

PG&E fined \$1 million for improper emails to state utility regulators

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California Public Utility Commission President Michael Peevey, shown in 2004, did not participate in the vote to penalize Pacific Gas & Electric for improperly communicating with PUC members and staff because, he said, he was involved in the email exchanges that got PG&E in trouble. (Randi Lynn Beach / For The Times)

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PG&E fined \$1 million for improper communications with utility regulators

The California Public Utilities Commission on Thursday slapped Pacific Gas & Electric Co. with a \$1-million fine for having improper contacts with commission members and top staff.

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The punishment was issued for a series of emails sent by PG&E that improperly discussed the selection of judges in a natural gas rate case.

The five commissioners also unanimously voted to approve a controversial settlement to divide the costs of closing the San Onofre nuclear power plant near San Clemente.

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Under the settlement, over 10 years approximately \$3.3 billion would come from ratepayers and about \$1.4 billion would come from stockholders of the parent companies of Southern California Edison Co. and San Diego Gas & Electric Co., the owners of the now-shuttered seaside plant.

In the PG&E case, the reported "shopping" for the assignment of a potentially sympathetic administrative law judge was revealed in approximately 20 emails sent in January by the San Francisco-based, investor-owned utility.

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The company, which released the information after combing through 65,000 internal company emails, has admitted that it violated PUC rules against making contact with top PUC brass about legal issues that are not shared with other parties involved in the legal proceedings.

The decision was approved by a 3-0 vote. Commission President Michael Peevey and Commissioner Mike Florio publicly said they would not participate because both were personally involved in the email exchanges with PG&E about selecting judges in the ongoing case.

"Through this decision, we continue to send a signal to PG&E that we expect full compliance and appropriate respect for the CPUC's processes and its staff as well as fair treatment to its consumers," said Commissioner Carla J. Peterman, who wrote the ruling.

PG&E has fired three senior executives for participating in the email exchanges.

PG&E said it deserves to be "accountable when we fail to uphold high standards." However, the company in a statement criticized the PUC for not taking into account PG&E's corrective actions and said it would appeal the ruling, which also calls for potential reparations to gas customers for delays in setting new rates that could run as high as \$400 million.

"It imposes sanctions that aren't warranted and that may go beyond the CPUC's legal authority," PG&E said.

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