



California Public Utilities Commission

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PRESS RELEASE

Docket #: I.12-01-007;
I.11-02-016; I.11-11-009

CPUC PRESIDENT PROPOSES \$1.6 BILLION IN REMEDIES IN PG&E PIPELINE CASES, INCREASING PENALTY AMOUNT BY \$200 MILLION AND DIRECTING \$850 MILLION TO SHAREHOLDER-FUNDED SAFETY IMPROVEMENTS

SAN FRANCISCO, March 13, 2015 - The California Public Utilities Commission (CPUC) today issued a proposal by President Michael Picker that would penalize Pacific Gas and Electric Company (PG&E) \$1.6 billion in connection with the investigations of PG&E's operations and practices related to gas transmission, including the pipeline rupture in San Bruno, Calif., in 2010. The proposed penalty amount is \$200 million higher than a previous recommendation by Administrative Law Judges and includes an \$850 million shareholder penalty toward gas transmission pipeline safety infrastructure, a \$300 million fine, and a one-time \$400 million bill credit spread across PG&E's gas customers.

On September 2, 2014, two Administrative Law Judges issued proposed decisions establishing the number of violations in connection with each investigation and recommending a \$1.4 billion penalty based on the total number of violations. The decisions were appealed and today CPUC President Michael Picker issued an alternate penalty proposal (called a proposed Decision Different) increasing the penalties and remedies to \$1.6 billion, shifting the bulk of the penalty from the state's General Fund to safety in the ground. As such, the \$1.6 billion penalty directs \$850 million from PG&E shareholders toward safety improvements, assesses a \$300 million fine to the General Fund, orders a \$400 million bill credit, and directs approximately \$50 million towards other remedies. When added to the disallowances already adopted in a prior CPUC Decision, the penalties and remedies would exceed \$2.2 billion.

The Administrative Law Judges also proposed revisions to their decisions (called Modified Presiding Officers' Decisions) today, keeping the \$1.4 billion penalty in their original proposed decision but, like President Picker's proposed Decision Different, requiring that a \$400 million disallowance be returned to PG&E consumers as a one-time bill credit. When added to the disallowances already adopted in a prior CPUC Decision, the penalties and remedies would exceed \$2 billion.

A comparison of the proposals follows:

	Original ALJ Proposed Decisions Issued 09/02/14, which were appealed	Administrative Law Judges' Proposed Modified Decisions Issued 03/13/15	Proposed Decision Different of President Picker Issued 03/13/15
Fine to California General Fund	\$950 million	\$950 million	\$300 million
Disallowance/Bill Credit	\$400 million disallowance	\$400 million bill credit	\$400 million bill credit
Remedies to Enhance Pipeline Safety	\$50 million (est.)	\$50 million (est.)	\$50 million (est.)
Shareholder Gas Safety Improvements			\$850 million

Penalties and remedies assessed against PG&E must be paid by shareholders and are not recoverable from PG&E's customers.

President Picker's proposed Decision Different finds that a significant portion of the total penalty should be committed to making PG&E's gas transmission system as safe as possible for the public, consumers, utility workers, and the environment. It proposes PG&E shareholders pay an \$850 million penalty to be spent on safety improvements, most of which would be spent on capital investments, which PG&E would not add to its rate base and thus would not earn any profit on them. At the same time, the proposed Decision Different recognizes both the statutory tool for penalties (i.e., fines to the state's General Fund) and the CPUC's long-standing policy and practice of imposing fines on utilities as a means of penalizing and deterring future violations. Therefore the proposed Decision Different requires PG&E to pay \$300 million in the form of a fine to the state's

General Fund. Mirroring the Administrative Law Judges' revised penalty proposal, the proposed Decision Different orders PG&E to refund \$400 million from the Pipeline Safety Enhancement Plan-related revenue requirement approved in a prior CPUC decision to consumers in a one-time bill credit. The proposed Decision Different recognizes that PG&E's violations breached the trust that the company would maintain and operate a safe gas transmission system for its customers and the public.

President Picker's proposed Decision Different and the Administrative Law Judges' proposed revised decisions will come before the CPUC's Commissioners for a vote no sooner than the April 9, 2015, Voting Meeting.

The proposed Decision Different is available at

<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=148365288> (proceeding numbers I.12-01-007, I.11-02-016, I.11-11-009).

The proposed Administrative Law Judges' Modified Presiding Officer's Decisions are available at:

- Proceeding Numbers I.12-01-007, I.11-02-016, I.11-11-009:
<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=148364752>
- Proceeding Number I.12-01-007 (San Bruno Investigation):
<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=148364750>
- Proceeding Number I.11-02-016 (Recordkeeping Investigation):
<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=148364509>
- Proceeding Number I.11-11-009 (Pipeline Classification Investigation):
<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=148365173>

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