

THE WALL STREET JOURNAL

Letters to the Editor

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Opinion Page

The Purpose of Regulation Is Compliance, Not Revenge; *The San Bruno natural-gas pipeline explosion was both tragic and preventable but a regulator must disregard attempts to extract vengeance.*

Regarding your editorial "California's Utility Shakedown" (Sept. 16): As the former pipeline-safety chief for the federal Pipeline and Hazardous Materials Safety Administration, I believe the San Bruno natural-gas pipeline explosion was both tragic and preventable. The NTSB report detailed significant lapses by Pacific Gas & Electric, PCG -0.91% and for that, the utility must be held accountable. That said, a regulator must disregard attempts to extract vengeance.

PG&E has paid dearly for its decades of inattention, but the fines and penalties suggested by some go too far and the suggested \$4 billion price tag eclipses by many times any penalty ever levied on a utility by the California Public Utilities Commission, or any safety regulator. The goal of enforcement by a safety agency is to promote voluntary compliance with laws and regulations. That goal is being met today by PG&E's voluntary actions. PG&E has spent \$1.9 billion of its own money on this so far, but the CPUC wants an additional \$2.5 billion fine, \$300 million of which would go to California's general fund.

PG&E has had and continues to undergo a monumental shift in its corporate culture. Instead of waiting for a final decision, the company has forged ahead, investing billions in infrastructure, separating gas management from its electric operations and in re-establishing its rights of way in order to protect citizens.

No fine can undo San Bruno. Excessive fines and penalties such as those being advanced will undermine, not improve, safety and will not leave a company in a better situation to face future challenges.

If the CPUC ultimately decides to impose what some seek, it would be disregarding its role to uphold safety as its number one priority.

Brigham McCown

Washington

I can find no logic for the state to fine PG&E for the pipeline failure. The fine's cost goes directly to the ratepayers (increased rates) or results in less system maintenance. A more logical approach (not a California trait) would be to obtain a court order to force PG&E to invest the \$2.5 billion in infrastructure repair and upgrade. I wonder, does the CPUC have any responsibility for ongoing oversight or do they just levy fines after the fact?

Jack Hamilton

Silverdale, Wash.