
Michael Peevey's announced exit solves political problem for Jerry Brown

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For years, Gov. [Jerry Brown](#) defended Michael Peevey, the embattled president of the [California Public Utilities Commission](#).

The commission, which regulates California's massive energy and telecommunications industries, had come under scrutiny for back-channel communications with [Pacific Gas and Electric Co.](#) following a gas line explosion that killed eight people in [San Bruno](#) in 2010.

Brown was unwavering, telling the the [San Jose Mercury News](#) as recently as August that Peevey was "a very effective leader" who "tries to do the right thing."

"He gets things done," Brown said. "He's promoted renewable energy in a way that I don't know that anybody else could have."

But on Thursday, as critics held a news conference in [San Francisco](#) to demand his ouster, Peevey said he will not seek reappointment when his term expires at the end of the year, extricating Brown from an increasingly difficult position.

Peevey's announcement came after revelations this week that he privately told a PG&E executive in 2010 that he expected the utility to spend at least \$1 million opposing a ballot measure seeking to undo provisions of Assembly Bill 32, California's landmark greenhouse gas reduction law.

Peevey also told the official that he expected PG&E and other companies to contribute \$100,000 each for a celebration the PUC was hosting for its 100th anniversary, according to an email written by the former PG&E vice president, Brian Cherry.

The emails were released by PG&E on the same day the company announced it had been notified by the U.S. attorney's office in San Francisco that it has begun an investigation into private communications with the PUC.

Peevey, a former president of Southern California Edison Co., has long-standing ties to Brown and Democratic politics in California. The husband of Democratic state Sen. Carol Liu, Peevey was first appointed to the commission in 2002 by then-Gov. Gray Davis, Brown's chief of staff when he was governor before. Gov. [Arnold Schwarzenegger](#) appointed Peevey to another six-year term in 2008.

Jamie Court, president of Consumer Watchdog, an advocacy group that has been critical of Peevey, said earlier this week that "the problem with the governor (Brown) is that he's tremendously loyal to people who are dirtbags, and Peevey is a dirtbag and always has been."

Peevey said in a prepared statement Thursday that he planned to announce his exit at a regular commission meeting next week "but instead I am moving the announcement to today to state that I will not seek reappointment to the CPUC when my term expires at the end of this year."

"Twelve years as president is enough," he said.

At his most recent public appearance, on Wednesday, Brown refused to discuss the controversy, ignoring reporters'

questions as he left an event in San Jose.

Brown sought to distance himself from the controversy surrounding the PUC and PG&E this summer, when he returned donations from several utility officials.

The contributions, returned in August and reported in a campaign statement for the first time this week, totaled \$9,000, a relatively small amount. But for a governor who has taken tens of thousands of dollars from PG&E and appointed former executives of the utility to the highest reaches of his administration – including his executive secretary and Cabinet secretary – the refund reflected a new measure of caution.

Brown's campaign said he returned donations from six PG&E officials "to be prudent in the midst of the inquiry." It did not respond to questions about more substantial sums he has received from the utility.

PG&E Corp. has given \$54,200 to Brown's re-election campaign. It gave \$25,000 to Brown's initiative to raise taxes in 2012 and more than \$50,000 to his election effort in 2010.

Despite defending Peevey publicly, Brown's office also was involving itself in commission proceedings on behalf of a city uncomfortable with the PUC's behavior.

In an email to Cherry in December, Michael Florio, one of Brown's appointees to the PUC, said the governor's Cabinet secretary, Dana Williamson, would be calling to discuss pressurization of a gas line in [San Carlos](#), close to [San Bruno](#).

The city objected to a level of pressure in a line proposed by PG&E, and Brown's office was "asking if we (could) somehow 'compromise'" with the city on a lower pressure, Florio wrote.

Jeff Maltbie, city manager of [San Carlos](#), said the city initiated contact with Brown.

"It seemed very clear to us that there was a really tight-knit relationship between PG&E and the CPUC, so we reached out to the Governor's Office asking for help," he said.

Maltbie said he and other city employees traveled to Sacramento to meet with Brown's aides and "sort of laid out our case to the Governor's Office and asked them for help in trying to broker a compromise."

The Governor's Office – and Florio – each said Brown's engagement in the matter was appropriate.

"There was a public [safety issue](#) here, and they wanted to make sure that the decision we had on the agenda for the next day was properly taking into account the public safety implications," Florio said. "So yeah, I think if it comes to the Governor's Office's attention that there's a potential threat to public safety, sure they should act on it."

In the end, the higher pressure that PG&E sought – not the compromise measure Brown's office appeared to suggest – was approved.

Maltbie was disappointed.

"From reading the emails, it's clear they certainly followed through and tried to help us," he said. "We understand that, you know, even the governor has uphill battles to fight, and perhaps the CPUC is one of them."

Florio said the governor's involvement in the [San Carlos](#) case was "unusual, particularly on something that was technical in nature."

"It's not unprecedented," Florio said, "but it's rare."

[Tom Long](#), legal director at The Utility Reform Network, or TURN, said he suspects "governors commonly, in one way or another, try to get involved in certain cases, and Gov. Brown is no different."

However, Long said, “I would just so much prefer that the Governor’s Office be transparent about its involvement.”

“It would be a little bit like the judge and the jury hear the evidence, and then the phone call from the governor comes into the jury room and says, you know, there’s this whole other angle you should think about,” Long said. “It’s not conducive to due process.”

The independence of the PUC has been at issue since the commission’s formation, a response in the early 1900s to frustration about the dominance of railroad interests in California. Its makeup – five commissioners appointed by the governor but each serving a staggered, six-year terms – was designed in part to insulate commissioners from political winds.

The Governor’s Office gained a degree of leverage over the agency in 1999, when Davis signed legislation granting governors the power to select PUC presidents and granting presidents authority over the commission’s executive director and general counsel. Previously, commission members selected their own president.

The legislation was intended to address concerns about accountability, according to a legislative analysis. But there were other effects. When he resigned from the commission in 2002, Richard Bilas, a commissioner, complained the change “removed any independence the agency ever had.”

“It made the commission, in a sense, an agency of the executive branch of government, which I think is wrong,” he said at the time.

It appeared unlikely when Brown took office in 2011, four months after the [San Bruno](#) explosion, that problems at the PUC would linger over him four years later.

Within a month of taking office, Brown appointed Florio, a longtime lawyer for advocacy group TURN, to the commission, as well as Catherine Sandoval, a telecommunications expert. The appointments were praised by ratepayer advocates, who viewed Brown as a departure from his Republican predecessor, [Arnold Schwarzenegger](#), who was criticized for maintaining a commission with pro-business leanings.

But scrutiny of the PUC and PG&E only intensified after the [San Bruno](#) blast. A 2011 National Transportation Safety Board report faulted the PUC for failing to detect “pervasive and long-standing problems” at the utility.

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