

PG&E helped fund the care of California governor and his wife. Now he accuses utility of ‘corporate greed.’

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California Gov. Gavin Newsom has accused PG&E of mismanaging funds he said it should have used to help a state grid prone to deadly wildfires.

But over the past two decades, Newsom (D) and



employees as the utility has supported his political campaigns, his ballot initiatives, his inauguration festivities and his wife’s foundation, including her film projects, according to records reviewed by The Washington Post.

The contributions illustrate Newsom’s ties to the company responsible for wildfires that have killed at least 85 people and caused billions of dollars in

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damage over the past three years. The governor has slammed PG&E for paying bonuses to executives and cash dividends to its investors instead of spending more on infrastructure upgrades that could have prevented the fires.

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“As it relates to PG&E, it’s about dog-eats-dog capitalism meeting climate change,” Newsom said at a news conference last month. “It’s about corporate greed meeting climate change. It’s about decades of mismanagement. It’s about focusing on shareholders and dividends over you and members of the public.”

He added that he while can forgive the company for not predicting the degree of impact climate change has had on California, “I will not forgive them for not

making the kind of investments in their equipment — hardening and undergrounding and anticipating this new reality of which they have had ample time to anticipate.”

Records show PG&E has spent at least \$227,000 on Newsom’s political campaigns and committees supporting them over his two decades in public office, helping to fund his rise from San Francisco mayor to one of the country’s most influential Democratic leaders. PG&E employees have spent an additional \$70,000 on his campaigns. The company gave \$25,000 for his mayoral inaugural costs and \$25,000 to city ballot measures that he supported.

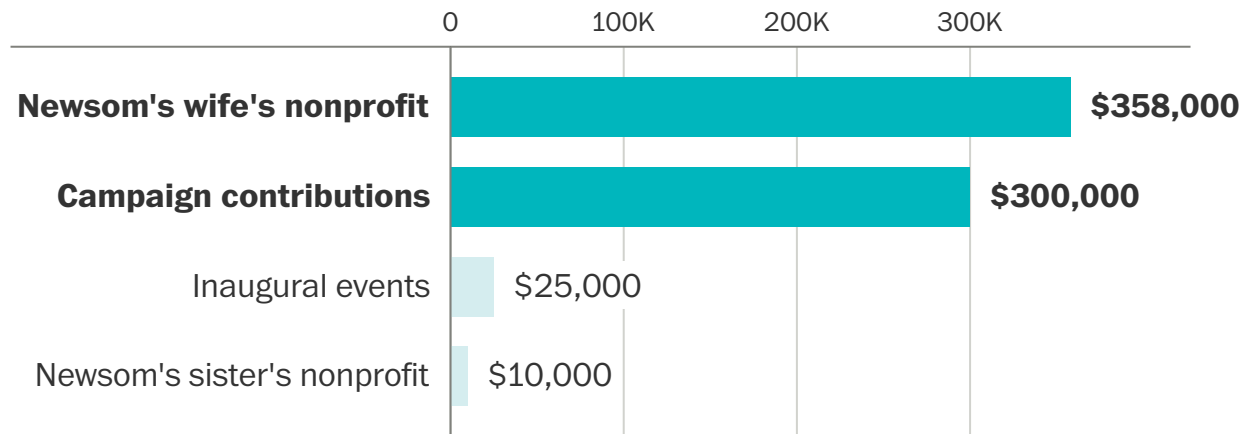
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Between 2011 and 2018, the utility’s philanthropic arm gave \$358,000 to the Representation Project, a nonprofit group founded by Jennifer Siebel Newsom,

the governor's wife. The PG&E Corporation Foundation also gave \$10,000 to the PlumpJack Foundation, a charity led by his sister, Hilary Newsom, according to information provided by PG&E.

PG&E's donations to Gavin Newsom and his family's projects

The utility and its employees have made significant payments to Newsom's gubernatorial campaign and the Representation Project, a nonprofit group founded by his wife, Jennifer Siebel Newsom. His sister, Hilary Newsom, runs PlumpJack Foundation, a breast-cancer nonprofit.



Publicly available data, 2003 to 2018. Actual amounts may be greater.

Sources: Campaign finance records, San Francisco Ethics Commission, tax filings and PG&E

THE WASHINGTON POST

The company gave enough money to be listed as an associate producer in the credits for two of Jennifer Siebel Newsom's documentary films. It also hosted high-profile screenings of the films at its offices, including in the atrium of its San Francisco skyscraper in 2011.

The payments are not unusual for PG&E, one of the most politically active companies in California state and local politics and a prolific contributor to Bay

Area charities. PG&E spent \$5.3 million on state and local political campaigns in 2017 and 2018, the company said in a court filing this year, with Newsom receiving more of that money than any other single candidate.

PG&E's political and philanthropic spending, along with executive compensation and shareholder payouts, are determined by the holding company PG&E Corp. Its subsidiary, the PG&E Co., is a regulated monopoly that must negotiate its revenue and expenses with state regulators every three years.

Still, the money PG&E contributed to the campaigns of Newsom and other politicians could have been used to put power lines underground or clear brush that leads to wildfires, said David Pomerantz, executive director of the Energy and Policy Institute, a San Francisco-based utilities watchdog.

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“Every dollar that PG&E spends on a campaign contribution right now is one they should be spending to hasten the transition to a safer, more distributed

electrical grid,” Pomerantz said.

PG&E, an investor-owned utility whose largest shareholders include hedge funds Knighthead Capital Management and Abrams Capital Management, filed for bankruptcy in January, declaring itself unable to pay the billions of dollars in mounting liabilities from repeated seasons of wildfires. Its market value is about \$3.4 billion, after losing more than \$30 billion in equity value over the past two years.

When a federal judge asked PG&E in July to explain why its political spending was “more important than replacing or repairing the aging transmission lines,” the company said it needs to make the concerns of its employees, customers and shareholders known to policymakers.

“Like many individuals and businesses, PG&E participates in the political process,” Ari Vanrenen, a spokeswoman for the company, said in an emailed statement. “PG&E holds itself to the highest standards of public disclosure and compliance with applicable laws and regulations.”

Vanrenen said the utility has invested \$27 billion in its electric system over the past decade, including \$3 billion in vegetation management and tree trimming.

The company is actively moving some of its power lines underground, but PG&E estimates that process costs about \$3 million per mile, or more than three times the cost of building overhead lines. By that estimate, converting all 18,000 miles of its overhead lines to underground lines would cost more than \$50 billion.

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Gov. Newsom declined a request to be interviewed. When asked about PG&E's campaign contributions at a news conference earlier this month, he said the money has never affected his decisions in office.

“If the suggestion is that somehow I am influenced by that, you’re wrong,” Newsom told a reporter from Sacramento news channel ABC10. “There’s not one thing you can point to during my tenure as governor.”

Nathan Click, a spokesman for Newsom, said in an emailed statement that the governor has “used every tool at his disposal” to hold PG&E accountable,

including passing a law that he said created new safety requirements for PG&E if it wants to access a state wildfire relief fund.

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Click said Newsom stopped taking contributions from PG&E after his election in November 2018. There is no record of the company contributing to his inaugural events or future gubernatorial campaign since then. Still, a week after the election, his wife's Representation Project held its annual gala at San Francisco's historic Ferry Building and listed PG&E as a main sponsor.

Caroline Heldman, executive director of the nonprofit, told The Post in an email that the organization stopped taking donations from PG&E "upon Gov. Newsom taking office," which happened in January.

In interviews, Nathan Ballard and Steve Kawa, two of Newsom's former advisers, said the politician never gave PG&E any special treatment. Kawa

pointed to Newsom's effort as lieutenant governor to pressure the company to close its Diablo Canyon nuclear power plant, which PG&E petitioned to keep active despite concerns it is vulnerable to earthquakes.

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“It is impossible to curry favor with Gavin Newsom,” said Ballard, a longtime Newsom friend and communications adviser. “He has a very strong sense of right and wrong, and he has a long track record of voting against his closest allies and making policy decisions that displease his closest allies.”

Ballard is on the board of Jennifer Siebel Newsom's nonprofit. PG&E is a client of his public relations firm.

PG&E was despised by many Californians long before the recent wildfires. Cast as the villain of “Erin Brockovich,” the Oscar-winning 2000 film based on a true

story about PG&E's role in contaminating the water supply in a small California town in the 1990s, PG&E has also been blamed for exploding manholes covers, accused of falsifying safety records and criticized for charging some of the highest electricity rates in the country.

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Some public officials have distanced themselves from PG&E by returning or donating funds they received from the utility.

Gov. Jerry Brown (D), Newsom's predecessor, returned \$9,000 to PG&E in 2017 after the utility was convicted of six federal felonies for failing to prevent a pipeline explosion that killed eight people and destroyed 38 homes in San Bruno in 2010. Filings show that PG&E gave Brown and committees supporting him more than \$300,000 for his statewide campaigns.

Timothy Grayson (D), a state assembly member for Contra Costa County, said he donated the \$6,500 he received from PG&E to his local United Way charity

after meeting with constituents who had lost their homes to last year's wildfires.

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“When we saw the pain on their faces, the tears in their eyes and the brokenness of having lost everything, there was no doubt in my mind that the right thing to do was to take the money from those who were responsible for the fire and give it to those who were most impacted by the fire,” Grayson said.

RL Miller, the chair of the California Democratic Party's environmental caucus, said Newsom should return the funds he has taken from PG&E.

“Doing so will show that he's committed to genuine reform,” Miller said in an email.

Newsom's spokesman declined to comment on whether the governor would consider returning any funds.

Backing a rising star

As mayor of San Francisco from 2004 to 2011, Newsom became a rising star in California politics. Corporations such as PG&E that were seeking city contracts were banned from contributing to local political campaigns but found other ways to show their support.

Newsom faced off against eight other candidates in his first run for mayor, but his championing of two city ballot measures — a ban on aggressive panhandling and an overhaul of the city’s welfare program — helped raise his profile and put him over the top in the race. The utility chipped in \$15,000 to support the efforts, campaign finance records show, and later gave \$10,000 to support a measure he backed for citywide WiFi.

PG&E’s foundation was also among the largest donors to both of Newsom’s mayoral inaugurations, giving a total of \$25,000, city records show.

John Avalos, who later served on the city’s Board of Supervisors, said that in those years, PG&E was the biggest player in city politics and philanthropy, because the technology sector was still young.

“You couldn’t be mayor in San Francisco without having the backing of PG&E,” Avalos said. “They were like the anchor, the one percent — the rich and powerful that determine the outcome of elections.”

The company’s equipment repeatedly raised concerns about public safety. In 2005, an underground equipment failure in the city’s financial district led to an

explosion that burned a woman, set fire to a Polo Ralph Lauren store and forced several square blocks to close.

“If this happens again, PG&E is in real trouble,” Newsom told the San Francisco Chronicle at the time.

The utility continued to support Newsom as he clashed with the more liberal wing of California’s Democratic Party. When some called for San Francisco to take over its own electrical power grid — a ballot measure supported by eight of 11 district supervisors — Newsom sided with PG&E’s campaign to oppose it. Newsom told the Chronicle at the time that there was “no groundswell” of city residents calling for a takeover of the power grid.

The company spent more than \$10 million to defeat the proposition and hired a consultant, Eric Jaye, who was also Newsom’s longtime friend and political adviser. The measure failed. Jaye declined to comment for this report.

As Newsom’s profile continued to rise, the utility made sure to follow. The mayor made one of his first big appearances on the national stage when he hosted a Democratic National Convention party in Denver in 2008. Called “Unconventional 08,” it was described by one media outlet as “hundreds of sweaty hipsters dancing in an art gallery.” The event, sponsored by PG&E, featured comedian Sarah Silverman and the indie band Cold War Kids.

Two years later, a natural-gas pipeline owned by the utility exploded into flames in a residential neighborhood called Crestmoor in San Bruno. Eight people died,

and an entire block was destroyed. Authorities blamed the explosion on the company's failure to properly maintain its gas lines.

California regulators determined that in the years before the fire, PG&E had taken in revenue of hundreds of millions more dollars than was authorized by the state and that it had significantly underspent on maintenance and infrastructure needs.

Regulators wrote in their report that "dividends, stock repurchases, bonuses, and image were of greater importance to management." In the years before the disaster, they pointed out, PG&E paid its investors \$2.5 billion in cash dividends and set aside more than \$150 million for incentive pay to top executives.

In response, PG&E submitted a report conducted by an outside management consultant, who said that the California Public Utilities Commission report had been based on incorrect assumptions and that PG&E had actually overspent on maintenance and capital expenditures.

Jerry Hill, who represents San Bruno in California's state Senate, said that he stopped taking donations from the utility after the explosion and that appearing at fundraisers with the company's executives fell out of favor.

"I don't think there is any love for PG&E in the legislature, even after they have made those millions of dollars in contributions," Hill said.

Support grows as Newsom nears run for governor

When Newsom was elected lieutenant governor in 2010, his wife's career had

begun to take off.

Jennifer Siebel Newsom's documentary "Miss Representation," examining how women are portrayed in media, premiered at the Sundance Film Festival in 2011. Four years later, she premiered "The Mask You Live In" there.

Both films list "Pacific Gas & Electric Company" as an associate producer. It is not clear how much the utility gave to support "Miss Representation," but tax returns for its foundation report a \$25,000 donation for "The Mask You Live In."

As Gavin Newsom neared a gubernatorial campaign, the foundation upped its financial support to his wife's causes.

Between 2011 and 2018, PG&E's foundation gave \$358,000 to the Representation Project, the nonprofit associated with Jennifer Newsom's film production, according to tax records and a list provided by PG&E. That is about 4 percent of the \$8.6 million the nonprofit reported in contributions and grants during that time period.

Tax records show Jennifer Newsom earned \$150,000 for her work at the nonprofit in 2017.

In 2017, PG&E executive Brandon Hernandez joined the board of the Representation Project, the tax records show. He attended its annual gala as a

“champion sponsor,” which required a donation of \$25,000. Records indicate he left the board after that year. In an email, he said he is no longer employed by PG&E.

Fires spark governor’s ire toward utility

Gavin Newsom’s gubernatorial campaign raised more money from PG&E — \$270,000 — than any of his previous campaigns. But becoming governor forced him to confront the company’s problems, which were beginning to grow into a statewide crisis.

Just two days after the November 2018 election, a PG&E transmission line fell and sparked the Camp Fire, the deadliest and most destructive blaze in California’s history. Two months later, PG&E filed for bankruptcy.

The governor shepherded a bill through California’s legislature that created a \$21 billion state fund from which PG&E and other utility companies could pay claims to victims of future wildfires. The law required companies to meet spending targets on safety initiatives and gave PG&E a deadline for exiting bankruptcy if it wanted to access the funds: June 30, 2020.

Newsom escalated his public criticism of PG&E last month, when the company shut off power to millions of residents in an attempt to prevent more fires. In a terse news conference on Nov. 1, Newsom threatened a public takeover of the company if it does not find a way out of its bankruptcy.

“PG&E as we know it may or may not be able to figure this out,” Newsom said at the event. “If they don’t, we are not going to sit around and be passive.”

Correction: *Newsom was San Francisco mayor from 2004 to 2011. An earlier version of this report had the years as 2003 to 2010. Caroline Heldman's last name was misspelled in an earlier version of this report.*

