

# Proposed PG&E Penalty Could Hurt State

**EDITOR'S NOTE:** *The following commentary was co-authored by Aubry Stone, Chief Executive Officer for the California Black Chamber of Commerce; Will Hardee, President and CEO of the Oakland African-American Chamber of Commerce; and Tate Hill, President of the Fresno Metro Black Chamber of Commerce and the chief strategist for Urban Strategic Enterprise.*

Most folks are familiar with the explosion a little over three years ago in San Bruno that killed eight people and destroyed dozens of homes. Faulty welds on a Pacific Gas & Electric Company gas pipeline

from the California Public Utilities Commission — and rightfully so.

To PG&E's credit, it has taken full responsibility for the accident seems to be trying to do the right thing.

Early on it provided more than \$100 million upfront to the victims and the San Bruno community. Then it brought in an entirely new and experienced leadership team to run their gas business. PG&E shareholders have paid over \$1.2 billion dollars to date to rebuild and upgrade its gas system to enhance safety, and roughly another \$1 billion has been allocated for additional work.

So the big question has been how much should PG&E pay in penalties and fines?

It's been reported that CPUC staff is now recommending that PG&E pay another \$2.25 billion, and that when all is said and done the PUC will have penalized and fined PG&E a total of more than \$4 billion — not including the

more than \$500 million the company separately agreed to pay to settle civil claims by the victims.

It should come as no surprise that PG&E objects to the added penalties.

A second key question is why should small business owners, along with business organizations like the Black Chamber of Commerce care how much money PG&E will have to pay — especially since most of the \$4 billion is supposed to come from PG&E stock holders and not ratepayers like many of us.

Though we may lack expertise to answer the first question, we do have a thing or two to say about the second one.

PG&E is one of the largest employers in Northern California, and nearly two-thirds of its 21,000 employees are well paid union workers. PG&E is a job creator in our communities. It is an economic engine that contributes millions of dollars, directly and indirectly, to community edu-

cation, training, and assistance programs. It also is a strong supporter of diversity and inclusion in the work place.

What the CPUC needs to keep in mind is that almost all of PG&E's community investments are funded by shareholders — not their ratepayers.

PG&E's impact on the local economies it serves in 2012 amounted to 71,600 jobs. Many to small businesses and over \$5 billion in labor income for the work it created in Northern and Central California.

If the PUC's sanctions are so large that PG&E shareholders decide they can no longer afford to invest in our communities, we will lose a partner with a proven track record of supporting diversity. The company was ranked as the top regional utility for diversity efforts in 2012 and is among the top ten companies in the entire nation when it comes to supplier diversity, according to Diversity Inc. We need compa-

nies like that to remain on sound fiscal ground.

During the California energy crisis nearly 15 years ago, PG&E went into bankruptcy and our membership remembers well that rates increased, payments to vendors were reduced and delayed. Major construction projects stopped, and services deteriorated. Our members and communities cannot afford to see PG&E pushed to the brink of insolvency once again.

PG&E should be fined and that money should be used to improve processes and increase the safety on the company's gas system. We all want to make sure this type of tragedy never happens again. But we do not want to impair PG&E's ability to improve our infrastructure, create jobs, spark local economic activity, and foster diversity and inclusion in the work place.

Send the company a message, but make sure that message does not harm small businesses and our communities.

by AUBRY STONE, WILL HARDEE AND TATE HILL  
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installed in the 1950s caused the tragedy. Now the company faces stiff penalties and fines



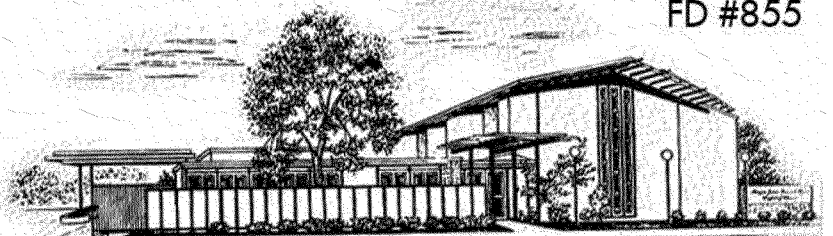
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