PUC Drops PG&E Penalty Proposal

SAN FRANCISCO (AP) — State regulators have dropped a proposal that would have limited Pacific Gas & Electric's penalty for the deadly San Bruno pipeline explosion to the money it was already spending to upgrade its gas system.

The Public Utilities Commission's safety division asked the commission's hearing officers to withdraw the plan and allow them to submit a new proposal by next Monday, the San Francisco Chronicle [1] reported Tuesday.

Lawyers for the PUC's Safety and Enforcement Division offered no details of their substitute plan.

Officials with the city of San Bruno and a consumer advocacy group, who had called for tougher action against PG&E, said they are encouraged.

"This is a step in the right direction for the people of San Bruno and for consumer safety advocates who, for almost three years, have waited for some measure of justice," Mayor Jim Ruane said.

The proposal called for $2.25 billion in financial penalties, which would consist entirely of funds the utility has spent or promised to spend on pipeline system improvements ordered by the PUC.

PG&E spokeswoman Brittany Chord, responding to the withdrawal of that proposal, told the Chronicle the utility still considers $2.25 billion to be an excessive penalty.

"We believe that any penalty should go back into the safety of our system," she said.

The 2010 blast killed eight people and destroyed 38 homes in a suburban San Bruno neighborhood overlooking the San Francisco Bay.

Since then, state and federal investigations have found numerous deficiencies in safety and maintenance of PG&E's pipeline system. The PUC, appointed by the governor, will determine the financial consequences to PG&E based on recommendations by the commission's administrative law judges.

San Bruno has proposed a $3.8 billion penalty, including a $900 million fine to offset PG&E's federal and state tax deductions the utility would receive for the money it spent on upgrades, the newspaper said. The city has also called for the establishment of an independent pipeline safety monitor.

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Information from: San Francisco Chronicle, http://www.sfgate.com [2]

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