

Emails show PG&E helped PUC official write safety directive

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FEBRUARY 27, 2015, 6:11 PM | REPORTING FROM SACRAMENTO

In the months after the deadly 2010 San Bruno gas pipeline explosion, California regulators scrambled to order Pacific Gas & Electric Co. to improve the safety of its aging infrastructure.

Now, new documents show the utility was deeply involved in the process, helping PUC's executive director write and rewrite the same safety directive it was about to receive.

The emails bolster the evidence of a long-running and chummy relationship between the state's regulators and its major power companies.

That relationship is under scrutiny by the U.S. attorney in San Francisco and the California attorney general's office. Most of the investigation has centered on state utilities and former PUC President Michael Peevey, who stepped down Dec. 31 after two six-year terms.

But the most recent documents extend to discussions between former PUC Executive Director Paul Clanon, who oversaw the 1,000 commission staff members, and two PG&E vice presidents and their lawyer. They spent three days helping Clanon brainstorm, draft and revise a letter headed for the president of PG&E, Christopher Johns.

The letter was part of the PUC's formal response to the National Transportation Safety Board, which investigated the explosion that killed eight people, injured 66 and destroyed 38 houses in the Bay Area community.

PUC and PG&E officials offered no explanation for the newly released emails. PUC spokeswoman Terrie Prosper said the commission is looking into the emails and others "to determine if any laws were broken or if any ethical lapses occurred."

San Bruno city officials and consumer advocates likened the collaboration to that of a speeding driver who uses a cop's pen and pad to write his own ticket.

"It's collusion," said Mark Toney, executive director of the Utility Reform Network, a consumer group that advocates for electric and gas ratepayers at the PUC. "Instead of the regulator setting the limits and holding the company accountable, it's ... letting the company define its own rules... The fact that only the offending party was consulted is the essence of a backroom deal."

The PG&E executives at the center of the 2010 safety exchange have been fired.

Clanon, 55, who ran PUC operations and reported to the five-member commission headed by Peevey, made a surprise announcement late last year that he would retire along with Peevey. None of the people involved in the letter writing could be reached for comment.

The collaborative letter writing by PG&E brass and Clanon was "a shameful dereliction of duty," said Loretta Lynch, Peevey's predecessor as the PUC's president and a longtime critic of the commission's relationship with regulated utilities.

San Bruno officials and other concerned groups learned of the letter writing only after PG&E and

the PUC released more than 65,000 emails in late 2014 and early 2015.

"There is no logical reason why the PUC needed to collaborate and coordinate in issuing this order," San Bruno City Manager Connie Jackson said.

PG&E officials declined to discuss specifics of the emails. But spokesman Keith Stephens noted the utility's current efforts to clean house. He reiterated earlier PG&E statements about taking "swift and decisive action" and holding accountable senior-level officers "to prevent this from happening again."

Energy consultant Robert McCullough, who has analyzed thousands of emails that PG&E gave the commission, said he was put off by the continuous banter among PUC and utility officials.

The emails show an "unacceptable level of influence" by PG&E with regulators, he said.

At the end of the letter-writing session, the PG&E officials and Clanon expressed satisfaction with their joint work product.

"I think this works," PG&E Vice President Brian Cherry wrote Clanon about two hours before the letter was formally delivered to his company.

"I'm so glad," Clanon replied.

Cherry then sent the final version to his regulatory lawyer, who promptly signed off on the wording.

The chatter concluded with a remark, apparently in jest, from PG&E's Cherry to the PUC executive director. "Paul — as discussed, your check is in the mail."

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