

From: Doll, Laura  
Sent: 8/18/2014 10:09:54 AM  
To: Terrie D.' Prosper (terrie.prosper@cpuc.ca.gov) (terrie.prosper@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: News re: San Bruno, PG&E, CPUC (print)

**From:** Redacted  
**Sent:** Monday, August 18, 2014 10:02 AM  
**To:** Redacted  
**Subject:** News re: San Bruno, PG&E, CPUC (print)

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1. PUC's invitation reads like PG&E's language

By Jaxon Van Derbeken, SF Gate – Aug. 17, 2014

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. Gov. Jerry Brown defends CPUC president, Delta tunnel plan

By Josh Richman and Jessica Calefati, San Jose Mercury News – Aug. 15, 2014

*(Also on [Insurance News](#))*

Gov. Jerry Brown voiced strong support for beleaguered California Public Utilities Commission President Michael Peevey on Friday, following the disclosure of emails indicating a cozy relationship with the utilities Peevey regulates.

Brown, meeting with this newspaper's editorial board, also said he plans to proceed with his twin-tunnel plan for the Delta whether or not the public votes on it, and suggested that comprehensive reform of the California Environmental Quality Act, long one of his top priorities, is all but dead.

In a wide-ranging interview, the governor reviewed with evident pride his third term's accomplishments, such as closing the state's budget deficit, enacting a local control funding formula for schools as well as some pension reform, presiding over the expansion of MediCal and creating a successful health care insurance exchange. Then he took a dig at Texas Gov. Rick Perry, who was indicted earlier Friday on charges of abuse of power and coercion.

"In the big picture, not only am I not indicted, but I'm doing a hell of a job," Brown quipped, later declining to commit to debate that and other topics with Neel Kashkari, his Republican opponent in the November election.

In some of the CPUC 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. The recent release of those emails stoked Peevey's critics, who have long seen him as too cozy with the state's utilities, to demand his immediate ouster.

"I know there's been a lot of ink poured out on this topic, but I would say he's a very effective leader, he gets things done" especially on promoting renewable energy, Brown said Friday of Peevey.

Brown went on to describe Peevey as "a strong force," the likes of which hasn't held the CPUC's reins since John Bryson did so during Brown's second term, from 1979 to 1982.

Brown also said Friday he will "charge ahead" with his divisive, \$23 billion proposal to build two massive tunnels that would make it easier to move water from north to south in California -- with or without a vote of the people.

Although Brown conceded his plan to construct tunnels beneath the San Joaquin River Delta to siphon water south will likely end up on the ballot eventually, he said he's not going to put it there voluntarily because the plan seeks to address a problem -- deteriorating levees and saltwater intrusion -- that can't wait.

"I'm doing this because it's a problem that's presented to me," Brown said. "People think I'm talking about my legacy. No. I do things that show up that I can't avoid, and this is one that I've got to do."

Brown's comments Friday came several days after he helped negotiate a new \$7.5 billion state

water bond for the November ballot. In order to mitigate opposition from environmentalists, the final version of the bond package prohibits any bond money from being spent directly on the tunnel proposal.

Prior to his Friday comments, Brown had been mostly mum on the project, officially known as the Bay Delta Conservation Plan, since his administration released a detailed blueprint more than a year ago, but Capitol observers expect the project will be a top priority of his next term if he wins his gubernatorial bid in November.

Rewriting California's onerous environmental regulations was another topic many had expected Brown to take up next year if he cinches an unprecedented fourth and final term as the state's top leader.

But on Friday, Brown said his hopes to do so have dimmed significantly. He wouldn't say CEQA reform is dead, but he compared hurdles in changing the law to revising the Catholic Church's persistent opposition to birth control.

"Once you start to fiddle with the theology of CEQA, you get into difficulties," Brown said.

### 3. PG&E hits customers with hike rates for safety measures

Staff, San Francisco Business Times – Aug. 15, 2014

PG&E customers get ready for a bill increase of nearly 6 percent starting in September.

California regulators voted Thursday to allow the utility company to collect an extra \$2.37 billion from its customers over the next three years.

The California Public Utilities Commission voted unanimously to approve this price increase, according to the San Jose Mercury. The result for most consumers will be an addition \$5-\$7 tacked onto their utility bill.

PG&E says that it will use much of the money to improve the safety electric and gas services. While the revenue increase was not directly tied to the fatal 2010 pipeline explosion in San Bruno, many of the programs it will fund are designed to boost overall safety.

This latest action comes just as a PG&E faces a pending fine of up to \$2.25 billion from the PUC for the San Bruno blast. There is also a federal criminal case against the utility that could lead to fines of at least \$1.13 billion.

PG&E, recorded a profit last year of \$814 million on revenue of \$15.6 billion.

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Staff, Sacramento Business Journal - Aug. 18, 2014

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#### 5. PG&E Due in Court Monday for 2010 San Bruno Pipeline Explosion

By NBC Bay Area Staff, NBC Bay Area – Aug. 17, 2014

PG&E is headed back to federal court Monday to answer to criminal charges stemming from the deadly San Bruno pipeline explosion.

In July, a grand jury issued an indictment against the utility nearly four years after the explosion that killed eight people and injured 66 others.

The Department of Justice filed 27 charges accusing PG&E of willfully violating the Pipeline Safety Act and obstructing an investigation of the explosion by the NTSB.

State Sen. Jerry Hill, whose district includes San Bruno, said he expects a battle in court.

He said a key issue moving forward is the relationship between the CPUC, which oversees the utility, and PG&E, saying it is too close.

"It's clear that we have to see the U.S. Attorney making some actions and headway, and that's what they're doing. And I think more importantly, in the long run, we need an independent

monitor," he said. "Some in San Bruno has been asking for this for many years now, but we need someone independent other than the Public Utilities Commission."

PG&E referred NBC Bay Area back to an earlier statement:

"We still do not believe that PG&E employees intentionally violated the federal Pipeline Safety Act."

#### 6. PG&E Rates Going Up Nearly \$100 A Year After PUC Approves New Rate Hike – And That May Not Be All

Staff, CBS Sacramento – Aug. 15, 2014

SACRAMENTO (CBS13) — PG&E customers will likely be paying close to \$100 a year more after the California Public Utilities Commission approved the latest rate hike.

The utility will bring in more than \$2.3 billion with the new general rate hike. Spokeswoman Brandi Ehlers says PG&E will spend that money to upgrade its entire system.

“That includes upgrading our smart switches, so we can have less customers impacted by outages, and it also includes the acceleration of replacing out distribution pipeline,” she said.

For those upgrades, the typical household will pay an additional \$7.50 a month for gas and electric service, adding up to \$90 a year.

“I think it’s getting a little bit out of hand,” said Isabelly Caulby, who is a senior on a fixed income.

But the rate may go even higher, as the utility giant wants to raise more money for gas storage and pipeline upgrades. That would mean monthly bills could jump an additional \$5.23.

Combined with the first increase, a typical family will pay almost \$153 dollars more a year.

“I think I’m going to have to buy me some candles,” Caulby said.

PG&E denies that the rate increase is directly tied to the deadly 2010 San Bruno pipeline explosion. The utility faces criminal charges and a \$2.25 billion fine for the explosion that killed eight people and destroyed 38 homes.

Ehlers says many of the newly funded programs aim to avoid a similar tragedy.

“This is not about remedying the past, it’s about moving forward and making sure we can invest in a 21st century infrastructure for our customers,” she said

Some say the rate hikes are necessary if it means avoiding accidents like the San Bruno pipeline explosion.

“I just hope they don’t make it too expensive, but I understand the need of having the safety here in Sacramento,” said Kelly Pineta.

But for seniors on a fixed income, the price spike means tough choices will have to be made.

The rate increase will start in September for both gas and electric customers. The additional spike for gas will be decided on next year.

7. California Regulators Approve PG&E Rate Hike; Unrelated to San Bruno Pipeline Explosion

By Associated Press, CBS San Francisco – Aug. 15, 2014

SAN FRANCISCO (CBS/AP) — California regulators have approved a nearly \$2.4 billion rate hike for Pacific Gas and Electric Co. customers that will see the typical customer's monthly bill increase by \$7.50 starting in the fall.

The California Public Utilities Commission voted unanimously in favor of the increase on Thursday. It will be phased in over three years.

According to PG&E, the average residential customer's \$129 monthly gas and electricity bill will climb by \$7.50. Part of the increase is expected to go into effect in September, with the rest following in October.

Further increases will then follow in 2015 and 2016.

The San Francisco Chronicle reports that the money is not connected to the deadly 2010 gas pipeline explosion in the San Francisco Bay Area, though at least some of it is intended to fund improvements to PG&E's natural gas pipeline network.

8. PG&E Faces More Criminal Charges in Connection with San Bruno Explosion

KGO Staff, ABC 7 News – Aug. 17, 2014



SAN FRANCISCO (KGO) -- PG&E is set to head back to court Monday to face additional criminal charges in connection with the deadly San Bruno explosion that killed eight people and destroyed 38 homes.

A new federal indictment issued last month accuses PG&E officials of obstructing its investigation.

It also charges PG&E with 27 counts for poor record keeping.

This indictment nullifies one in April that charged the utility with 12 felony violations.

9. Methane leaking from Sacramento gas pipelines adds to greenhouse effect

By Edward Ortiz, The Sacramento Bee – Aug. 17, 2014

*(Also in The San Luis Obispo Tribune)*

The natural gas pipelines snaking under the Sacramento region likely leak a significant amount of methane, a potent greenhouse gas, scientists say.

Methane is a major component of the natural gas that travels from transmission lines to the underground pipelines that deliver it to homes and businesses. The amount that leaks out is relatively small, but scientists say it has a big impact, since methane is about 25 times stronger than carbon dioxide when it comes to trapping heat in the atmosphere.

Pacific Gas and Electric Co. says it has 7,100 miles of natural gas pipeline in the Sacramento region.

“We expect that these kinds of leaks are large in number, and that the aggregate is somewhat

large,” said Timothy O’Connor, director of the Environmental Defense Fund’s California Climate Initiative.

A Stanford University study, published in February in the journal Science, found that 200 previous studies on methane emissions from pipelines underestimated leakage rates. More specifically, it found that emission rates were as much as 75 percent higher than the U.S. Environmental Protection Agency had estimated.

The California Air Resources Board’s latest monitoring for methane found that measurements in the Central Valley were as much as 70 percent higher than expected, said Dave Clegern, spokesman for the agency.

The agency is looking at potential regulations for methane relating to oil and gas production, processing and storage, Clegern said.

Global warming aside, methane pollution is a major issue in the Sacramento Valley. Methane reacts with nitrogen dioxide in the atmosphere to form ozone, and the Sacramento region has exceeded the EPA’s standard for healthy ozone every year since 2008. High levels of ozone in urban areas have been linked to respiratory and other diseases.

Rice farms contribute methane into the atmosphere. Almost a half million acres of rice are grown in the Sacramento Valley. When rice stalks and roots decay in flooded rice fields, they produce methane, which bubbles up through the water and into the air.

Dairy farms in the southern Central Valley are a significant source of methane, along with oil and gas drilling and production.

California lags states such as Colorado and Wyoming in dealing with methane emissions from natural gas pipelines. Those states require gas companies to find the leaks and repair them.

“California needs to do better,” O’Connor said.

Evidence of pipeline leakage has been growing. In 2011, the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration identified roughly 30,000 leaks statewide. In 2012, the agency identified 54,278 leaks.

That year, the ARB found that 94,170 metric tons of methane were emitted into the atmosphere.

“The weak point is where steel pipes have degraded,” O’Connor said. “High-pressure service and steel are more likely to leak than plastic piping, and older systems are the ones most likely to leak.”

The Environmental Defense Fund is working with 90 colleges and universities on 16 studies relating to methane emissions and partnering with utility companies to quantify the extent of the problem.

“We need to make sure that utilities are using the best industry practices to maintain and inspect and repair these pipelines that run under our streets and neighborhoods,” O’Connor said.

To help reach that goal, the Environmental Defense Fund also is partnering with Google to use the company’s Street View cars, which are outfitted with sophisticated measuring equipment that allows them to survey neighborhoods and measure where leaks are occurring. The cars have been used in Boston and on Staten Island in New York City.

Many of the natural gas pipelines in Boston are a half century old and made of cast iron, which is known to corrode over time. In Boston, the Google cars found one methane leak per mile.

The Google cars are now being used to measure methane on streets in Southern California,

O'Connor said, adding there are no plans to employ them in Northern California.

After the deadly San Bruno PG&E pipeline explosion four years ago, California placed stronger requirements on utilities to fix leaks that pose a danger to the public. PG&E has set a goal of replacing all of its 2,243 miles of cast-iron gas distribution pipe by the end of this year.

The utility is using a similar approach to the Google cars. It has a fleet of six vehicles that use infrared technology to pinpoint and grade methane leaks, said PG&E spokeswoman Brandi Ehlers.

The EPA has not looked deeply into the matter since 1996. A report issued last month by its inspector general's office said the agency had "placed little focus" on reducing methane emissions from pipelines and said improvements were needed.

EPA officials say the agency is placing more emphasis on the addressing the problem and will issue a response to the inspector general's report by fall.

Utilities are not required to fix natural gas leaks that don't pose a fire or explosion hazard. They are also not required to report leaks that they discover but have not scheduled for repair.

A bill making its way through the Legislature would require the California Public Utilities Commission, along with the ARB and other entities, to adopt rules and procedures for minimizing leaks and reducing emissions.

#### 10. PG&E rate hike approved

Associated Press, The Santa Rosa Press Democrat – Aug. 15, 2014

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Further increases will then follow in 2015 and 2016.

The San Francisco Chronicle reports (<http://bit.ly/1sJmJ3w>) that the money is not connected to the deadly 2010 gas pipeline explosion in the San Francisco Bay Area, though at least some of it is intended to fund improvements to PG&E's natural gas pipeline network.

#### 11. California regulators approve reduced rate increase for PG&E

By Robert Walton, Utility Dive – Aug. 17, 2014

Dive Brief:

California regulators have approved an increase of about 6.9% on revenue requirements for Pacific Gas and Electric (PG&E).

The California Public Utilities Commission (CPUC) authorized a revenue increase of \$460 million and attrition increases of 4.57% for 2015 and 5% for 2016. The utility had requested a

revenue increase of \$1.16 billion, or 17.5%, and attrition increases of 5.9% and 6.1% for those years, respectively.

The decision is expected to raise rates by 5.8% percent for residential customers, according to PG&E estimates.

Dive Insight:

The increase comes as the utility faces pending fines and an obstruction of justice charge related to the 2010 San Bruno explosion that killed eight people. The CPUC took a cautious tone in a statement announcing approval of the rate increase, stressing that the decision came "after a lengthy and public process."

It is the first rate increase for PG&E since the deadly 2010 San Bruno disaster, and the decision angered ratepayer advocates. "PG&E uses customers' fears of more San Bruno explosions to justify constantly rising rates, but it is shareholders, not customers, who should pay all costs related to PG&E's pipeline neglect," The Utility Reform Network said in a statement.

"This was not a 'business as usual' rate case. Consistent with our renewed focus on safety, the CPUC approached this rate case very differently from those in the past by integrating a heightened evaluation of safety, risk assessment, and accountability," CPUC Commissioner Mike Florio said in a statement.

"The amount we authorized is intended to provide the necessary revenue for the maintenance, replacement, and improvement of PG&E's aging infrastructure, and for the operation of the utility system in a manner that provides safe, affordable, and reliable service to PG&E's customers," he added.

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