

From: Cherry, Brian K
Sent: 9/10/2013 7:09:18 PM
To: Paul Clanon (paul.clanon@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: Coverage: Michael Peevey's aggressive language, Jackie Speier calls on PG&E and CPUC to improve pipeline safety, San Bruno commemorates 3rd anniversary of explosion and fire

We believe this went to the service list also.

Brian K. Cherry
PG&E Company
VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
(415) 973-4977

Begin forwarded message:

From: Alex Doniach <alex@singersf.com>
Date: September 10, 2013, 6:30:18 PM PDT
To: Alex Doniach <alex@singersf.com>
Cc: Sam Singer <sam@singersf.com>
Subject: Coverage: Michael Peevey's aggressive language, Jackie Speier calls on PG&E and CPUC to improve pipeline safety, San Bruno commemorates 3rd anniversary of explosion and fire

1. San Bruno Mayor Questions Aggressive Language by CPUC President

Tony Kovalski, Liz Wagner and Mark Villarreal, NBC Bay Area, September 9, 2013

2. Statement: Congresswoman Speier Says PG&E And CPUC Must Do More To Make Natural Gas System Safe

Congresswoman Jackie Speier, September 9, 2013

3. Oakland Tribune editorial: PUC must stand up to PG&E's power play over proposed fine

Inside Bay Area, September 9, 2013

4. KCBS In Depth: San Bruno Mayor On Lessons From Pipeline Blast

KCBS, September 9, 2013

5. San Bruno remembers: Ceremony marks three-year anniversary of fire; PG&E announces settlements

Angela Swartz, San Mateo Daily Journal, September 10, 2013

6. San Bruno residents mark 3 year anniversary of explosion

Heather Ishimaru, KGO-TV (ABC), September 9, 2013

7. San Bruno Continues to Rebuild 3 Years After Deadly Explosion

Damian Trujillo, NBC Bay Area, September 9, 2013

Full Coverage

1. San Bruno Mayor Questions Aggressive Language by CPUC President

Tony Kovaleski, Liz Wagner and Mark Villarreal, NBC Bay Area, September 9,

2013

Three years after the deadly San Bruno pipeline explosion, tensions between San Bruno city leaders and the California Public Utilities Commission remain high. For the first time, city officials reveal details of a Dec. 18, 2012 encounter with CPUC President Michael Peevey that sheds new light on the ongoing conflict between the city and the man in charge of the utility regulator.

City leaders said the incident started during a meeting they requested with Peevey ahead of the commission's approval of the PG&E pipeline safety plan.

"We walked in and we sat down and the first thing he says to me is, 'This is your meeting. You called it. What do you want?'" San Bruno Mayor Jim Ruane said. "The tone was arrogance. I was a little surprised."

Ruane said he told Peevey he wanted to discuss the commission's upcoming vote, but that the president quickly interrupted him.

"[Peevey] stopped me right there and said 'what you did in front of my building was bulls--t,'" Ruane said. "I was taken aback."

Peevey was referring to a news conference San Bruno city leaders held on the steps of the CPUC building in San Francisco two months earlier to discuss the restructuring of the agency. When asked what he took away from Peevey's behavior, Ruane said it was "shocking" and "embarrassing" and that it reinforced what he perceived to be arrogance on Peevey's part.

"Mr. Peevey displayed a level of behavior that I have never before witnessed in my 30 plus years of public service," said San Bruno City Manager Connie Jackson. "Mr. Peevey's behavior was highly unprofessional and inappropriate."

Watch investigation into Peevey's acceptance of gifts and travel by utility companies

The City of San Bruno and the Public Utilities Commission have had a contentious relationship since the Sept. 9, 2010 explosion that killed eight people, injured 66, and leveled an entire neighborhood. Last October, several San Bruno residents called for Peevey's removal.

"It is really clear Mr. Peevey has an interest in the utility companies' interests rather than the public," Rene Morales said during a press conference last October. "That's why we're coming forward now."

Morales' 20-year-old daughter Jessica died in the blast.

Around the same time, San Bruno resident Kathy DeRenzi started an online petition calling on Gov. Jerry Brown to fire the president of the commission.

"He is not doing his job," DeRenzi said in an interview with NBC Bay Area last spring. "We need the governor to change the head of the PUC so we can feel safe."

Watch story about Peevey's choice to blow off Senate in favor of Napa winery event

On Oct. 23, 2012, the City of San Bruno unanimously passed a resolution calling for Peevey's ouster. San Bruno leaders and residents have called multiple news conferences on the steps of the CPUC building since the explosion, questioning the president's leadership. Those tactics have apparently ruffled Peevey's feathers and led to the use of what city leaders describe as choice words during that closed-door meeting last December.

Ruane said he didn't expect Peevey to use such harsh language when addressing "an elected mayor representing the people of a city that had been devastated."

Jackson said it appeared as if Peevey let his emotions overcome his sensibilities and that the behavior crossed the line.

During the three years since the explosion, the mayor and city manager have identified failures within the commission—and more questionable behavior by its president—and detailed them in a five-page memo to the Investigative Unit. Jackson said the list proves there needs to be "fundamental reform of the CPUC" and that "it is not focused on safety and that change is desperately needed for ratepayers and residents of California."

When asked if Peevey owes him — and San Bruno residents — an apology, Ruane said, "That's Mr. Peevey's call. With the arrogance that's there, I would really question the sincerity of an apology."

Multiple requests to speak with Peevey have been declined. Through a spokesman the CPUC issued a statement saying the meeting was nearly a year ago and that "the San Bruno-related cases are now in the hands of the Administrative Law Judges for their proposed resolution." Meanwhile, city leaders said they have yet to receive a response from Gov. Brown about their call for Peevey's removal.

2. Statement: Congresswoman Speier Says PG&E And CPUC Must Do More To Make Natural Gas System Safe

Congresswoman Jackie Speier, September 9, 2013

SAN MATEO, CA - Congresswoman Jackie Speier (D-San Francisco/San

Mateo) today issued the following statement on the PG&E natural gas transmission pipeline explosion on September 9, 2010 in San Bruno:

“Three years ago, a horrific explosion and fire killed eight of my constituents and destroyed a neighborhood. Those who lost loved ones will forever be scarred by this horrendous tragedy. Those who escaped with their lives are still haunted by the trauma and memories. Many improvements have been made to the natural gas system, but I continue to be disappointed by PG&E’s dismal record keeping and the CPUC’s inadequate oversight. We just recently learned that PG&E belatedly admitted to the CPUC that it kept bad records on two transmission lines on the Peninsula. Bad records can lead to bad outcomes. It is time for the CPUC to fine PG&E for its negligence in the past and force it to assure a safe gas system in the future. The San Bruno community is optimistic and resilient and will continue to heal in the years ahead.”

3. Oakland Tribune editorial: PUC must stand up to PG&E's power play over proposed fine

Inside Bay Area, September 9, 2013

PG&E knows how to generate power and distribute it where it's needed. The utility is using its considerable resources to do that now -- but we're not talking electricity. It's marshaling the muscle of Wall Street in a campaign to minimize the penalty it will pay for the 2010 San Bruno tragedy.

The California Public Utilities Commission has to stand up to this power play. PG&E shareholders -- not ratepayers -- should take responsibility for the utility's fatal errors. They're the ones who profited from the failure to invest in improvements that could have prevented the gas explosion that killed eight people and destroyed 38 homes.

Claims that the penalty will plunge the wildly profitable utility into bankruptcy are overblown.

The PUC has had a cozy relationship with PG&E over the years and appeared to be on the same track after San Bruno. But thanks to a courageous stand by its in-house lawyers, the staff reversed course in July and recommended PG&E pay an eye-popping \$2.25 billion penalty. This was backed up by a comprehensive, independent audit of PG&E that found the utility could absorb the full penalty without affecting ratepayers or its future solvency.

If the fine is approved by the appointed five-member commission later this year, it would be the largest imposed on a utility in U.S. history. That sounds right. Investigations have shown that PG&E took money collected from ratepayers for gas pipeline maintenance and instead used it for shareholder dividends and executive bonuses. The size of the fine needs to fit the enormity of the misdeeds.

When CEO Tony Earley met with our editorial board in late July, he didn't whine about the proposed penalty, but he has been fearmongering ever since.

Earley went to New York on Aug. 20 and told Wall Street that imposing the penalty "may force the company into bankruptcy." Moody's Investors Service and Standard & Poor's immediately said they will need to review California's regulatory system if the full penalty is assessed.

Then, a few days later, PG&E told the PUC the fine would make it harder to raise capital, so it may seek a rate hike of as much as 4 percent for customers. If it does, the commission needs to refer to that independent audit and say no. This is not ratepayers' responsibility.

Earley views the penalty as \$4 billion because of the money it has already spent on safety work since the death and destruction in San Bruno. What chutzpah. Safety is what ratepayers had been led to expect all along.

Shareholders and executives benefited from the utility's failure to invest in

safety, and they should pay for it.

4. **KCBS In Depth: San Bruno Mayor On Lessons From Pipeline Blast**

KCBS, September 9, 2013

SAN BRUNO (KCBS) — Three years after a deadly gas pipeline explosion in San Bruno killed eight people and destroyed 38 homes, the city's mayor is still not satisfied that an incident like the one that devastated his city couldn't happen again.

"We've learned so much in the last three years," said Jim Ruane, who has served as the city's mayor since 2009.

When asked about the recovery, Ruane said, "Physically we're working very hard to bring the community back."

Sixteen homes have been rebuilt and reoccupied by their original residents. The original occupants of six other homes are expected to return soon.

Among the remaining lots, Ruane said the city owns five, while PG&E owns seven. Ten of those 12 lots will be given to a general contractor and developer to rebuild. He predicted it would take about a year to complete.

"Some people have decided to sell and not come back simply because they're older and it would take another couple of years to rebuild. And some of the people that lost family members are still talking to the city about what to do with their individual lots," he said.

Ruane commended the community for the outpouring of support and strength in the aftermath of the incident, but he reflects and is bothered by what he originally thought was an accident.

“The saddest part of this whole story; the worst thing is that this could have been prevented,” he said.

Ruane has coordinated with representatives on a state and national level, including U.S. Rep. Jackie Speier and State Senator Jerry Hill, to investigate the California Public Utilities Commission (CPUC). He has also made more than 30 trips to National Transportation Safety Board investigation hearings in Washington.

“NTSB investigations highlighted the fact that there was too cozy a relationship between the utility and the regulatory body that was supposed to oversee them. We’ve discovered how arrogant the head of the CPUC can be and how they actually violated their own internal rules and regulations. Profits were put ahead of regulations,” Ruane said.

He continued to explain how the CPUC oversees PG&E and the rate-making process and that there were several entities involved in the investigation including the City of San Francisco, watchdog group The Utility Reform Network (TURN) and PG&E, who is supposed to be independent of the CPUC.

PG&E tried to set up a safety symposium earlier this year with the CPUC President Michael Peevey and the president of PG&E on the panel. “There’s total conflict there,” Ruane said. “It’s like somebody has a backdoor into our public utilities commission and it’s just not right.”

Ruane described the city’s relationship with PG&E as “cordial” in the immediate aftermath of the explosion and had quickly negotiated a \$50 million neighborhood rebuilding program. Along with his city manager, he argued that the City of San Bruno was also a victim and they negotiated a restitution of \$70

million from the utility company. The money was used to develop a not-for-profit for the city to be used by and for the people and what they want, not for day-to-day or city expenses.

“We’re working hard for fines and penalties,” Ruane said. “We want PG&E and its shareholders to pay. We want them to hurt in this situation.”

Ruane said he believes there is sincerity on the utility company’s part to change their ways, but he sees it as a generational problem since they’ve operated for so long in a certain way. He doesn’t think change will come overnight.

As far as any criminal penalties go, Ruane explained as far as he knows there is a three-year statute of limitations in San Mateo County to take action. The District Attorney has decided not to take action because that same statute has a five-year limit with the federal government and to his understanding, something will be done on a federal level within the next two years.

“It was criminal what happened,” Ruane said.

5. San Bruno remembers: Ceremony marks three-year anniversary of fire; PG&E announces settlements

Angela Swartz, San Mateo Daily Journal, September 10, 2013

To mark the three-year anniversary of the explosion and fire that shook San Bruno, the city held a remembrance service at the blast site last night.

Pacific Gas and Electric also announced yesterday it has settled nearly all of the remaining victims’ lawsuits for \$565 million, said PG&E spokeswoman Brittany Chord. Eight people died as a result of a Sept. 9, 2010 PG&E pipeline

explosion and fire in the Crestmoor neighborhood

“I’m disappointed in the timing,” Mayor Jim Ruane said. “They announced it when we were about to commemorate eight people who died.”

The event, at Claremont and Glenview drives, acted as a celebration of families who have completed reconstruction and are returning home and was also as a commemoration for those who died in the blast. There were also 66 people were injured, traumatizing a community and affecting the entire city.

Ruane spoke at the ceremony, congratulating the four families who are returning home.

“Tonight we celebrate their accomplishments and let them back into their homes with open arms,” he said. “We give a special welcome to new families who have moved into the neighborhood in the last two years. You have chosen a great place to call home — welcome and congratulations.”

Four more families will be moving back into their homes in the next 60-90 days.

A resident even read a poem to welcome back the neighbors and to remember the victims.

“Three years ago, a horrific explosion and fire killed eight of my constituents and destroyed a neighborhood,” U.S. Rep. Jackie Speier, D-San Mateo, said in a statement. “Those who lost loved ones will forever be scarred by this horrendous tragedy. Those who escaped with their lives are still haunted by the trauma and memories. Many improvements have been made to the natural gas system, but I continue to be disappointed by PG&E’s dismal record keeping and the CPUC’s inadequate oversight. We just recently learned that PG&E belatedly admitted to the CPUC that it kept bad records on two transmission lines on the Peninsula. Bad records can lead to bad outcomes. It is time for the CPUC to fine

PG&E for its negligence in the past and force it to assure a safe gas system in the future. The San Bruno community is optimistic and resilient and will continue to heal in the years ahead.”

So far, of the 38 homes destroyed by the explosion, 16 have completed construction and are occupied, according to the city. Five homes are actively under construction with active building permits, while one home is preparing plans for a building permit submittal. Sixteen parcels remain vacant.

Together with the mayor of Allentown, Penn., where a similar pipeline explosion occurred in 2011, Ruane is forming the Mayors Council on Pipeline Safety through the U.S. Conference of Mayors to assure that the call for critical reform and public awareness is heard nationwide.

For more information on the rebuild effort visit rebuildcrestmoor.org.

6. San Bruno residents mark 3 year anniversary of explosion

Heather Ishimaru, KGO-TV (ABC), September 9, 2013

SAN BRUNO, Calif. (KGO) -- One community devastated by fire is vowing never to forget it. Monday marks the third anniversary of the pipeline explosion that destroyed a neighborhood in San Bruno. And this year, for the first time, the city is marking the occasion at the site where it happened.

PG&E has set up a \$50 million fund to rebuild the infrastructure in the neighborhood, but of course no amount of money can bring back the people they've lost or heal the hearts of the people who loved them.

Three members of the Bullis Family died in their home three years ago. The city

says the family hasn't decided yet what to do with the lot, so it sits empty.

"Rebuilding is going to occur and it's doing that right now. But the emotional part is going to take years and for some people, they're never going to get over it. It's just a huge emotional drain," said San Bruno Mayor Jim Ruane.

The ferocious explosion and fire destroyed 38 homes, eight people were killed and many more seriously injured. Nancy Hensel was not home that night, but her husband and two cats were. Her husband made it out as the house burned down, but Buckwheat and Zoe did not. She knows where they would have been hiding.

"They were up under a bed with a platform. I just hope they didn't suffer. I think about that every day," said Hensel.

The flyers she posted all over the neighborhood in hopes of finding the cats were out in her front yard on Monday. She's got a couple new cats, one of them was found in the neighborhood right after the fire, and no one claimed him.

"His name is Dusty. It was either going to be Phoenix, Dusty, or Ashes," said Hensel.

Sixteen of the 38 homes are rebuilt and reoccupied; four more are about to be. Monday evening's memorial was about both mourning the dead and welcoming the old neighbors' home again.

But as Hensel has learned, there really is no going home again after what happened there, even when you rebuild trying to make it just like it was.

"It's not the same, my husband tried to rebuild it as it was, but you can't do that,"

said Hensel.

PG&E issued a statement on Monday saying since the accident, "We are focused on helping the victims recover and making our gas system the safest system in the nation. We still have more work to do, but we've made progress."

The San Mateo County District Attorney's Office and California Attorney General's Office were both looking into whether there might be a criminal case against PG&E, but they both decided against it. The feds still have two years to decide if they think they might have a criminal case.

7. San Bruno Continues to Rebuild 3 Years After Deadly Explosion

Damian Trujillo, NBC Bay Area, September 9, 2013

Monday marked the three-year anniversary since the deadly pipeline explosion that rocked San Bruno and killed eight people.

A memorial was scheduled in San Bruno Monday evening to remember those who lost their lives.

The PG&E pipeline explosion destroyed 38 homes and some of the victims have spent the last three years rebuilding.

However, some of the victims decided they didn't want to come back to this neighborhood. More than a dozen lots remain empty in the neighborhood, and some property has been sold to the city, officials said.

"It's not the same. It's build almost the same," resident Nancy Hensel said. "My husband wanted to build it the same. But you can't build it the same."

View more in Damian Trujillo's video report above.
