

From: Prosper, Terrie D.  
Sent: 10/8/2013 11:50:53 AM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: RE: LADN editorial: Spend more money on replacing pipes - not paying fines - in PG&E Case

Thanks!

----- Original message -----

From: "Cherry, Brian K" <BKC7@pge.com>  
Date:  
To: "Prosper, Terrie D." <terrie.prosper@cpuc.ca.gov>  
Subject: Fwd: LADN editorial: Spend more money on replacing pipes - not paying fines - in PG&E Case

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

Begin forwarded message:

From: "Fitzpatrick, Tim" <TXFo@pge.com<mailto:TXFo@pge.com>>  
Date: October 8, 2013, 6:43:06 AM PDT  
To: "Earley Jr., Anthony" <anthony.earley@pge-corp.com<mailto:anthony.earley@pge-corp.com>>, "Johns, Christopher" <CPJ2@pge.com<mailto:CPJ2@pge.com>>, "Pruett, Greg S" <Greg.Pruett@pge-corp.com<mailto:Greg.Pruett@pge-corp.com>>, "Bottorff, Thomas E" <TEB3@pge.com<mailto:TEB3@pge.com>>, "Cherry, Brian K" <BKC7@pge.com<mailto:BKC7@pge.com>>, "Bedwell, Ed" <ETB1@pge.com<mailto:ETB1@pge.com>>, "Lavinson, Melissa A." <Melissa.Lavinson@pge-corp.com<mailto:Melissa.Lavinson@pge-corp.com>>, "Kiyota, Travis" <TTK3@pge.com<mailto:TTK3@pge.com>>, "Garrett, Ezra" <ECG2@pge.com<mailto:ECG2@pge.com>>, "Martinez, Susie" <SCM9@pge.com<mailto:SCM9@pge.com>>  
Subject: Fwd: LADN editorial: Spend more money on replacing pipes - not paying fines - in PG&E Case

Sent from my iPhone

Begin forwarded message:

From: Ian Campbell <IDC@ABMAC.COM<mailto:IDC@ABMAC.COM>>  
Date: October 8, 2013 at 5:39:21 AM PDT  
To: Shawn Cooper <shawn.cooper@pge-corp.com<mailto:shawn.cooper@pge-corp.com>>  
Cc: Tim Fitzpatrick <TXFo@pge.com<mailto:TXFo@pge.com>>, abmacpge  
<abmacpge@ABMAC.COM<mailto:abmacpge@ABMAC.COM>>  
Subject: Fwd: LADN editorial: Spend more money on replacing pipes - not paying fines - in PG&E Case

I think this belongs in the win column.

Sent from my iPhone

Begin forwarded message:

From: Trevor Martin <TRM@ABMAC.COM<mailto:TRM@ABMAC.COM>>  
Date: October 8, 2013 at 8:35:28 AM EDT  
To: abmacpge <abmacpge@ABMAC.COM<mailto:abmacpge@ABMAC.COM>>  
Subject: LADN editorial: Spend more money on replacing pipes - not paying fines - in PG&E Case

Los Angeles Daily News editorial, which hits all points, linked and pasted below. No mention of San Carlos issue. A highlight: "Assuming, that is, that correcting the problem, rather than taking any joy in the mere fact of the punishment, is what we're after, right?"  
<http://www.dailynews.com/opinion/20131007/spend-more-money-on-replacing-pipes-x2014-not-paying-fines-x2014-in-pge-case-editorial>

Spend more money on replacing pipes — not paying fines — in PG&E case: Editorial

After a serious transgression, harsh punishment is often the first thought, just as a parent might raise a hand in response to an unruly child.

But just as a sober parent often thinks better of bringing that hand down in anger, so sober citizens rightfully worry that an overly severe judgment in a complicated legal case could compound rather than help ease the problem.

Assuming, that is, that correcting the problem, rather than taking any joy in the mere fact of the punishment, is what we're after, right?

Such is the question raised by the proposal by the California Public Utilities Commission to levy a staggering combination of \$4 billion in fines and penalties against PG&E after the terrifying, tragic, deadly 2010 gas-line explosion in the Bay Area city of San Bruno.

It's a confusing punishment. Essentially, \$300 million of it would go to the state's general fund. The remaining more than \$3 billion is a combination of both future and past infrastructure spending the company would not be allowed to seek ratepayer reimbursement for.

That the explosion and resulting fire was PG&E's fault is not a point of contention. Though many factors in the complicated transmission of natural gas led to the explosion, the company's failure to properly maintain the pipeline and its putting too much gas through it at too high a pressure were clearly major problems leading to the disaster. PG&E doesn't dispute those facts. Its executives have not been defensive and obfuscatory in their response to the huge problem on their watch. No, those facts will never bring back the eight people whose deaths are the fault of the company, never undo the injuries and burns suffered by dozens, never erase the memory of a wall of fire that reached 1,000 feet high in the middle of the night in a residential neighborhood in the sleepy suburb west of San Francisco International Airport on Sept. 9, 2010. It took more than an hour for responders to figure out that what some thought was an earthquake and others an airplane crash was really the blow-out of more than 100 feet of 30-inch gas pipe, resulting in a crater 167 feet long and 40 feet deep.

The pipe in question was installed in 1956. That's a long time for metal to hold at pressure. This is a cautionary tale applicable to energy infrastructure across the nation. Remember those aging Los Angeles water mains that exploded with disturbing regularity in 2009? Imagine the destruction if they were filled with explosive gas.

PG&E did not shirk responsibility. It reorganized its gas division, fired senior managers, replaced old pipes, investigated its record-keeping. Nonetheless, it deserves financial punishment for its serious transgressions. The recommended package would be about 40 times larger than any previous assessment against a utility nationwide. Company defenders say the theory seems to be extracting money just short of making the company insolvent.

An administrative law judge is set to issue a ruling by the end of the year. With guilt acknowledged, the more money that goes into pipeline repair, the safer Californians will be.

That's why a reasonable course for the judge to take would be rescinding the \$300 million fine that would not go toward safety at all and allow the company to seek that amount in ratepayer investment in infrastructure. With its other unreimbursable spending, PG&E is penalized enough.

Trevor R. Martin | Vice President  
Abernathy MacGregor  
office 415-926-7966  
cell 917-226-9788  
trm@abmac.com<<mailto:trm@abmac.com>>  
www.abmac.com<<http://www.abmac.com/>>

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