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To: Terrie D.' Prosper (terrie.prosper@cpuc.ca.gov) (terrie.prosper@cpuc.ca.gov)
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Subject: FW: News re: Four-Year Anniversary of PG&E Pipeline Explosion in San Bruno

From: Alex Doniach [mailto:alex@singersf.com]
Sent: Tuesday, September 09, 2014 1:01 PM
To: Alex Doniach
Cc: Sam Singer
Subject: News re: Four-Year Anniversary of PG&E Pipeline Explosion in San Bruno

1. *San Bruno remembers: Four years after PG&E explosion, Crestmoor neighborhood still being rebuilt*

By Angela Swartz, San Mateo Daily Journal – Sept. 9, 2014

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By Fred Hosier, Safety News Alert – Sept. 9, 2014

10. *KNTV-SF (NBC) – San Francisco, CA*

8:26:21 AM, Sept. 9, 2014

11. *KPIX-SF (CBS) – San Francisco, CA*

6:06:41 AM, Sept. 9, 2014

12. *KRON-SF (MyTV) – San Francisco, CA*

5:35:02 AM, Sept. 9, 2014

13. KRON-SF (MyTV) – San Francisco, CA

6:32:25 PM, Sept. 8, 2014

14. KNTV-SF (NBC) – San Francisco, CA

6:29:54 PM, Sept. 8, 2014

15. KRON-SF (MyTV) – San Francisco, CA

5:29:50 PM, Sept. 8, 2014

16. KTVU-SF (FOX) – San Francisco, CA

5:09:06 PM, Sept. 8, 2014

17. KTXL- SAC (FOX) – Sacramento, CA

5:07:54 PM, Sept. 8, 2014

1. *San Bruno remembers: Four years after PG&E explosion, Crestmoor neighborhood still being rebuilt*

By Angela Swartz, San Mateo Daily Journal – Sept. 9, 2014

Four years later, San Bruno is still rebuilding the Crestmoor neighborhood following the Pacific Gas and Electric pipeline explosion and fire that killed eight people and injured 66.

As of now, 22 families have rebuilt their homes and returned to the neighborhood. There were a total of 38 homes destroyed on Sept. 9, 2010. Two more homes are in progress. By this time next year, 10 more homes will be under construction by a developer who plans to sell the homes to new families.

Mayor Jim Ruane spoke at a press conference Monday to update the public on the rebuilding of the neighborhood. Eight people died as a result of disaster, while 66 people were injured. The explosion and resulting shock wave registered as a magnitude 1.1 earthquake.

“Since that terrible day four years ago, the San Bruno community has shown that it will not be defeated by tragedy,” he said. “Although the road to full recovery is long and difficult, the families of the Crestmoor neighborhood continue to show their strength and resilience.”

Neighborhood residents like Bill Magoolahan say their families are making progress emotionally.

“Things have gotten a lot better,” he said. “The kids are out of therapy. We’ve put a lot of distance between the time that that happened and now.”

In terms of the construction progress, he notes it takes a long time to rebuild.

“It’s obviously not what you want to be in — a perpetual construction zone,” he said. “My neighbor three houses away is almost moved back in. We have to be a little bit patient here.”

More than \$15 million in neighborhood underground infrastructure, including sewer lines, water lines and storm drains, has been repaired or replaced over the past two years. This includes 3.5 miles of water line, 4.5 miles of sewer mains and laterals, two miles of new storm

drainage pipes and two new water pressure regulating stations.

“But while we can rebuild our streets and homes, we will never bring back the innocent lives tragically lost,” Ruane said. “In their honor, we continue to advocate tirelessly for a safer pipeline system statewide so that what happened in San Bruno never happens again.”

Additionally, all of the 17 homes that were badly damaged have been fully repaired and are not occupied. In the next 18 months, there will be some surface improvements, including new sidewalks, curbs, street paving, landscaping and streetlight system. There will also be a new and expanded park, replacement of sewer laterals, replanting of the upper Crestmoor Canyon and other potential projects like canyon slope repairs.

Still, progress has been slow, said neighbor Debra Marks.

“I think we’re all very weary,” she said. “We’ve been told that we’re looking at another two years of work. Everyone is very, very tired of this not ending. ... All city processes are slow — that’s the nature of any city government and so things have to be put out to bid before work can get done and have to be approved by the City Council. There’s always a process and we’re having to endure that process.”

Meanwhile, California regulatory judges issued a \$1.4 billion penalty last week against PG&E for the explosion. The California Public Utilities Commission said the figure reached by two administrative law judges against PG&E would be the largest safety related penalty it had ever imposed. PG&E officials have said they will appeal the fine. 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.

“Multiple investigations found this explosion to be the result of the company’s decision to deliberately misdirect money designated for pipeline safety to executive salaries and shareholder returns,” Ruane said. “It is time for PG&E to do the right thing and stop calling this an ‘accident’ and accept the level of penalty as proposed.”

There will be a remembrance service at the explosion site on 5:30 p.m.-8 p.m. Tuesday, Sept. 9 at Claremont and Glenview drives. Light refreshments and beverages will be served in celebration of families who have completed reconstruction and are returning home. Parking will be available along Claremont Drive, Glenview Drive and Earl Avenue.

For more information on the rebuild effort visit rebuildcrestmoor.org.

2. *San Bruno still rebuilding after explosion*

By Scott Morris, SF Bay – Sept. 8, 2014

A day before the four-year anniversary of a deadly natural gas pipeline explosion in San Bruno, Mayor Jim Ruane said Monday morning that he expects to have repairs in the community mostly completed by next year.

The Sept. 9, 2010, explosion of a PG&E gas line killed eight people, injured 66, destroyed 38 homes and severely damaged 17 others in the city's Crestmoor neighborhood.

Ruane said:

“Since that terrible day four years ago, the San Bruno community has shown that it will not be defeated by tragedy. ... Although the road to full recovery is long and difficult, the families of the Crestmoor neighborhood continue to show their strength and resilience.”

In the last four years, the city has been working on rebuilding the neighborhood's infrastructure and over the next 18 months expects to complete work rebuilding streets, sidewalks, sewer systems and parks. The city has already completed \$15 million in infrastructure repairs, Ruane said.

All necessary underground work was recently completed, and the remaining work will mostly

deal with replacing aboveground infrastructure, including new street paving, sidewalks and streetlights, Ruane said.

The neighborhood park will also be rebuilt and expanded, and the mouth of Crestmoor Canyon, which burned in the massive fires following the explosion, will be reforested, Ruane said.

Meanwhile, 24 homes have been rebuilt and the previous residents have moved back in. Over the next year 10 new homes are expected to be under construction for new residents, and all 17 damaged homes have been repaired and are reoccupied, Ruane said:

“It’ll be beautiful when it’s done. ... But we want to do it once and we want to do it right.”

Ruane also reiterated his criticism of a record \$1.4 billion fine and penalty levied against PG&E by the California Public Utilities Commission last week for the San Bruno explosion. He said the \$950 million in fines to be directed to the state’s general fund should be used instead for gas pipeline safety.

Ruane did not say whether the city would appeal the CPUC’s decision. PG&E announced its own appeal last week, arguing like the city that the fine should go toward safety improvements rather than the state’s general fund, but also to ensure that the \$2.7 billion in improvements the company says it has already made are taken into account.

But Ruane has argued that PG&E should not get credit for improvements he said should have been made decades ago, tracing the failure of the pipeline that he said overlooked recommendations by company engineers, sacrificing safety for shareholder profits.

A National Transportation Safety Board investigation found the explosion was caused by a defective seam weld in a pipeline segment that was incorrectly listed in PG&E records as seamless.

Ruane also has called for the creation of a Pipeline Safety Trust as a watchdog for PG&E’s 40,000 miles of underground gas pipelines, a step that San Bruno officials said the CPUC saw

the value in but found that it was not PG&E's responsibility to finance. In addition to the CPUC penalties, the utility is facing federal criminal charges in San Francisco.

It is accused of one count of obstructing justice in the NTSB investigation into the explosion and 27 counts of violating a federal pipeline safety law in connection with several pipelines.

3. *San Bruno still rebuilding four years after pipeline explosion*

By Tom Vacar, KTVU – Sept. 8, 2014

(Also in [The Examiner](#))

SAN BRUNO, Calif. — A day before the four-year anniversary of a deadly natural gas pipeline explosion in San Bruno, Mayor Jim Ruane said Monday morning that he expects to have repairs in the community mostly completed by next year.

The deadly gas main explosion on September 10, 2010, killed eight, injured 66 and destroyed 38 homes.

Monday's San Bruno reconstruction update was brief.

"As of today, 22 families have rebuilt their homes and returned to the neighborhood. Two more homes are in progress. By this time next year, ten more houses will be under construction by a developer," said San Bruno Mayor Jim Ruane.

Despite the progress, some residents have complained it's been too slow in coming, especially the fact that a dozen lots, now owned by either PG&E or the city, remain vacant.

"We have been waiting for over 6 months now for PG&E's final sign off on the transition of those lots. It will be beautiful when it's done but we want to do it once and we want to do it right and I know it's never fast enough for anybody, but we're trying to do the very best we can," said Ruane.

Most of the time was spent talking about PG&E's unwillingness to outright accept the \$1.4 billion fine the California Public Utilities Commission levied against it last week.

"It's time for PG&E to do the right thing; stop calling this an accident and accept the level of penalty as proposed," said Ruane.

But the city has issue with the fact that that less than a third of the fines will go to improving pipeline safety. The city also complains that turning over almost a billion dollars to the state's General Fund when its own agency -- the CPUC -- has repeatedly been implicated up to its neck in helping bring about the disaster through poor regulation.

"We demand that Governor Jerry Brown and the state legislature use this fine to provide a safer pipeline system and allocate a portion of these dollars to create an independent monitor and pipeline safety trust," said Mayor Ruane.

Ruane did not say whether the city would appeal the CPUC's decision.

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Ruane also has called for the creation of a Pipeline Safety Trust as a watchdog for PG&E's 40,000 miles of underground gas pipelines, a step that San Bruno officials said the CPUC saw the value in but found that it was not PG&E's responsibility to finance.

In addition to the CPUC penalties, the utility is facing federal criminal charges in San Francisco. It is accused of one count of obstructing justice in the NTSB investigation into the explosion and 27 counts of violating a federal pipeline safety law in connection with several pipelines.

4. *4 Years After Pipeline Blast, San Bruno Looks To Finish Rebuilding Soon*

By Bay City news, KPIX – Sept. 8, 2014

SAN BRUNO (CBS SF) — A day before the four-year anniversary of a deadly natural gas pipeline explosion in San Bruno, Mayor Jim Ruane said Monday morning that he expects to have repairs in the community mostly completed by next year.

The Sept. 9, 2010, explosion of a PG&E gas line killed eight people, injured 66, destroyed 38 homes and severely damaged 17 others in the city's Crestmoor neighborhood.

“Since that terrible day four years ago, the San Bruno community has shown that it will not be defeated by tragedy,” Ruane said. “Although the road to full recovery is long and difficult, the families of the Crestmoor neighborhood continue to show their strength and resilience.”

In the last four years, the city has been working on rebuilding the neighborhood's infrastructure and over the next 18 months expects to complete work rebuilding streets, sidewalks, sewer systems and parks.

The city has already completed \$15 million in infrastructure repairs, Ruane said.

All necessary underground work was recently completed, and the remaining work will mostly deal with replacing aboveground infrastructure, including new street paving, sidewalks and streetlights, Ruane said.

The neighborhood park will also be rebuilt and expanded, and the mouth of Crestmoor Canyon, which burned in the massive fires following the explosion, will be reforested, Ruane said.

Meanwhile, 24 homes have been rebuilt and the previous residents have moved back in. Over the next year 10 new homes are expected to be under construction for new residents, and all 17 damaged homes have been repaired and are reoccupied, Ruane said.

“It’ll be beautiful when it’s done,” Ruane told reporters at City Hall Monday morning. “But we want to do it once and we want to do it right.”

Ruane also reiterated his criticism of a record \$1.4 billion fine and penalty levied against PG&E by the California Public Utilities Commission last week for the San Bruno explosion. He said the \$950 million in fines to be directed to the state’s general fund should be used instead for gas pipeline safety.

Ruane did not say whether the city would appeal the CPUC’s decision.

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But Ruane has argued that PG&E should not get credit for improvements he said should have been made decades ago, tracing the failure of the pipeline that he said overlooked recommendations by company engineers, sacrificing safety for shareholder profits.

A National Transportation Safety Board investigation found the explosion was caused by a defective seam weld in a pipeline segment that was incorrectly listed in PG&E records as seamless.

Ruane also has called for the creation of a Pipeline Safety Trust as a watchdog for PG&E’s 40,000 miles of underground gas pipelines, a step that San Bruno officials said the CPUC saw the value in but found that it was not PG&E’s responsibility to finance.

In addition to the CPUC penalties, the utility is facing federal criminal charges in San Francisco. It is accused of one count of obstructing justice in the NTSB investigation into the explosion and 27 counts of violating a federal pipeline safety law in connection with several pipelines.

5. *Feds Fight Back in San Bruno Explosion Case*

By Arvin Temkar, Court House News Service – Sept. 9, 2014

SAN FRANCISCO (CN) - Federal prosecutors are fighting back after Pacific Gas & Electric Co. asked a judge to strike allegations in an indictment from the 2010 San Bruno pipeline explosion that killed eight people and leveled a neighborhood.

In a Sept. 5 memorandum, prosecutors say "there is no question" the San Bruno explosion, which happened four years ago Sept. 9, is relevant to the indictment.

Last week PG&E asked U.S. District Judge Thelton Henderson to remove references to the pipeline accident from a superseding indictment, particularly, "prejudicial" allegations that implied that criminal conduct caused the explosion.

The indictment referred to the pipeline accident 11 times, but the grand jury never alleged that any of the felonies caused the explosion, PG&E claimed.

Prosecutors say PG&E's motion "simply ignores the law."

Numerous courts have upheld the district court's refusal to strike language that could be prejudicial to the defendant, but contains allegations relevant to the charges, prosecutors say in

the memorandum.

"Allegations should not be struck if they are relevant and material, and PG&E has not come close to satisfying this exacting standard," prosecutors state.

PG&E was charged in July with one count of obstructing a federal investigation and 27 counts of violating the Natural Gas Pipeline and Safety Act.

Prosecutors say that because the National Transportation Safety Board was investigating the San Bruno explosion, the event is indeed relevant to the obstruction charge. And in regard to the pipeline act violations: "What better evidence to prove a violation of the Pipeline Safety Act, than the explosion of that very pipeline."

PG&E also argued that the \$1 billion fine requested by the indictment for victims' losses is "enormous," and violates the law.

"Since the grand jury did not find facts supporting the alleged maximum fine and state those facts in the indictment, the penalty allegations cannot stand and we respectfully ask the Court to strike them as well," the company said.

Prosecutors replied that the numbers simply place the company on notice about the amount the government will seek at trial, and the government's responsibility is to give the essential facts to inform the defendant of the nature of the charges.

PG&E is due again in court on Sept. 22.

6. *San Bruno City Leaders Critical of PG&E*

By Mark Matthers, NBC Bay Area – Sept. 8, 2014

A day before the four-year anniversary of a deadly natural gas pipeline explosion in San Bruno, Mayor Jim Ruane said Monday morning that he expects to have repairs in the community mostly completed by next year.

The Sept. 9, 2010, explosion of a PG&E gas line killed eight people, injured 66, destroyed 38 homes and severely damaged 17 others. In the last four years, the city has been working on rebuilding the neighborhood's infrastructure and over the next 18 months expects to complete work rebuilding streets, sidewalks, sewer systems and parks.

Meanwhile, 24 homes have been rebuilt, 10 new homes are expected to be under construction over the next year and all 17 damaged homes have been repaired and are reoccupied, Ruane said. "It'll be beautiful when it's done," Ruane told reporters at City Hall Monday morning. "But we want to do it once and we want to do it right."

From the beginning, PG&E has called the explosion and fire a tragic accident. Ruane said it was the consequence of deliberate decisions the utility company made over decades. "Both the CPUC judges and the U.S. attorney concluded that the explosion on PG&E's Line 132 was the result of deliberate and intentional misconduct by PG&E over several decades," Ruane said.

A pair of independent audits found PG&E had diverted more than \$100 million from gas safety and operations over a 15-year span and spent the money on other things, including stockholder profits and executive bonuses.

"It is time for PG&E to do the right things and stop calling this an accident, and accept the level of penalty as proposed," Ruane said.

A spokesman for PG&E responded by once again calling the explosion an accident. "This was a very tragic accident," spokesman Greg Snapper said, "and it's something that we've been dedicating ourselves, earning the trust of everyone in the community."

The utility has been spending heavily on television ads showing its employees who stress their commitment to the community. San Bruno's mayor cited the ads Monday, saying it's never been about the utilities workers. "They're doing a great job," Ruane said, "but unfortunately a lot of that has to do with decisions made higher up, years ago."

Ruane also reiterated his criticism of a record \$1.4 billion fine and penalty levied against PG&E by the California Public Utilities Commission last week for the San Bruno explosion. He said the \$950 million in fines to be directed to the state's general fund should be used instead for gas

pipeline safety.

Ruane did not say whether the city will appeal the CPUC's decision. PG&E announced its own appeal last week.

7. *Fitch: ALJ OII Recommendation Won't Alter PG&E's Ratings*

Herald Business Wire – Sept. 8, 2014

NEW YORK — Pacific Gas & Electric Co. (PG&E) and its corporate parent, PG&E Corp. (PCG) will be able to absorb fines and penalties related to a 2010 pipeline explosion within their 'BBB+' rating categories, according to Fitch Ratings. The recommendation was handed down last week via the administrative law judge's (ALJs) presiding officers' decision (POD).

The POD was issued in connection with the California Public Utilities Commission (CPUC) orders instituting investigation (OII) into the San Bruno 2010 pipeline explosion and other aspects of the company's gas transmission operations. The CPUC is not bound by the POD and it is unclear when a final decision will be issued. The company intends to appeal the POD. A final decision in the CPUC investigations that is meaningfully more punitive than either the ALJ or Consumer Protection and Safety Division's (CPSD - now, the Safety and Enforcement Division) could lead to future adverse credit rating actions.

On Sept. 2, 2014, the ALJs in the CPUC's ongoing OII issued a POD recommending a \$2.035 billion penalty and cost disallowance in connection with the San Bruno pipeline explosion and fire, which resulted in 8 deaths, injuries and extensive property damage. It includes a \$950 million fine payable to the California general fund; a \$400 million refund of previously authorized pipeline safety costs; an additional \$50 million of disallowed costs; and \$635 million of previously disallowed pipeline safety costs. Fitch believes the ALJ's recommended penalty is broadly consistent with the CPSD's \$2.25 billion recommended penalty from a credit point of view, though different in its components.

Fitch expects OII-related fines and penalties to be funded with equity. PG&E's credit metrics have been pressured by unrecovered pipeline costs. Offsets to higher San Bruno-related operating costs incurred by PG&E include GRC-mandated tariff increases, deferred tax benefits and significant common equity issuance at PCG and infusions into PG&E. Fitch expects PCG and PG&E's credit metrics to begin to recover during 2015-2016 in a reasonable worst-case outcome, assuming a final penalty decision later this year or early 2015. This scenario is predicated on a balanced outcome in PG&E's pending 2015 natural gas transmission and storage rate case.

While investors have expressed concern regarding the size of the proposed disallowance and its implications for the regulatory compact in California, Fitch continues to believe that the regulatory environment in California is balanced. The CPUC's August 2014 final decision in PG&E's 2014 GRC was credit supportive in Fitch's view, authorizing 2014-2016 test-year and attrition-year rate increases representing approximately 55% of PG&E's total request.

For further information please refer to Fitch Ratings' special report "California Regulation: Balancing Act" dated Aug. 2014 and full reports published March 19, 2014 for PG&E and PCG.

8. *Op-Ed: A nuclear disaster waiting to happen: Diablo Canyon power plant*

By Karen Graham, Digital Journal – Sept. 8, 2014

San Luis Obispo - In the wake of the Fukushima power plant disaster, serious questions were raised about the safety of nuclear power plants in Japan built on or near earthquake fault lines.

But what about the Diablo Canyon plant in California? Will it become our Fukushima?

The Diablo Canyon nuclear power plant is located on about 900 acres of beachfront west of Avila Beach in San Luis Obispo County, California. With two Westinghouse Pressurized Water Reactors (PWR), Reactor One went on-line in 1985, and Reactor Two went on-line in 1986. More than 465.5 million people were living within a 50 mile radius of the Diablo Canyon plant in 2010.

Owned by Pacific Gas & Electric of California, the two reactors produce slightly less than seven percent of the electricity needs of the state, supplying 2.2 million customers. Diablo Canyon is the only remaining nuclear power plant left in California. In 2013, the San Onofre Nuclear Generating Station (SONGS), owned by Southern California Edison was shut down due to the failure of newly installed steam generators in its two reactors.

Fault lines and other faults

Even though it took six years to get approval, the Nuclear Regulatory Commission (NRC) finally gave the go-ahead to build the Diablo Canyon power plant. This was despite litigation and public protests over the plant being built near four known fault lines, including the San Andreas and Hosgri faults. Now the newly-found Los Osos, San Luis Bay and Shoreline faults. has been added to the list.

Yes, earthquakes and tsunamis are dangerous, as people living in California can fully understand. But ignoring the dangers of a nuclear meltdown because of a major earthquake is an issue that has people up in arms. After the Fukushima power plant disaster, people started reassessing their feelings about Diablo Canyon. In doing so, a whole list of faults began to crop up, including water quality issues and failing pipelines, among others.

Besides violating state water quality laws, the plant does not meet California fire safety standards, according to EcoWatch on September 6. Looming over PG&E is a legal and financial crisis. The California Public Utilities Commission (CPUC) recently proposed that PG&E be fined \$1.4 billion for their responsibility in a 2010 gas explosion that killed eight people and destroyed an area of San Bruno, California.

Adding to the company's woes, the federal government has issued 28 indictments for the 2010 explosion. The explosion was due to a pipeline defect that PG&E had been warned of for a number of years and had ignored. The fines cover more than 3,798 individual violations of both state and federal laws and regulations. This more recent legal hassle is in addition to the \$38 million the company paid in fines for a pipeline explosion in 2008.

Water quality violations and spent fuel rods

This brings us back to Diablo Canyon, where similar defects exist. On May 4, 2010, the state Water Resources Control Board gave PG&E until 2024 to install environmentally friendly cooling systems. This is a big financial problem for the company. At the present time, Diablo Canyon uses 2.5 billion gallons of seawater a day to condense the steam after it has passed through the electrical generators. The water being discharged back into the ocean is at least 20 degrees warmer than the seawater and is killing adult and larval fish, kelp and other sea life. This has been going on for years.

There is also the problem of stored spent fuel rods. At Diablo Canyon, they are stored in cooling pools and in dry casks outdoors. Most of the plant's fuel remains in the pools, and 29 dry casks have been filled. They contain about one-third of the spent fuel from the plant.

"The greatest danger presented by Diablo is the radioactive waste in overcrowded pools surrounded by 13 earthquake faults," said Jane Swanson, spokeswoman for the antinuclear group San Luis Obispo Mothers for Peace. "The so-called spent fuel is about 1 million times more radioactive than when it was first loaded as fresh fuel."

As for fixing the water discharged back into the ocean, PG&E has already said if they have to spend billions of dollars on an environmentally-friendly fix, they would pay for it by raising rates. And a new report released in May from Nuclear Regulatory Commission Insider Dr. Michael Peck warns us that the fault lines surrounding the power plant could "deliver shocks far stronger than the plant is designed to withstand."

The big question remaining is this: When will the big one hit California? It may not take a big

earthquake to cause a failure at Diablo Canyon. Being surrounded by fault lines is a scary thing to imagine, especially when prevailing winds could take radioactive fallout across the country in only four days. Does PG&E really want that hanging over their heads?

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