

From: Hagan, Jack (Brigadier General – CA)  
Sent: 3/16/2013 4:05:22 PM  
To: Doll, Laura (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD)  
Cc:  
Bcc:  
Subject: Fw: Matier and Ross December 24 Piece

Please pass to Tom,

BG H

Brigadier General (CA) Emory J. Hagan, III

Director

**Safety and Enforcement Division**

California Public Utilities Commission

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"No one dies on my watch!"

"No better friend - no worse enemy!"

**Effective 1 Jan 2013, Consumer Protection and Safety Division (PCSD) will become the "Safety and Enforcement Division" (SED)**

**From:** Prosper, Terrie D.  
**Sent:** Friday, March 08, 2013 16:21  
**To:** Clanon, Paul; Hagan, Jack (Brigadier General – CA)  
**Subject:** RE: Matier and Ross December 24 Piece

Here you go:

San Francisco Chronicle (column) - PG&E offers \$550 million in San Bruno blast  
By Phillip Matier and Andrew Ross, December 23

Pacific Gas and Electric Co. offered to pay a \$550 million fine to resolve state regulatory charges connected to the San Bruno pipeline explosion, but government and consumer groups rejected the deal because the utility wouldn't

admit it failed to maintain a safe gas system, according to sources close to the talks.

PG&E is facing a potentially huge fine for the September 2010 explosion of its gas-transmission line in San Bruno, which killed eight people and destroyed 38 homes. The case is unfolding before the California Public Utilities Commission, but other parties besides the commission have a stake in the outcome - including the cities of San Bruno and San Francisco and the consumer group The Utility Reform Network.

A chunk of the \$550 million that PG&E offered to settle the case would have gone to the state's general fund - but with the caveat that the utility would not have to admit to violating a state law requiring it to maintain a safe system.

PG&E said such an admission could expose it to a criminal charge, a contention the cities and TURN dispute. What's more likely is that scores of San Bruno plaintiffs who have sued PG&E would have seized on the admission to strengthen their arguments.

The cities and TURN shot back that no admission of guilt meant no deal. They are also pressing PG&E to agree to various pipeline fixes and timetables for audits.

The parties since have stopped talking, and no further discussions are planned.

Utilities commission President Mike Peevey is said to be livid. A source tells us he had a heated 30-minute sit-down in his office this past week with San Bruno Mayor Jim Ruane and City Manager Connie Jackson in which he pushed them to get on board with PG&E's offer.

The clock is ticking. If there isn't a deal by Jan. 7, everyone may end up in a long and costly trial before an administrative law judge.

PG&E spokeswoman Brittany Chord declined to comment, saying the talks were confidential.

None of the other parties would speak for the record. Privately, however, many said they were looking for the best deal for the public - and for now, at least, that means sticking to their position on moral grounds.

One thing is certain, said TURN spokeswoman Mindy Spatt: "There has not been a settlement so far, and time is getting short for there to be one."

-----Original Message-----

From: Clanon, Paul

Sent: Friday, March 08, 2013 11:51 AM

To: Prosper, Terrie D.; Hagan, Jack (Brigadier General - CA)

Subject: Matier and Ross December 24 Piece

Terrie, can you send Jack the article that ran, divulging the settlement negotiations numbers? Thx.