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## Increased Penalty Will End Up Hurting State, Local Economy

ByDennisHuang  
SinaNorthAmerica,NewsforChinese--Opinion  
September 5, 2013

### *Translation summary:*

In response to the 2010 tragedy in San Bruno, staff at the Public Utilities Commission has recently recommended a penalty in excess of \$4 billion. This issue has wide-ranging consequences for residents and businesses large and small throughout the state. The San Bruno explosion and fire was tragic in every sense of the word, and will continue to impact families who lost loved ones and survivors of the accident for the rest of their lives. As the party responsible for the explosion, **PG&E** must be held accountable – that much is clear – but this new penalty recommendation will do more harm to the state and local economy in the long run.

Last month PUC staff dramatically increased the original penalty recommendation levied against PG&E. To date, the company now faces penalties of more than \$4 billion. And while the original penalty would have directed all of the money back into investments designed to improve public safety, this new recommendation calls for a substantial chunk of the proceeds be directed into the state's general fund, which could then potentially be spent on anything except direct safety upgrades.

Let's bring the focus back to the real issue: of course PG&E's past mismanagement and culpability for the tragedy in San Bruno should be addressed in a significant way – with a penalty substantial enough to send a clear message that such behavior will not be tolerated in the future. But a \$4 billion penalty – a penalty 40 times larger than the previous record penalty for a similar tragedy, that could conceivably lead to a downgrade of PG&E's credit rating that would in turn weaken the state's biggest gas and electric provider – is simply too much.

The impact of this penalty will be far-reaching, as PG&E would be forced to scale back capital improvement and infrastructure investments due to increased costs associated with raising the money to fund these investments. This would create a domino effect costing individual workers, contractors, minority owned vendors and diverse suppliers. Simply put, it would delay the good work currently being done to improve our energy system.

Other PUC-regulated companies would also suffer, as a recent review by Standard & Poor's, one of the nation's top credit rating agencies, noted that the imposition of the fine could ultimately negatively affect the rating of all electric, gas and water companies regulated by the PUC. This new penalty recommendation badly overreaches in ways that could end up hurting our entire economy.

Again, the desire to punish PG&E is shared by everyone in California – and the company should be heavily penalized to ensure behavioral change. But let's not place our economic future at risk, and more importantly, let's

make sure every penny goes back into ensuring a safe, reliable gas and electricity delivery system.

*Dennis Huang*

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