

## **EDITORIAL: PG&E is slammed with record \$1.4 billion fine, deservedly so**

By The Fresno Bee Editorial Board

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.

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, for example, issued a statement saying the city wants more money spent on safety.

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.

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 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 in 2009 to \$200 million in 2010. PG&E 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% of their bodies. It destroyed 38 homes and carved a 72-foot crater in the Crestmoor neighborhood.

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.

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, and rightly so.

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