POWER PLAY

A NEW REPORT BY LIZA TUCKER

Aliso Canyon Gas Leak, 2015

HOW THE GOVERNOR'S SISTER MAKES A MILLION DOLLARS FROM SEMPRA WHILE HIS APPOINTEES LET SEMPRA *BILK RATEPAYERS* FOR BILLIONS

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POWER PLAY:

How the Governor's Sister Made A Million dollars from Sempra While Brown Appointees Let Sempra Bilk Ratepayers For Billions

by Liza Tucker, Consumer Watchdog

Executive Summary

Ever since Governor Jerry Brown took office in 2011, energy services holding company Sempra and its regulated subsidiaries have benefitted from decisions by state regulators that favor Sempra's bottom line over public safety and reasonable utility rates. Under Brown, Sempra's market capitalization has almost tripled to $28 billion, and its stock price has risen 117 percent.[1] Sixty four percent of that increase in capitalization came in the wake of the company naming Brown's sister Kathleen to its board in 2013. For her service to Sempra, Kathleen Brown has earned more than $1 million in cash, stock and other benefits.

The state's other two investor-owned utilities, Edison International and Pacific Gas & Electric (PG&E) have also seen growth—but not as spectacular as Sempra's. Over the past five years, Sempra reports that it has delivered total shareholder returns of 112 percent, compared with 64 percent nationally for the Standard & Poor's 500 Utilities Index.[2]

Numerous decisions have helped Sempra stock, including the decision by oil regulators at the Division of Oil, Gas and Geothermal Resources (DOGGR) to allow Sempra subsidiary Southern California Gas (SoCalGas) to resume high pressure injections into its giant Aliso Canyon gas storage facility in Los Angeles County after the biggest methane well blowout in U.S. history. The Public Utilities Commission (PUC) concurred in that decision.

The Brown Administration's favoritism toward Sempra, including its willingness to overlook a serious threat to public health at Aliso in allowing the facility to reopen without knowing what caused the blowout and without performing proper seismic and other tests, has protected the company's value while helping Kathleen Brown become a millionaire.

Under Brown, Sempra has had a particularly sweet financial run, despite falling demand for natural gas in California. Sempra's regulated utility subsidiary, San Diego Gas & Electric (SDG&E) pushed through, with PUC approval, unnecessary fossil fuel power purchase agreements from new power plants costing some $4.4 billion over two decades.

Sempra's SDG&E also holds a minority stake in the shuttered San Onofre nuclear power plant. An under-the-table deal between Michael Peevey, former President of the PUC who is now under criminal investigation, and an SCE executive, allowed SDG&E and majority-owner SCE to recover $3.3 billion from ratepayers out of $4.7 billion in costs to shutter the facility after its steam generators sprang radioactive steam leaks.

The PUC is allowing the utilities to charge ratepayers more than $10 billion over a decade to cover the cost of flawed steam generators, decommissioning, and replacement electricity. Sempra will charge ratepayers $2 billion of that sum, which comes to $1,495 per customer.[3] No public investigation was ever conducted into who was responsible for the radioactive leaks.

This report details the favorable treatment Sempra has received under the Brown administration to the financial benefit of Sempra shareholders and its Board, including his sister.

The report finds:

• The PUC and the California Division of Oil, Gas and Geothermal Resources (DOGGR) just green-lighted the re-opening of SoCalGas's Aliso Canyon gas storage facility, even though no seismic study or environmental report has been completed and the cause of the biggest methane well blowout in US history remains unknown. No regulator has sanctioned the company. According to an ex-SoCalGas Storage Engineering Manager, a major earthquake at Aliso Canyon could cause potential catastrophic loss of life.[4] Aliso Canyon was a major leaker of methane, a highly potent greenhouse gas, well before the blowout.[5] The facility is not necessary for energy reliability, and methane still leaking from the capped well continues to make people sick. Resuming natural gas injections into poorly maintained, century-old wells would allow Sempra to charge ratepayers $200 million dollars for a new gas compressor station, plus field maintenance of tens of millions each year, while collecting fees to store natural gas for big commercial customers who play the market for deals.[6]

• Under Brown, the PUC is considering a massive, 47-mile-long $600 million pipeline to run from the Southern border of Riverside County to the Mexican border. The pipeline would enable Sempra to export liquefied natural gas to Asia, but would provide virtually no benefit to its core residential and small business customers. Ratepayers would pay about $2.1 billion over the 20-year life of the project whether the pipeline serves them or not. The project would cross about 15 miles of land zoned for single or multiple family use in San Diego County, the City of San Diego, and the City of Poway. The California constitution gives the PUC the "exclusive jurisdiction" over the project, trumping the need for conditional use permits from the county. Thus, the PUC could invoke the right of eminent domain to buy private property for public use, if necessary.

• Governor Jerry Brown's regulators have taken decisions, and reversed negative decisions, to favor Sempra shareholders over its ratepayers. The PUC approved fossil fuel power purchase contracts that SDG&E ratepayers will foot for plants built by independent operators, including NRG, that are not needed to meet electricity demand, slow the transition away from fossil fuel, and only worsen global warming. This extra generating capacity for SDG&E more than doubles the amount needed to meet San Diego's typical power demand annually at a cost of roughly $4.4 billion to San Diego Gas & Electric's ratepayers over 20 years.

• Sempra's ratepayer-financed projects, that are of no benefit to them, raise questions about the relationship between the company's fortunes, any future compensation for Kathleen Brown tied to Sempra's stock price, and the approvals for fossil fuel infrastructure by Governor Brown's appointees.

Aliso Canyon Fossil Fuel Storage Facility

Sempra is the only major investor-owned utility in the state to have retained a Brown family member on its board.[7] Sempra invited the former state treasurer, a partner in the law firm of Manatt, Phelps and Phillips specializing in government, regulatory affairs, and energy onto its board two years into Governor Brown's tenure. Kathleen Brown previously chaired Goldman Sach's Midwest investment banking division, and headed its Western region public-sector and infrastructure group.[8]

Part of Kathleen Brown's compensation for her board work at Sempra is based on how well Sempra's stock does, so she has a vested interest in protecting the company from criticism and undue scrutiny, as well as in supporting infrastructure projects that ratepayers will underwrite whether or not they directly benefit core utility residential and small commercial customers.

Kathleen Brown has earned $1.1 million to date for her Sempra board and committee work in the form of a combination of cash, stock and other benefits. Sempra added Kathleen Brown to the board for "her extensive experience in both the public and private financial sectors, as well as in-depth knowledge of California government processes," according to its 2015 proxy statement. Brown sits on Sempra's Environmental, Health, Safety and Technology Committee, as well as its Corporate Governance Committee.[9]

The environmental committee on which Brown sits would be involved in pinpointing what went wrong at Aliso as well as reviewing environmental, health, and safety laws, rules, and regulations. Kathleen Brown would have reason to want to defend SoCalGas, given her position and sizable Sempra investment. The blowout, which has cost Sempra $800 million so far, caused 25,000 suburban Los Angeles residents to flee, and its aftermath still sickens many.[10]

As of November 2015, Kathleen held more than $700,000 worth of stock in real estate and oil company Forestar Group—which owned 700 acres next to Porter Ranch where it planned to build a luxury home community, and another 1,000 acres of oil and gas interests in California. She sat on the Forestar board of directors, but stepped down in 2016 after Brown issued his declaration of emergency at Aliso Canyon, which ensured secrecy around the state investigation, and the true threat of the wells to the real estate value in the area.

Brown holds $740,000 in "phantom" Sempra shares. A phantom stock plan is an employee benefit plan that gives senior managers many of the benefits of stock ownership without actually dispensing stock, according to Investopedia.[11] Employees are issued what amounts to fictional stock, but that stock follows the price movements of the real stock and pays out any profits. At a designated time, the cash value of this shadow stock is distributed to participants. Such phantom shares are used to align the financial interests of the recipients with the interests of the shareholders and to incentivize recipients to contribute to increasing share value.

Chart compiled by the Public Accountability Initiative from Sempra proxy filings and Kathleen Brown's latest stock ownership form filed at the SEC in July 2017.

Governor Jerry Brown issued a carefully worded emergency proclamation on the Aliso well blowout in January 2016, after publicly ignoring the start of it three months earlier. He assured

Kathleen Brown Total Compensation from Sempra Energy, 2013-2017		
Compensation category	**Total Value**	**Notes**
Current value of "phantom" stock awards	$739,948	Based on 6,438.25 phantom shares reported owned in 7/3/2017 Form 4; Sempra stock price at market close 7/21/2017.
Cash compensation	$359,000	Cash paid for board and committee service
Charitable match	$87,316	Company match with Kathleen Brown charitable donations
Total compensation	$1,186,264	
Total to Kathleen Brown personally	**$1,098,948**	Not including charitable match

the public that a PUC "investigation" was underway and that oil and gas regulators would perform a technical review of what went wrong.[12] But the declaration effectively sealed evidence from the public. The only agency that can launch a formal public investigation is the PUC. Brown's declaration served to give regulators cover, with no timeline or obligation to inform the public on the causes of the blowout and whether any SoCalGas negligence played a role in the disaster.

Earlier this year, the PUC opened a public proceeding into whether Aliso Canyon can be shuttered for good within a decade. But in July, the PUC concurred with DOGGR on green-lighting the re-opening of Aliso Canyon to natural gas injections that will fill the reserve to 28 percent of its capacity. No justification was provided for the specific amount of filled capacity they claim is needed.

Los Angeles County promptly sued DOGGR for failing to conduct required safety and environmental studies on its natural gas storage facility, and to turn over public documents before it is reopened. "The reopening of the facility is highly troubling and irresponsible," the complaint states. "This is a regulator rushing to approve reopening without completing necessary investigations and risking public health."[13] An ex-SoCalGas employee earlier warned regulators of "potential catastrophic loss of life" at Aliso Canyon in the event of a major earthquake, the Los Angeles *Daily News* reported.[14]

Taking a decision to inject natural gas at high pressures into a giant cavern of injection wells up to a century old makes little logical sense when a root cause analysis of what went wrong to cause the blowout is barely underway, and the PUC is also in the midst of a proceeding to determine the feasibility of shuttering the reserve.

The PUC is also involved in another proceeding to determine if SoCalGas can bill ratepayers for a new $200 million compressor station when Aliso Canyon is still idle. If the compressor remains offline long enough, then billing ratepayers clearly would not be justifiable. Sempra has been under the gun to show that the facility and its new compressor station are needed. In its 2016 10K SEC filing, the company notes, that Aliso Canyon has a net book value of $531 million, including $217 million for the new compressor station.[15]

The filing says any "significant impairment" of the reserve's ability to function could result in a "material adverse effect" on the company and its subsidiary. "Higher operating costs and additional capital expenditures incurred by SoCalGas many not be recoverable in customer rates, and SoCalGas' and Sempra Energy's results of operations, cash flows and financial condition may be materially adversely affected."

To make the case that residential and small business customers cannot live without Aliso Canyon, Sempra staged an artificial natural gas shortage last January to withdraw gas from the facility and make it appear critical to keeping customers' heat going and the lights on.[16]

Instead of following orders from regulators to closely balance demand for natural gas with supplies ordered directly from pipelines, SoCalGas kept its orders for pipeline deliveries flat, and planned to reduce them while forecasting a jump in demand at the end of January 2016, according to Sempra filings with the Energy Information Administration. The utility ended up shorting the market by 30 percent and using that as an excuse to make emergency withdrawals from Aliso.

Sempra has been caught with its hand in the cookie jar before. A 2003 lawsuit against Sempra and other defendants for forcing utilities to buy natural gas at inflated prices states that, in addition, between 1996 and 2001, the defendants tried to decrease competition by limiting pipeline capacity to boost prices. Sempra ultimately agreed to a $580 million settlement in the class action lawsuit.[17]

In creating the fake shortage, Sempra thumbed its nose at state-ordered mitigation measures that have worked to avoid the need for Aliso withdrawals. The PUC has done nothing to sanction SoCalGas. Attorney General Xavier Becerra has not undertaken a called-for investigation by Consumer Watchdog, Food & Water Watch, and Powers Engineering.

Experts, including those hired by the County of Los Angeles, have proven that Aliso Canyon is not needed to ensure energy reliability. EES Consulting found that Aliso Canyon is not necessary to ensure power reliability through 2018, that the reserve has enough gas to meet any emergency supply issues without more gas injections, and that SoCalGas's January withdrawals from Aliso

Canyon were unjustified. The report said that data supplied by state regulators did not provide "a complete picture" of the need for withdrawals from Aliso, and were "confusing and inconsistent."[18] At the same time, California's major investor-owned utilities report that natural gas demand is slated to fall 1.4 percent year over year for the next two decades.[19]

A central reason that Sempra and SoCalGas want to reopen Aliso Canyon is commercial. Residential and small commercial customers don't need Aliso Canyon because the power company serving them can buy gas directly off of pipelines to meet demand. Big commercial customers such as refineries play the market, buying gas cheap, paying SoCalGas to store it, and then using it themselves to fatten profits on products, or selling it high.

No one has publicly quantified just how much commercial business SoCalGas does at Aliso Canyon—energy regulators refuse to disclose that information on the grounds of business confidentiality. What is known is that ratepayers are the ones footing the cost of keeping the facility open and upgrading it so that more gas can be stuffed into the canyon for commercial customers. Putting the costs onto ratepayers with a guaranteed rate of return for infrastructure or commercial services that have little to do with meeting the needs of core customers is one way to increase shareholder value.

Unnecessary Fossil Fuel Power Plants For Sempra

Governor Brown regulators have helped Sempra push through approvals for large power purchase contracts from independent power plant operators building unnecessary new natural gas-fired plants to replace old ones, occasionally strong-arming colleagues to drop opposition to the projects.

Governor Brown's PUC appointees are all his former aides or appointees overseeing energy regulation. Former PUC President Michael Peevey, an energy industry insider and deregulation cheerleader who once headed Edison International and SCE, had been appointed to the PUC in 2002 and was retained by Brown. Peevey was a decades' long associate of the Brown family starting with Governor "Pat" Brown. Brown appointed current PUC President Michael Picker in 2014 and elevated him to PUC President after Peevey resigned under a cloud. Picker had been a top aide to Brown on renewable energy.

The PUC is a quasi-judicial body that is supposed to be independent and is supposed to have no power over vetoes of legislation concerning its oversight. There is virtually no way to fire commissioners and it has no brake on its power save for legislative oversight. But evidence suggests it is far from independent.

For example, according to Capitol insiders, in 2016 PUC President Michael Picker delivered the message that Governor Brown would not support legislation that would have created avenues for citizens to sue the PUC in Superior Court, instead of having to request review, almost always denied, from the Courts of Appeals or the California Supreme Court. The legislation died. Public interest attorneys Mike Aguirre and Maria Severson had petitioned the Superior Court to compel the PUC to comply with a PRA request to disclose 63 emails between the PUC and the Governor's Office over the secret deal to charge ratepayers for the lion's share of shuttering the failed San Onofre nuclear generators, but the Superior Court was deemed not to have jurisdiction.[20]

Since Brown was elected, the PUC approved a $1.6 billion power purchase contract for SDG&E to pay a private consortium to build a new 300-megawatt natural gas power plant called Pio Pico at Otay Mesa. The PUC also approved a $2.1 billion power purchase contract for power plant operator NRG to build a 500-megawatt natural gas power plant near Carlsbad, without first considering the statutorily-preferred resources of renewable energy, energy efficiency, and demand-side program.[21]

The justification for both these plants was allegedly replacement power needed to fill the gap for the shuttered San Onofre nuclear power plant that supplied 9 percent of the state's electricity. Community advocates and energy experts argued that the preferred resource alternatives quench the need.

In addition, under Brown, the PUC never stepped in to stop a deal that on its face is bad for ratepayers. In October of 2011, Sempra completed an "affiliate transaction," the sale of a power plant to its subsidiary, SDG&E.[22] Sempra ended up selling SDG&E a 10-year-old natural gas power plant in Nevada called Desert Star, essentially offloading what could have been a stranded asset to SDG&E ratepayers to pay for a second time. That plant was one of several plants that Sempra built and operated during the deregulation of California's energy market that ended in disaster.

Power from the 490-megawatt natural gas plant located in Boulder City is now sold into the California market, according to SDG&E. "Ownership of the Desert Star facility was the least costly alternative compared to building a new plant," according to an SDG&E fact sheet.[23] "It was purchased in 2011 at a book value of the plant or approximately $180 million—compared to building a new 500-MW plant at a cost of more than $800 million," the fact sheet says.

What the fact sheet did not say is that ratepayers have no need for this much natural gas power—a problem created by regulators who approved or saw built 15 natural such plants throughout California since Brown's election.[24] But the deal does preserve a major customer for SoCalGas's natural gas—NRG, the plant's builder and operator. Experts estimate that SDG&E ratepayers will pay roughly $700 million for the Desert Star purchase over the next two decades, whether ratepayers benefit or not.

All in all, SDG&E ratepayers are paying for unnecessary generating capacity equal to more than half of San Diego's average demand at a cost of $4.4 billion over two decades. This is not lost on some of the regulators themselves.

In 2013, PUC Commissioners decided the Pio Pico plant should not come up for SDG&E approval until 2018, leaving time for enough renewable energy to be developed to fill the gap need. Former PUC President Michael Peevey went along with that unanimous vote, only to lead an effort to unanimously reverse that decision in 2014.

Peevey pushed the deal through after regularly dining with SDG&E executives for months and after enlisting current California Energy Commission Chair Robert Weisenmiller to write a letter to other PUC commissioners arguing the need for the new generating capacity—without mention in the letter that Peevey had requested Weisenmiller do so.[25] Weisenmiller, an old associate of Michael Peevey, was appointed to the CEC by Brown in 2011.

The CEC does not make determinations about the need for specific power plants, it issues site permits. Thus, Weisenmiller inappropriately overstepped his regulatory authority to help approve a power plant that advocates argued would not be needed and could be replaced with renewable energy, energy storage and efficiency and demand response programs.

In March 2015, an administrative law judge recommended that the PUC reject SDG&E's bid to buy power from the natural gas-fired Carlsbad Energy Center. NRG had proposed to rebuild the 1950's facility known as the Encina Power Station, but the judge directed SDG&E to look at other alternatives.[26]

In May 2015, Sempra donated $115,000 to the California Democratic Party. A week later, the PUC's new President Michael Picker reversed that negative PUC decision and got four commissioners to vote for approval of the SDG&E contract for Carlsbad.[27]

Ultimately, Consumer Watchdog traced $4.4 million donated by energy companies between 2011 and 2014 to the state Democratic party, which contributed $4.7 million to Brown's re-election campaign. Out of $9.8 million donated by 26 energy companies between 2011 and 2014 to Brown's campaign, causes, initiatives and the Democratic party, the three, major investor-owned utilities donated almost $6 million of the total.[28] Sempra donated a total of $1.4 million to Brown's two election campaigns and the Democratic party.

The Carlsbad plant was approved without first considering the preferred resources of renewable resources, energy efficiency, and demand-side programs, as state law requires. Former PUC President Peevey had long been working to pave the way for the plant, emails show. He had encouraged Sempra to lobby the city of Carlsbad aggressively, emails showed. On January, 17, 2014, Peevey wrote Sempra's CEO about James Avery, SDG&E's chief development officer. "I just want you to know that Jim Avery did an outstanding job of managing the situation in Carlsbad, getting the city to support a new plant, etc. And he did it quickly. A tough assignment, very well done. My best."[29]

Former PUC Commissioner Catherine Sandoval was the lone dissenter, mystified as to why the plant was approved on the heels of the Pio Pico approval. "Since the Commission authorized the gap created by Encina's retirement in 2018 to be filled by Pio Pico, the Carlsbad Decision rests on a need already met….," she wrote.[30]

Miramar Fossil Fuel Pipeline

Thus far, the three-foot thick, 47-mile long Miramar pipeline—ironically termed the Pipeline Safety & Reliability Project by Sempra, remains a mirage in the distance, but the PUC is expected to issue a decision on the proposed Sempra project in the first half of 2018. Sempra has proposed the pipeline on the grounds of energy "reliability," just as it has argued for more fossil fuel power contracts and the reopening of the Aliso Canyon on the same basis.

But the company's real interest in the pipeline as to do with plans to export Liquified Natural Gas (LNG). Sempra got federal permission in 2015 to construct and operate an LNG natural gas liquefaction and export facility in Port Arthur, Texas. They are eyeing the same for a facility at Sempra Mexico's Energia Costa Azul facility, where they already have an unused LNG import terminal that has become a stranded asset due to sharply falling natural gas prices in the United States. The company notes there is an interest in long-term contracts for LNG supplies "beginning in the 2022 to 2025 timeframe."

Sempra is more aggressive than California's two other major investor-owned utilities in the state, diversifying far beyond regulated utilities into LNG exports and international markets. The company is looking to increase its earnings around 50 percent by 2019, according to an analysis by *The Motley Fool*.[31] One of its largest opportunities is in Mexico, where its subsidiary IEnova is bidding on billions in projects commissioned by the Mexican government aiming to upgrade and expand its electric and gas infrastructure. Sempra will need access to capital markets to succeed. It will also have to secure enough natural gas supply to justify to investors the construction of an LNG export facility.

In their project description, SDG&E and SoCalGas propose to build the pipeline to "improve the reliability and resiliency of the Gas System." They propose to downgrade a smaller existing and parallel gas transmission line to a "distribution" line that operates at a lower pressure, and to build the bigger pipeline as back up to yet another existing, parallel transmission line in case of any emergency.

The project is justified as part of a PUC-approved "pipeline safety enhancement plan" put into effect after PG&E's disastrous pipeline explosion at San Bruno in 2010 that killed eight people and leveled a neighborhood. The pipeline would follow the path of two other existing lines, starting at an existing natural gas compressor station in Riverside's Moreno Valley and ending at Otay Mesa on the Mexican border.

The pipeline would cross the cities of San Diego, Escondido, and Poway and unincorporated communities in San Diego County, as well as federal land, according to their project description.[32] About 41 miles would be installed in urban areas within existing roadways and

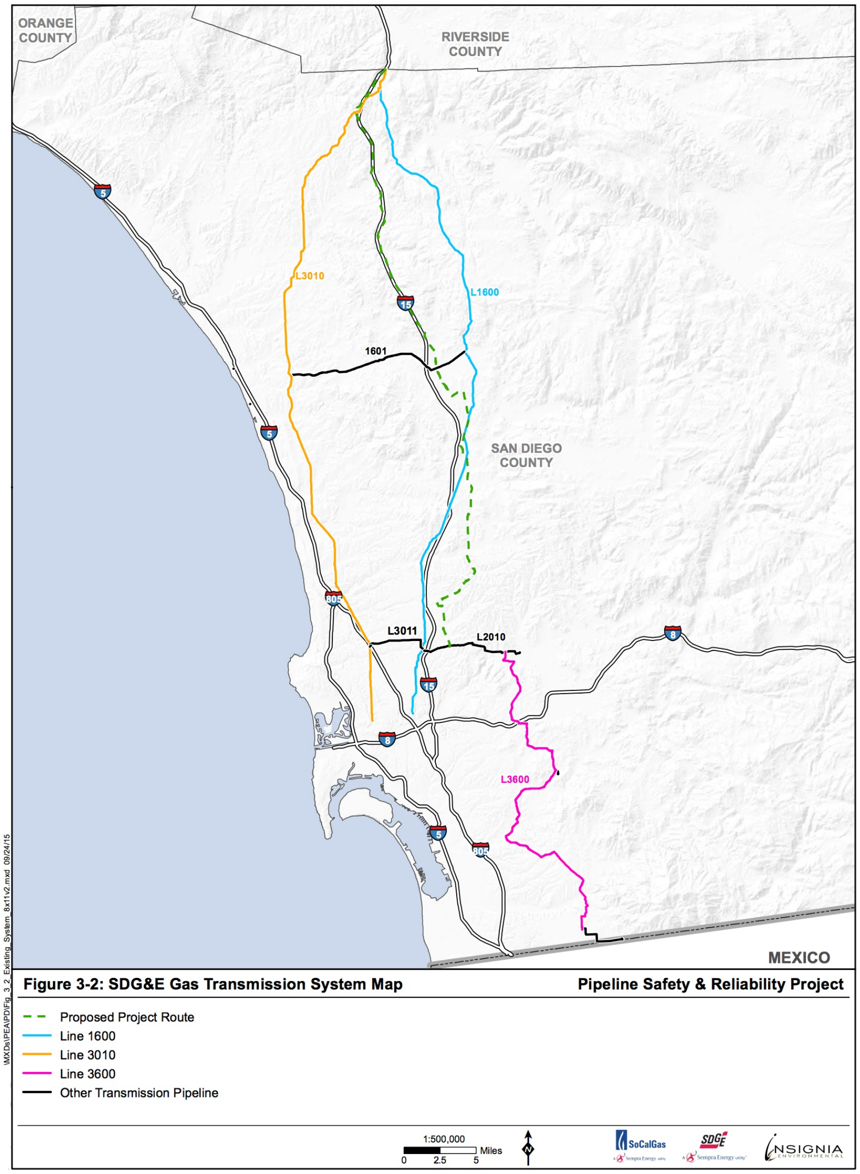

Figure 3-2: SDG&E Gas Transmission System Map

road shoulders, the companies state. The two utilities claim that no commercial or residential property will require relocation as a result of the Proposed Project in their project description, but, paradoxically they also state that about 8 miles of the project will require new right-of-way.[33]

According to testimony from environmental advocates and attorneys, and energy experts, the proposal makes zero sense. Under the state's pipeline safety enhancement plan, lines are supposed to undergo hydrostatic tests—essentially high pressure water injection tests well above permitted operating pressures to pinpoint leaks and avoid scenarios like the San Bruno explosion. Sempra is resisting the use of a "gold standard" hydrostatic test of the line that it wants to downgrade, in favor of the construction of a bigger line that would serve as an express lane to deliver larger quantities of natural gas to Mexico to feed an LNG export terminal.

Instead of complying with a 2014 PUC order to hydro test the existing pipeline, Sempra is attempting to build a new pipeline and to keep the existing line running without checking it. At the same time, Sempra has managed to test at least 27 other pipelines, representing almost all of its pipeline infrastructure. Yet, for this particular project, Sempra claims that testing is too expensive and could somehow decrease safety—an impossibility as any cracks the test identified would spew only water. The PUC has allowed Sempra to continue to use the untested line—in direct violation of its own orders—while the application for the new pipeline slowly works its way through the PUC approval process.

According to testimony by engineer Bill Powers on behalf of the non-profit Protect Our Communities Foundation, "SDG&E ratepayers should not be paying for pipeline infrastructure that is primarily or exclusively intended to support speculative LNG export by an unregulated affiliate of SDG&E/SoCalGas in Baja, California, Mexico."[34]

As overall demand in California is falling for natural gas, "It would be imprudent for the Commission to approve a major new pipeline investment at a time when natural gas demand is in steep decline in SDG&E/SoCalGas service territory," the testimony states. There is no reason that a hydrostatic test should not be performed as quickly as possible on the line the utilities propose to downgrade, and the likelihood of the second existing transmission line going down is next to nil, given the fact that it went out of service for only one day in 1985.

Ratepayers of the two utilities would be on the hook for a $600 million project, which would total some $2.1 billion, counting rate of return on investment charged to ratepayers. It would be a "stranded asset from day one, and consumers will be paying for it through 2063," according to Matt Vespa, legal counsel for the Sierra Club.[35]

Sempra's strategy appears to be charging captive residential and small business customers for a project that helps shareholders gain. The side effect could a potential increase in the value of the phantom shares that Kathleen Brown holds.

Conclusion

Sempra's favorable treatment by the Brown Administration is in keeping with the favorable treatment of fossil fuel projects proposed by other major investor-owned utilities in California by the Brown Administration, as documented in Consumer Watchdog's report, *Brown's Dirty Hands*.[36]

But the Brown Administration's care in protecting Sempra's existing assets, such as Aliso Canyon, has helped preserve its phenomenal growth and to maintain the highest stock price among the three investor-owned utilities. Sempra's market capitalization stood at $17 billion when Kathleen Brown joined its board. It has risen 64 percent since then. Its stock price gained 40 percent after she was named.

Kathleen Brown has made more than $1 million for her work at Sempra. Sempra stands out because of her presence on Sempra's board, and is a prominent example of a long-standing alliance between the Brown family and the oil and gas industry and fossil-fuel dependent utilities.

Increasingly, environmentalists and consumer advocates, public interest attorneys and columnists wonder about the motivations for decisions taken by the PUC and DOGGR that needlessly perpetuate dependence on the very fossil fuels whose combustion Governor Brown says are bringing on the "existential threat" of global warming. One way or another, eventually the public will learn the truth.

Citations

1. See Bloomberg stock charts.

2. For more on Sempra, see: http://www.sempra.com/pdf/financial-reports/2016_annualreport.pdf

3. For an estimated breakdown on the costs of the San Onofre nuclear power plant generators to both SDG&E ad SCE customers, see: http://www.kpbs.org/news/2015/aug/03/counting-customer-costs-san-onofre-closure-95-bill/

4. For more on the PUC's sleight of hand on Aliso's reopening, see: http://capitolwatchdog.org/article/californias-sleight-hand-aliso-canyon

5. For more on how natural gas storage facilities like Aliso Canyon leak methane, see:http://www.dailynews.com/environment-and-nature/20160212/how-the-gas-companys-aliso-canyon-facility-was-a-major-polluter-long-before-mammoth-leak

6. For more on how California ratepayers underwrite useless utility projects, see: http://www.latimes.com/business/la-fi-aliso-canyon-20160605-snap-story.html

7. Governor Brown's late sister, Cynthia, was married to long-time PG&E lawyer Joseph Kelly.

8. For Kathleen Brown's professional profile, see: https://www.manatt.com/Kathleen-L-Brown

9. For more on other directors at Sempra, including Lynn Schenk. who

10. For more on Aliso's costs and reopening, see: http://www.worldoil.com/news/2017/7/21/after-biggest-gas-leak-in-us-history-aliso-canyon-field-set-to-reopen

11. To read more on phantom stock, see: http://www.investopedia.com/terms/p/phantomstock.asp#ixzz4o3dPbAHd

12. For Brown's emergency order on Aliso, see: https://www.gov.ca.gov/news.php?id=19263

13. For LA County's amended lawsuit dated March 8, 2017, see: http://www.consumerwatchdog.org/sites/default/files/resources/countys_second_amended_petition_against_doggr.pdf

14. For more on LA County's lawsuit and the failure to conduct seismic tests on Aliso, see: http://www.dailynews.com/general-news/20170723/ex-socalgas-employee-warned-regulators-of-potential-catastrophic-loss-of-life-at-aliso-canyon

15. For Sempra's 2016 10K, see: http://www.consumerwatchdog.org/sites/default/files/resources/sempra_energy_10-k_2017_see_highlights.pdf

16. For details on how Sempra manipulated gas supplies in the Los Angeles area and the call to Attorney General Xavier Becerra to investigate unfair business practices, see: http://capitolwatchdog.org/article/first-big-test-attorney-general-becerra-investigating-sempra-and-socalgas

17. For Sempra's settlement agreement, see: http://www.brianmcmahonlaw.com/CM/Recent-Cases/SempraSettlementAgreement.pdf

18. For the EES report on Aliso, see: http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN217630_20170517T150249_EES_Consulting_Analysis_of_Alternatives_to_Withdrawing_Gas_from.pdf

And for another independent assessment of the need for Aliso Canyon, see: http://www.foodandwaterwatch.org/sites/default/files/powersegr_assessment_reliability_aliso_canyon_webfinal160411.pdf

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20. For more on the death of PUC reform legislation, see: http://www.consumerwatchdog.org/newsrelease/sunlight-public-utility-commission-agreement-dies-brown%C3%A2%E2%82%AC%E2%84%A2s-fingerprints-bills-corpses

For more on the refusal to release emails concerning San Onofre requested under PRA, see:

http://www.dailynews.com/opinion/20170724/gov-browns-email-exchanges-with-puc-remain-undisclosed-thomas-elias

The Governor's spokesman Evan Westrup reprimanded Tom Elias, the author of the above-cited column, for suggesting that the San Onofre emails requested under PRA were sent by Governor Brown personally. Elias's response was, "…so long as the emails are not disclosed, we don't know precisely who sent them or why, but we do know they came from his office, making him responsible for them as he is for everything emanating from his office."

http://www.dailynews.com/opinion/20170724/gov-browns-email-exchanges-with-puc-remain-undisclosed-thomas-elias

21. For more on Carlsbad's cost, see: http://www.utilitydive.com/news/cpuc-approves-contentious-new-500-mw-gas-plant-for-sdge/399703/
For for fossil fuel power purchase contracts that Sempra proposed in 2011, see: https://www.sdge.com/newsroom/press-releases/2011-05-23/sdge-proposes-adding-450-mw-local-%E2%80%9Cpeaking%E2%80%9D-power

22. The Desert Star plant was not the only such "affiliate transaction" pushed by Michael Peevey. See: https://www.sandiegoreader.com/news/2016/feb/03/citylights-utilities-spend/

23. For the SDG&E fact sheet on Desert Star, see: https://www.sdge.com/sites/default/files/newsroom/factsheets/Desert%20Star%20Energy%20Center%20Fact%20Sheet.pdf

24. For more on the state's natural gas power plant overcapacity, see: http://www.latimes.com/projects/la-fi-electricity-capacity/

and

http://www.consumerwatchdog.org/isbrowngreen

25. For more on the Pio Pico plant, see:

http://www.sandiegouniontribune.com/news/watchdog/sdut-peevey-rallied-pio-pico-approval-2015feb28-htmlstory.html

and

http://www.utilitydive.com/news/peevey-influence-tied-to-controversial-pio-pico-gas-plant-about-to-go-onlin/370276/

26. For more on the Administrative Law Judge's recommendation against Carlsbad, see: http://www.utilitydive.com/news/california-puc-judge-rejects-gas-plant-contract-tells-sdge-to-seek-clean/372576/

27. For more on energy company donations to Brown's campaigns and causes, and to the California Democratic Party, and administrative and legislative favors done for such companies often in close proximity to the donations, see: http://www.consumerwatchdog.org/resources/BrownsDirtyHands.pdf

28. For more on energy donations to Brown and the Democratic party, see: http://www.consumerwatchdog.org/newsrelease/report-finds-big-energy-companies-gave-big-and-got-big-favors-governor-brown-dollars-and

29. For more on Peevey's close relationship with SDG&E and support of the Carlsbad project, see: https://pucpapers.org/wpcontent/uploads/2016/04/PRA-1325- Production-01.08.16-OCRd-2_Peevey-toSDGE-on-Carlsbad-promo_great-job.pdf

30. For Sandoval's dissent, see: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M152/K058/152058431.PDF

For more on the PUC approval of the Carlsbad contract, see: http://www.latimes.com/business/la-fi-puc-san-diego-power-20150522-story.html

31. For *The Motley Fool*'s analysis and Sempra charts, see: https://www.fool.com/investing/general/2016/04/03/sempra-energys-stock-in-charts.aspx

32. For the pipeline project description, see: http://www.cpuc.ca.gov/Environment/info/ene/sandiego/Documents/FINAL%20PSRP%203%20-%20Project%20Description.pdf

and

http://www.consumerwatchdog.org/sites/default/files/resources/application.sempra.a1509013.pipeline.pdf

33. For more specifics on areas that the pipeline will cross and land use zoning and plans, see: http://www.consumerwatchdog.org/sites/default/files/resources/pea_land_use.pdf

34. See testimony of Bill Powers on behalf of Protect Our Communities here:http://www.consumerwatchdog.org/sites/default/files/resources/22-may-17_15-09-013_sdge_pipeline_reply_testimony_of_bill_powers_on_behalf_of_poc_searchable.pdf

35. For more on the pipeline project, see: https://www.sandiegoreader.com/news/2016/feb/03/citylights-utilities-spend/#

36. For the report Brown's Dirty Hands, see: http://www.consumerwatchdog.org/dirtyhands