

From: Doll, Laura
Sent: 8/17/2014 9:50:39 PM
To: Terrie D.' Prosper (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: News: California Utility Commission invitation reads like PG&E's language, San Francisco Chronicle Reports...

Sent from my iPhone

Begin forwarded message:

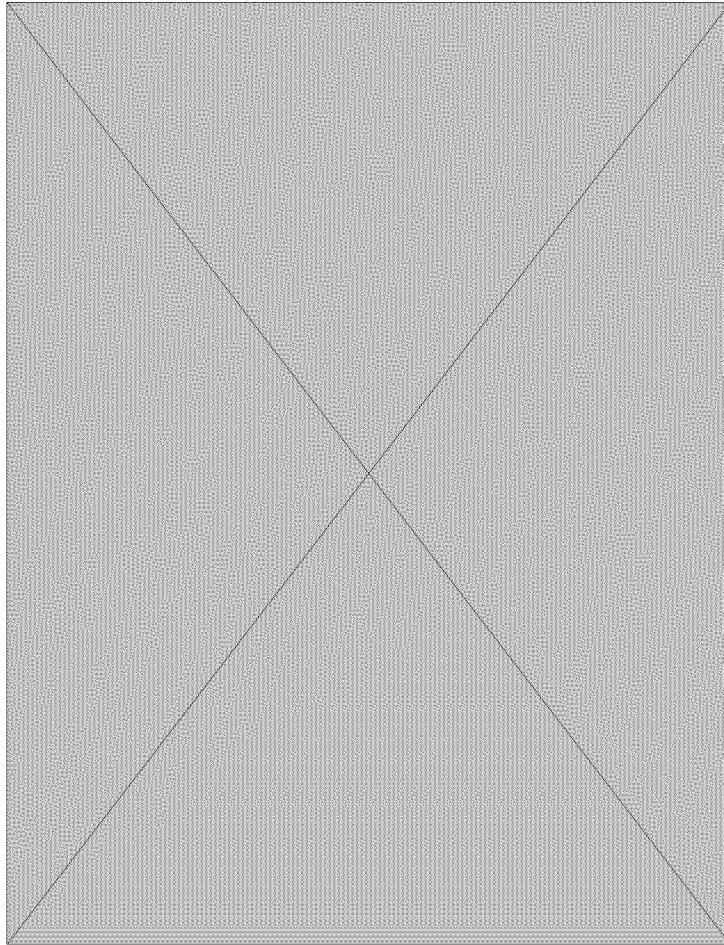
From: Sam Singer <singer@singersf.com>
Date: August 17, 2014 at 9:17:30 PM PDT
To: Sam Singer <singer@singersf.com>
Subject: News: California Utility Commission invitation reads like PG&E's language, San Francisco Chronicle Reports...

CPUC's invitation reads like PG&E's language

Invitation raises questions of regulator's ties to utility

By Jaxon Van Derbeken, San Francisco Chronicle

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California's top utility regulator invited a federal official to a state-sponsored gas safety conference last year in a letter nearly identical to one drafted by Pacific Gas and Electric Co., whose management was deeply involved in orchestrating the event, newly released documents show.

Although the conference was to be held under the banner of the California Public Utilities Commission, PG&E worked for eight months organizing it. The company drew up the agenda, screened panelists and even fussed over the size of commission logos on conference documents, e-mails between the company and state show.

When it came time to invite the head of the National Transportation Safety Board to the San Francisco symposium, the letter from commission President Michael Peevey was virtually word for word identical to a draft written by a PG&E public relations staffer, the documents show.

San Bruno officials - whose objections led to the two-day conference's cancellation in spring 2013 - obtained the documents in a lawsuit settlement with the state commission, under which the regulatory agency turned over 7,000 e-mails and other correspondence with PG&E.

City officials say the documents provide the best evidence yet of an overly cozy relationship between PG&E and the commission, which will decide within the next two months whether to fine the company as much as \$2.5 billion for the September 2010 gas-pipeline explosion that killed eight people in San Bruno.

"These e-mails make it very clear that this was an event that was planned, funded and organized, and orchestrated by PG&E with the cooperation of the CPUC - which is not the way things are supposed to work," said Steven Meyers, an attorney for the city.

PG&E's money

The documents show that although promotional materials described the May 2013 event in San Francisco as a state-sponsored conference, much of the estimated \$100,000 in expenses would have come from PG&E's shareholders.

Among the newly released documents is a March 26, 2013, letter from Peevey to then-National Transportation Safety Board Chairwoman Deborah Hersman, whose agency investigated the San Bruno explosion. Although it blamed PG&E for the blast, the safety board said in 2011 that the state commission was too close to the utility and had failed to ensure the company operated a safe gas system.

Peevey's letter, which formally invited Hersman to take part in the symposium, was only slightly altered from a draft drawn up in August 2012 by Todd Burke, a spokesman for PG&E.

"We hope that through this event and subsequent working meetings we will be able to better define, create and sustain a safety-first culture for public utilities in the State of California," both documents said. The only difference in the Peevey version is the addition of a comma after the word "create."

"We will help foster understanding of safety expectations and the consequences of failure, and assert that safety, with respect to human life and property, is non-negotiable," both letters read.

Small changes

There were just two substantive differences between the two letters. PG&E's version said the commission and "California's public utilities" thanked Hersman for tentatively agreeing to speak at the symposium, while Peevey's letter omitted the reference to utilities' involvement. And where PG&E's letter said the goal of the safety conference was to bring together "industry leaders and government representatives," Peevey's added, "and members of the public."

Connie Jackson, San Bruno's city manager, said the e-mails were "more than shocking. ... They show PG&E and not the PUC was the mastermind behind this symposium, to the point where you actually have PG&E drafting correspondence to be signed by the president of the commission."

The city, citing the e-mails and other correspondence it obtained in the lawsuit settlement, has demanded that Peevey not take part in the commission's decision on whether to fine PG&E.

A spokesman for the utilities commission, Christopher Chow, did not respond to questions about the origins of Peevey's letter. In a statement, he said the agency "originated the safety symposium."

However, that conflicts with a PG&E executive's e-mail in 2012 referring to a "draft concept document" for the event that was drawn up by a company consultant.

PG&E consultants had floated the idea in May 2012 for an "industry-sponsored" symposium on safety issues, another e-mail shows. The consultants said the conference should be neither an "industry-bashing opportunity" nor a chance for lobbyists "to advance a self-interest point of view."

Chow said the commission "received input on the event's agenda and speakers from the utilities,

with final decisions made by CPUC staff."

PG&E spokesman [Greg Snapper](#) said in a statement, "It's important to understand here that there was no violation of the ... rules and nothing about our communications were unlawful.

"We provided input into the safety symposium because we, like everyone involved, are committed to the same goal of making the gas system the safest in the nation," Snapper said.

Suggesting themes

The letter that went out with Peevey's signature was only one example of PG&E's involvement in planning the state-sponsored event.

Beginning in August 2012, PG&E and its consultants suggested the broad themes for the conference and some of the panels' talking points, including: "Should our expectations for public safety be specific, understood and agreed to by the parties or should they be mandated by the regulator?" At least two PG&E executives were to speak at the symposium.

It was PG&E's idea to invite Hersman, the e-mails show, with one consultant saying he hoped she would underscore that industry-regulator cooperation is "essential to a successful outcome."

One of the main conference organizers was [Laura Doll](#), PG&E's regulatory relations director. Before joining the company in 2011, Doll spent three years as deputy policy director at the utilities commission.

Doll was the PG&E official who replied, "Love you," in an e-mail after Peevey's chief of staff provided advice in 2013 on how PG&E could fend off a public request for information about the conference.

Stream of e-mails

Starting in 2012, Doll wrote dozens of e-mails cajoling her former colleagues at the state agency to take action on the conference.

From the start, PG&E executives made it clear that their goal was to have all five members of the utilities commission attend an "invitation-only" event. E-mails over the next few months discussed conference topics and speakers, reviewed hotels as potential conference sites, and even discussed the color and prominence of the commission's logo on conference invitations.

Then in March 2013, a reporter called the utilities commission asking about the event. A series of meetings resulted in a decision to move the conference onto state property and a warning to PG&E from [Frank Lindh](#), a former lawyer for the utility who was then the regulatory commission's top lawyer, about the consequences of excluding the public.

"Frank confirmed that if we have more than two commissioners attending at the same time, then we *have to* make the meeting open," commission deputy safety director [Elizaveta Malashenko](#) wrote in an e-mail to Doll, referring to state law requiring public access any time a government body meets in a quorum. "If we want to keep it 'invitation only,' we need to make sure that we don't have more than two commissioners in attendance at any given time."

Questions about role

The head of the commission's safety division, Jack Hagan, stressed in April 2013 that PG&E could have a "behind-the-scenes" supporting role in the gathering. But "the face of the symposium" would be the safety division, he said in an e-mail to state staffers.

Doll, however, continued to take a lead role. In a March 27, 2013, e-mail to commission officials, she forwarded PG&E's draft letter to Hersman as the template for invitations to other panelists.

"This needs to be your message, and I just want you to have something to work from," Doll told regulatory staffers.

Doll also persuaded the commission not to have state Sen. Mark Leno, D-San Francisco, moderate a panel, writing in an e-mail, "I don't think it will work and it's a lot of trouble and we have alternatives."

She also had the agency rescind a speaking invitation to Carl Wood, a former member of the utilities commission who left the panel in 2004 and is now regulatory affairs director for the Utility Workers Union of America.

Doll told a member of the commission staff who had invited Wood to break the news to him. "I just don't want this loose end and potential awkwardness," she said.

Wood, who is also board president of the customer advocacy group The Utility Reform Network, said after hearing about the e-mails: "I would be surprised if PG&E had influence on whoever makes that decision - that would be extraordinarily inappropriate."

As for being disinvited, he said, "I guess I'm shocked but not surprised. In recent years there has been a degradation of integrity and independence of the commission as an institution."

Conference scuttled

The proposed conference unraveled April 24, 2013, after attorneys for San Bruno filed a motion with the judicial arm of the regulatory agency to keep Peevey and another commissioner, Mike Florio, from attending. San Bruno cited the two commissioners' role in overseeing the proceedings to determine whether PG&E should be fined for the San Bruno explosion.

The commission announced that day that the "forward-looking" event was being put off indefinitely to "eliminate any possible public concern over the fairness" of the process to determine whether PG&E should be fined.

In a statement to The Chronicle, commission spokesman Chow said Peevey - who was on the agenda as a speaker - had decided to scuttle the symposium over the regulatory-fine issue and "because he felt it was inappropriate to seek funding of the event from the state's natural gas utilities."

"OMG," Doll wrote to a commission official upon hearing of San Bruno's objections. After the conference was postponed indefinitely, Doll told commission spokeswoman Terrie Prosper and Malashenko that she would miss working with them.

"Oh wait, we'll still be working on stuff!! Yay!" Doll wrote. "Seriously, thank goodness for you both."

Prosper wrote back: "Oh, I'm sure the symposium will eventually be resurrected."

2 letters

At top is a draft invitation written by PG&E to a California Public Utilities Commission conference on natural gas safety. At bottom is the final version sent to a federal safety official by the commission's president, Michael Peevey.

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