

From: Prosper, Terrie D.
Sent: 11/4/2013 2:32:58 PM
To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: CPUC Issues Alternate Proposal That Would Fine PG&E \$17.25 Million For Ethics Violations: CPUC Press Release

**FOR IMMEDIATE RELEASE
PRESS RELEASE**

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov
Docket #: R.11-02-019

**CPUC ISSUES ALTERNATE PROPOSAL THAT WOULD FINE PG&E
\$17.25 MILLION FOR ETHICS VIOLATIONS**

SAN FRANCISCO, Nov. 4, 2013 - The California Public Utilities Commission (CPUC) today issued an Alternate Proposed Decision by Commissioner Mark J. Ferron that would fine Pacific Gas and Electric Company (PG&E) \$17.25 million for its deliberate failure to promptly notify the CPUC of incorrect records related to natural gas pipeline 147, which runs through the City of San Carlos. The proposal is an alternate to an Administrative Law Judge (ALJ) Proposed Decision issued on Oct. 30, 2013, that would fine PG&E \$6.75 million.

The ALJ's Proposed Decision and Commissioner Ferron's Alternate Proposed Decision find that PG&E violated Rule 1.1 of the CPUC's Rules of Practice and Procedure by delaying notification to the CPUC about the condition of line 147, and then eventually attempting to disclose the information inappropriately in a routine filing. Rule 1.1 is an ethics violation that prohibits misleading the CPUC by an artifice or false statement of fact or law.

"The sanctions I propose today are intended to send a clear message to the top corporate management of PG&E that the CPUC will not tolerate being misled. We simply cannot allow deliberate and calculated dishonesty," said Commissioner Ferron.

Commissioner Ferron's Alternate Proposed Decision differs from the ALJ Proposed Decision by the dates at which penalties accrue. The ALJ Proposed Decision penalizes PG&E the maximum statutory fine of \$50,000 per day for its delay in filing information about line 147 beginning March 20, 2013, the day PG&E first disclosed some aspects of the error in its representations to CPUC staff, until August 3, 2013, when PG&E filed a public document entitled "Errata," a delay of 105 days that results in a fine of \$5.25 million. The ALJ Proposed Decision fines PG&E an additional \$50,000 per day for 30 days for submitting a misleadingly titled document, leading to a fine of \$1.5 million. This results in a total fine of \$6.75 million.

Commissioner Ferron's Alternate Proposed Decision also penalizes PG&E the maximum statutory fine but begins the tabulation on Nov. 16, 2012, the date by which the Alternate Proposed Decision finds PG&E senior management likely became aware of the records discrepancy, and ends the tabulation on August 30, 2013, when PG&E filed and served its Verified Statement of its Vice President of Gas Transmission Maintenance and Construction, a delay of 287 days, for a fine of \$14.35 million. For submitting the misleadingly titled and factually incomplete "Errata" document on July 3, 2013, Commissioner Ferron's Alternate Proposed Decision fines PG&E the maximum of \$50,000 per day for 58 days for a fine of \$2.9 million. This results in a total fine of \$17.25 million.

"Since the pipeline tragedy in San Bruno, PG&E has said repeatedly that it is a changed organization and deserves our trust and confidence. But actions speak louder than words. While PG&E engineers brought this discrepancy to management's attention immediately, PG&E's top management delayed reporting significant details of this incident for more than eight months. PG&E's actions were a clear attempt to conceal or obfuscate the facts on important matters involving the public's trust, and frankly, are a shocking display of poor judgment on the part of senior management," said Commissioner Ferron. "I strongly urge the Board of Directors of PG&E to examine the behavior of its management team in relation to this episode specifically, and around the subject of gas pipeline safety and transparency, more generally. My Alternate Proposed Decision holds PG&E's leadership accountable for the course of action it chose. Shareholders, customers, members of the public, and other stakeholders rightly should hold the Board responsible for ensuring the highest ethical standards from its executive team."

Comments on Commissioner Ferron's Alternate Proposed Decision are due on November 25, 2013, and reply comments by December 2, 2013. Commissioner Ferron's Alternate Proposed Decision and the ALJ's Proposed Decision are targeted

to appear on the CPUC's December 5, 2013, Voting Meeting agenda.

Commissioner Ferron's Alternate Proposed Decision is available at
<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M080/K290/80290270.PDF>.

For more information on the CPUC, please visit www.cpuc.ca.gov.

###

Terrie Prosper

Director, News and Public Information Office

California Public Utilities Commission

[Facebook](#) | [Twitter](#) | www.cpuc.ca.gov