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Subject: FW: News re: San Bruno, PG&E, CPUC

From: Sam Singer [mailto:singer@singersf.com]
Sent: Friday, August 15, 2014 9:21 AM
To: Sam Singer
Subject: News re: San Bruno, PG&E, CPUC

1. [Your PG&E bill is about to rise this much](#)

By David R. Baker, SF Gate – Aug. 15, 2014

2. [PG&E gets go-ahead from PUC to raise residential rates 5.8 percent](#)

By George Avalos, Oakland Tribune – Aug. 15, 2014

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By Jake Reiner, KION – Aug. 14, 2014

5. KION (CBS) – Monterey, CA

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1. Your PG&E bill is about to rise this much

By David R. Baker, SF Gate – Aug. 15, 2014

California regulators, already under fire for allegedly growing too close to Pacific Gas and Electric Co., voted Thursday to let the utility collect an extra \$2.37 billion from its customers over the next three years, adding roughly \$7.50 to a typical customer's monthly bill in the fall.

The California Public Utilities Commission voted unanimously to approve the increase, which is about half of the \$4.84 billion revenue boost that PG&E initially sought.

PG&E will use much of the money to improve the safety of its vast natural gas pipeline network and electric grid. Although the revenue increase was not directly tied to the fatal 2010 PG&E pipeline explosion in San Bruno, many of the programs it will fund are designed to boost safety.

"It is PG&E's duty to use its resources effectively to ensure its system is operated in a manner that provides safe, reliable and affordable service to its customers," said Commissioner Mike Florio. "We expect and demand PG&E to be proactive and prudent in fulfilling this duty."

PG&E, which posted a profit last year of \$814 million on revenue of \$15.6 billion, had argued that it needed more to update its operations and infrastructure.

"Although the decision represents a significant cut in our request for additional resources to modernize our system for the 21st century, we will continue to make safety our top priority as we plan our work going forward," said Chris Johns, president of the utility.

The vote came two weeks after San Bruno officials released e-mails that they said showed an inappropriately "cozy" relationship between PG&E and the commission. They also called for the resignation or removal of commission President Michael Peevey, who participated in Thursday's vote.

Peevey on Thursday declined to respond to San Bruno's complaints. A spokesman for San Bruno officials had no comment on Thursday's vote.

Still, the commission's decision angered consumer advocates, who noted it isn't the only possible rate increase facing PG&E customers.

The commission is still weighing another PG&E request to increase natural gas rates, with the money earmarked for improving PG&E's system for gas storage and transmission. If the commission grants that request in full, the utility's average residential gas bill would rise an additional \$5.23 per month. A decision in that case isn't expected until next year.

"If PG&E gets its way, further increases will follow," said Mark Toney, executive director of The Utility Reform Network (TURN). "That may not seem like a lot of money to a utility executive with a salary of a million or more, but for low-income workers with stagnant wages, a few more dollars a month can be a huge burden."

The revenue increase approved Thursday will add \$4.50 to the average PG&E gas bill, starting in September, and \$3 to the average monthly electricity bill, starting in October. Further bill hikes will follow in 2015 and 2016, as a result of Thursday's vote. PG&E, based in San Francisco, expects those hikes to be smaller than the increases taking effect in the fall, but the company does not have a specific monthly estimate.

Among other things, the extra money will help the state's largest utility accelerate the replacement of old gas distribution lines, more aggressively hunt for gas leaks and strengthen the grid to protect against blackouts.

"Importantly, our residential bills will remain well below the national averages for gas and electric service," PG&E's Johns said, "and we are committed to working as efficiently as possible to keep bills low in the future as well."

2. PG&E gets go-ahead from PUC to raise residential rates 5.8 percent

By George Avalos, Oakland Tribune – Aug. 15, 2014

(Also in [San Jose Mercury News](#))

SAN FRANCISCO -- PG&E residential customers can expect a 5.8 percent increase in their gas and electricity bills starting in September after approval by state regulators Thursday of the utility's request for rate hikes.

The decision by the state Public Utilities Commission was the first general rate increase for PG&E since the 2010 natural gas explosion in San Bruno that killed eight people and wrecked a quiet residential neighborhood.

"We have given PG&E the resources that it needs," PUC Commissioner Michael Florio said in reference to the 5-0 vote. "It is PG&E's duty to use its resources effectively to ensure its system

is operated in a manner that provides safe, reliable and affordable service to its customers."

Overall monthly bills for an average residential customer will increase \$7.50 from the rate hikes, up from the current average bill of \$129 a month, according to an estimate provided Thursday by PG&E. The current electricity bill of \$80 will rise \$3 a month, or 3.8 percent, while the average gas bill of \$49 a month will rise \$4.50, or 9.2 percent.

Higher gas bills are expected to begin in September, and the higher electricity bills will go into effect in October, PG&E spokesman Jonathan Marshall said.

San Francisco-based PG&E says the increased revenues will finance an array of projects and activities, including a new gas control center in San Ramon, new technologies to detect natural gas leaks and an improved smart grid program to upgrade the reliability of the electricity system.

The rate-hike approval comes amid a pending fine of up to \$2.25 billion against PG&E by the PUC for the San Bruno blast, as well as a federal criminal case against the utility that could result in fines of up to \$1.13 billion. None of the revenue from the rate case approved Thursday will be used for payments of any of the potential fines, Marshall said.

PUC officials said their approval of the rate hikes was based in part on whether the increased revenue would improve safety and reliability for PG&E's gas and electricity system.

Consumer groups lambasted the decision.

"We keep paying more and more and we are not getting what we paid for," said Mindy Spatt, a spokeswoman for The Utility Reform Network, a consumer group. "This is business as usual for PG&E."

The PUC ruling authorized an increase of \$460 million in revenue for the utility. PG&E's

initial request in late 2012 was for a revenue increase of \$1.16 billion.

"Although the decision represents a significant cut in our request for additional resources to modernize our system for the 21st century, we will continue to make safety our top priority," Pacific Gas & Electric President Christopher Johns said in a prepared release.

The higher bills on their way to customers will more than offset a proposed 1 percent cut -- averaging about 55 cents a month -- in natural gas bills. The potential reduction, which has yet to receive PUC approval, is due to lower expenses for PG&E's pipeline safety upgrade program.

"Our residential bills will remain well below the national averages for gas and electric service," Johns said.

In an odd aside to the proceedings, PUC President Michael Peevey for the first time acknowledged, indirectly, a new controversy that has engulfed PG&E and the PUC after San Bruno officials disclosed email exchanges that suggest a cozy relationship between the utility and its regulator.

In some of the emails, Peevey offered public relations advice to PG&E on handling revelations of the utility's criminal indictment. In another email, PG&E regulatory executive Laura Doll wrote to the chief of staff of Commissioner Peevey, expressing enthusiastic gratitude for advice that the staffer, Carol Brown, provided to PG&E. "Love you. Thanks," Doll wrote.

During Thursday's meeting, some utility customers demanded that Peevey resign. Another customer sarcastically gave Peevey a verbal love note.

"I think we've heard the phrase 'love you' somewhere recently," Peevey told the audience. "I'd better not say, 'Love you.'"

3. Our View: it's time for state's top utilities regulator to move on

Editorial, The Modesto Bee – Aug. 14, 2014

It's an enduring mystery how Michael Peevey manages to keep his job as president of the California Public Utilities Commission. The CPUC is supposed to be a watchdog over companies and agencies that operate as monopolies. Without government oversight, such companies can run roughshod over their customers – who have nowhere else to turn.

That includes, most prominently, providers of electricity and natural gas, such as Pacific Gas & Electric Co. It was PG&E's antiquated gas pipes beneath the city of San Bruno that ruptured in 2010, resulting in a horrific fire that killed eight people. It also includes Southern California Edison, where Peevey was a top executive until retiring.

Peevey has been the president of the CPUC for more than a decade, which includes the period of the San Bruno explosion. While an acknowledged energy expert, he has been – and continues to be – a colossal failure when it comes to protecting consumers.

Recent revelations have shown an inappropriate relationship between Peevey and those he is supposed to oversee. In emails, he is seen scolding and second-guessing a PG&E executive over how the utility handled news about the federal indictment stemming from the San Bruno explosion. One of his emails prompts the response: “love you.”

That, in turn, prompted Rep. Jackie Speier, D-Hillsborough, to say: “If Mike Peevey wants to be a consultant to PG&E, then he should resign.”

It's abundantly clear Peevey regards utility company executives as peers and partners. Rather than creating a culture of rigorous oversight, he takes overseas junkets and Napa Valley wine tours with energy industry executives.

After the San Bruno tragedy, a blue-ribbon panel investigated the CPUC and found that the commission's practices and culture were highly flawed. Emphasizing that point, outgoing Commissioner Mark Ferron told the Los Angeles Times, the CPUC is "hopelessly outgunned." He said there is a "serious governance problem at the heart of the agency." The heart of the CPUC is where Peevey operates.

The National Transportation Safety Board investigated the San Bruno explosion, too. It concluded the commission failed to provide proper oversight of PG&E.

In 2013, a consulting firm hired by the CPUC issued a scathing report about the commission. The consultants described it as being controlled by the utilities it regulates and said there was little regard for safety.

Also in 2013, an audit by the nonpartisan state Legislative Analyst's Office uncovered "significant weaknesses" in the commission's budgeting processes.

The city of San Bruno has demanded Peevey recuse himself from any proceeding involving its case; instead, he put himself at the center of it.

This is a sampling of Peevey's failed leadership. You could go back further and find more errors in judgment and other examples of him looking out for the utilities at the expense of ratepayers.

Gov. Jerry Brown should have asked for Peevey's resignation by now. But Peevey, who is married to state Sen. Carol Liu, apparently has many friends in high places.

Peevey's term ends in December. But the president of the CPUC serves at the governor's pleasure. Gov. Brown should send a clear signal of his intent not to reappoint Peevey by removing him as president of the commission now.

4. PG&E increases flyover inspections of pipelines because of the 20120 San Bruno explosion

By Jake Reiner, KION – Aug. 14, 2014

Pacific Gas & Electric gave News Channel 5 a bird's eye view to monitor an underground operation.

"We're patrolling about 11,000 miles a month," said David Wood, PG&E's pipeline patrol superintendent.

PG&E increased these federally-required patrols drastically over the last four years, since the deadly San Bruno explosion in 2010, as part of their leak-detection strategy. That includes about six or so other safety measures for anyone working on gas pipelines.

On the Central Coast, PG&E is in the process of hydro-testing the natural gas in its pipeline system.

"They take the gas all out and then they fill it with water and then they pressurize it to take it up to a maximum pressure," said Wood.

A station near the Monterey Peninsula is then used to move the water out of the pipes, while keeping gas pumping to customers by using other resources. The test is primarily to check for leaks.

August is also "call 811 month," according to PG&E, to alert anyone thinking of digging into the ground to call for inspections prior to doing so.

From the air, Wood checks for the proximity of agriculture and construction equipment as it relates to the pipelines. Each pipeline is at least three feet under the ground, and those lines could be in danger of exploding if anyone breaks ground intentionally or accidentally.

Similar to the natural gas explosion at a home in Carmel in March, PG&E recently told the City Council the gas had backed up in the pipes. The cause of the back up is still under investigation.

"If we see activities that we can't explain or that look like they pose risk, we will contact our ground patrol and have them respond," Wood added.

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