kolakowski had become an administrative law judge for the California Public Utilities Commission. It wasn't long before she met with a group of gay attorneys in San Francisco to discuss her possible future as a superior court judge. But she wanted to run for office in Alameda County, where she has lived for 20 years and is among the 500 to 2,000 transgender people in the county.

"We needed it more than San Francisco," Kolakowski said.

Her chance to run for the Superior Court bench came in 2008. Araujo's mother gave her the butterfly pin she wore at her daughter's murder trials and asked Kolakowski to wear it if elected to the bench.

Kolakowski didn't win but tried again in 2010. "This time things were different, and in June I came in first," she said. It suddenly became clear that she could become the first transgender person elected to an office.

The spotlight turned in her direction because she became a symbol of success for the transgender community. She also has become a target. The more successful you are, the more backlash you are likely to get, she said, "and that backlash can be violent."

During the November post-election event, she had only to mention that two transgender women were killed in Houston last year even though voters there elected a

transgender municipal judge in November. Just as telling was the fact that the event, the Transgender Day of Remembrance, is a memorial instead of a celebration. "We're dealing with people who don't know us and don't really understand who we are," she said.

Kolakowski is also mindful that she has to be sensitive to the dignity of the office voters elected her to. Some people, she predicted, will accuse her of "acting inappropriately." But she said, "This is what it is. I was elected based on my qualifications. It just happens to be historic."

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### *SF Chronicle* - Brown gets hearing on sale of buildings postponed

By Bob Egelko, Jan 8

An appeals court has postponed a hearing on the proposed $2.4 billion sale and leaseback of the California Supreme Court headquarters and other state buildings so Gov. Jerry Brown will have time to decide whether to scuttle the deal.

The state Court of Appeal in San Jose, which had planned to hear the case Jan. 26, granted a request by state lawyers Thursday for a 30-day delay so Brown could review the matter.

The 11 office properties include the San Francisco headquarters of the state's high court, at 350 McAllister St., and the state Public Utilities Commission, at 505 Van Ness Ave., along with buildings in Oakland, Sacramento, Santa Rosa and Los Angeles.

Gov. Arnold Schwarzenegger arranged the sale, with legislative approval, to raise $1.2 billion in short-term cash for the state.

The Legislature's fiscal analyst, however, projected a long-term loss of $1.4 billion over 35 years. That prompted three former state Building Authority members to sue, claiming that the state is illegally wasting taxpayer funds.

The postponement is "a very good sign that the governor will reconsider," said Anne Marie Murphy, a lawyer for two of the three plaintiffs. Schwarzenegger removed all three after they expressed their opposition.

The buyers, an investment group called California First, are not involved in the court case but support the state's defense of the sale, spokesman Michael Bustamante said Friday.

Brown has not stated his position publicly, but as attorney general he declined to represent Schwarzenegger in the case.

Murphy said the state would have to pay a financial penalty to California First if it backed out of the sale. Neither she nor Bustamante could specify the amount.

The plaintiffs also say the sale was an illegal gift of state assets to private investors and that the government awarded the contract to politically influential insiders after a secretive bidding process.

State lawyers said the sale price reflected the buildings' market value and that the governor and Legislature had the authority to make such financial decisions. A San Francisco Superior Court judge accepted those arguments in a Dec. 3 ruling that allowed the deal to proceed, but the appeals court issued a stay a week later and rejected Schwarzenegger's requests to lift it before he left office.

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### *LA Times* - Gov. Jerry Brown wants to tame budget with tax extensions, deep cuts

Jerry Brown's plan, to be revealed Monday, will have something for just about everyone to hate. But it is in giving Californians a dose of painful truth that he hopes to succeed.

By Shane Goldmacher, Jan 9

Reporting from Sacramento — Gov. Jerry Brown on Monday will unveil his plan to lead California out of the fiscal wilderness and back to prosperity: a politically charged mix of deep cuts and higher taxes.

Interactive: Try your hand at eliminating the state's red ink

There will be little to like and something for just about everyone to hate. But it is in giving Californians a dose of painful budgetary truth that Brown hopes to succeed.

To tame the state's chronic budget shortfalls, the Democratic governor will request cuts in a broad array of state programs and services, particularly those that lend a hand to the needy, according to those familiar with his plan.

He will call on lawmakers to sharply curb welfare spending by reducing eligibility and payouts and cutting the duration of benefits from five years to four. Under Brown's plan, Medi-Cal would let patients see the doctor less often and would require them to pay more when they do. Children in the state's Healthy Families insurance program would no longer receive vision coverage, and their families would pay more for medical care.

The governor will also ask voters to approve an extension of 2009 tax hikes on their incomes, purchases and vehicles in a spring special election, insiders say, and he will tie the tax extension to protecting school funding.

Brown will propose trimming expenditures on universities and cash grants for the poor. And he wants to lower the maximum age for children who benefit from state-subsidized child care. In addition, he will try to curtail money for redevelopment and other business-friendly tax provisions.

To succeed, Brown must execute a two-step that tripped up his immediate predecessor, Arnold Schwarzenegger, and many other governors. First, he must sell his plan to Sacramento insiders — legislators and lobbyists — and second, he must persuade the public to embrace his austerity package.

It's a risky gambit that just might work, veteran Democratic strategist Darry Sragow said.

"It's sort of like Dr. Phil. This is Dr. Jerry doing an intervention," Sragow said. "It's tough love."

In his inaugural address, Brown billed his impending spending plan as "a tough budget for tough times," a painful document necessary to combat a deficit that is projected to be $28 billion over the next 18 months. That is equal to roughly a third of annual general-fund spending.

"At this stage of my life, I have not come here to embrace delay or denial," the 72-year old Brown said. He has promised to lead by example, and on Friday he slashed his own office budget by 25%.

Brown wants to act fast, while he retains the political capital that came with his election and while he's still in a honeymoon phase with voters. He has said he will push legislators to approve a spending plan within 60 days instead of the usual seven or eight months, which would allow for a spring special election.

Bill Hauck, president of the California Business Roundtable, said he felt encouraged by Brown's early steps, even if the governor is promising only bad news. He said the sum of Brown's proposals — the chance to actually tackle the state's intractable deficits — was greater than the sum of its painful parts.

Balancing the budget "requires everyone to stop denying the reality and, ultimately, to sacrifice," Hauck said.

Such selflessness, however, is uncommon in Sacramento.

"We have lost the ability, it seems to me, for groups to rise above — occasionally, at least — their own specific interest and say what's the best thing for all of California," Hauck said.

Lt. Gov.-elect Gavin Newsom said defenders of the broken status quo were already mobilizing.

"The special interests of all types are going to come out of the woodwork and are going to do everything to fight [Brown's plan]," Newsom said. "When you've got a city of Sacramento that has eight times more lobbyists than legislators, that's your real problem."

The governor huddled privately with each legislative leader last week, meeting with them in their offices — a symbolic difference from Gov. Arnold Schwarzenegger, who usually required that lawmakers come to him.

Brown hopes that the Democrats who control the Legislature will accept many of the cuts, particularly those aimed at the state's health and welfare programs, that they brushed aside when proposed by Schwarzenegger, a Republican. Brown's main selling point is that the cuts are now part of a comprehensive solution.

But powerful labor unions, who are traditional Democratic allies, are uneasy about such spending reductions.

"We clearly do not believe additional cuts will benefit

the people of California," said Willie Pelote, political director for the influential American Federation of State, County and Municipal Employees.

The governor will need support from some Republicans as well as Democrats to place his tax question before voters. To achieve the two-thirds majority required for the Legislature and governor to put a measure on the ballot, at least four GOP lawmakers would have to say yes.

All but two of the Legislature's 42 Republicans, however, have signed an anti-tax pledge.

State Senate Minority Leader Bob Dutton (R-Rancho Cucamonga) said he didn't see a need for extending the tax hikes.

"That money is just going to be wasted anyway," he said.

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### *LA Times* - Selling state assets would be folly (COLUMN)

The sale of 24 state buildings would be a grave mistake in the long run — and not much better in the short run.

By George Skelton, Jan 10

Gov. Jerry Brown has an unexpected opportunity to kill perhaps the worst real estate deal the state of California has ever concocted.

It's a dreadful deal for taxpayers, that is. It's a sweetheart for private investors.

But Brown may be so desperate for cash to balance the books in Sacramento that he will feel compelled to move ahead with the fire sale of 24 buildings on 11 pieces of property.

This Sacramento swill was cooked up by former Gov. Arnold Schwarzenegger and the Legislature to feed their addiction to borrowing. That's essentially what the transaction would amount to.

The sale would gross $2.3 billion and net the state about $1.3 billion after existing loans on the properties were paid off. That one-time injection of money already has been accounted for in the current red-ink budget.

So if Brown dumped the deal, he'd be digging the deficit hole $1.3 billion deeper.

Even with the pending distress sale, the state shortfall for the next 18 months has been projected at $28 billion. But that figure seems to change every week, usually for the worse. So it's not precisely certain to what degree the loss of $1.3 billion would further damage the state's immediate fiscal condition.

In the long run, the sale would shortchange taxpayers because the state would be required to lease back, for 20 years, the 7 million square feet of space it peddled for short-term gain. Calling it "poor fiscal policy," the nonpartisan legislative analyst has warned that the sale-leaseback ultimately would cost the state billions more than it initially gained.

The sale had been scheduled to close on Dec. 15. And Schwarzenegger did everything he could to get the papers signed. But opponents sued, arguing that the deal amounted to an unconstitutional gift of public property. And they won court delays until after Brown took office.

An appeals court set a hearing for Jan. 26 in San Jose. But late last week Brown asked for a month's delay, and it was granted.

The sale "is still being reviewed," says Brown spokesman Evan Westrup.

Last year, then-Atty. Gen. Brown declined to defend the sale in court and called it "not prudent." But now he's responsible for balancing a budget.

Insiders say the governor considers the sale a terrible idea, but the budget hole is a killer. He hasn't decided what to do.

His most important and immediate task is to fix the budget mess. Even while penciling in money from the buildings sale, the governor Monday is expected to propose deep spending cuts for universities, for the aged and the disabled, for children on welfare and for Medi-Cal recipients and providers.

K-12 schools are expected to escape relatively unscathed. But they'd also be hit hard if the state couldn't bank the $1.3 billion in real estate revenue.

Still, Brown isn't kidding himself. He knows the deal is lousy public policy.

With some of these buildings, it would be as if a homeowner has almost paid off the mortgage but suffers financial setbacks and can't handle all the bills. So he foolishly sells the house and agrees to rent it back for 20 years.

The Ronald Reagan building in downtown Los Angeles, being sold for $185 million, is scheduled to be paid off in May. The nearby classic Junipero Serra building, going for $106 million, would be free and clear in 2019.

Also being peddled, for $384 million, is the San Francisco Civic Center complex comprising the Earl Warren and Hiram Johnson buildings. The former houses the state Supreme Court. Those structures would be paid off in 10 years.

Other edifices would be paid off within four years.

Annual debt payments on the buildings currently total $118 million. That's relative chump change.

The legislative analyst's office estimates in a written report that the added cost of leasing compared to owning the buildings would average $54 million annually for the first five years and eventually rise to $300 million-plus.

"A simple way to measure the cost … is to think of the sale-leaseback as a loan with interest," the report says. "The state receives cash up front through the sale with the obligation to pay it back over time through lease payments. Under such a calculation, the state's effective interest would be 10.2%.

"This interest rate is greater — about double — than those the state is currently paying on the buildings' outstanding … bonds."

So why doesn't the state just refinance the buildings and take out cash equity, as a homeowner would? That type of borrowing for ongoing expenses is prohibited by Proposition 58, pushed by Schwarzenegger and approved by voters in 2004. Remember "tear up the credit card and throw it away"?

No one I could find is currently saying this is a good deal for the state. The state Department of General Services had been, but not since Brown showed up.

Not even Michael Bustamante, spokesman for the buyer — politically connected California First, LLC — touts the deal for the public. "I'm not jumping up and

down about it," he says.

Developer Jerry B. Epstein, one of the court plaintiffs, was a longtime member of the Los Angeles State Building Authority until he raised questions about the sale and was promptly booted by Schwarzenegger.

"This is absolutely the worst — the worst — state deal I have ever heard about," Epstein says. "It's unbelievable. There has been more deception and secrecy in this than when we invaded Okinawa, which I was involved in."

This is an early challenge for Brown. Does he do what's prudent or what's expedient? He should walk out of escrow.

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**Tom Hall**
Information Officer
California Public Utilities Commission
thomas.hall@cpuc.ca.gov
916-928-2274 (desk) | 415-730-2964 (cell)
180 Promenade Circle; Sacramento, CA