

From: Doll, Laura
Sent: 9/2/2014 4:43:45 PM
To: Terrie D.' Prosper (terrie.prosper@cpuc.ca.gov) (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: San Bruno Press Release on CPUC Fine and Penalties Against PG&E for San Bruno Explosion and Fire

From: Sam Singer [mailto:singer@singersf.com]
Sent: Tuesday, September 02, 2014 3:52 PM
To: Sam Singer
Subject: San Bruno Press Release on CPUC Fine and Penalties Against PG&E for San Bruno Explosion and Fire
Importance: High

San Bruno Commends PG&E Fine by CPUC, But Urges More Funds for Safer Gas System

**City Criticizes \$950 Million Fine to State – Money Should Go to
Increased PG&E Safety Improvements**

***Continues Calls for Independent Monitor to Ensure Independent
Oversight, Public Safety***

San Francisco, Calif. – City of San Bruno leaders today praised but also criticized elements of a record-setting penalty and fine against the Pacific Gas & Electric Co. for causing the devastating 2010 explosion and fire in San Bruno.

“As we review the decision, we commend the level of this record-setting penalty and fine – the largest ever levied by the CPUC – but we remain disappointed that the CPUC chose to direct nearly \$1 billion to the State General Fund instead of demanding that more dollars be reinvested back into a safer pipeline system,” said San Bruno Mayor Jim Ruane.

The decision by the California Public Utilities Commission comes just days before the fourth anniversary of the fatal tragedy that killed eight and destroyed a neighborhood.

“Eight people died, another 66 were injured and an entire neighborhood was destroyed in this horrific PG&E-made tragedy and at the hands of irresponsible corporate managers,” Ruane said. “We now call on the CPUC to deliver justice to the victims of this horrific tragedy by strengthening and improving this penalty and requiring that more funds be reinvested back into a safer pipeline system for the benefit of communities statewide.”

The City of San Bruno will have 30 days to appeal the decision and has not yet decided if it will do so.

Ruane said the City objects to the \$950 million fine to the General Fund – a payday for Gov. Jerry Brown – instead of allocating more funds for pipeline safety improvements, and the \$635 million in disallowances, which means that PG&E is being credited with safety repairs made to date.

“For many decades, PG&E diverted dollars intended for safety improvements to fund executive bonuses and shareholder return – decisions that resulted in the fatal explosion and fire,” Ruane said. “The City does not believe that PG&E should be credited for making safety improvements the company failed to make decades ago.”

San Bruno continues to push for a number of additional going-forward remedies also left out of the decision. These include \$5 million per year for a nonprofit California Pipeline Safety Trust, an Independent Monitor to make sure PG&E and the CPUC follows safety plans in the face of possible lax enforcement, and the installation of lifesaving fully Automatic Shutoff Valves.

Finally, the City is demanding the recusal of CPUC President Michael Peevey from participation in the decision to assure a proper and fair conclusion to the proceedings. This follows the release of the private illegal emails between Peevey and PG&E demonstrating his bias in the case.

“PG&E has stated in its corporate statements and advertising that the company should be held accountable for its gross negligence,” Ruane stated. “We now urge the CPUC to do the right thing by forcing PG&E to improve its failed system and bring closure to this devastating tragedy at the hands of PG&E. Let’s move on and all work together for gas pipeline safety for Californians.”

According to the CPUC’s rules and procedures, the five commissioners – four if Peevey is recused from the proceeding as requested by San Bruno and the other participating parties –will decide the issues on appeal in the Proposed Officers’ Decisions in closed session. The vote on any of the parties’ appeals will be in a public meeting and accompanied by an explanation of the Commission’s decision.

“PG&E’s gross misconduct and lax oversight by the CPUC caused one of the worst natural gas disasters in American history. The citizens of San Bruno and safety advocates have waited four years for justice following this devastating tragedy,” said Mayor Ruane. “While we believe our work over the last four years has contributed to the level of this record-setting penalty, the eyes of the nation are now watching whether the CPUC’s politically appointed commissioners display the leadership necessary to strengthen the terms of this penalty and ensure more dollars are allocated for safety. This is a watershed moment for the 100-year-old CPUC.”

This decision comes nearly a month after the U.S. Attorney’s office filed enhanced criminal findings against PG&E for 28 counts stemming from the San Bruno natural-gas explosion, including a charge that the company lied when it denied it had an official policy of ignoring federal law requiring pipeline inspections. The indictment, which replaces one that the same grand jury issued in April, vastly increases the financial penalty the company could face in

connection with 2010 blast.

Multiple civil investigations have found PG&E's tragic explosion to be entirely man-made and the result of PG&E's willful decision to divert pipeline safety funds and use them for executive compensation and shareholder returns for many decades – findings that have now resulted in the criminal indictment and the latest penalty recommendation.

State and federal investigations identified sloppy record-keeping and decades of grossly neglected pipeline safety improvements as causes for eight people needlessly losing their lives.

The National Transportation and Safety Board also found that the CPUC similarly failed to enforce and ensure basic safety standards and regulations and, most troubling, it highlighted the inappropriately close relationship between the CPUC and PG&E – a relationship now documented in more than 7,000 public records released by the City of San Bruno demonstrating an illegally close relationship between PG&E's senior staff and top CPUC decision makers.

Throughout the three-year penalty proceeding, San Bruno has become an active voice for pipeline safety reform here and across the U.S., serving as a staunch advocate for the victims of this senseless tragedy and a vigilant watch dog during the penalty process.

“We cannot bring back the innocent lives tragically lost at the hands of PG&E and the CPUC, but we have worked to make sure the legacy of San Bruno becomes an opportunity to prevent future negligence by PG&E and stronger, active oversight by the CPUC,” Ruane said. “We are hopeful that the PG&E disaster in San Bruno has served as a wake-up call for PG&E, the CPUC and State elected leaders to put public safety over utility profits and above the dangerously cozy relationships between utilities and those responsible to regulate them.”

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Office: 415.227.9700 | Cellular: 415.336.4949
singer@singersf.com | www.singer-associates.com
Skype: SamSinger.SanFrancisco



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