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Ex-PUC chief's home is searched as probe expands

Investigators seize computers and phones from Michael Peevey residence amid scandal over emails.

BY MARC LIFSHER

SACRAMENTO — State law enforcement officials stepped up their investigation of the Public Utilities Commission this week, searching the La Cañada Flintridge home of former President Michael Peevey and seizing computer equipment and smartphones.

Investigators from the California attorney general's office also removed similar gear and other items from the residence of Brian Cherry, a former top executive of Pacific Gas & Electric Co., in Orinda, a bedroom community east of San Francisco, the San Francisco Chronicle reported Thursday.

A spokeswoman for state Atty. Gen. Kamala Harris declined to comment on the search warrant, what investigators were looking for or what they found. However, neighbors said there had been significant law enforcement activity Tuesday at the Verdugo Boulevard resi-

dence of Peevey and his wife, state Sen. Carol Liu.

The state conducted a related search at PUC headquarters in San Francisco in November as part of its investigation into allegedly improper communications Peevey and other PUC officials had with PG&E brass since 2009. Separately, the U.S. attorney in San Francisco has launched a similar investigation.

Neither Peevey nor Cherry could be reached for comment Thursday.

Peevey, 76, stepped down from the commission Dec. 31 amid the scandal after two six-year terms as president of the commission. The PUC has wide-ranging power over electric and natural gas utilities, some telecommunications, private water companies, intrastate rail and ride-sharing services.

During his last few months in office, Peevey was at the center of growing criticism that the PUC was too cozy with the state's for-profit utilities, including PG&E and Southern California Edison Co.

Emails released by PG&E and the commission have shown that Peevey engaged in personal conversations and electronic communications involving the selection of administrative law

[See PUC probe, C2]

PUC email probe expands

[PUC probe, from C1] judges to rule on pending \$1.3-billion rate-setting cases, the solicitation of campaign contributions to oppose a statewide ballot measure and financial support for a PUC centennial celebration.

At least one of the exchanges with Cherry took place at Peevey's Sonoma County coast vacation home over a couple of bottles of "good Pinot," Cherry reported in an email to his superiors.

And more emails are on the way. In a memo to employees, PUC Interim Executive Director Timothy Sullivan announced that PG&E had been ordered to release 65,000 communications that the commission hopes to post online by the close of business Friday.

"While we do not know the content of these emails, it is my expectation that the vast majority will pertain to routine communications between a regulator and a regulated company that are required by our work," Sullivan wrote.

Critics, including leaders in the city of San Bruno south of San Francisco, con-

tend that the one-sided conversations showed a bias on the part of Peevey and the commission toward PG&E. The September 2010 explosion of a PG&E natural gas pipeline destroyed a San Bruno residential neighborhood, killing eight people.

San Bruno City Manager Connie Jackson said she is "pleased that the attorney general's office is taking strong action to get to the bottom of the scandal at the CPUC." It was a city public information request last year that produced controversial emails that helped fuel the investigation.

"It is critical that these improprieties are corrected and that safety and integrity are established as priorities in the regulation and operation of the utilities we all rely on," Jackson said.

PG&E repeatedly has admitted that some of the communications violated PUC policy. The company fired Cherry and two other executives and said it has strengthened its rules about communicating with regulators.

Meanwhile, ratepayer activists in San Diego County have complained about

emails that they say show other possibly improper contacts between Peevey and Southern California Edison Co. officials concerning the closure of the San Onofre nuclear power plant.

Attorney Mike Aguirre said he's impressed with Harris' investigation but is frustrated that it has been limited to San Francisco Bay Area issues and not the nuclear power plant. "They are compartmentalizing," he said. "They investigate in the north but not in the south."

Gov. Jerry Brown recently replaced Peevey with Michael Picker, a former staff member in the governor's office.

Brown, responding to questions from reporters Thursday, praised Peevey "as a real champion in advancing the state's environmental goals."

Picker has vowed not to involve himself in questionable communications with utilities and has asked fellow commissioners to create a new code of ethics for commissioners.

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