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California regulator seeks \$1.6 billion penalty for deadly PG&E blast

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By Rory Carroll

SAN FRANCISCO, March 13 (Reuters) - California's chief utility regulator on Friday urged a record \$1.6 billion penalty against Pacific Gas & Electric stemming from its deadly 2010 San Bruno natural gas pipeline rupture and fire near San Francisco, a \$200 million increase over an earlier proposal.

The newly proposed sum, sought by California Public Utilities Commission President Michael Picker, is an alternative to a \$1.4 billion penalty recommended in September by administrative law judges for the agency. The five-member commission could vote on the recommendations as soon as April 9.

Either sum would mark the largest safety-related penalty ever imposed by the commission, dwarfing a \$38 million fine against PG&E over a 2008 natural gas explosion in Rancho Cordova, the agency has said.

The latest proposal includes an \$850 million shareholder penalty that would pay for gas transmission pipeline safety infrastructure, a \$300 million fine and a one-time \$400 million bill credit to be spread across PG&E's gas customers.

Picker said proposal would shift the bulk of the money raised from the penalty from the state's general fund to safety measures.

When added to disallowances already adopted in a prior CPUC decision, the penalties and remedies would exceed \$2.2 billion, the commission said.

The pipeline explosion on Sept. 9, 2010, in San Bruno, a city just south of San Francisco, destroyed an entire neighborhood, killing eight people and injuring 58 others.

The National Transportation Safety Board later blamed the utility for a lax approach to pipeline safety and faulted regulators for weak oversight.

A PG&E spokesman said the company was reviewing the new proposal, and called on the commission to resolve its gas pipeline investigations in a timely manner.

"We have respectfully asked that the commission ensure that the penalty is reasonable and proportionate and takes into consideration the company's investments and actions to promote safety. Moreover, we continue believe any penalty should directly benefit public safety," said Keith Stephens, senior director of corporate relations. (Editing by [Steve Gorman](#) and [Robert Birsell](#))

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