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Sent: 9/3/2014 11:27:30 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

From: Alex Doniach [mailto:alex@singersf.com]
Sent: Wednesday, September 03, 2014 11:20 AM
To: Alex Doniach
Cc: Sam Singer
Subject: News re: San Bruno, PG&E, CPUC

1. PG&E faces $1.4 billion in penalties for San Bruno blast

By Jaxon Van Derbeken, San Francisco Chronicle – Sept. 2, 2014

2. PG&E to be fined $1.4 billion for San Bruno explosion

BY George Avalos, Contra Costa Times – Sept. 2, 2014

3. PG&E Faces $1.4 Billion for Deadly California Pipeline Blast

By Cassandra Sweet, The Wall Street Journal – Sept. 2, 2014

4. PUC proposes $1.4-billion PG&E fine for San Bruno explosion

By Marc Lifsher, Los Angeles Times – Sept. 2, 2014

5. $1.4 Billion in Penalties Is Sought in California Gas Blast

By Michael Corkery, The New York Times – Sept. 2, 2014

6. PG&E fined $1.4B for deadly 2010 San Bruno pipeline blast

By Ellen Knickmeyer (Associated Press), The Washington Post – Sept. 3, 2014

7. PG&E fined $1.4B for San Bruno pipeline blast

By Melanie Eversley, USA Today – Sept. 2, 2014

8. PG&E faces record fines over deadly California pipeline blast

By Rory Carroll, Reuters – Sept. 3, 2014

9. CPUC zaps PG&E with record $1.4 billion fine over San Bruno explosion

By Chris Rauber, San Francisco Business Times – Sept. 2, 2014

10. Editorial: PG&E fine should go to pipeline improvements

Editorial Board, San Mateo Daily Journal – Sept. 3, 2014

11. Editorial: PG&E slammed with record fine, deservedly so

Editorial Board, The Sacramento Bee – Sept. 3, 2014

12. PG&E Fine Attacks as Californians Urge Pipeline Upgrades

By Mark Chediak, Bloomberg – Sept. 2, 2014

13. PG&E Should Pay $1.4 Billion for San Bruno Blast: Judges

By Mark Chediak, Bloomberg – Sept. 2, 2014

14. PG&E hit with $1.4 billion penalty

By John Howard, Capitol Weekly – Sept. 2, 2014

15. PG&E's $1.4 Billion San Bruno Fine: Huge But Less Than Expected

By Jon Brooks, KQED – Sept. 2, 2014

16. San Bruno Mayor Questions Allocation Of PG&E Penalties For 2010 Pipeline Explosion

By Scott Morris (Bay City News), The San Francisco Appeal – Sept. 2, 2014

17. PG&E Hit With Record $1.4B Fine For San Bruno Explosion

By Kat Greene, Law 360 – Sept. 2, 2014

18. PG&E faces $1.4 billion fine for deadly San Bruno pipeline blast

By Jim Jelter, Market Watch – Sept. 2, 2014

19. PG&E Fined $1.4 Billion For Violations Leading To 2010 San Bruno Pipeline Explosion

By Bay City News, CBS San Francisco – Sept. 2, 2014

(Also on NBC Bay Area)

20. PG&E Fined $1.4 Billion for San Bruno Pipeline Explosion

By Mina Kim, The California Report – Sept. 3, 2014

21. PG&E To Be Fined $1.4 Billion By Public Utilities Commission Over San Bruno Blast [Updated]

By Staff, SFist – Sept. 2, 2014

22. UPDATE: PG&E Corp. (PCG) Gains; Fined $1.4B by CPUC

Street Insider – Aug. 2, 2014

23. Schubert Jonckheer & Kolbe LLP Investigating PG&E's Officers and Directors for Misconduct Related to San Bruno Pipeline Explosion

PR Newswire Press Release, Securities Technology Monitor – Sept. 3, 2014

24. PG&E slammed with $1.4 Billion Penalty for Deadly Explosion in 2010

By Kevin Smead, Energy Digital – Sept. 3, 2014

25. PG&E to pony up big for San Bruno explosion

By Don Bauder, San Diego Reader – Sept. 2, 2014

26. PG&E Says Record Fine Is Appropriate

KLUP News Talk – Sept. 3, 2014

27. PG&E penalized $1.4B for deadly pipeline blast

By Associated Press, WWMT News – Sept. 3, 2014

28. CPUC penalty stings Pacific Gas and Electric

By Barbara Vergetis Lundin, Fierce Energy – Sept. 3, 2014

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1. PG&E faces $1.4 billion in penalties for San Bruno blast

By Jaxon Van Derbeken, San Francisco Chronicle – Sept. 2, 2014

Pacific Gas and Electric Co. must pay a record $1.4 billion in fines and other penalties for more than 3,700 violations of pipeline safety laws leading up to the deadly San Bruno natural-gas explosion, two administrative law judges said Tuesday.

The California Public Utilities Commission judges levied a $950 million fine against PG&E for keeping shoddy pipeline records, violating safety rules and failing to make legally required gas-system adjustments before the September 2010 blast that killed eight people and destroyed 38 homes.

They also ordered the company to refund $400 million it received from customers but failed to spend on safety improvements in the decade before the blast. PG&E must also pay $50 million in other costs, including an audit of changes it has made to its gas lines since the disaster, the judges said.

"The penalties adopted in today's decision send a strong message to PG&E, and all other pipeline operators, that they must comply with mandated federal and state pipeline safety requirements or face severe consequences," said Judges Amy Yip-Kikugawa and Mark Wetzell.

They said they wanted to put utilities on notice that breaking the law "will result in a fine that is not simply a 'cost of doing business.' "

$2 billion cost

Combined with $635 million in pipeline upgrades that PG&E has already been ordered to absorb, the company's total cost of San Bruno penalties and improvements will top $2 billion, commission officials said in a statement. In addition, PG&E has paid $500 million in lawsuit settlements with blast victims and their survivors, and faces a potential $1.13 billion fine in a criminal case brought by federal prosecutors.

The state-ordered penalties would be paid by PG&E's shareholders, not the company's customers. However, customers are still liable for covering $1 billion in safety upgrades that PG&E has agreed to make but were not covered by Tuesday's ruling.

PG&E had hoped to escape a state fine altogether and have the pipeline improvements alone serve as its penalty. The judges dismissed that idea, even though it would benefit customers by transferring some of the $1 billion in safety upgrades to the company.

"PG&E's proposal that all penalties be used/invested in pipeline safety, while creating a windfall for ratepayers, would not effectively deter it from committing further violations," the judges said. "Indeed, such an outcome would not even be considered an appropriate penalty, since PG&E has always been required to invest in pipeline safety."

The judges' ruling is final unless one of the parties in the San Bruno case or one of the utilities commission's five members challenges it within 30 days. If that happens, the matter would go before the full commission, whose members are appointed by the governor.

No word on appeal

PG&E officials issued a statement that did not say whether they would appeal.

"We are accountable and fully accept that a penalty is appropriate," the statement said. "We have respectfully asked that the commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety. Moreover, we believe any penalty should directly benefit public safety."

San Bruno Mayor Jim Ruane said he was concerned that the judges hadn't ordered PG&E to spend more on safety improvements, and that the penalty may be disproportionately weighted toward fines.

"There is an extraordinary amount in the fine that does not go directly into safety of the pipelines in the ground," Ruane said, "and that's unfortunate."

He said the city is "extremely disappointed" that the nearly $1 billion fine amounts to a "payday" for Gov. Jerry Brown and the state's general fund. "We can't see the benefit of putting this money in the general fund and not on public safety," he said.

City officials also were disappointed that the judges did not impose an outside safety monitor on PG&E, Ruane said.

City Manager Connie Jackson said it was "way too soon" to tell whether the city would appeal.

Mark Toney, executive director of The Utility Reform Network, said the consumer-advocate group agreed with city officials that more money should go into pipeline improvements.

"We want to see a lot more to rate relief and fixing the pipes," Toney said. "The bottom line is ratepayers shouldn't be left holding the bag."

Soon after issuing the decision, the judges put out a separate ruling that rejected San Bruno's motion to remove utilities commission President Michael Peevey from the case, on the grounds that e-mails between him and PG&E officials showed he was biased toward the utility.

Probes blame PG&E

Investigations by the National Transportation Safety Board and a blue-ribbon panel appointed by the utilities commission have said PG&E failed to adequately test and maintain its system of more than 1,100 miles of urban gas-transmission lines before the San Bruno explosion. The blast happened when a seam weld that PG&E didn't know existed ruptured on a 30-inch transmission line.

Since the disaster, company executives say, PG&E has beefed up its pipeline replacement and testing programs and improved its emergency response system.

The penalty announced Tuesday would far exceed the utilities commission's highest-ever for gas-related violations, a $38 million fine against PG&E for a December 2008 explosion that killed a homeowner in Rancho Cordova (Sacramento County). It would also be the biggest fine ever against a U.S. utility for a gas blast, topping the $101.5 million penalty against El Paso Natural Gas for an August 2000 explosion that killed a dozen campers in Carlsbad, N.M.

Two main areas

The PG&E case was divided into two main areas, in which the judges concluded that the company committed a total of 3,708 pipeline safety violations.

Yip-Kikugawa found that PG&E had routinely made flawed assumptions about its pipelines and had known its records were in disarray. She also found the utility had consistently failed to lower pipeline pressures around newly developed areas, as required by law.

Wetzell oversaw allegations stemming from the blast itself. He found PG&E had failed to properly test many of its at-risk pipelines, including the one that ruptured in San Bruno. The company relied on an inspection method for most pipelines that was incapable of detecting flawed welds, Wetzell found.

Working off incorrect records, PG&E concluded that the pipeline installed in San Bruno's Crestmoor neighborhood in the 1950s had no seam welds. The line finally ruptured at a cobbled-together assortment of short pipes, many with flawed seam welds.

In demanding that PG&E return $400 million in safety-improvement money, the judges concluded that the sum approximated the amount that the company hoarded in the 11 years before the San Bruno disaster, "straying from its obligations." The judges ordered the money refunded within 45 days of their decision being made final.

Finances in good shape

The judges concluded that "there appears to be confidence" among financial experts that PG&E will not only survive the fine and other penalties, but that its stock price might even go up when the matter is over.

In fact, the company stock rose 1.74 percent Tuesday, closing at $47.29 - near its peak this year.

"From a shareholder viewpoint, having any sign that we may be getting to the end of this four-year process is a good thing," said Kit Konolige, a utilities analyst with BGC Partners. "Having all this uncertainty has made it very difficult for people to feel comfortable investing in the stock."

2. PG&E to be fined $1.4 billion for San Bruno explosion

BY George Avalos, Contra Costa Times – Sept. 2, 2014

SAN BRUNO -- State regulators on Tuesday proposed a $1.4 billion fine to punish PG&E for its role in a fatal natural gas explosion in San Bruno that killed eight people and wrecked a quiet residential neighborhood.

The proposed punishment issued by two administrative law judges with the state Public Utilities Commission represents the largest safety related penalty ever issued by the PUC. Yet it is far less than a potential $2.45 billion fine that the utility's critics including consumer advocates and San Bruno officials had said PG&E should have received.

The penalty consists of $950 million to be paid to California's General Fund, $400 million in pipeline improvements that cannot be recovered from ratepayers, and about $50 million to be used to implement more than 75 remedies to enhance pipeline safety. The PUC's Safety and Enforcement Division will be able to use $30 million from the fines to hire independent auditors to audit PG&E's project to validate pressure in its natural gas pipelines.

Investigators blamed San Francisco-based PG&E's poor record keeping and negligent maintenance, as well as lax oversight by the state PUC, for the September 2010 explosion.

PG&E spokesman Greg Snapper said in a prepared release: "We are accountable and fully accept that a penalty is appropriate. We have respectfully asked that the Commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety. Moreover, we believe any penalty should directly benefit public safety."

The full PUC must issue a final decision, which is expected this year. That means this proposal could be modified, possibly substantially.

Separately, federal prosecutors have filed criminal felony charges against PG&E, including an accusation of obstruction of justice. The criminal case could result in a fine of up to $1.13 billion.

"The resulting deaths, injuries, and damage to property were especially severe," the PUC administrative law judges wrote in their proposed ruling. "Several survivors endured months of hospitalization and rehabilitation, and still face long and difficult recoveries. Survivors experienced loss, emotional trauma, stress, acute insomnia, and post-traumatic stress disorder."

The blast also destroyed 38 homes in San Bruno's Crestmoor district.

"The Crestmoor neighborhood was effectively wiped off the map," the judges wrote in their decision. "An entire community was displaced."

3. PG&E Faces $1.4 Billion for Deadly California Pipeline Blast

By Cassandra Sweet, The Wall Street Journal – Sept. 2, 2014

California regulators want PG&E Corp.'s PCG +0.22% utility to pay $1.4 billion in fines and penalties over a fatal natural-gas pipeline explosion in San Bruno, Calif.

The state Public Utilities Commission proposed fining Pacific Gas & Electric Co. $950 million over allegations that the company violated federal and state pipeline safety rules before the 2010 pipeline explosion. In addition, under the proposal released Tuesday, the company would pay $400 million for pipeline safety work that wouldn't be covered by ratepayers and $50 million for other improvements.

"We are accountable and fully accept that a penalty is appropriate," PG&E said in a statement. The company added that it has hired natural-gas experts and focused on beefing up safety.

Shares of PG&E were trading nearly 2% higher Tuesday afternoon at $47.30, as the proposed fine and penalties appeared to be close to analysts' expectations.

"It looks quite close to what most people were expecting," said Kit Konolige, an analyst at BGC Partners LLC in New York.

The proposal comes nearly four years after a high-pressure gas pipeline in San Bruno exploded, killing eight people, injuring dozens of others, and causing fires that damaged or destroyed more than 100 houses.

State administrative law judges agreed with commission investigators who found that PG&E committed 3,798 violations of state and federal laws, rules, standards or regulations in the way that the company operated its gas pipeline network.

The commission says its proposal will become effective after 30 days unless it is appealed or one of the five commissioners requests a review.

San Bruno Mayor Jim Ruane said he was disappointed with the proposal because it wouldn't require PG&E to spend enough shareholder money on improving pipeline safety. "Overall, we're not pleased with it," he said.

Separately, federal investigators concluded that PG&E was to blame for the rupture that caused the explosion and criticized the utility for losing critical pipeline records, neglecting its aging pipeline system and operating the San Bruno pipeline in an unsafe manner.

Earlier this year, a federal grand jury charged the utility with knowingly and willingly violating the federal Pipeline Safety Act and obstructing the federal government's investigation of the explosion. PG&E has pleaded not guilty to the charges. That case is pending in federal court in San Francisco.

4. PUC proposes $1.4-billion PG&E fine for San Bruno explosion

By Marc Lifsher, Los Angeles Times – Sept. 2, 2014

California's largest utility, Pacific Gas & Electric Co., should pay $1.4 billion for a 2010 pipeline explosion that leveled a Bay Area neighborhood and killed eight people, state regulators proposed Tuesday.

The penalty, which is not yet final, would be the biggest safety-related fine in the history of the California Public Utilities Commission. The fine would be paid by San Francisco-based PG&E shareholders and not its customers, who live from the Oregon border to Bakersfield.

Two administrative law judges at the California Public Utilities Commission on Tuesday issued their decisions based on 3,798 alleged violations of state and federal laws and regulations that govern gas pipeline safety and operations.

In addition to the deaths, the Sept. 9, 2010, explosion and firestorm in San Bruno, near San Francisco International Airport, destroyed 38 houses and injured 66 people. Federal investigators concluded that the blast — which left a 167-foot crater in the street — was caused by defective welds in the 54-year-old, 30-inch-diameter pipe.

The proposed penalty far exceeds the previous record of $38 million, also against PG&E, for a fatal December 2008 explosion in the Sacramento suburb of Rancho Cordova. But it's less than the $2.25 billion proposed by PUC staff, even when combined with the $635 million PG&E has been credited for post-explosion safety expenses.

"I think they are getting off somewhat easy," said State Sen. Jerry Hill (D-San Mateo), who represents San Bruno. "They should not be getting credit."

In addition to the fine, the company still faces 27 federal criminal charges related to allegations it lied to federal investigators and misled U.S. transportation officials probing the blast.

The National Transportation Safety Board, which investigated the explosion, lambasted PG&E for a "litany of failures" and inadequate inspections and record keeping. For example, it took the company nearly 95 minutes to shut off the gas that spewed from the broken pipeline. The NTSB also faulted state and federal regulators, including the PUC, for lax oversight of the utility.

PG&E declined to say whether it planned to appeal the proposed fine.

"We are accountable and fully accept that a penalty is appropriate," the company said in a statement. "We have respectfully asked that the commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety."

PG&E stressed that it has spent billions of dollars on safety improvements, including additional pipeline testing and inspection, upgraded valves and better records management.

San Bruno officials said that they were generally satisfied with the proposed fine and that it would take money out of the pockets of corporate shareholders, not PG&E's 15 million customers.

"It's a strong decision and poses a significant financial consequence on PG&E," said Connie Jackson, San Bruno's city manager.

The Utility Reform Network, which represents ratepayers at the San Francisco-based commission, called the $1.4 billion "significant" and proof of what a "huge public outcry can accomplish."

But the city and ratepayer group criticized the judge's call for PG&E to pay $950 million to the state's general treasury and dedicate the balance of $450 million to upgrading the gas distribution network.

"We don't see that fine contributing directly to pipeline safety improvement, which we consider critically necessary," Jackson said.

Much work is still needed on PG&E's system, which had been plagued by delayed maintenance and faulty record keeping, the city contends.

San Bruno Mayor Jim Ruane called on Gov. Jerry Brown to reinvest the nearly $1 billion in more gas pipeline safety work. He also demanded that PG&E "do the right thing and respect the penalty without appeal." After all, he said, "an entire neighborhood was blown apart."

Ratepayer advocates and other interested parties, including the city, can submit formal comments within 30 days. The judge will review those comments — and a PG&E appeal, if one is filed — to determine whether to revise the $1.4-billion fine. The five-member commission, all appointed by the governor, will vote on the final penalty in public session, probably early next year.

5. $1.4 Billion in Penalties Is Sought in California Gas Blast

By Michael Corkery, The New York Times – Sept. 2, 2014

Four years after a natural gas explosion tore through a neighborhood of San Bruno, Calif., killing eight people and injuring dozens of others, some of them seriously, the Pacific Gas & Electric Company has been hit with a proposed $1.4 billion penalty for suspected safety violations.

It is the largest safety penalty proposed to the California Public Utilities Commission.

In the decisions announced on Tuesday, a pair of administrative law judges said that the company committed 3,798 violations of state and federal laws, rules, standards or regulations in connection with its pipeline.

Under the proposal, still subject to the approval of the commission, the bulk of the proposed penalty, $950 million, will go into the state's general fund, while $400 million will pay for pipeline improvements and about $50 million to enhance pipeline safety.

The deadly explosion in 2010 raised concerns about the care and maintenance of underground pipelines as the use of natural gas has boomed as a coal alternative.

The utility has already spent hundreds of millions of dollars settling claims by the victims and their families and contributing to the recovery efforts in San Bruno, a suburb of San Francisco, where the gas and electric company is based.

PG&E also faces charges by federal prosecutors in San Francisco, who earlier this year accused the company of "knowingly and willfully" violating the Pipeline Safety Act and of obstructing a federal investigation into the explosion.

The company, which has said the prosecutor's charges are not warranted, can appeal the commission's ruling.

"We are accountable and fully accept that a penalty of some kind is appropriate," the company said in a statement on Tuesday. "However, we have respectfully asked that the commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety."

The judges' lengthy rulings detail the terrifying explosion, problems with the gas company's response to the blast and its efforts in the years leading up to the accident to cut costs.

The pipeline exploded in the Crestmoor section of San Bruno on the evening of Sept. 9, 2010, with such force that it dug a 72-foot-long crater and tossed a 3,000-pound section of pipe 100 feet. The blaze eventually consumed three dozen houses and forced a mass evacuation. It took more than 95 minutes for the utility company to isolate the break and shut off the gas.

“The Crestmoor neighborhood was effectively wiped off the map,” the administrative law judge Timothy J. Sullivan wrote in his ruling.

The rulings in California on Tuesday echoed earlier findings by officials from the National Transportation Safety Board, which traced the problems to the installation of the pipeline in 1956. Over the years, the investigators said, PG&E failed to properly inspect the finished product or grossly misinterpreted the results.

For years, the company also failed to maintain records or assess risk or to learn from other recent accidents, the safety board found in a 2011 report.

Federal investigators also placed some of the blame on the utilities commission for “failure to detect the inadequacies” of the PG&E’s monitoring process.

6. PG&E fined $1.4B for deadly 2010 San Bruno pipeline blast

By Ellen Knickmeyer (Associated Press), The Washington Post – Sept. 3, 2014

(Also on FOX News, Yahoo! Finance, The Boston Globe, Contra Costa Times, The Sacramento Bee, KTVU, The Modesto Bee, Chico Enterprise-Record, Herald of Everett, Electric Light & Power, Longview, Texas News-Journal, ABC Action News, Washington Examiner)

SAN FRANCISCO – California regulatory judges recommended a $1.4 billion penalty on Tuesday -- the largest safety-related levy ever against a public utility in the state -- for a fiery

2010 gas pipeline explosion that killed eight people in a suburban San Francisco neighborhood.

The California Public Utilities Commission said the figure reached by two administrative law judges over the San Bruno pipeline explosion reflected nearly 3,800 violations of state and federal law, regulations and standards by Pacific Gas & Electric Co. in the operation of its gas pipelines.

The penalty is meant to "send a strong message to PG&E, and all other pipeline operators, that they must comply with mandated federal and state pipeline safety requirements, or face severe consequences," Timothy J. Sullivan, one of the two judges, wrote in the order.

The largest share -- $950 million -- of the penalty is a fine to be paid directly to the state. That amount drew objections from city officials in San Bruno, the utility and a private ratepayers-advocacy group that the overall penalty should be focused on spending for the safe operation of the aging pipeline network.

"We are accountable and fully accept that a penalty is appropriate," the utility said in a statement.

Asked whether PG&E would appeal, utility spokesman Greg Snapper said, "We're reviewing the decision and believe that any penalty should go toward pipeline safety."

The recommended penalty requires approval by members of the state utility board. PG&E and other parties in the case have 30 days to lodge an appeal.

The commission previously ordered PG&E to pay $635 million for pipeline modernization in the wake of the Sept. 9, 2010, blast in the suburb of San Francisco. The explosion destroyed more than three dozen homes and was California's deadliest utility disaster in decades.

The blast occurred when a 30-inch natural-gas transmission line installed in 1956 ruptured. At the time, survivors described the heat of the blast burning the back of their necks like a blowtorch as they ran away.

The $1.4 billion penalty also includes $400 million for pipeline improvements, and about $50 million to enhance pipeline safety. PG&E cannot recover any of the money from customers, including the earlier $635 million penalty, although a ratepayers' group called The Utility Reform Network maintained PG&E could raise rates in other rate cases to indirectly offset the penalty.

Sending $950 million to the state's general fund, with no strings attached, means it could be spent in any way the governor and Legislature see fit, said H.D. Palmer, a spokesman for the state Department of Finance.

The public utility commission staff recommended in July that the utility pay at least $300 million in fines.

San Bruno city officials were just beginning to study Tuesday's decision but on first read believed the overall judgment fell short of what was needed to ensure PG&E upgraded pipeline safety as much as necessary, city manager Connie Jackson said.

The penalty was historic in terms of financial charges levied against utilities on safety violations, said Britt Strottman, a lawyer for San Bruno. However, "a lot of the utilities do not cause the same amount of devastation and destruction that was a result of the PG&E explosion in San Bruno," Strottman said.

A 2011 investigation by the National Transportation Safety Board concluded the rupture occurred in a weak weld in a pipeline that PG&E records had shown as being smooth and unwelded. Among other safety failings, PG&E let 95 minutes go by before shutting off the natural gas that was fueling the fire, the federal investigators said.

That same 2011 federal investigation also faulted what it called the California Public Utilities

Commission's weak oversight of the utility, which serves customers in the northern two-thirds of California.

The San Bruno blast prompted congressional hearings on pipeline safety and recommendations from the National Transportation Safety Board and other government bodies that utilities intensify their oversight of decades-old natural gas lines.

This year, federal prosecutors separately indicted PG&E on 27 counts alleging the utility violated pipeline safety requirements.

PG&E faces additional fines of more than $1 billion if convicted of the federal charges, which are separate from the state financial penalties. PG&E has pleaded not guilty to the counts.

Separately, PG&E was hit with about 160 lawsuits from people who lost family members, suffered injuries or had property damage.

7. PG&E fined $1.4B for San Bruno pipeline blast

By Melanie Eversley, USA Today – Sept. 2, 2014

California regulators have imposed $1.4 billion in penalties against Pacific Gas & Electric for a 2010 gas pipeline explosion in a San Francisco suburb that killed eight people.

In an announcement Tuesday, the California Public Utilities Commission called the fine against PG&E "the largest safety-related penalty ever levied by the CPUC." PG&E (Ticker: PCG) , the state's largest utility, can appeal the fine. PG&E can appeal the fine. Shares were up 1.8% Tuesday, turning higher in afternoon trading.

PG&E representatives issued a statement Tuesday saying it believes a penalty is appropriate.

"Since the 2010 explosion of our natural gas transmission pipeline in San Bruno, we've been dedicated to re-earning the trust of our customers and the communities we serve," the utility said in the statement. "We are deeply sorry

"We have respectfully asked that the commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety," PG&E said. "We are deeply sorry for this tragic event."

The utility also said, "We are accountable and fully accept that a penalty of some kind of appropriate. However, we have respectfully asked that the Commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety."

The utility said it has hired gas experts to help boost its safety and reliability.

The blast prompted nationwide alerts about aging pipelines.

One of the victims, 44-year-old Jacqueline Greig, worked for a consumer advocacy unit of the CPUC and had been reviewing investment proposals related to aging pipelines. Greig's daughter, Janessa Greig, 13, also died in the disaster.

The commission previously ordered PG&E to pay $635 million for pipeline modernization after the Sept. 9, 2010, blast in San Bruno. It was California's deadliest utility disaster in decades.

A 30-inch natural-gas transmission line installed in 1956 ruptured, destroying more than three dozen homes. Survivors described the heat of the blast burning the back of their necks like a blowtorch as they ran away. The explosion was so strong that residents, emergency responders and reporters thought it was an earthquake.

A 2011 investigation by the National Transportation Safety Board concluded that the rupture occurred in a weak weld in a pipeline that PG&E records had shown as being smooth and unwelded. PG&E neglected to shut off natural gas feeding the fire until 95 minutes after the blast, the federal investigators said.

The investigation found PG&E's safety management of its pipelines overall deficient and ineffective. The federal board also faulted what it called the ineffectiveness of California's Public Utilities Commission in regulating the power utility, whose service area covers all but the southern one-third of California.

This year, federal prosecutors separately indicted PG&E on 27 counts alleging the utility violated pipeline-safety requirements. Another federal count alleges that PG&E lied to the National Transportation Safety Board in that agency's investigation.

The company could face additional fines of more than $1 billion if convicted of the federal charges, which are separate from the financial penalties that the state administrative judges weighed.

PG&E pleaded not-guilty to the federal counts in August.

8. PG&E faces record fines over deadly California pipeline blast

By Rory Carroll, Reuters – Sept. 3, 2014

(Also on the Huffington Post, Business Insider, Yahoo! News, Business Insider Australia)

(Reuters) - The California Public Utilities Commission on Tuesday levied penalties of a record $1.4 billion on Pacific Gas and Electric Co, stemming from the deadly 2010 San Bruno natural gas pipeline rupture and fire near San Francisco.

This is the largest safety-related penalty ever imposed by the commission, dwarfing a $38-million fine for PG&E over a 2008 natural gas explosion in Rancho Cordova, California, the agency said.

The fines cover 3,798 violations of state and federal laws and regulations that two administrative law judges for the agency found in connection with PG&E's pipeline network operation, including the 2010 explosion.

Many of those violations had run for years, the panel said.

The penalty takes effect in 30 days, unless a party to the proceedings, including PG&E, files an appeal or a panel member requests a review of the decision.

The utility was "still looking at a number of options" related to Tuesday's decision, said Keith Stephens, a spokesman for the company, a division of PG&E Corp.

The company had asked the commission to "ensure that the penalty is reasonable and proportionate," PG&E Corp Chairman and Chief Executive Tony Earley said in a statement.

The fine comprises $950 million to be paid to the state treasury, $400 million to a PG&E plan to boost pipeline safety and an estimated $50 million earmarked for more than 75 specific safety remedies ordered by the commission.

When combined with another $635 million the agency previously ordered the utility to pay to modernize pipelines, the overall penalties PG&E faces from the San Bruno disaster would exceed $2 billion, the commission said.

The agency previously ruled that all penalties must come from shareholders and may not be passed on to utility customers.

The company said its total shareholder impact could reach $4.75 billion, including $2.7 billion in estimated costs it said had already been incurred or are forecast to be incurred to improve the safety of its natural gas operations.

The pipeline explosion on Sept. 9, 2010, in San Bruno, a city just south of San Francisco, destroyed an entire neighborhood, killing eight people and injuring 58.

The National Transportation Safety Board later blamed the utility's lax approach to pipeline safety and weak oversight by regulators. A federal grand jury in April indicted the company on 12 felony counts of violating safety regulations. The company has pleaded not guilty.

9. CPUC zaps PG&E with record $1.4 billion fine over San Bruno explosion

By Chris Rauber, San Francisco Business Times – Sept. 2, 2014

The California Public Utilities Commission has hit Pacific Gas & Electric Co. with a $1.4 billion fine over the 2010 pipeline rupture and explosion that devastated the town of San Bruno.

The penalty was the largest ever levied by the regulatory agency, CPUC officials said Tuesday morning, and must come from shareholders, not ratepayers.

Along with previous fines, the total cost will exceed $2 billion, the agency said.

In a series of rulings by two administrative law judges, San Francisco-based PG&E was fined for nearly 3,800 violations of state and federal law, rules, standards and regulations in connection with operation of its gas transmission system, including pipelines. Many of those violations went on for years, adding up to nearly 18.5 million days in violation, the CPUC said.

The fines included $950 million to be paid to California's General Fund, $400 million in pipeline improvements that cannot be recovered from customers, and $50 million to implement other pipeline safety remedies, including $30 million to hire independent auditors to monitor PG&E's Pressure Validation project and other efforts.

The utility said in an early afternoon statement Tuesday that it has been "dedicated to re-earning the trust of our customers and the communities we serve" since the 2010 gas pipeline in San Bruno, which killed eight people and destroyed 38 homes in the Peninsula suburb's Crestmoor neighborhood. "We are deeply sorry for this tragic event.

Officials at the giant energy utility said they "fully accept that a penalty is appropriate," and had asked the CPUC to ensure that any penalty be "reasonable and appropriate and (take) into consideration the company's investments and actions to promote safety." The statement didn't say if PG&E will accept or appeal the decisions announced today.

Meanwhile, TURN, a utility reform group based in San Francisco that has been a frequent and vocal critic of PG&E for decades, said that "thanks to a really strong advocacy effort the CPUC heard the message and saw the need to issue a substantial fine." But the group isn't happy that so much of the penalty is targeted to the state's general fund, rather than pipeline repair, said Executive Director Mark Toney, so rate payers, both residential and business, don't get stuck with a big chunk of the repair tab.

Right now, Toney said, the utility is asking for $1 billion in new funding from customers to pay for safety of big transmission lines and storage facilities.

PG&E can appeal the decision within 30 days, or one of CPUC's commissioners can request a review.

Earlier, PG&E was fined $635 million to help pay for its pipeline modernization program, which also targeted shareholders, not customers.

The regulatory agency, often criticized for being overly compliant and lenient toward PG&E, said the giant utility must submit a report within 60 days on the status of implementing the mandated remedies.

The CPUC's commissioners did not provide input or comment to these decisions, and did not have the opportunity to see the decisions before their public release, CPUC officials said.

The largest prior safety-related penalty imposed by the agency was $38 million against PG&E for a December 2008 natural gas explosion in Rancho Cordova.

In its Sept. 2 statement, PG&E noted that since the San Bruno tragedy it has made a number of safety improvements, including testing 566 miles of pipeline, replacing 108 miles, installing or upgrading 157 automated valves, and taken other steps to improve safety, such as digitizing 3.8 million paper documents going back more than half a century.

10. Editorial: PG&E fine should go to pipeline improvements

Editorial Board, San Mateo Daily Journal – Sept. 3, 2014

No amount of money will make up for the loss of life, property and the overall well-being for those affected by the 2010 San Bruno pipeline explosion and fire, a $1.4 billion penalty issued Tuesday against Pacific Gas and Electric puts a monetary figure on the loss.

Unfortunately, a significant chunk of that penalty will go directly to the state rather than used for pipeline safety. Of the $1.4 billion, $950 million will go to the state's coffers.

Last year, staff at the California Public Utilities Commission had recommended a $2.25 billion fine that would come from shareholders and not rate payers. Tuesday's penalty is in addition to a $635 million penalty the CPUC issued previously. So the utility is on the hook for a significant amount of penalties for the blast that killed eight, injured dozens and destroyed 38 homes.

Having the fine go toward safety measures would make it tax deductible for the utility, so the money going to the state would be a larger hit. However, the fine should not just be punitive, though PG&E even admits it deserves some penalty for the explosion and fire. The cause of the blast was described as a "litany of failures" by the utility, at least according to the National Transportation Safety Board when reviewing the incident. Those failures were essentially a wake-up call for additional safety measures for the miles of gas pipeline in the utility's service area. While PG&E has made improvements to its gas delivery service, much more could be done and using the entire amount for that goal should be the point of this action.

The ultimate goal is to ensure that a tragedy that took place in San Bruno never happens again. The entire amount of the penalty should go toward pipeline safety and not directly to the state. If that money finds its way into the state's general fund, rather than specifically earmarked for safety testing and replacing and upgrading gas transmission lines, it is a total waste.

11. Editorial: PG&E slammed with record fine, deservedly so

Editorial Board, The Sacramento Bee – Sept. 3, 2014

Finally, California Public Utilities Commission-appointed judges ruled that PG&E should pay a record $1.4 billion for the horrific natural gas explosion that destroyed a San Bruno neighborhood four years ago next week.

Combined with the $635 million that PG&E already has paid, the overall amount approaches the $2.25 billion that the city of San Bruno and other harsh critics of PG&E had sought.

The fine and findings won't appease everyone affected by the terrible events of Sept. 9, 2010. San Bruno Mayor Jim Ruane issued a statement saying the city wants more money spent on safety. Certainly, the decision was a long time coming, probably too long.

But the commission and its administrative law judges should be commended for the conclusion that PG&E must pay dearly, and that the company's shareholders, not its ratepayers, must bear the burden.

PG&E's stock price increased after the decision was issued Tuesday, an indication that Wall Street feared it might have been worse. But the decision, combined with federal criminal charges pending against PG&E, is not cause for investors to celebrate.

The decision is actually four separate decisions running 239 pages, 283 pages, 51 pages and 167 pages, plus attachments, produced by administrative law judges Mark S. Wetzell and Amy Yip-Kikugawa.

They focus on PG&E failures to maintain records, properly classify the magnitude of danger related to pipelines and the explosion itself. The fourth decision sets forth the justification for the fines.

"This amount serves to put all gas pipeline operators on notice that there is an absolute need to maintain and operate their pipeline systems in compliance with all federal and state safety requirements, and that failure to do so will result in a fine that is not simply a "cost of doing business," the decision says.

The judges detailed shameful business decisions leading up to the explosion, including one in 2005 in which the company's top executives presented the notion of "transformation," intended in part to reduce operating costs. Safety suffered.

The company decreased investments in gas transmission infrastructure from $250 million 2009 to $200 million in 2010.

The company also issued annual dividends to shareholders of between $476 million and $624 million from 2005 to 2009, and paid bonuses to employees of $56 million in 2010.

The explosion killed eight people and injured 58, three of whom were burned over 50 percent of their bodies. It destroyed 38 homes and carved a 72-foot crater in the Crestmoor neighborhood.

“The Crestmoor neighborhood was effectively wiped off the map,” one of the judges wrote.

PG&E committed 3,708 separate violations. Since many of them went on for as long as 50 years, the judges found that the state’s largest utility broke the law on 18,447,803 days – mind-boggling.

Pacific Gas and Electric Co. must pay $950 million in a fine to the state of California’s general fund and $400 million for pipeline improvements, plus $50 million in other payments. PG&E also must pay the litigation costs of the city of San Bruno and consumer advocates who intervened, which will run into the millions.

Even this long after the 2010 explosion, the proceeding is not over. Public Utilities Commission members will review the decision and affirm or alter it. But the outline is in place. The blame and burden are squarely on PG&E and its shareholders, rightly so.

12. PG&E Fine Attacks as Californians Urge Pipeline Upgrades

By Mark Chediak, Bloomberg – Sept. 2, 2014

California regulators are being criticized for a proposed fine on PG&E Corp. (PCG) for the fatal San Bruno explosion that would put more money into state coffers and less into natural gas pipeline safety.

The proposed $1.4 billion penalty includes $950 million that would be paid to the state and $450 million in charges and remedies that shareholders would have to disburse, according to a preliminary decision from two state regulatory judges yesterday.

Critics from the mayor of San Bruno to a consumer advocacy group are urging a higher amount go toward repairing PG&E's gas pipelines. The proposal is less than a California Public Utilities Commission staff recommendation that PG&E pay $2.25 billion including a fine of at least $300 million for violations that led to the 2010 blast, which killed eight people and destroyed 38 homes in the suburb near San Francisco.

"This is a bit of a loser for Californians concerned about infrastructure safety," said Brigham McCown, an industry consultant and former acting administrator of the Pipeline and Hazardous Materials Safety Administration. "The problem I have with the penalty is that the bulk of the assessment goes straight to Sacramento, where it disappears into the general fund."

Total penalties of $2.04 billion -- when added to a prior ruling that forced the company to swallow $635 million in pipeline modernization costs -- would be less than San Bruno's proposal to fine the company $2.45 billion without credit for its spending on pipeline upgrades.

"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," San Bruno Mayor Jim Ruane said.

Total Impact

PG&E, which operates California's largest utility, said penalties and upgrades may cost shareholders as much as $4.75 billion, including $2.7 billion in spending or planned spending on gas safety work.

"We are accountable and fully accept that a penalty of some kind is appropriate," PG&E Chairman and Chief Executive Officer Tony Earley said in a statement. "We have respectfully asked that the Commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety."

Shares of PG&E rose 1.7 percent to $47.29 at the close in New York, extending its gains this year to 17 percent.

Before yesterday's ruling, PG&E had said the penalty recommended by CPUC's staff was "excessive" and Fitch Ratings Ltd. said a large penalty, on top of costs related to the incident that have already been absorbed by PG&E, would signal a "deterioration of the broader regulatory compact in California."

Pending Approval

The CPUC's five commissioners must still approve the proposal from the two judges and may offer alternatives, according to an e-mailed statement yesterday.

The penalty is the largest safety-related fine ever levied by the agency, the CPUC said in a statement yesterday.

"We find that a fine of this magnitude is necessary to deter future violations," the judges wrote in the proposal.

The Utility Reform Network, a San Francisco consumer advocacy group, joins those decrying the proposed penalty and urging more of the funds should be applied to fixing pipelines.

"We don't want customers left holding the bag for PG&E's neglect," Mark Toney, executive director of TURN, said in an e-mailed statement.

Since the incident, PG&E replaced its CEO, froze its dividend payments and separated its gas business from electric utility operations.

Federal Probe

PG&E also faces as much as $1.13 billion in fines if convicted in a federal criminal case alleging 27 counts of violations of pipeline regulations and obstruction of an investigation by the National Transportation Safety Board. PG&E pleaded not guilty to the federal charges and has said its employees didn't intentionally violate the pipeline safety law.

Federal and state investigations determined PG&E installed faulty pipe, kept poor records and performed inadequate maintenance on the pipeline.

Yesterday's decision found that PG&E committed 3,798 violations of state and federal laws, rules, standards or regulations.

13. PG&E Should Pay $1.4 Billion for San Bruno Blast: Judges

By Mark Chediak, Bloomberg – Sept. 2, 2014

PG&E Corp. (PCG), owner of California's largest utility, should pay $1.4 billion for a deadly 2010 natural gas pipeline explosion in San Bruno, in what may be the largest safety-related penalty ever levied by the state's regulators.

The penalty consists of $950 million that would be paid to the state and $450 million in charges and remedies that shareholders would have to pay, according to the proposed decision from two state regulatory judges. The California Public Utilities Commission's five commissioners must still approve the proposal and may offer alternatives, according to an e-mailed statement today.

San Bruno city officials and commission staff had pushed for a larger fine, while the company warned against penalties that might push it to the brink of bankruptcy. The total penalties would be $2.04 billion when added to a prior ruling that forced the company to swallow $635 million in pipeline modernization costs.

“It might be a little less than some investors had feared but it is obviously a very big number,” Kit Konolige, a New York-based analyst for BGC Partners LP, said today. “It looks like the market is marginally relieved that this doesn’t appear to be any worse than some of the things that have been proposed.”

PG&E rose 1.7 percent to $47.29 at the close in New York.

“We are accountable and fully accept that a penalty is appropriate,” PG&E said in an e-mailed statement from Greg Snapper, a spokesman. “We have respectfully asked that the commission ensure that the penalty is reasonable and proportionate.”

Staff Recommendation

The proposal is less than a staff recommendation that San Francisco-based PG&E pay $2.25 billion in penalties for violations that led to the explosion that killed eight people and destroyed 38 homes.

PG&E has called that amount “excessive” and Fitch Ratings Ltd. said a large penalty, on top of costs related to the incident that have already been absorbed by PG&E, would signal a “deterioration of the broader regulatory compact in California.”

Since the incident, the company replaced its CEO, froze its dividend and separated its gas business from electric utility operations.

The city of San Bruno had proposed a $2.45 billion penalty, without credit for money the company has spent upgrading its statement.

San Bruno City Manager Connie Jackson said the city is reviewing the penalty proposals.

“The decision doesn’t go nearly as far as the city advocated for safety improvements,” Jackson said today in a telephone interview.

Federal Charges

PG&E also faces as much as $1.13 billion in fines if the utility is convicted in a federal criminal case alleging 27 counts of violations of federal pipeline regulations and obstructing an investigation by the National Transportation Safety Board. PG&E pleaded not guilty to the federal charges and has said its employees didn’t intentionally violate the pipeline safety law.

Federal and state investigations determined PG&E installed faulty pipe, kept poor records and performed inadequate maintenance on the pipeline.

Today’s decision found that PG&E committed 3,798 violations of state and federal laws, rules, standards or regulations.

‘This has been a major milestone that investors have been waiting for,’’ Paul Patterson, a New York-based analyst for Glenrock Associates LLC, said in a phone interview before the decision was released. “It could serve as a signal as to what the commission might do, but there is no guarantee they won’t ultimately go in a different direction.”

14. PG&E hit with $1.4 billion penalty

By John Howard, Capitol Weekly – Sept. 2, 2014

Pacific Gas and Electric Co., California's largest utility, should pay an unprecedented $1.4 billion in fines and penalties stemming from the 2010 gas pipeline blast in San Bruno that killed eight people and destroyed three dozen homes, state regulators ruled.

The state Public Utilities Commission, which issued the ruling by a two-member panel of administrative law judges, said the penalty will take effect in 30 days, absent an appeal.

Until Tuesday's decision, the largest safety-related penalty was $38 million against PG&E as a result of a natural gas explosion on Dec. 24, 2008, in Rancho Cordova near Sacramento.

"The Administrative Law Judges found that in total, PG&E committed 3,798 violations of state and federal laws, rules, standards, or regulations in connection with the operations and practices of its gas transmission system pipeline," the PUC said in announcing the decision.

The PUC, which has jurisdiction over investor-owned utilities, said penalties against PG&E stemming from the San Bruno explosion exceed $2 billion – the $1.4 billion announced Tuesday and $635 million from an earlier decision involving aging pipelines.

Some $950 million of the penalty is to be paid directly to the state's General Fund, the main budget account for income, sales, corporate and insurance taxes. Another $450 million will be spent on pipeline improvements, money that cannot be recovered from the utility's customers.

The state fines are separate from the actions of federal transportation authorities, who have accused PG&E of some 28 safety and other violations that could result in $1 billion in fines.

Until Tuesday's decision, the largest safety-related penalty was $38 million against PG&E as a result of a natural gas explosion on Dec. 24, 2008, in Rancho Cordova near Sacramento.

The utility issued a statement saying that since the San Bruno explosion, “we’ve been dedicated to re-earning the trust of our customers and the communities we serve,” the utility said in the statement.

“We are deeply sorry. We have respectfully asked that the commission ensure that the penalty is reasonable and proportionate and takes into consideration the company’s investments and actions to promote safety,” PG&E said.

The San Bruno blast on Sept. 9, 2010 occurred after a 54-year-old pipeline broke, forcing series of explosions and fires. The disaster prompted a national inquiry into aging pipelines.

15. PG&E’s $1.4 Billion San Bruno Fine: Huge But Less Than Expected

By Jon Brooks, KQED – Sept. 2, 2014

California regulatory judges have issued a $1.4 billion penalty against PG&E, the state’s largest utility, for violations related to the 2010 San Bruno pipeline explosion that killed eight people, destroyed 38 homes and prompted national alerts about aging pipelines.

The California Public Utilities Commission on Tuesday announced the figure, reached by two administrative law judges. The CPUC said the fine was the largest safety-related penalty it had ever imposed. The commission ordered that the penalties be paid by PG&E shareholders rather than ratepayers.The Utility Reform Network, a ratepayer advocacy group, maintained PG&E could raise rates in other cases to indirectly offset the penalty.

The penalty consists of $950 million to be paid to California’s general fund, $400 million in pipeline improvements and about $50 million to be used to implement more than 75 remedies to enhance pipeline safety.

PG&E can appeal the fine. If it doesn't, or if a CPUC commissioner does not request a review, the decision will take effect in 30 days. Michael Asimow, a visiting professor of law at Stanford and an expert on administrative law, told KQED that PG&E will almost certainly appeal, and that the commission would then have to vote on the penalty before it became final. Beyond that, PG&E could request judicial review by the courts.

The commission previously ordered PG&E to pay $635 million for pipeline modernization in the wake of the Sept. 9, 2010, blast, which was California's deadliest utility disaster in decades. That puts the total penalty for San Bruno, if it is finalized, at more than $2 billion.

Included in the findings by the CPUC are PG&E's failure to maintain its gas transmission pipeline records. The CPUC also found that PG&E provided incorrect and misleading information to commission staff.

More from the CPUC's press release, on the number of violations the commission found

The Administrative Law Judges found that in total, PG&E committed 3,798 violations of state and federal laws, rules, standards, or regulations in connection with the operations and practices of its gas transmission system pipeline. Many of these violations continued for several years, resulting in a total of 18,447,803 days in violation.

In a statement, PG&E did not say whether it would appeal the decision, but it did say it had asked the commission to "ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety. Moreover, we believe any penalty should directly benefit public safety."

The San Francisco Chronicle's Jaxon Van Derbeken writes that the commission found two main areas of PG&E violations:

(Administrative Judge) Yip-Kikugawa found that PG&E had routinely made flawed assumptions about its pipelines and had known its records were in disarray. She also found the utility had consistently failed to lower pipeline pressures around newly developed areas, as required by law.

Retired Administrative Law Judge Mark Wetzell oversaw the allegations stemming from the blast itself. He found PG&E had failed to properly test many of its at-risk pipelines, including the one that ruptured in San Bruno. The company relied on an inspection method for most pipelines that was incapable of detecting flawed welds, Wetzell found.

Working off incorrect records, PG&E had concluded that the pipeline installed in San Bruno's Crestmoor neighborhood in the 1950s had no seam welds. The line finally ruptured at a cobbled-together assortment of short pipes, many with flawed seam welds.

Van Derbeken also wrote the fine against PG&E would represent the largest ever against a U.S. utility for a gas explosion, dwarfing the $101.5 million fine against El Paso Natural Gas for an August 2000 incident in which a dozen people were killed in New Mexico.

Higher Fine Was Expected

As hefty as the fine is, it's still not as high as CPUC staff recommended. That figure was $2.25 billion.

The original proposal by the PUC's safety division was so controversial that PUC lawyers who worked on the case asked to be reassigned. One said that "he could not personally continue working on the San Bruno penalty briefs because I concluded that the [safety division's] recommendations that were to be made in the briefs were unlawful and contrary to what our team had worked to accomplish in the last 2½ years." After an outcry from, among others, the mayor of San Bruno, the PUC's general counsel, a former attorney for PG&E, recused himself from the case and the original lawyers returned to working on it.

State Sen. Jerry Hill, whose district includes San Bruno and has been a fervent critic of PG&E, told KQED today that the lower amount proposed by the judges is "shocking and outrageous."

“The fine is not high enough, it’s not substantial enough, it’s not what was expected by PG&E to pay …. $2.25 billion was what was expected,” he said. “Certainly the PG&E stockholders felt this was a good penalty, their stock shot up immediately after it was released. The city of San Bruno, the staff of the PUC, (advocacy group) TURN, the Office of Ratepayer Advocates all felt that the 2.25 was the number that we would see and here the administrative law judge comes in with $1.4 billion.. ..

(The PUC) mentioned it was the largest safety-related penalty ever levied by the PUC. Well of course it was. How often does a utility kill eight people or destroy 38 homes and then damage 50 additional homes and cause such devastation to the lives of the community? That doesn’t happen fortunately every day.”

But Asimow said the fine was the “biggest civil penalty I’ve ever seen an administrative agency, either state or federal, actually charge. … This is a huge deterrent. The PUC makes clear these penalties have to be paid by the shareholders, they’re not going to be reflected in the rate base. This represents quite a hit to the value of PG&E.”

Meanwhile, San Bruno, which has long argued that the CPUC was failing in its oversight duty of PG&E, wants a court-appointed overseer for the utility.

“We have no faith in the [California Public Utilities Commission] to ensure safety improvements will be made,” Mayor Jim Ruane wrote in a statement last month. “An Independent Monitor is critical to ensure public safety and restore public confidence.”

San Bruno sent a letter to Melinda Haag, the U.S. attorney for Northern California, asking that federal prosecutors seek appointment of an independent monitor if PG&E is convicted under a revised criminal indictment stemming from federal criminal charges related to the San Bruno blast. Federal prosecutors indicted PG&E on 27 counts alleging the utility violated pipeline safety requirements. Another federal count alleges PG&E lied to the National Transportation Safety Board in that agency’s investigation of the San Bruno blast. The company faces another $1 billion in fines if convicted of the federal charges.

PG&E, CPUC Faulted by Federal Government

A 2011 investigation by the National Transportation Safety Board concluded that the San Bruno disaster was caused by a rupture in a weak weld in a pipeline that PG&E records had shown as unwelded. PG&E neglected to shut off natural gas feeding the fire until 95 minutes after the blast, an amount of time the NTSB characterized as "excessive."

The NTSB also found thats CPUC exemptions of existing pipelines from a regulatory requirement for pressure testing contributed to the accident. The NTSB said such testing likely would have detected the defective weld.

And PG&E "lacked detailed and comprehensive procedures for responding to a large-scale emergency such as a transmission line break," the investigation found.

In another probe, an independent panel formed by the CPUC found "the explosion of the pipeline at San Bruno was a consequence of multiple weaknesses in PG&E's management and oversight of the safety of its gas transmission system." It also found regulators "did not have the resources to monitor PG&E's performance" of its gas pipeline.

PG&E said today it had "made tremendous progress" in fixing safety problems at the company.

"(A)ll of us at PG&E have committed ourselves to a goal to transform this company into the safest and most reliable energy provider in America. We've hired some of the best gas experts in the country to help guide this effort and supported it with billions of dollars in shareholder funding."

16. San Bruno Mayor Questions Allocation Of PG&E Penalties For 2010 Pipeline Explosion

By Scott Morris (Bay City News), The San Francisco Appeal – Sept. 2, 2014

(Also on SF Bay, San Mateo Daily Journal)

The mayor of San Bruno commended the California Public Utilities Commission today for its unprecedented fine of $1.4 billion against PG&E for a deadly gas pipeline explosion in 2010 but questioned why $1 billion in fines will go to the state's general fund rather than for safety improvements.

The new fines and penalties bring the total amount PG&E has been ordered to pay in the wake of the explosion — which killed eight people and injured 66 others on Sept. 9, 2010 — to more than $2 billion.

Two CPUC administrative law judges ruled that PG&E had committed nearly 3,800 violations of state and federal laws and regulations over several years leading up to the explosion.

The penalties announced today include $950 million to be paid to California's general fund, $400 million in pipeline improvements — the cost of which cannot be passed on to customers — and another $50 million to enhance pipeline safety, including to hire CPUC independent auditors to monitor PG&E's progress.

The CPUC had previously ruled that PG&E shareholders must pay $635 million for the first phase of its pipeline modernization program, costs that also cannot be passed on to customers, bringing the total penalties levied against PG&E for the San Bruno explosion to more than $2 billion, according to the CPUC.

It is the largest penalty for safety violations ever levied by the commission, dwarfing a $38 million penalty handed down to PG&E for a 2008 natural gas explosion in Rancho Cordova.

The judges' decision will be final in 30 days unless PG&E or San Bruno files an appeal or one of the commissioners requests a review. If there is an appeal, the decision would be put to a vote by the commissioner.

The city of San Bruno had asked the CPUC to levy $2.45 billion in fines and penalties against PG&E.

San Bruno Mayor Jim Ruane said today that “despite the historic level of this fine and penalty we remain disappointed” because such a large portion of the ruling will go directly to the state’s general fund.

He called the fines a “payday for Gov. Jerry Brown,” and called on Brown to make sure that the funds are used for safety improvements rather than other state expenditures.

While Ruane said that the city was still reviewing the decision and was uncertain whether it would appeal, he said, “We call on PG&E to do the right thing and accept this penalty without appeal.”

“Entire neighborhoods were blown apart in this horrific PG&E-made tragedy,” Ruane said. “Our goal has and will continue to be a safer gas pipeline system in California” so that a similar explosion doesn’t happen again.

In a video statement today, PG&E said that it expected a fine but gave no indication whether it would appeal.

“We can never undo the pain from the San Bruno explosion. We’re accountable, and we know a substantial penalty is appropriate,” PG&E spokesman Greg Snapper said.

“We have respectfully asked the commission to ensure the final penalty is reasonable, is proportionate, and it takes into consideration all the significant safety actions we’ve made on behalf of the communities that we’re so fortunate to serve,” Snapper said.

Meanwhile, PG&E is facing criminal charges in federal court for violations related to the explosion. The agency pleaded not guilty last month to one count of obstructing justice and 27 counts of violating federal pipeline safety law.

PG&E could face a maximum penalty of $1.13 billion if convicted of the criminal charges.

There were $565 million in settlements between victims of the explosion and PG&E in San Mateo County Superior Court, including family members of those killed, people who were injured and those whose property was damaged.

The cause of the explosion was a rupture in a defective seam weld in a pipeline segment that was incorrectly listed in PG&E records as seamless, according to the National Transportation Safety Board.

17. PG&E Hit With Record $1.4B Fine For San Bruno Explosion

By Kat Greene, Law 360 – Sept. 2, 2014

Law360, Los Angeles (September 02, 2014, 5:36 PM ET) -- The California Public Utilities Commission on Tuesday issued its largest-ever safety-related fine against PG&E Corp., saying it must pay $1.4 billion for its role in a deadly 2010 pipeline explosion and fire in San Bruno.

The commission's administrative law judges issued four decisions on Tuesday determining that PG&E committed 3,798 violations of state and federal laws or other measures that regulate the operations and practices of its gas transmission system pipeline, according to a statement by the CPUC.

PG&E is also being fined for violations that went on for several years, according to the statement. The CPUC found that the energy company was in violation for a total of 18.4 million days, according to the commission.

“Since the 2010 explosion of our natural gas transmission pipeline in San Bruno, we’ve been dedicated to re-earning the trust of our customers and the communities we serve. We are deeply sorry for this tragic event," PG&E said in a statement Tuesday. “We are accountable and fully accept that a penalty of some kind is appropriate."

The penalties issued Tuesday must be paid by PG&E’s shareholders, rather than its customers, the commission said in a statement on Tuesday.

The penalty adds to a $635 million fine issued in an earlier decision forcing the company to finance pipeline modernization, bringing the total fines from the commission to more than $2 billion, the CPUC said.

The commissioners themselves didn’t provide input or comment on the decisions and didn’t review the decisions before they were released Tuesday, according to the statement. The administrative law judges’ rulings will become the official ruling of the CPUC in 30 days unless PG&E or another party files objections, according to the commission.

PG&E said that it hasn’t accepted the penalty handed down by the administrative law judges and that it is working through the commission’s process to reach a penalty that is “reasonable and proportionate and takes into consideration the company’s investments and actions to promote safety.”

Since the accident, PG&E has strength-tested 566 miles of transmission pipeline, replaced 108 miles of it, installed or upgraded 157 automated valves, and opened a Gas Control Center to provide real-time monitoring and control of the whole gas system, among other changes, the company said.

The September 2010 explosion in a 30-inch diameter underground pipe released 47.6 million standard cubic feet of natural gas, causing a fire that killed eight people, injured 58 others and destroyed 38 homes, according to a June 2011 report by the commission.

The city of San Bruno had been asking the CPUC to impose $2.25 billion in fines, calling for a contribution of at least $1.25 billion for the state's general fund and $1 billion to cover an independent monitor to oversee PG&E's safety operation, technical pipeline improvements and an emergency response fund.

PG&E signed a $70 million settlement with San Bruno in March 2012 to end the city's claims over the pipeline explosion. The payment came on top of PG&E's agreement to fork over $50 million for infrastructure repairs and other city expenses tied to the accident.

A June 2011 report from the CPUC found that although the utility had not intended to undermine safety issues, it had not adequately monitored or focused on pipeline safety matters.

The National Transportation Safety Board also found problems with PG&E's approach to safety in its own report issued later that year, noting that the utility's emergency guidelines made no mention of whether the field personnel, dispatch center or the gas control center are to contact emergency services in the event of an explosion.

Last month, PG&E pled not guilty to charges that it violated the Natural Gas Pipeline Safety Act and obstructed a federal investigation into the accident.

Then, on Friday, attorneys for PG&E asked a California federal judge to strike references to the San Bruno accident in the grand jury's indictment as immaterial and prejudicial, saying the jury hadn't effectively connected the explosion and losses to the company's alleged criminal conduct, according to court records.

The accident was caused by the failure of a valve that operated safely for 54 years before failing catastrophically, PG&E said in its motion. The company denies that its employees committed any criminal acts leading up to or causing the explosion, according to the motion.

"A closer reading reveals that the grand jury does not actually allege that any of the 28 charged felonies caused either the accident or any victim losses," PG&E argued in Friday's motion to strike. "This suggests that, after the government's years-long investigation, the grand jury did not find any probable cause to believe that any Pipeline Safety Act violation caused the San Bruno explosion."

In the criminal suit, the government is represented by Kim Allison Berger, Stacey P. Geis, Brett Joseph Morris and Hallie Mitchell Hoffman of the U.S. Attorney's Office for the Northern District of California.

PG&E is represented by Steven M. Bauer and Margaret A. Tough of Latham & Watkins LLP and Walter M. Brown Jr. and Eric M. Hairston of Orrick Herrington & Sutcliffe LLP.

The case is U.S. v. Pacific Gas and Electric Co., case number 3:14-cr-00175, in the U.S. District Court for the Northern District of California.

18. PG&E faces $1.4 billion fine for deadly San Bruno pipeline blast

By Jim Jelter, Market Watch – Sept. 2, 2014

SAN FRANCISCO (MarketWatch) -- Two administrative law judges recommended Tuesday that PG&E Corp. PCG, -0.12% pay $1.4 billion in fines and penalties for safety violations leading to the deadly 2010 San Bruno natural-gas pipeline explosion. The blast killed eight people and incinerated 38 homes in the San Francisco suburb. According to media reports, the judges' recommendation now goes to the five-member California Public Utilities Commission for final approval or possible modification. If approved, the penalties must be paid by PG&E shareholders, not Pacific Gas & Electric Co. ratepayers. The judges' recommended fine is far less than the $2.25 billion proposed a year ago by the CPUC's own staff. Shares of San Francisco-based PG&E, California's biggest publicly-traded utility, were last up 2% at $47.39. The stock is up nearly 18% so far this year.

19. PG&E Fined $1.4 Billion For Violations Leading To 2010 San Bruno Pipeline Explosion

By Bay City News, CBS San Francisco – Sept. 2, 2014

(Also on NBC Bay Area)

SAN FRANCISCO (CBS SF) — PG&E was hit with $1.4 billion in penalties by the California Public Utilities Commission Tuesday for safety violations related to a deadly gas pipeline explosion in San Bruno in 2010.

The new fines and penalties bring the total amount PG&E has been ordered to pay in the wake of the explosion—which killed eight people and injured 66 others on Sept. 9, 2010 — to more than $2 billion.

Two CPUC administrative law judges ruled that PG&E had committed nearly 3,800 violations of state and federal laws and regulations over several years leading up to the explosion.

The penalties include $950 million to be paid to California's general fund, $400 million in pipeline improvements—the cost of which cannot be passed on to customers—and another $50 million to enhance pipeline safety, including to hire CPUC independent auditors to monitor PG&E's progress.

The CPUC had previously ruled that PG&E shareholders must pay $635 million for its pipeline modernization program, costs that also cannot be passed on to customers, bringing the total penalties levied against PG&E for the San Bruno explosion to more than $2 billion, according to the CPUC.

The city of San Bruno had asked the CPUC to levy $2.45 billion in fines and penalties against PG&E.

"We can never undo the pain from the San Bruno explosion. We're accountable, and we know a substantial penalty is appropriate," PG&E spokesman Greg Snapper said in a video statement.

“We have respectfully asked the commission to ensure the final penalty is reasonable, is proportionate, and it takes into consideration all the significant safety actions we’ve made on behalf of the communities that we’re so fortunate to serve,” Snapper said.

PG&E has 30 days to file an appeal of the decision. If no appeal is filed, the penalty would be put up to a final vote by the commission.

It is the largest penalty for safety violations ever levied by the commission, dwarfing a $38 million penalty handed down to PG&E for a 2008 natural gas explosion in Rancho Cordova.

Meanwhile, PG&E is facing criminal charges in federal court for violations related to the explosion. The agency pleaded not guilty last month to one count of obstructing justice and 27 counts of violating federal pipeline safety law.

PG&E could face a maximum penalty of $1.13 billion if convicted of the criminal charges.

There were $565 million in settlements between victims of the explosion and PG&E in San Mateo County Superior Court, including family members of those killed, people who were injured and those whose property was damaged.

The cause of the explosion was a rupture in a defective seam weld in a pipeline segment that was incorrectly listed in PG&E records as seamless, according to the National Transportation Safety Board.

20. PG&E Fined $1.4 Billion for San Bruno Pipeline Explosion

By Mina Kim, The California Report – Sept. 3, 2014

The state's largest utility PG&E is facing $1.4 billion in new fines for the 2010 gas pipeline disaster that killed eight people in San Bruno. The fine by administrative law judges for the California Public Utilities Commission is the agency's largest safety-related penalty ever. But some state and city officials feel the fine is too low. Reporter: Mina Kim

To hear episode, click here.

21. PG&E To Be Fined $1.4 Billion By Public Utilities Commission Over San Bruno Blast [Updated]

By Staff, SFist – Sept. 2, 2014

In the largest ever fine to be imposed by California's Public Utilities Commission, PG&E may be slapped with a $1.4 billion fine for the institutional negligence that led up to the 2010 explosion in San Bruno that took the lives of 8 people, injured 66 people, and destroyed 38 homes. The decision arrived today, nearly four years after the tragedy, in a series of recommendations by a pair of administrative law judges to the five-member commission, citing "nearly 3,800 violations of state and federal law, rules, standards and regulations in connection with operation of its gas transmission system," as the Business Times reports.

The commission has been routinely criticized for being too easy on PG&E, and though the fines have not been officially imposed, this opportunity may be the one they'll use to prove that they aren't so lenient.

San Bruno city officials have accused the PUC of being too closely in bed with the utility, recently citing a letter "inviting a federal official to a safety symposium sponsored by the CPUC that was almost identical to a draft written by a PG&E staffer," as ABC 7 reported. The PUC had previously said it was considering up to $2.5 billion in fines.

This $1.4 billion includes $950 million fine paid to the state General Fund, and $400 million to be spent in pipeline improvements that must come from shareholders, not customers. And it should be noted that this fine is in addition to the $1.3 billion to potentially come via a federal criminal case over the San Bruno blast, and in addition to the $635 million in improvements that PG&E has already been asked to absorb, as the Chron notes. PG&E pleaded not guilty to the criminal charges last month, insisting that "employees were always acting in good faith" in the actions that led up to the disaster.

Multiple civil lawsuits brought by the affected families are also ongoing.

SFist just received the official release from noted local PR spin-master Sam Singer, who in this case is representing the City of San Bruno, saying that the city will holding a press conference at 3 p.m. and San Bruno Mayor Jim Ruane will be available to speak with members of the media about the decision.

Update: PG&E has released the following statement.

"Since the 2010 explosion of our natural gas transmission pipeline in San Bruno, we've been dedicated to re-earning the trust of our customers and the communities we serve. We are deeply sorry for this tragic event. "We are accountable and fully accept that a penalty of some kind is appropriate. However, we have respectfully asked that the Commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety. Moreover, we believe any penalty should directly benefit public safety. "We've worked hard to do the right thing for the victims, their families and the community of San Bruno. Beyond this, all of us at PG&E have committed ourselves to a goal to transform this company into the safest and most reliable energy provider in America. We've hired some of the best gas experts in the country to help guide this effort and supported it with billions of dollars in shareholder funding. "We have made tremendous progress but we're not done. We have more work to do and we won't rest until it's done and done right."

22. UPDATE: PG&E Corp. (PCG) Gains; Fined $1.4B by CPUC

Street Insider – Aug. 2, 2014

P G & E Corp. (NYSE: PCG) gained Tuesday after California Public Utilities Commission said it should pay $1.4 billion related to a 2010 natural gas pipeline explosion in San Bruno. The CPUC press release is below."The California Public Utilities Commission (CPUC) today issued four decisions by two Administrative Law Judges in connection with its investigations of Pacific Gas and Electric Company's (PG&E) operations and practices related to gas transmission, including the pipeline rupture in San Bruno, Calif., in 2010, penalizing PG&E $1.4 billion, the largest safety related penalty ever levied by the CPUC.

The Administrative Law Judges issued three decisions establishing the number of violations in connection with each investigation. In the fourth decision, the Administrative Law Judges impose a penalty based on the total number of violations.

The Administrative Law Judges found that in total, PG&E committed 3,798 violations of state and federal laws, rules, standards, or regulations in connection with the operations and practices of its gas transmission system pipeline. Many of these violations continued for several years, resulting in a total of 18,447,803 days in violation.

The $1.4 billion penalty, when combined with the amount that the CPUC previously ruled must come from shareholders for expenditures to improve the safe operation of natural gas pipelines (R.11-02-019), exceeds $2 billion. The penalty consists of $950 million to be paid to California's General Fund, $400 million in pipeline improvements that cannot be recovered from customers (called a disallowance), and approximately $50 million to be used to implement more than 75 remedies to enhance pipeline safety, including $30 million for the CPUC's Safety and Enforcement Division to hire independent auditors to audit PG&E's Pressure Validation project and Project Mariner implementation, training for emergencies (City of San Bruno), establishing a centralized database to track location and use of salvaged pipe in PG&E's gas transmission pipeline system, and to pay reasonably incurred litigation expenses of intervenors.

The penalty breakdown ordered in today's decisions is as follows:

Fine to the California General Fund: $950 million

Shareholder amount toward PG&E's Pipeline Safety Implementation Plan: $400 million

Shareholder amount toward more than 75 remedies proposed by parties: $50 million (est.)

Total penalty from these investigations: $1.4 billion

-Shareholder amount toward PG&E's Pipeline Modernization Program (disallowance previously approved in Decision 12-12-030): $635 million

Total from these investigations and D.12-12-030: $2.035 billion

These penalties must be paid by PG&E's shareholders and are not recoverable from PG&E's customers. Within 60 days PG&E must submit a report to the CPUC providing the status of the progress and the timeframe for completion of each remedy ordered in the decisions.

The decisions of the two Administrative Law Judges are the culmination of the CPUC's investigations into PG&E's pipeline rupture in San Bruno (I.12-01-007), its pipeline recordkeeping (I.11-02-016), and its pipeline classification (I.11-11-009).

The CPUC's Commissioners did not provide input or comment into the decisions, nor did they have an opportunity to review the decisions before their release today. This is standard process in these types of investigations.

The decisions of the Administrative Law Judges will become the decisions of the CPUC after 30 calendar days from today, unless a party to the proceeding files an appeal or a Commissioner requests a review. Should a party file an appeal of the decisions or a Commissioner requests review, the Administrative Law Judges will review the appeal and either make changes to their decisions or keep them the same. The decisions would then come before the Commissioners to consider at a Voting Meeting (although the Commissioners may discuss the decisions of the Administrative Law Judges in a publicly noticed closed session, they can only vote on the decisions in open session).

Commissioners also have the option of writing Alternate decisions for consideration.

The penalties announced today amount to the largest safety related penalty ever levied by the CPUC. The next largest CPUC safety related penalty imposed in the recent past was a $38 million penalty against PG&E as a result of a natural gas explosion on December 24, 2008, in Rancho Cordova, Calif.

23. Schubert Jonckheer & Kolbe LLP Investigating PG&E's Officers and Directors for Misconduct Related to San Bruno Pipeline Explosion

PR Newswire Press Release, Securities Technology Monitor – Sept. 3, 2014

(Also on PR Newswire, CNN Money)

SAN FRANCISCO, Sept. 3, 2014 /PRNewswire-USNewswire/ -- In conjunction with yesterday's record $1.4 billion fine by the California Public Utilities Commission, Schubert Jonckheer & Kolbe LLP is actively investigating serious misconduct by PG&E Corporation's (NYSE: PCG) top executives.

The Schubert firm is investigating shareholder-derivative claims that PG&E's officers and directors intentionally or recklessly breached their fiduciary duties both prior to and following the September 9, 2010 San Bruno pipeline explosion. Yesterday's CPUC action resulted in the largest fine ever levied by a regulatory agency. That fine will be paid entirely by the company, even though PG&E's current and former officers and directors may have engaged in reckless or intentional conduct.

The Schubert firm is also investigating reports that PG&E's officers and directors breached their fiduciary duties by obstructing the National Transportation Safety Board's investigation of PG&E following the September 9, 2010 explosion.

On April 1, 2014, a federal grand jury for the Northern District of California returned an indictment of PG&E related to its conduct leading up to the pipeline explosion. The indictment charged PG&E with twelve federal felony violations of safety laws, including failing to properly identify and evaluate all potential threats to the pipeline; failing to maintain repair records for the pipeline; and failing to prioritize and assess a pipeline that faced an unstable manufacturing threat. The criminal indictment could potentially result in fines of more than six million.

On July 29, 2014, the U.S. Attorney's office announced that a federal grand jury for the Northern District of California had returned a superseding indictment charging PG&E with obstruction of the investigation of the NTSB, as well as additional violations of the Natural Gas Pipeline Safety Act of 1968 ("PSA"). According to the superseding indictment, during the course of the NTSB's investigation, PG&E produced a version of a policy outlining the way in which PG&E addressed manufacturing threats on its pipelines. PG&E later withdrew that policy claiming it was produced in error and was an unapproved draft. In fact, PG&E was operating under the so-called unapproved draft from 2009 through April 5, 2011. PG&E did not prioritize as high-risk and properly assess many of its oldest natural gas pipelines, which ran through urban and residential areas.

The superseding indictment also charges PG&E with twenty-seven counts of knowingly and willfully violating the PSA. These charges stem from PG&E's recordkeeping and pipeline "integrity management" practices. PG&E allegedly failed to address recordkeeping deficiencies concerning its larger natural gas pipelines, knowing that their records were inaccurate or incomplete. PG&E also allegedly failed to identify threats to its larger natural gas pipelines and did not take appropriate actions to investigate the seriousness of threats to pipelines when they were identified. Finally, PG&E allegedly failed to adequately reprioritize and assess threatened pipelines after the pipelines were overpressurized as required by the PSA and its regulations.

PG&E is charged with one count of obstruction of an agency proceeding in violation of 18 U.S.C. § 1505 and twenty-seven separate counts of violations of the PSA. The maximum statutory penalty for each count is a $500,000 fine, a fine based on the twice the gross gain PG&E made as a result of the violations, or twice the losses suffered by the victims. The superseding indictment alleges that PG&E derived gross gains of $281 million, and victims suffered losses of approximately $565 million.

PG&E shareholders have the option to pursue a shareholder-derivative action through which shareholders may hold insider wrongdoers accountable for their actions, prevent future misconduct, and bring long-term value back to the company.

If you are a current PG&E shareholder and wish to obtain additional information about the investigation and your legal rights, please contact Willem Jonckheer either via email at wjonckheer@schubertlawfirm.com or by telephone at (415) 788-4220, or fill out the form on our website at http://classactionlawyers.com/PGE.

About Schubert Jonckheer & Kolbe

Schubert Jonckheer & Kolbe has extensive experience in prosecuting securities claims, representing investors throughout the nation in securities and shareholder lawsuits. Attorney advertising. Prior results do not guarantee similar outcomes.

24. PG&E slammed with $1.4 Billion Penalty for Deadly Explosion in 2010

By Kevin Smead, Energy Digital – Sept. 3, 2014

California utility Pacific Gas & Electric (PG&E) was slammed with a $1.4 billion fine Tuesday as reparations for the 2010 San Bruno, California, gas pipeline explosion that left eight people dead. The explosion sparked national concern about the aging pipeline infrastructure of the country.

The California Public Utilities Commission said this was the largest safety-related penalty it has ever imposed. The penalty was brought upon PG&E by two administrative law judges. One of the judges, Timothy J. Sullivan, said the sizable penalty was designed to "send a strong message to PG&E, and all other pipeline operators, that they must comply with mandated federal and state pipeline safety requirements, or face severe consequences."

In conjunction with fines already levied against the utility, the total amount paid will total more than $2 billion. The largest share of the funds paid, some $950 million, will go directly to the state.

Critics of the ruling included San Bruno city officials and members of the utility, who did not object to the fine, but how the funds would be spent.

“We’re reviewing the decision and believe that any penalty should go toward pipeline safety,” PG&E spokesperson Greg Snapper said.

Previous fines of $635 million levied immediately after the explosion went to pipeline upgrades and modernization. $400 million of the current penalty will go toward the same thing.

The pipeline in question was labeled as ‘safe’ by the utility, despite evidence showing signs of age and extreme wear. The line was initially installed in 1956. The judges found PG&E were guilty of 3,800 violations of state and federal laws, rules, standards, and regulations relating to its gas transmission system.

San Bruno’s city manager Connie Jackson believed the penalty was not severe enough.

“Based on what we’re seeing, it does not appear that this penalty amount goes far enough,” Jackson said.

This doesn’t mark the end of PG&E’s troubles, either. Not only did the 2011 probe find that the utility’s entire pipeline system was old and ineffective, but this year, federal prosecutors indicted PG&E on 27 counts of violating pipeline safety requirements and lying during the investigation of the 2010 blast.

Though it pleaded not guilty in August, the utility could be shelling out another $1 billion if convicted.

25. PG&E to pony up big for San Bruno explosion

By Don Bauder, San Diego Reader – Sept. 2, 2014

Two California Public Utilities Commission (CPUC) administrative law judges ruled today (September 2) that Pacific Gas & Electric (PG&E) must pay $1.4 billion in fines and penalties for safety violations that led to the 2010 San Bruno pipeline explosion that resulted in eight deaths and 38 destroyed homes. It is the largest fine ever assessed by the regulator, but it is less than the $2.25 billion recommended by the CPUC staff.

The decision has to go to the five-member CPUC later. Previous fines bring the total to $2 billion. The utility was fined for almost 3800 violations of state and federal rules, standards, and regulations. The fines and penalties must come from shareholders, not ratepayers.

The decision came two hours and 35 minutes before the closing of the market, and PG&E stock rose sharply when the word got out, ending the day up 1.74 percent.

26. PG&E Says Record Fine Is Appropriate

KLUP News Talk – Sept. 3, 2014

(San Francisco, CA) -- California regulators want the Pacific Gas and Electric Company to pay a record one-point-four-billion-dollar fine for the deadly San Bruno pipeline explosion. PG&E officials say they're deeply sorry for the tragic 2010 event that killed eight people and injured more than five dozen.

A statement from the utility released after yesterday's announcement makes no mention of an appeal. PG&E has invested 650-million dollars into pipeline improvements in recent years. A federal case could bring about a separate fine.

PG&E spokesman Greg Snapper says a fine is appropriate, but hopes the California Public Utilities Commission will consider the company's investments and actions to promote safety following the explosion.

27. PG&E penalized $1.4B for deadly pipeline blast

By Associated Press, WWMT News – Sept. 3, 2014

SAN FRANCISCO (AP) - California regulatory judges have recommended a $1.4 billion penalty against the state's largest utility for a 2010 gas pipeline explosion that engulfed a suburban San Francisco neighborhood in fire, killing eight people and prompting national alerts about aging pipelines.

The California Public Utilities Commission on Tuesday announced the figure reached by two administrative law judges against Pacific Gas & Electric Co., saying it would be the largest safety-related penalty it had ever imposed.

PG&E can appeal the fine.

The recommended penalty requires approval by members of the state utility board. PG&E and other parties in the case have 30 days to lodge an appeal.

The commission previously ordered PG&E to pay $635 million for pipeline modernization after the Sept. 9, 2010, blast in the suburban San Francisco community of San Bruno.

28. CPUC penalty stings Pacific Gas and Electric

By Barbara Vergetis Lundin, Fierce Energy – Sept. 3, 2014

A penalty being considered by the California Public Utilities Commission (CPUC) in connection with the 2010 San Bruno natural gas transmission pipeline explosion should "be reasonable and take into account precedent and the investments the company has made to promote safety." At least, that's what Pacific Gas and Electric Company (PG&E) is imploring the CPUC to impose.

As the result of CPUC investigations, the recommended penalty totals approximately $2 billion, but PG&E believes the total shareholder impact could reach approximately $4.75 billion, including the previous $2.7 billion in estimated costs that shareholders have incurred or are forecast to incur to improve and enhance the safety of PG&E's natural gas operations.

A statement released by PG&E from Chairman, CEO and President Tony Earley, implores the CPUC to do what PGE&E believes is right.

"We are accountable and fully accept that a penalty of some kind is appropriate. However, we have respectfully asked that the Commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety. Moreover, we believe any penalty should directly benefit public safety," the statement said. "We've worked hard to do the right thing for the victims, their families and the community of San Bruno."

To date, the company has settled claims amounting to more than $500 million with the victims of the San Bruno accident, established a $50 million trust for the City of San Bruno for costs related to recovery and contributed $70 million to support the city's and community's recovery efforts.

But despite their best efforts, PG&E was hit yesterday with the largest fine ever levied by the CPUC at $1.4 billion. Taking into consideration previous fines, the total cost to PG&E and its shareholders (not ratepayers) will exceed $2 billion. Prior to this, the largest safety-related penalty imposed was $38 million against PG&E for a December 2008 natural gas explosion in Rancho Cordova.

PG&E has 30 days to appeal the decision, but it is currently unclear whether or not they will exercise this option.

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