

From: Clanon, Paul
Sent: 1/9/2012 7:22:03 AM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: Re: Assm Hill Press event this morning
Thx.

On Jan 9, 2012, at 7:13 AM, "Cherry, Brian K" <BKC7@pge.com> wrote:

From: Kauss, Kent
Sent: Monday, January 09, 2012 06:47 AM
To: Frizzell, Roger; Bedwell, Ed; Pruett, Greg S.; Foley, Beth; [Redacted]
Stavropoulos, Nickolas; Trevino, Rolando I.; Johnson, Kirk; Yura, Jane; Horner, Trina;
Cherry, Brian K; Bottorff, Thomas E; Doll, Laura; [Redacted] Ittner, Mary Ellen;
[Redacted] [Redacted] [Redacted] Garber, Stephen (Law)
Subject: Assm Hill Press event this morning

Assm Hill is holding a press conference this morning at 10am in front of the CPUC's San Francisco headquarters.

The event is described as follows: Assm Jerry Hill discusses his three-bill gas pipeline safety package, would require CA gas utilities to implement National Transportation Safety Board recommendations, require the CPUC to establish whistleblower protections for utility employees and require it to consider a utility's safety performance when setting gas rates. 10am, CPUC Building 505 Van Ness Ave.

There is nothing new in the bill package described. As noted last week, the NTSB related bill will be heard in the Assembly Utilities and Commerce Cmte today. We are not presenting any comments to the cmte today but have spoken with the author about some technical clean-up issues that are needed to ensure that the bill provides the CPUC discretion to not adopt an NTSB recommendation if they determine that to be the appropriate action. The other bill on calendar today would require the CPUC to appoint an Asst Exec Director for Public Safety. Not sure why that bill is not listed on the press advisory but it will surely come up as well.

The NTSB bill is AB 578. The cmte analysis can be found at:
http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0551-0600/ab_578_cfa_20120106_151402_asm_comm.html

The Asst ED for Public Safety bill is AB 838. Analysis:
http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0801-0850/ab_838_cfa_20120106_151605_asm_comm.html

Cut and pasted below is the information contained in the e-mail last week on the various bills as a reminder which also includes a link to the text of the two bills noted. The whistleblower and rate of return measures have not yet been introduced and therefore are not in print.

First, he will reintroduce a measure that would require the Commission to "consider the safety performance of a gas corporation in determining what constitutes a just and reasonable rate of return." This is the concept he initially suggested as part of his AB 56 last year which was removed from bill following strong opposition from us and Sempra. Assm Hill has indicated in comments to the press that he will continue to pursue this provision every year he is in the Legislature until it is approved. Staff for both energy policy cmtes remain opposed to providing this in statute.

Another bill will be introduced to require disclosure of civil lawsuit settlements to the CPUC. We raised the question about whether or not such information would then be protected from public disclosure by the CPUC pursuant to Section 583 of the PUCode but they have not decided how to handle that yet. We provided some information as to why protection from public disclosure should be considered that they will review.

A bill will also be introduced to require the CPUC to develop a whistleblower protection program for regulated utility programs allowing them to provide information to the CPUC about utility actions that could impact public safety. The idea is to extent the types of whistleblower protections for utility employees

that currently exist for state or other gov't employees. The language is still being drafted by Legislative Counsel and not available but will be circulated when we receive it.

AB 578 was amended yesterday to contain the language we previously distributed requiring the CPUC to adopt recommendations made by the NTSB relating to natural gas pipeline safety. We are still working with them to clean up and clarify the language to ensure that the CPUC has discretion after review on whether to adopt the recommendation. Sempra is also looking for amendments to provide statutory support for cost recovery. While supportive of that notion too, the idea of statutory language requiring it is being met with resistance by the author. Bill text: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0551-0600/ab_578_bill_20120104_amended_asm_v98.pdf

AB 838 was also amended yesterday to require the CPUC to appoint an Asst Exec Director for Public Safety at the CPUC. This concept was included in a bill late in the session last year knowing that there was not sufficient time for it to actually be considered. Bill text: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0801-0850/ab_838_bill_20120104_amended_asm_v96.pdf

Because of procedural rules, AB 578 and AB 838 will both be heard in policy cmte on Monday January 9. Barring any comments to the contrary, we do not plan to offer any testimony at the hearing on Monday but will be prepared to answer questions if asked. Specifically, on AB 578 we would point out the language clarifications that are needed and I don't know of any concerns that we have with the idea suggested in AB 838.

Final gas pipeline related news comes from the Governor's Budget which was released today (ahead of schedule due to a screw up by Dept of Finance staff who accidentally posted it on the web). The Gov's proposal provides \$641,000 and 4.7 Personnel Years (essentially new positions but presented as positions with Budget Savings due to silly state budgeting practices) for implementation of the various gas related bills that were enacted in 2011 including: AB 56 (Hill), SB 44 (Corbett), SB 705 (Leno). Due to the fact that these additional funds are not from the General Fund and therefore pulling from the bucket that is a facing significant shortfall, I would expect the Legislature to approve these proposals.

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