



California Public Utilities Commission

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PRESS RELEASE

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CPUC PENALIZES PG&E \$1.6 BILLION FOR PIPELINE VIOLATIONS

SAN FRANCISCO, April 9, 2015 - The California Public Utilities Commission (CPUC) today imposed the largest penalty it has ever assessed by ordering Pacific Gas and Electric Company (PG&E) shareholders to pay \$1.6 billion for the unsafe operation of its gas transmission system, including the pipeline rupture in San Bruno, Calif., in 2010.

In approving CPUC President Michael Picker's penalty proposal, the Commissioners increased the penalty amount \$200 million over what was proposed by Administrative Law Judges. Today's decision orders PG&E to pay \$850 million in gas transmission pipeline safety infrastructure improvements, most of which will be spent on capital investments that PG&E will not add to its rate base and thus will not earn any profit on; \$300 million in a fine to the state's General Fund; \$400 million in a one-time bill credit spread across PG&E's gas customers; and approximately \$50 million towards other remedies to enhance pipeline safety. When added to the disallowances already adopted in a prior CPUC Decision, the penalties and remedies exceed \$2.2 billion.

"PG&E failed to uphold the public's trust. The CPUC failed to keep vigilant. Lives were lost. Numerous people were injured. Homes were destroyed. We must do everything we can to ensure that nothing like this happens again," said President Picker. "Our decision commits a significant portion of the shareholder-funded penalty – one of the biggest utility sanctions in U.S. history – to making PG&E's gas transmission system as safe as possible for the public, consumers, utility workers, and the environment."

"The Decisions we adopt today signal that we expect accountability and performance from utilities

we regulate and from ourselves at the CPUC,” said Commissioner Catherine J.K. Sandoval. “Californians should receive what the law says they have the right to expect: safe, reliable utility service through adequate facilities at just and reasonable rates. This landmark Decision provides redress for the systemic causes that led to the San Bruno tragedy and will improve gas pipeline safety for generations of Californians.”

Said Commissioner Carla J. Peterman, “No decision can rectify the loss that the community of San Bruno suffered as a result of the gas transmission pipeline rupture, but I believe that our decision will enable us to focus going forward on making sure the system is the safest it can be.”

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

The decision approved today is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M150/K539/150539121.PDF>.

For more information about the CPUC, please visit www.cpuc.ca.gov.

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