

From: Cherry, Brian K
Sent: 10/17/2012 1:39:37 PM
To: Cooke, Michelle (michelle.cooke@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: DJ, AP - PG&E Talks To Settle San Bruno Pipeline Allegations Hit A Snag

Could we get a copy of the letter ?

From: owner-Newsflash-Real-Time@pge.com [mailto:owner-Newsflash-Real-Time@pge.com] **On Behalf Of** News Flash
Sent: Wednesday, October 17, 2012 11:44 AM
To: Newsflash-Real-Time
Subject: DJ, AP - PG&E Talks To Settle San Bruno Pipeline Allegations Hit A Snag

Dow Jones Newswires and Associated Press report on the CPUC appointment of former Sen. George Mitchell to mediate negotiations for the San Bruno accident.

PG&E Talks To Settle San Bruno Pipeline Allegations Hit A Snag

By Cassandra Sweet

Dow Jones Newswires, October 17, 2012

Talks between **PG&E Corp. (PCG)**, the city of San Bruno and other parties to settle allegations that the company violated pipeline safety rules have hit a snag, city officials said Wednesday.

An official from San Bruno and attorneys representing the city and county of San Francisco and two consumer advocate groups complained in a letter Wednesday that state regulators went behind their backs in appointing a mediator to oversee the talks.

The groups objected to the choice of mediator and said they should have been consulted before regulators appointed the mediator.

The California Public Utilities Commission said Monday that it had appointed former U.S. Senator George Mitchell to serve as mediator in the talks.

San Bruno City Manager Connie Jackson and attorneys with San Francisco and the consumer groups said the CPUC had notified PG&E before it appointed Mr. Mitchell, but didn't notify San Bruno or San Francisco officials.

"Typically, mediators are chosen with the consent of the parties to ensure that all parties have trust in the process," Ms. Jackson and the attorneys wrote in a letter to the CPUC Wednesday. "Here, we start from a position of deep distrust when our litigation adversary was given veto power over the mediator and we were not even consulted."

Ms. Jackson and the attorneys said Mr. Mitchell's previous work for Southern California Edison, a utility where CPUC Chairman Michael Peevey was formerly an executive, made them question whether he would be impartial.

PG&E and CPUC investigators said Friday that they had started fresh talks to settle the investigators' allegations that the utility violated numerous state and federal safety rules prior to the fatal 2010 pipeline explosion in San Bruno.

The CPUC had been holding public hearings following three investigations investigators completed after a section of the utility's gas pipeline in San Bruno ruptured on Sept. 9, 2010, igniting a giant fireball that killed eight people and injured 58. The fire destroyed 38 homes and damaged 70 others. The neighborhood where the blast occurred hasn't been fully rebuilt, although some houses have been rebuilt.

Both federal and state investigators blamed PG&E for the blast and found that defects in the utility's aging pipeline and inadequate pipeline safety management contributed

to the pipe's rupture.

A CPUC judge suspended those hearings last week, after state investigators, who are employed by the CPUC, asked to stop the hearings to allow time for a fresh round of talks with PG&E.

Members of the CPUC have said they plan to order fines and possibly other penalties against PG&E over the San Bruno disaster.

Lawmakers, Others Oppose Sen. George Mitchell Appointment in Calif. Pipeline Blast Mediation

By Garance Burke

Associated Press, October 17, 2012

Lawmakers, consumer advocates and local officials want California regulators to rescind their appointment of former Sen. George Mitchell to oversee settlement talks in the 2010 pipeline explosion.

The California Public Utilities Commission announced Monday that Mitchell had been appointed to help California energy regulators and **Pacific Gas & Electric Co.** reach a settlement over how much to fine PG&E for the San Bruno blast.

Representatives from the cities of San Bruno and San Francisco, as well as the commission's own consumer advocacy branch, say they were never consulted about Mitchell's appointment.

In the letter filed on Wednesday, they say they don't question Mitchell's ability but are concerned that he and his law firm previously have represented public utilities.

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