



California Public Utilities Commission

505 Van Ness Ave., San Francisco

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Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

Docket #: R.11-02-019

CPUC FINES PG&E \$14.35 MILLION FOR ETHICS VIOLATIONS

SAN FRANCISCO, Dec. 19, 2013 - The California Public Utilities Commission (CPUC) today levied a \$14.35 million fine against Pacific Gas and Electric Company (PG&E) for its failure to promptly notify the CPUC of incorrect records related to natural gas pipeline 147, which runs through the City of San Carlos.

Said Commissioner Mark J. Ferron, the author of today's decision, "This penalty is designed to serve as a deterrent to similar behavior in the future. There should be no question that the CPUC expects nothing less than forthright and timely disclosure in all matters of public safety. This fine sends a strong signal to PG&E, and to all of the utilities that we regulate, that delay and obfuscation will not be tolerated."

The Administrative Law Judge that heard the case recommended a fine of \$6.75 million; Commissioner Ferron drafted an alternative proposal that recommended a \$17.25 million fine for PG&E's failure to promptly correct a material misstatement of fact in a pleading filed with the CPUC and by mischaracterizing the correction submitted for filing on July 3, 2013, as a routine and non-substantive correction. Today, the CPUC unanimously determined that the fine should be \$14.35 million.

For the delay in filing, which allowed for an important "false statement of fact" to persist uncorrected, PG&E was fined the maximum amount of \$50,000 per day for the 229 days between November 16, 2012, and July 3, 2013, equaling an amount of \$11.45 million. For submitting a misleadingly titled and factually incomplete document, PG&E was fined \$50,000 per day for the 58

days between July 3, 2013, and August 30, 2013, equaling an amount of \$2.9 million.

“Today we have fined PG&E \$14.35 million for not reporting the condition of natural gas pipeline 147 in a timely manner to the CPUC. This inaction by PG&E was a very serious violation of the CPUC’s ethics Rule 1.1,” said CPUC President Michael R. Peevey. “We reiterate what the CPUC has repeatedly said to PG&E. Safety is our first priority. Non-compliance with our rules and procedures will not be tolerated.”

Said Commissioner Mike Florio, “After careful consideration the CPUC unanimously decided that the appropriate fine is \$14.35 million. The reduction in amount from that originally proposed by Commissioner Ferron was to avoid a possible double-counting of the maximum fine allowed by law of \$50,000 a day during the period July 3, 2013, to August 30, 2013.”

Also today, after evaluating the safety of PG&E’s pipeline 147, the CPUC authorized PG&E to restore operating pressure on the line to no higher than 330 pounds per square inch gauge (psig). On Oct. 8, 2013, PG&E reduced the operating pressure of the line until CPUC staff could verify the safety of the line. This action came after community concerns were raised about the line. On Oct. 21, 2013, the Administrative Law Judge for the proceeding agreed that PG&E could operate the line at no more than 125 psig. Today’s decision to allow PG&E to resume full operation of the line was made after a public hearing and after evidence was submitted by PG&E and reviewed by CPUC staff that demonstrated that the line is fit for service.

The proposals voted on are available at:

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M083/K887/83887020.PDF> and
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M083/K804/83804711.PDF>.

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

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