From: Prosper, Terrie D.
Sent: 9/5/2013 8:43:46 AM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: RE: SB Opinion - Viewpoints: Penalty Against PG&E Would Hurt the State

Yep, saw that one.

From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Thursday, September 05, 2013 8:31 AM
To: Prosper, Terrie D.
Subject: FW: SB Opinion - Viewpoints: Penalty Against PG&E Would Hurt the State

Not sure if you saw this a month ago..

The following *Sacramento Bee* Viewpoints opinion piece by Tom Dalzell and Robbie Hunter ran in today's *Sacramento Bee*.

Viewpoints: Penalty Against PG&E Would Hurt the State

By Tom Dalzell, Robbie Hunter

Sacramento Bee – Opinion, July 25, 2013

http://www.sacbee.com/2013/07/25/5593768/penalty-against-pge-would-hurt.html

Regulators in our state are never shy about breaking new ground. So it's no surprise that staffers at the Public Utilities Commission want to impose a record-smashing penalty on **Pacific Gas & Electric Co.** for the San Bruno pipeline accident. But going where no state has gone before isn't always a sign of progress – particularly when it risks harming workers and our economy.

Before explaining, let's make one thing clear: PG&E deserves no sympathy. What happened in San Bruno was the company's fault. Even management publicly admits the utility had "lost its way."

But here's the inconvenient truth: In practice, a crushing penalty hurts more than PG&E and its stockholders. It would set back badly needed, job-creating investments in California, costing individual workers not just at PG&E, but at hundreds of suppliers and subcontractors. It also would delay or derail steps to modernize our energy system, the lifeblood of our economy.

The odds of this train wreck just got even bigger last week, when PUC staff upped their original penalty recommendation dramatically. All told, PG&E now faces costs of more than $4 billion. This turn of events quickly prompted warnings from the nation's top credit rating agencies, Moody's and Standard & Poor's.

Here's why that's bad news. If one or both of the agencies cuts PG&E's credit rating, it immediately becomes more expensive for the utility to raise money to fund investments. Like a homebuyer with a poor credit score, PG&E would be forced to pay higher interest rates when it goes to build and improve lines and facilities and buy equipment.

It gets even worse. Both agencies warned that the damage could go well beyond PG&E. S&P said, "More importantly, if the commission adopts the staff's proposal, Standard & Poor's would review its assessment of the California regulatory jurisdiction … downward revision to this assessment could affect ratings of all electric, gas, and water companies that the CPUC regulates."

PG&E and other electric, gas and water companies depend on lenders and investors to provide billions of dollars every year. Even small increases in interest rates will add millions of dollars of unnecessary cost. Basic economics tells us that if you raise the cost of something, you get less of it. In this instance, it's less investment in things we desperately need, including a more reliable and resilient energy system, and new technologies that are more efficient.

In PG&E's case, regulators would compound this mistake by reversing their initial proposal that would have at least directed all of the money from the penalty back into investments designed to improve public safety. Instead, under their latest recommendation, a big chunk of the proceeds would disappear into the state's general fund.

All of this is especially worrisome when you consider that infrastructure projects are one of the few bright spots in California's economic outlook these days. They create employment for tens of thousands of Californians. PG&E's plans over the next few years are expected to support about 30,000 jobs. Moreover, construction-related job creation yields the highest economic growth. This was proved by the substantial investment in public works during the Great Depression, and it applies today. Why undermine that?

Moody's hinted at the real answer when it said that the action by the Public Utilities Commission "does not bode well for the regulatory environment in California, which is being adversely affected by political considerations."

PG&E's past mismanagement calls for harsh punishment, and the PUC understandably wants to show that it's tough. We agree that penalties should be big enough to make it clear that regulators won't tolerate bad behavior. But we also believe the best way to pay respect to the San Bruno victims would be to put every dollar back into improving the safety of the electric grid and gas delivery system.

Unfortunately, the PUC's staff proposal misses the mark in this area and goes in a direction that's bad for the state. Commissioners need to find a way to balance these goals without overreaching in ways that backfire on innocent bystanders or undercut our economic future.

Let's hope they take this responsibility seriously before signing off on a final decision.

Tom Dalzell is a business manager with International Brotherhood of Electrical Workers Local Union 1245. Robbie Hunter is president of the State Building and Construction Trades Council of California.

Redacted | External Communications | Pacific Gas and Electric Company | Redacted
Redacted

From: Cooper, Shawn
Sent: Tuesday, July 23, 2013 6:43 AM
To: Redacted
Cc: Pruett, Greg S.; Fitzpatrick, Tim; Hertzog, Brian; Foley, Beth; Redacted
Subject: Labor Op-Ed

Redacted

There a potential Op-ed that may run on the Sacramento Bee's editorial page this week or next (a draft copy is attached).

The topic of the Op-ed will be the pending San Bruno Financial Fine against PG&E by the CPUC.

The authors of the Op-ed are Tom Dalzell, Business Manager, for the IBEW Local Union 1245, and Robbie Hunter, President, State Building and Construction Trades Council of California.

Once the Op-ed runs, let's make sure it's in the daily news clips and bring it to the attention of Greg Pruett and Tim Fitzpatrick.

Thank you,

Shawn