

From: Cherry, Brian K
Sent: 9/19/2013 2:32:08 PM
To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: Coverage on California Black Media

FYI

\$4 Billion Problems for California

California Black Media,

<http://www.californiablackmedia.org/#!about4/cln>

The mission of the California Black Chamber of Commerce is to assure member businesses will benefit through services that sustain and increase their revenues. Local economies benefit through the growth of African-American and other, minority owned businesses. I'm writing in response to a recent proposal by the California Public Utilities Commission (CPUC) that I feel will have far-reaching and extraordinary negative economic impacts.

Recently, in response to the San Bruno tragedy, the CPUC has changed its penalty recommendation against **Pacific Gas and Electric Company (PG&E)** from a \$2.215 billion proposal to more than \$4 billion. The proposed fine is so severe that 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 of record for a similar tragedy. Reacting in part to the severity of the proposed fine, Standard and Poor's (S&P's) Rating Services recently revised to outlook on PG&E from stable to negative. According to S&P, their decision indicates a possible weakening of the California regulatory environment and could have ratings implications for all of the utilities regulated by the CPUC. Additionally, PG&E's CEO, Tony Earley made it clear that bankruptcy is an option if the \$4 billion penalty is approved. PG&E should be held accountable for the tragedy, but the financial pressures of a \$4 billion penalty are bad for the utility industry and will adversely affect California's fragile economy.

From 2008 through 2012 PG&E has consistently increased the participation of CPUC-certified diverse suppliers. For example, in 2008 PG&E spent 23.8% with diverse suppliers, and in 2012 PG&E spent almost 40% with diverse suppliers. Additionally, PG&E has also increased its spend with African American-owned businesses from 3.4% or \$108 million in 2008 to almost 7% or \$356 million in 2012. If the CPUC forces one of the largest utilities in California into bankruptcy with an excessive \$4 billion penalty, business opportunities for diverse suppliers and particularly African American-owned businesses will clearly be put at risk and there will be other short-term and long-term consequences for California's economy.

The new recommendation of \$4 billion also calls for \$300 million to be dedicated to the State's General Fund. Instead of going where it's needed most—³/₄ projects that will increase public safety, it will go to an arbitrary destination with no strings attached. California businesses need affordable gas and electricity. Taking money away from infrastructure spending, that is disproportionately spent with African-American business is a poor policy choice.

There are several compelling reasons for the CPUC to re-consider this dangerous recommendation, and they should exercise a greater degree of care in the matter.