

# Conflicts of Interest at the California Public Utilities Commission

Since 2018, Governor Gavin Newsom has been promising to shut down Sempra subsidiary Southern California Gas Company's (SoCalGas) Aliso Canyon gas storage facility.<sup>1</sup> Despite these promises, Aliso Canyon remains operational, with the issue under evaluation by the California Public Utilities Commission (CPUC) since 2017.<sup>2</sup> Under Newsom, use of Aliso Canyon has even expanded.<sup>3</sup> The CPUC is a regulatory agency with a board appointed by the governor for six-year terms.<sup>4</sup> CPUC recently issued a dangerous preliminary decision that would keep Aliso Canyon open with no closure date. Governor Newsom must direct the CPUC to reject the preliminary decision about Aliso Canyon and shut down that dangerous facility by 2027.

Aliso Canyon remains open in part due to influence peddling by major energy interests that ensure a utility-friendly CPUC by donating to politicians and hiring former commissioners as lobbyists.<sup>5</sup> Newsom himself has received \$241,200 in political donations from utility companies, including \$31,200 from Sempra.<sup>6</sup> Sempra has donated over \$17 million to Californian political campaigns,<sup>7</sup> spends millions lobbying each year,<sup>8</sup> and funds pro-fossil fuel front groups like the American Gas Association and American Petroleum Institute to the tune of millions annually.<sup>9</sup>

This influence created a CPUC board with deep ties to the industry that it is supposed to regulate, and commissioners well positioned and willing to cash out after their time in office. Specifically, Food & Water Watch (FWW) found that more than half of the 14 commissioners who have served since the Aliso Canyon blowout in 2015 have worked for the utility industry or a firm that advocates for gas and utility interests (such as law and lobbying firms). Nearly half that have since left have been hired by these industries.<sup>10</sup>

## Former Commissioners Work for Energy Interests

Before entering government, Carla Peterman worked in energy financing at Lehman Brothers.<sup>11</sup> When Peterman was a CPUC commissioner in 2016 — just months after the blowout forced families out of their homes and schools to relocate — Southern California Edison called for some of Aliso Canyon's gas wells to be "returned to service as soon as possible."<sup>12</sup> Also as a commissioner, Peterman voted for a \$193 million revenue increase for PG&E on the grounds that reinvestment in gas storage and pipeline systems would make it safer.<sup>13</sup> During her tenure, the CPUC also unanimously approved the recovery through rates of \$236 million of spending by SoCalGas on capital improvements to underground gas storage facilities.<sup>14</sup>

After leaving the CPUC, Peterman worked at Southern California Edison and then PG&E.<sup>15</sup> PG&E gave Peterman a cash signing bonus of \$290,000, a stock hire bonus worth \$270,000, and a base salary of \$560,000 per year, with more one million in potential stock bonuses.<sup>16</sup>

Former CPUC commissioner Marybel Batjer quit after just two years to take a job at the lobbying firm California Strategies, LLC.<sup>17</sup> As a partner at California Strategies, Batjer serves energy clients, and “clients look to Batjer for strategic counsel by tapping her ever expanding network of close relationships with government leaders and executives that she has nurtured throughout her many decades of public service.”<sup>18</sup> California Strategies is one of just 6 lobbying firms currently employed by Sempra to lobby in California.<sup>19</sup> During Batjer’s CPUC tenure, Sempra paid California Strategies hundreds of thousands of dollars to lobby on its behalf, including tens of thousands lobbying CPUC.<sup>20</sup>

Many (current and former) CPUC commissioners traveled in the same circles and worked for companies that advocated for fossil fuel interests before their time on the commission. For example, before joining the CPUC, Liane M. Randolph worked at the law firm Pillsbury, Winthrop, Shaw, Pittman,<sup>21</sup> which touts its expertise representing fossil fuel firms and utilities.<sup>22</sup> It’s also the same law firm that Maryam Brown, former lobbyist and current president of SoCalGas, worked at before entering the policy arena.<sup>23</sup> In 2021, Pillsbury hosted an environmental, social and governance (ESG) discussion featuring a Sempra VP.<sup>24</sup>

## Current Commissioners Have Connections to the Industries They Regulate

While it remains to be seen how the current commissioners seek remuneration after their terms, several have concerning ties to industry that potentially compromise their ability to make objective decisions. As the history of the revolving door at CPUC shows, it also pays to take an industry friendly stance as commissioner. Peterman and Batjer’s presence in Sacramento likely serves as a reminder of the rewards current commissioners reap after their time in office.

The CPUC also has a history of voting recklessly when it benefits corporate interest, despite the human cost — just like it did with Aliso Canyon. Current CPUC commissioner John Reynolds served as an advisor to Carla Peterman (who is likely making millions from PG&E) during her term as commissioner. Between being an advisor and being appointed as commissioner, John Reynolds was Managing Counsel at Cruise, LLC, a self-driving car company.<sup>25</sup> In 2023, the CPUC allowed Cruise to operate and charge customers for using its self-driving cars, but barely two months after receiving approval, a Cruise vehicle dragged a pedestrian 20 feet before stopping, leading CPUC to suspend approval.<sup>26</sup> The National Highway Traffic Safety Administration (NHTSA) fined Cruise \$1.5 million for failing to fully inform regulators about crashes.<sup>27</sup> Before advising Peterman, John Reynolds worked at de la Peña & Holiday, a law firm that serves energy clients.<sup>28</sup>

Another current commissioner, Alice Busching Reynolds (no relation to John Reynolds), worked for Newsom and former Governor Jerry Brown before appointment to CPUC.<sup>29</sup> Before advising Democratic governors on energy policy, Alice Busching Reynolds worked for Sonnenschein Nath and Rosenthal LLP,<sup>30</sup> a law firm that advertised “Serving the Legal Needs of the Energy Industry.”<sup>31</sup> Lawyers from Sonnenschein Nath and Rosenthal LLP represented energy companies, including one of many accused of trying to manipulate natural gas prices during an energy crisis.<sup>32</sup>

## Conclusion

The revolving door between the CPUC and California’s largest utility companies — and the law and lobbying firms that support them — reveals a clear conflict of interest, and ultimately prevents fair and unbiased regulation of the industry. If Governor Newsom wants to show California’s leadership and preserve his climate legacy, he must direct the CPUC to reject the preliminary decision about Aliso Canyon and shut down that dangerous facility by 2027.

## Endnotes

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