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September 19, 2014

The Honorable Kamala D. Harris
Attorney General, State of California
455 Golden Gate, Suite 11000
San Francisco, CA 94102-7004

Dear Attorney General Harris:

We ask you to immediately investigate the apparent repeated violations of law by the California Public Utilities Commission in the course of the San Bruno penalty case and other cases that affect PG&E rates, as well as prohibited communications involving the CPUC's President and top management.

Emails released by PG&E on Monday demonstrate that the chief of staff to the CPUC President—with his knowledge—regularly aided PG&E's violation of California Public Utilities Code Section 1701.3, concerning ex parte communications in rate-setting cases. PG&E filed these emails with the CPUC in recognition that they violated ex parte laws and fired three top executives as a result.

Let not the significance of this move be understated—PG&E fired executives for violations that top CPUC staff and its President tolerated, if not encouraged.

Another set of emails, obtained at the end of July by the City of San Bruno through legal action against the CPUC, demonstrate what the City alleges to be violations of Public Utilities Code Section 1701.2, concerning ex parte communications in adjudicatory cases. These emails show that PG&E employees directly contacted Commissioners and top management regarding the financial community's feelings about potential fines in the San Bruno penalty case. The emails also reveal that the CPUC President's chief of staff gave a PG&E employee advice on how to outmaneuver the City of San Bruno in pleadings in the case.

These are not the only instances where CPUC management appears to have aided PG&E in violating state law. Evidence in the San Bruno penalty case goes back to at least the end of 2012, when the CPUC's General Counsel—who, as PG&E's lead gas attorney before 2008, had participated in some of the decisions that were under investigation in the case—ordered attorneys representing the prosecuting Safety and Enforcement Division to move to suspend hearings immediately in favor of conducting settlement negotiations, preempting PG&E employees taking the witness stand.



Shortly thereafter, the CPUC hired DLA Piper, a law firm that included former U.S. Senator George Mitchell, to mediate the settlement negotiations that were forced on the Safety and Enforcement Division and parties to the case by the CPUC General Counsel. The City of San Bruno, the Division of Ratepayer Advocates, The Utility Reform Network, and the City and County of San Francisco were blindsided by this announcement, and equally blindsided by the information that mediators had about the case. This, we believe, was either a violation by the Safety and Enforcement Division or PG&E of its non-disclosure agreement to keep settlement negotiations confidential, or it was a violation of Public Utilities Code Section 1701.2, where the Safety and Enforcement Division or PG&E made illegal ex parte communications with CPUC officials, who then discussed settlement details with DLA Piper attorneys. Additionally, the CPUC responded to a Public Records Act request made by Senator Hill's office that no contract with DLA Piper existed, but that it might exist at PG&E—more indications of apparently unlawful communications between PG&E and CPUC management.

Subsequently, in June of 2013, the CPUC's Executive Director was alleged to have pressured the administrative law judges presiding over the San Bruno case to rule in PG&E's favor regarding the inclusion of PG&E's previous expenses in its proposed fine. This event was part of a plan where PG&E had quietly asked that the Director of the Safety and Enforcement Division request a list of PG&E's already-incurred and proposed expenses so that it could be put into the record—a plan that ended in the reassignment by the General Counsel of all of the six attorneys assigned to the San Bruno case, because they would not go along with filing a recommendation that PG&E incur no incremental penalty for the explosion in San Bruno—a proposal that one attorney called “illegal and unethical.”

And finally, this past June, one of those attorneys was fired after he motioned to require PG&E to produce records demonstrating that it knows the appropriate pressure under which to run its pipes—a request clearly authorized in Public Utilities Code Section 314.

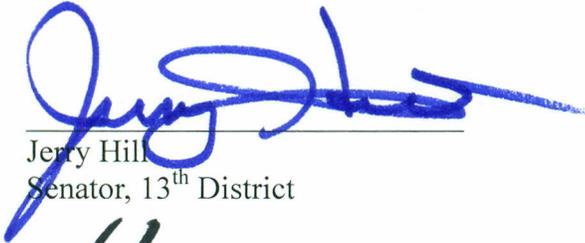
The CPUC oversees industries with revenues in excess of \$50 billion annually, money that comes directly from California residents. Much of those funds are paid to CPUC-regulated monopolies for essential services such as heat and electricity, and the only check that California consumers have against exploitation by those monopoly utilities is the CPUC.

As the CPUC is the administrative agency in charge of enforcing the Public Utilities Code, your involvement is the only recourse available to Californians when their supposed utilities watchdog appears to violate state law.

The above catalog of apparent violations on the part of CPUC employees and Commissioners spans two years, occurred in different cases, and continued despite ongoing public outrage. It stands to reason that CPUC employees and Commissioners could be engaging in similar potentially illegal behavior with other utilities and industries it regulates. For these reasons it's of critical importance that you thoroughly investigate this matter as soon as possible.

We are at your disposal to discuss further the instances above that demonstrate the need for your action.

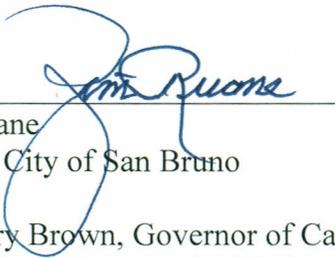
Sincerely,



Jerry Hill
Senator, 13th District



Kevin Mullin
Assemblymember, 22nd District



Jim Ruane
Mayor, City of San Bruno

Cc: Jerry Brown, Governor of California
Melinda Haag, United States Attorney, Northern District of California