

From: Cherry, Brian K
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To: Clanon, Paul (paul.clanon@cpuc.ca.gov); tdp@cpuc.ca.gov (tdp@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: SFE (Guest Column): PG&E fine could do more harm than good (by Bob Linscheid, president and CEO of the Chamber of Commerce)

FYI

<http://www.sfexaminer.com/sanfrancisco/pgande-fine-could-do-more-harm-than-good/Content?oid=2568190>

PG&E fine could do more harm than good

By Bob Linscheid

San Francisco Examiner, September 5, 2013

The 2010 San Bruno gas pipeline explosion and fire was a tragic event. Those affected — and Californians across the state — are saddened, angry and rightfully concerned about pipeline and infrastructure safety. A significant penalty is an appropriate response for this terrible accident. However, as the California Public Utilities Commission considers the severity of the fine it will impose on PG&E — and whether or not the company can apply portions of it to pipeline safety projects already underway — it must be careful it does not have unintended consequences.

The current fine proposed by some CPUC staff is set at \$4 billion — a fine so severe it ranks as one of the largest penalties on record, more than double that against BP for the Gulf oil spill and 40 times more than the largest fine on record for a similar tragedy. Reacting in part to the severity of the proposed fine, the Standard & Poor's Ratings Services

last week revised its outlook on PG&E from stable to negative. When combined with other risks, this rating carries with it serious financial implications for PG&E, including the possibility of bankruptcy.

Bankruptcy is a bad outcome for everyone. We all need a healthy utility company that can continue to access capital and make needed infrastructure and safety improvements. Under the new leadership of CEO Tony Earley, PG&E is moving forward with billions of dollars in capital improvements that will make the utility's infrastructure safer and more reliable. A penalty too severe will only slow that process by making it harder and more expensive for the company to make the investments required.

It is also in our best interest for PG&E to continue expanding and growing our economy. We need multibillion-dollar investments in the local electric grid to support companies from Tesla to Twitter to neighborhood retailers. A reliable power grid, both gas and electric, has never been more important than it is today.

And anyone who remembers the PG&E bankruptcy during the California energy crisis understands the devastating impact it had on our local economy. This company is headquartered in San Francisco and has an economic impact that is significant across the Bay Area. PG&E has been creating jobs, contracting with local businesses and supporting charitable organizations for more than 100 years. Crippling its ability to do so hurts us all.

San Bruno has suffered and PG&E should pay a price for that. But that price should not be so high that we harm our economy, put jobs at risk and diminish a key source of charitable giving. Most importantly, the price should not be so high that it hinders much-needed investments required for long-term public safety and economic growth. The CPUC must be careful that any fine it imposes does not do more harm than good.

Bob Linscheid is president and CEO of the Chamber of Commerce.

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