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University of California
Berkeley, California

Michael R. Peevey

An Entrepreneur in Business, Energy, Labor, and Politics

Interviews conducted by
Roger Eardley-Pryor, Ph.D.
in 2019

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Michael R. Peevey

Courtesy of Michael R. Peevey

Michael R. Peevey is an entrepreneur, executive leader, and longtime regulator of California's energy industry. Peevey was born in New York City in 1938 and moved to San Francisco in 1944. He earned both his Bachelor's and Master's degrees in Labor Economics from the University of California, Berkeley in 1959 and 1961, respectively. Peevey worked in the US Department of Labor before becoming research director of the California Federation of Labor in 1963. In 1973, Peevey co-founded and became executive director of the California Council on Environment and Economic Balance (CCEEB), a political advocacy organization chaired by former California Governor Pat Brown. Peevey later helped establish other institutions including the California Foundation for Environment and Economy (CFEE), CALSTART, the Pacific Forest and Watershed Lands Stewardship Council, and the California Clean Energy Fund. He joined the Southern California Edison utility company in 1984, and rose to become president of both Edison International and Southern California Edison before departing in 1993. In 1995, amid deregulation of California's energy economy, Peevey co-founded New Energy Ventures (now NewEnergy, Inc.), which he sold to AES in 1999. In 2001, Peevey volunteered in California Governor Grey Davis's office to mitigate the California energy crisis. In 2002, Governor Davis appointed Peevey as president of the California Public Utilities Commission (CPUC). Both California Governors Arnold Schwarzenegger and Jerry Brown reappointed Peevey as CPUC president before Peevey's retirement in late 2014. Peevey is married to Carol J. Liu, who served several years in the California legislature. They have three children. In this oral history, Peevey discusses these events, as well as the following topics: his family background and upbringing; education at Berkeley; work in labor organizations; running for elected office; political advocacy on environmental issues; reflections on political and executive leadership; his career at Southern California Edison; market deregulation and entrepreneurship; the California energy crisis in the early 2000s; leadership of the California Public Utilities Commission; policies he championed to incentivize California's green-energy economy.

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Foreword

Mike's career and mine have been braided together for over 40 years, but our friendship evolved over time. Our shared belief in California's unique capacity to shape the environmental future, combined with zeal for public service and the wit to use the opportunities granted us by three governors, brought us together and helped to shape what is today recognized as the world's most influential program to stop global warming.

Our first encounter was not quite so promising. Mike, on behalf of the California Foundation on the Economy and the Environment, organized a trip to Europe to study cogeneration in Germany, Sweden, and the United Kingdom. A group of state officials, electric utility executives, legislative leaders, and environmental advocates—all with strong views on how California could meet the growing demand for electricity while refusing to build new fossil fuel, nuclear, or large hydro-generating facilities—set off for Europe where they were supposed to learn about new technologies. We quickly learned that the form of cogeneration used in these countries was district heating, the exact opposite of California's problem. But the trip was a great success in forging relationships that resulted in real progress toward shifting the state's energy policy in the direction of efficiency and renewable energy. Mike was gregarious, energetic, and comfortable in his role as tour director.

A few years later, Mike was rising through the officer ranks at Southern California Edison, where he became president in 1990, and then left to form his own company, New Energy. Meanwhile my political appointment as chair of the California Air Resources Board came to an end with the election of George Deukmejian as governor. I joined a law firm and then opened the L.A. office of the Natural Resource Defense Council, while also serving as an appointed city commissioner, first for the Department of Parks and Recreation, then the Los Angeles Department of Water and Power. We would see each other occasionally at social events, and I joined the board of an innovative clean transportation nonprofit called CALSTART that Mike had created.

When Gray Davis was elected Governor in 1998, he brought me back to state government as secretary for Natural Resources. The California Energy Commission was part of my agency, as well as the Department of Water Resources and the Division of Oil and Gas, all of which were thrust into prominence when the state's electricity system began to implode after a disastrous series of policy failures triggered by a decision to deregulate the industry. Beginning in 2000, Davis drafted Mike to deal with the crisis. Mike brought together a team of experts but the Administration was only modestly successful in coping with the worst effects of a crisis that was allowed to build over a period of years. In 2002, Governor Davis appointed Mike to the Public Utilities Commission (PUC), where he promptly began to exert some discipline that eventually brought stability to this critical system. But in 2003, an unprecedented recall election resulted in Davis leaving Sacramento, replaced by Arnold Schwarzenegger, and I left to take over the leadership of UCLA's Institute of the Environment.

Schwarzenegger turned out to be a champion of action to address global warming, and Mike became a key architect of the state's strategy to tackle the issue. At the urging of former PUC Commissioner Susan Kennedy, Schwarzenegger appointed me in 2007 to the key post of Chair of the Air Resources Board, the agency designated by AB32 (formally known as the Global

Warming Solutions Act of 2006) as lead for preparing an action plan to achieve a rollback in emissions to 1990 levels by 2020—a target that was actually achieved in 2018. With Mike as president of the PUC, and Bob Weisenmiller, another experienced hand at the helm of the Energy Commission, we formed the heart of the Energy Principals group. We shared a common agenda: building California's green future. We also worked well together, sharing the pragmatism and political vision of Jerry Brown, who kept this team in place when he returned to the governor's office in 2010.

Mike's oral history tells this story and more, from his birth in New York City to his early role as a union official to his business career and through his successful 12-year stewardship of the powerful Public Utilities Commission. It's a colorful story that illuminates the character of a remarkable man who I am pleased to call partner in environmental activism and dear friend.

Mary D. Nichols
Chair, California Air Resources Board
October 2019

Interview 1: January 7, 2019

01-00:00:01

Eardley-Pryor: Today is January 7, [2019]. We are up at Sea Ranch, [California] in the home of Michael Peevey, for Mike Peevey's oral history. I am Roger Eardley-Pryor from the Oral History Center at the Bancroft Library at UC Berkeley.

Mike, we almost always start these interviews by asking, what was the date of your birth, and where were you born?

01-00:00:20

Peevey: The date of my birth was February 8, 1938, and I was born in Beth David Hospital, in the City of New York.

01-00:00:28

Eardley-Pryor: And what were the contexts of your birth? When you arrived, who did you arrive to? What was going on?

01-00:00:34

Peevey: Well, [laughs] I arrived to my mother, obviously, but my mother at that time, her name was Miriam, M-i-r-i-a-m, Bliss, B-l-i-s-s, and my father was Willard Bliss. When I was born, on my birth certificate is Willard Michael Bliss.

01-00:00:57

Eardley-Pryor: I have a note here that there was an article in the Communist-press's *People's World*, at your birth.

01-00:01:02

Peevey: I think that's a fair description of it, of the *People's World*, at the time. I'm sure it no longer exists. It's making a small announcement of my birth "to Willard and Miriam Peevey [Bliss]"—blah, blah—"was born on" such and such date, yes.

01-00:01:17

Eardley-Pryor: Tell me, so how did your name and your birth get printed in this press? Why?

01-00:01:23

Peevey: Well, my father was a union official. At that time, he was, I think, the secretary-treasurer of a union that no longer exists called ARTA, American Radio Telegraphers Association. These were people that operated the radios on ships in the Merchant Marine, and he was an official, he had been. That's how he met my mother years earlier, on a voyage that she and a friend of hers went on to Europe in 1934. That's how they met, and one thing led to another, so it's quite literally romance. They got married in '37 or so, and I came along in '38.

01-00:02:13

Eardley-Pryor: Well tell me a little bit more about this. So your mother, Miriam, was on a trip to Europe?

01-00:02:19

Peevey: Mm-hmm.

01-00:02:19

Eardley-Pryor: And, was your father working, or was he also on a trip?

01-00:02:21

Peevey: He was on the ship. He was the radio operator on the passenger ship.

01-00:02:26

Eardley-Pryor: And they met while traveling?

01-00:02:27

Peevey: Yes. She was there with a friend of hers, a woman named Barbara Somerville, who played a significant role in my life later on, which we'll cover, I'm sure, and growing up. And they both worked in the library system of the City of New York. My mother worked in the public library, and 1934 was the height of the Depression, '33, '34. One quarter of the country was unemployed and all, but they must have had, even though they were public servants and working in the library, they must have had a sufficient income at least to take a trip—you know, you didn't fly in those days—a trip from New York to England and to France, in particular, to Paris. And my father was the radio operator, and that's how they met. One thing led to another and they ended up getting married, and so forth.

01-00:03:21

Eardley-Pryor: So they lived in New York City?

01-00:03:23

Peevey: They lived in New York City.

01-00:03:24

Eardley-Pryor: Tell me a little bit about your mother's background. Where did she grow up? What was her family life like?

01-00:03:28

Peevey: My mother was born and raised in Spokane, Washington, just a thousand miles north of here, 800 miles north of here, and to the east. And, she moved. She was a restless young lady. She went one year of university at the University of Washington, Seattle, and then I lost track exactly. She moved to New York, and this was now—she was born 1898, so, by time she was twenty-two, twenty-three, it was the start of the Roaring Twenties. She was attracted to all that activity and action, and New York was the place to be, many people thought and all that. And I guess it was. In many ways, it still is. She was attracted to New York City, and she moved there. I don't know exactly how she got into the library business itself. She got married, and her first husband was an author, fellow named Dale Curran, C-u-r-r-a-n, and that, this is long before my time. They had no children, and they got divorced. And then years later, my mother met Willard, and so on.

01-00:04:47

Eardley-Pryor: You've mentioned that Miriam, when she met Willard on this transatlantic trip, she was traveling with Barb Somerville. How did she and Barbara connect?

01-00:04:59

Peevey: They met in New York City. I think they both worked at one of the—the New York Public Library System is a big system, and I don't know what branch or how they actually got to know each other—I've long forgotten all that—but they became good friends, and they became traveling companions. And then, years later, as we'll get to, during World War II, Barb and her then—Barb was single when my mother and she went to Paris, and to Europe. She married James Somerville, so her name was not Barbara Somerville when she went to Europe with my mother. I can't remember what her maiden name was.

Anyway, she married a man named James Somerville. Barb was from Vermont. Jim was from Vermont. He had pursued Barb all these years, and then they moved to California. And then he spent the early part of the forties in the Navy in the Pacific. Then, when we came to California, we first moved in with them up in Santa Rosa, on Bennett Valley Road—not far from the east end of Santa Rosa and you go out Highway Twelve, part of it goes in towards Montgomery Village and the other part [goes toward Melita Road.] And, we lived with them for the summer, then moved to San Francisco in the summer of 1944.

01-00:06:24

Eardley-Pryor: Well take me back to the context of your father. Willard Bliss, you mentioned he was working with the American Radio Telegraphers Association, he was a union official with them, in the Merchant Marine. Tell me a little bit about his background. Where did he come from? Where did he grow up?

01-00:06:38

Peevey: He grew up in Massachusetts, and Long Island. His father was a chauffeur for a wealthy family on Long Island. My father had never finished high school. He was kind of a self-educated, self-made guy, very independent, and I guess pretty aggressive in certain respects. Any rate—

01-00:07:04

Eardley-Pryor: What do you mean by that?

01-00:07:05

Peevey: Well, he, to be a union organizer in the thirties, you had to be aggressive. This was not an easy occupation, or job, and this was the great birth of the American—the CIO, and parent, they ultimately came with all these great unions: the auto workers, the steel workers, the electrical workers, and all these. But before that, before that all happened, he was a ship operator, radio operator on a ship, as I said, and his, he was an organizer. Throughout the country, working people in the thirties and the mid-thirties, and Roosevelt was

president, and they had to keep big signs saying, “The president wants you to join a union,” and all this kind of stuff.

Now employers were not very keen on this, but he organized the radio operators on these ships. And the story that I can remember him telling was how that he and a couple of his colleagues went to see senior officials of the United States Lines. United States Lines used to be a very big passenger and carrier, as well as freight carrier. They went and presented their demands to the employer in New York City, and they were rebuffed and told there was no interest in pursuing this, making any kind of bargaining agreement, and they left the building. When they left the building, after they went down the block, they were set upon by these thugs who started to beat them up with baseball bats and all. That was not atypical of what went on all across America in those times, all across America, in the thirties.

01-00:09:13

Eardley-Pryor: So this was the thirties, union organizing—?

01-00:09:13

Peevey: People have no recognition of this anymore. And ultimately, they were successful in organizing the radio operators. It’s a skilled profession, I guess, almost, on ships. And he became an official of that union, the number two guy, I think, in the union. And then I don’t know what happened. Something happened. He left the job. I don’t know if he was fired, or if he left for another job. But he went to work for the CIO, the Congress of Industrial Organizations, who was then headed by John L. Lewis, a legendary figure who was the head of the United Mine Workers Union, organized the mine workers. It’s mentioned in this [oral history] piece that the [UC Berkeley’s Bancroft Library] libraries had done.

Lloyd Ulman [in Lloyd Ulman, “Lloyd Ulman: An Oral History,” interview by Riyad Koya in 2011, Oral History Center, The Bancroft Library, University of California, Berkeley, 2013] talks about interviewing John L. Lewis, and there’s a great story that Lloyd tells about John L. Lewis. John was loved by blacks, because he wouldn’t put up with any discrimination in the union, at all. And when they were negotiating some contract—this is John L. Lewis talking now—“then the employer agreed,” and then he said, one of the employer representatives, “Now what about the differential?” and Lewis said, “What differential?” He said, “Well we always pay 10 percent less to our black miners,” and he said, “There will be no differential.” Any rate—

01-00:10:44

Eardley-Pryor: So this [John L. Lewis] is the man that your father ended up working for, at least within the union?

01-00:10:47

Peevey: Well, he was the head of the CIO, and the CIO led to the creation of all these other great unions. Now John L. Lewis happened to be a Republican, and a

conservative man and a hugely egotistical man. He had all kinds of fights with Roosevelt as president, and everything else. But be that what it be, my father went to work for the CIO as an organizer, a union organizer, trying to recruit people to be members. And then from there, he and his brother, Wilber, they got into the fledging, at the time, UE, United Electrical Workers, but its abbreviation was UE, not UEW, just UE. And he was an organizer for the UE, in the East, mostly upper New York state and Pennsylvania, and did that for many years until he finally settled and headed up a big local union of the UE. They had organized the locomotive engine plant that General Electric still owns today in Erie, Pennsylvania. And that's where he ended up residing for many years, in Erie, Pennsylvania. My parents got divorced, and he stayed on there and so forth.

01-00:12:14

Eardley-Pryor: Do you have a sense of when he started working as an organizer for the CIO, and the UE?

01-00:12:19

Peevey: It had to be 1940, '41, that's the time frame.

01-00:12:23

Eardley-Pryor: Okay, so he had worked as a radio operator around the time you were born, and for years after?

01-00:12:29

Peevey: Yeah, but he was also a union official of the radio operators' union, the American Radio Telegraphers Association. He was an official of that union, and I'm not quite sure how he went from there, to working as an organizer for the CIO and then, becoming an official of the United Electrical Workers. All those things happened in the very late thirties, early 1940s.

01-00:12:50

Eardley-Pryor: And you mentioned that your parents, they got divorced. Was that around this time?

01-00:12:54

Peevey: Yes.

01-00:12:55

Eardley-Pryor: So in the early forties, '41, '42, somewhere in there?

01-00:12:57

Peevey: Yeah. What happened, no one ever, neither my father, who I—well, I'll get to that in just a sec. Neither my father nor my mother ever talked about the ins-and-outs of their private life and what led to the divorce, other than some obvious facts. My father, after being this organizer in Upstate New York for years, for several years, with companies like Remington Rand, and Sperry Rand, and others, and all these big employers, he went to Erie, Pennsylvania, to help organize and head up this big, local—when I say “big, local,” I'm talking about local union at its peak. There were to like 12,000 members.

That's a lot of people, that's an awful lot of people making locomotive engines during the war for General Electric Corporation.

As I said, they still have that business—although I think they're in deep trouble now, GE. I think they're selling that particular transportation business. But he went to Erie, Pennsylvania, and they had been living in New York, my mother and father and me. He would go Upstate New York as an organizer, come home on weekends, that kind of thing. Then he went to Erie, Pennsylvania, to head up this effort there. I don't know the ins-and-outs of what happened between the two of them, but she didn't go with him. That became a permanent job for him, more or less, and she didn't go with him. My mother stayed in New York.

01-00:14:27

Eardley-Pryor: She stayed in New York. Where were you?

01-00:14:31

Peevey: I was with her and her mother, my grandmother. We all lived in The Village, in Greenwich Village.

01-00:14:40

Eardley-Pryor: In Greenwich?

01-00:14:43

Peevey: And, my mother's still a librarian and all. And anyway, so he went off there, and yeah, the marriage just obviously dissolved. And he ended up a few years later marrying his secretary.

01-00:15:00

Eardley-Pryor: Out in Erie?

01-00:15:02

Peevey: In Erie, who was about fifteen, twenty years younger than him. Harriet turned out to be a very nice person. But anyway, they got divorced, he married Harriet. And my mother stayed in New York City, and ultimately, a year or two later, met my stepfather, Robert Peevey, introduced by a mutual friend, and they got married. And then in the late spring of 1944, really, like June 1944, moved to California.

01-00:15:38

Eardley-Pryor: Okay. So do you have any memories of your time with your biological father, with Willard Bliss?

01-00:15:43

Peevey: No, I do not. None, zip. I've seen pictures, but no, I have no knowledge. I have almost no recall of anything prior to being six years old, other than, I lived in—one year, my mother, I think this is during this transition, divorce and all that, and after her mother died. Her mother was living with her and me, and her mother died. I don't remember the cause, but her father had died a few years earlier, and her mother died, and she continued to work. And I think she

had to do something with me, and daycare was not as advanced then as it is today, perhaps. Anyway, she sent me to a convent, and I lived in a convent in Kingston, New York, for a year. Kingston is up the Hudson River from New York City. I vaguely remember a couple of instances in the convent, and that's about it.

01-00:16:41

Eardley-Pryor: So your real memories kind of light up upon coming to California?

01-00:16:45

Peevey: Yeah, pretty much, yeah. But I think this is also just a fact of life with children. You think your kids, you're making this incredible impact on them, but it's in their subconscious. The reality is, things that happen to you before age six, you can't remember very much of it. Some traumatic event, yes, if you get beaten or something like that, but even that—I remember having to go to the hospital or so in nursery school when I was four in New York City—this is before I went into the convent—because a little girl hit me on the head with a shovel and put a big gash in my head with a snow shovel, playing. Now, whether she did it deliberately or not, we'll never know. But is that something I personally can remember? Or is it something my mother told me that made an indelible mark on me? I'm not sure.

01-00:17:42

Eardley-Pryor: Yeah, it's the mystery of memory, right? So your mother remarries Robert Peevey, or marries Robert Peevey, and moved to San Francisco. You're around five or six, so this is right around the time that—

01-00:17:51

Peevey: I just turned six, yeah, a little—I was six plus, yeah.

01-00:17:54

Eardley-Pryor: Okay, so around 1944.

01-00:17:55

Peevey: Nineteen forty-four, it was 1944.

01-00:17:57

Eardley-Pryor: Towards the end of the war [in Europe], whereas in the Pacific theater, they're ramping up.

01-00:18:00

Peevey: Yeah, there was, yes.

01-00:18:02

Eardley-Pryor: Tell me a little bit about how they met.

01-00:18:05

Peevey: Well, they met through—she had a mutual friend whose husband was in the Merchant Marine, and he served with Robert Peevey, my stepfather. Robert Peevey had never been married, and he was on leave or something. You

know, Merchant Mariners are a little bit like the Navy, but you got more time off and you got better pay. And he introduced the two of them, and one thing led to another, and they ended up getting married.

01-00:18:36

Eardley-Pryor: And shortly thereafter moving all the way to San Francisco?

01-00:18:39

Peevey: Right, from New York to San Francisco.

01-00:18:40

Eardley-Pryor: Why move? What was the context of the move?

01-00:18:42

Peevey: Well, I think the context, very frankly, was that, in first place, he had been in the North Atlantic in the Merchant Marine. He had been on one of these famed, or infamous, Murmansk runs. These were from Liverpool, England, and elsewhere—Glasgow and whatever—to Murmansk, Russia, taking war supplies to the Russians to fight the Nazis.

01-00:19:13

Eardley-Pryor: Those were harrowing, dangerous trips.

01-00:19:15

Peevey: They were very dangerous. The convoy he was on, they lost like a third of the ships because the Germans occupied all of Norway, all the Norwegian coast. And so they were usually attacked—often at night as well during the day—by German planes and submarines, and there was nothing to fend off those planes but the guns on the boats, and some Royal Navy. The British Royal Navy tried to protect against the submarines, but they weren't any protection really against the planes, and so they had a lot of losses. And the guy, he had some commendation from the British Navy, everybody did, how great and all that stuff. But after I think one trip like that—and in the North Sea, if your ship went down, you went in the water, you were dead in six minutes, because the water was so damn cold. Six or seven minutes.

01-00:20:10

Eardley-Pryor: I mean it was like negative fifty degrees up there, the air.

01-00:20:14

Peevey: Any rate, I think that had something to do with it. Get away from New York, get away from Willard, get away from that family, move to California, and also, the war was expanding. It was going to go on for longer, probably—this all happened at the time of D-Day. It was going to go on in the Pacific for a while. California always had a reputation, even in those days, as a great place to be if you could be, in Southern California, be in the movies. I don't know all that went into it, but it was a new start for my mother and him. That's the way I would portray it.

01-00:20:54
Eardley-Pryor: So they crossed country all the way across over and they chose San Francisco.

01-00:20:58
Peevey: Yeah, I don't know how he got here. I know we took a train.

01-00:21:00
Eardley-Pryor: Oh, you traveled separately?

01-00:21:02
Peevey: Yeah, my mother and I. I think he was back on a ship out here on the West Coast, in the Merchant Marine, but we traveled by train across the United States, yeah.

01-00:21:14
Eardley-Pryor: For the fresh start in California. You are named Michael Peevey, and so, your name changed at that point, after your mother married Robert Peevey?

01-00:21:24
Peevey: Yes.

01-00:21:26
Eardley-Pryor: Tell me a little bit about—you mentioned Robert Peevey's work, and his work in the Merchant Marines. Tell me a little bit more about him as a person, where he came from, that sort of a thing.

01-00:21:35
Peevey: He came from, was born and raised, in Abilene, Texas. He was eight years younger than my mother. He was born in 1906. My mother was born 1898. He grew up in Abilene. He didn't go to college at all. I really don't remember what the hell he did for much of the time, other than he went in the Merchant Marine, and was a sailor prior to World War II, on the West Coast, I might add. He was not all on the West Coast, but more oriented towards the West Coast. He was in the Sailors' Union of the Pacific, and the IWW—the "Wobblies," they were called. He was just an ordinary merchant seaman until World War II. But he was smart enough that he attracted the attention, I guess, of some officers in the Merchant Marine, and they suggested he go to Kings Point in Connecticut—I think it's Connecticut, maybe it's Rhode Island—Kings Point to go to school and become an officer in the Merchant Marine, which he did.

So he became an officer, third mate, second mate, so forth, all the way up, eventually to what was called captain's pay or master's papers. When you're a master, it means you're a captain. So that was his background. His younger brother, Lucien was a pilot in the Navy in World War II in the Pacific. We had that part of the Peevey family, theoretically, but after my father died—stepfather died in 1952—we never kept any contact with them. It was up to my mother, and she didn't do it. I didn't have any knowledge. I wasn't paying any attention, to be frank. By that time, I was in high school.

01-00:23:37

Eardley-Pryor: Yeah. You had mentioned that by the time you moved out to Northern California, your mom's dear friend Barb, who became—Barb and Jim Somerville had also moved out to the West Coast, and you stayed with them initially.

01-00:23:52

Peevey: Yes, they moved. They came a few years before my mother, and they originally had a home—I don't know why they located in Santa Rosa, to be frank. I think they had some other friends—well, I know why, vaguely. They had some other friends from New England, from Vermont, that had come to California before them, and so they told them, "It's a nice place to live, Santa Rosa." Santa Rosa, a little—13,000 people at the time. Think of it now: 170, 180,000. It's amazing, yeah. They actually originally lived on Bennett Valley Road, and then right after the war, they bought a property with grapes on it, a vineyard, over on Melita Road, which is on Highway Twelve as you go toward Sonoma, the town of Sonoma.

01-00:24:42

Eardley-Pryor: Yeah, up around Annadel, the other side of Annadel State Park.

01-00:24:45

Peevey: Yeah.

01-00:24:46

Eardley-Pryor: What are your memories of that first summer of living in—moving across the country, being in California? You said this is kind of the time where your memories start to light up.

01-00:24:53

Peevey: Yeah, it's true. I don't remember very much, other than it was just a totally different environment. I mean, number one, you weren't in a big city; you were on a couple-acre ranch kind of thing. And people were all very friendly, and you were outdoors all the time, and playing all the time. I can remember vividly one particular thing that's kind of crazy. I remember that a couple of the men—and Jim Somerville was not there at the time, he was out in the pacific with the Navy, but other people—beheading chickens. They'd behead chickens for dinner or something, and to this day, I can remember the body of a chicken, even after the head is decapitated, moving around for thirty seconds or something, just I guess, total disjointed muscle movements and all that kind of—I can remember that to this day. I don't remember it as gruesome, particularly, now. It must have been at the time. And I just kind of vaguely remember playing, having a wagon, that kind of stuff.

But see, that was like in June of 1944, and by September, we moved to San Francisco. My mother found an apartment for us in San Francisco, which is where she lived for the next twenty-three years, and I lived up until I went off to college and then off to Washington, D.C. And that was 601 Buena Vista Avenue in San Francisco, the Haight-Ashbury District, across the street from

Buena Vista Park. It was a nice spot, and this was a big, old Victorian house that, during the war, the federal government, they just took over anything they could to provide housing for military and Merchant Marine, all that kind of stuff. This house had been a Victorian, and it was divided up into six apartments. Six, that's a lot for—and I know this very well because years later, I went back and someone had bought the house and restored it. Now it sits there at the same place it was in 1944, with a single family living in it and it's a gorgeous neighborhood house, just gorgeous, beautifully repainted, decorated, painted, very attractive. Across the street, the same everything. That's the same.

Well when we lived there, we had one bedroom, and there was a tiny kitchen. There was a living room that was a decent size, I guess, and a bedroom, and a bathroom with a shower, no tub. And that was it. You had some closet space, that was it. And I can remember growing up there, where, when I was a little kid, six, seven, eight, nine, ten, when they were together, and he was going to sea—he'd go out to sea, so he wasn't always around, Robert Peevey. But when we were together, they would put me, I would go to bed—because I was, like I say, eight years old—on their bed in the bedroom. And then when they were ready to go to bed, he or she or they somehow picked me up, or guided me—I guess I would be half asleep—and put me on the couch, and I slept on the couch.

01-00:28:49

Eardley-Pryor: And you did that until you were—?

01-00:28:51

Peevey: I did that until 1952, till spring of '52.

01-00:28:56

Eardley-Pryor: So you were like fourteen.

01-00:28:56

Peevey: Yeah. So it was not exactly a lap of luxury.

01-00:29:03

Eardley-Pryor: Beautiful place to live in a unique circumstances, right? So, that's—

01-00:29:08

Peevey: And we had never seen that [luxury.] There were five other apartments in this thing. In just about every one of those apartments, there were other families with kids, with their people serving in the war in some capacity.

01-00:29:20

Eardley-Pryor: Oh, because they were all Merchant Marines or Navy?

01-00:29:22

Peevey: Well they weren't all necessarily all; they were getting the various government jobs of all kinds, but yeah.

01-00:29:27

Eardley-Pryor: Huh. That location is pretty exceptional. It's just a few blocks from Golden Gate Park. You've got, you mentioned, Buena Vista Park right across.

01-00:29:35

Peevey: Well it's a few blocks from Golden Gate. It's a mile from Golden Gate Park, almost, maybe not quite, but it's across the street from Buena Vista Park, which is a nice park, good-size park, right in the middle of San Francisco. And it's largely unimproved. It's been allowed to just be natural. There are a couple of tennis courts in it, and a playground for kids and all, but it's pretty. It was a nice place, and there was, right next to the house, there was a one-block-long alley, if you will, called Java, J-a-v-a Street. All the kids in the neighborhood, we used to gather in that street and play sports of all kinds: football, baseball, basketball against the wall—we didn't have even a ring or anything, a net—and other games, kids' games, all on there. My childhood, with some exceptions, was a pretty pleasant time for me. I had a lot of friends, and we'd all play together, almost all boys. I can't remember any girl in the neighborhood that played with us. I'm sure there were, had to be a few who lived there and went someplace, but they didn't play with us. But boys, we all played all the time, in the park, in the street, everything.

01-00:31:03

Eardley-Pryor: Sounds like a nice place outside the home.

01-00:31:05

Peevey: It was. It was very nice. And we had our usual fights, and all that kind of stuff, but it was basically a pretty happy time, grammar school.

01-00:31:13

Eardley-Pryor: Yeah, a rich social life.

01-00:31:15

Peevey: Yeah.

01-00:31:16

Eardley-Pryor: Tell me a little about what was going on, the dynamics inside the home, because that seems like it was a different space, the way you talk about it.

01-00:31:23

Peevey: Well, Bob Peevey was, he was an alcoholic. You have to understand the life of a Merchant Marine. You go off to sea. You might be gone for two months, and then come back, and you come home, and you might be home for three weeks, but in the years right after World War II, there was a lot of unemployment in the Merchant Marine industry. There was, until the Korean War began, then everything took off. It was a great time. [laughs] Wars are great times if you're in the Merchant Marine—if your ship isn't sunk, I guess—because there's advancements, and promotions, and there's full employment and all. Any rate, so he would, and his buddies would come by sometimes, and he'd get drunk, and it was unpleasant, that. When he was around, it was unpleasant. I was happy to see him go back to sea. And it was

tough on my mother with him, too, I think. She never shared any of this with me. I just observed, whatever. As a kid, you observe.

01-00:32:44

Eardley-Pryor: Was it an abusive relationship?

01-00:32:45

Peevey: It was an abusive relationship.

01-00:32:47

Eardley-Pryor: With you as well?

01-00:32:48

Peevey: Yes.

01-00:32:50

Eardley-Pryor: What kind of impact do you think that had?

01-00:32:54

Peevey: I don't know. To this day, I don't know. He had been a boxer one time in his life, I don't know how successful, but professional boxer. And he wanted me to, when he was drunk, box with him or something like that, which, at ten years old or eight years old, it's not fair. And then he'd get mad if I hit him. So I would just try not to be—then he'd say, "You're chicken," all that kind of shit. It was bad. It was not a good situation. And my mother and him, they would have fights, and then she would move out, take me with her, and go live in a hotel downtown in San Francisco for several days. Then they always managed to reconcile.

01-00:33:53

Eardley-Pryor: And he was in and out of the home, it sounds like, a good bit as well, with his work.

01-00:33:56

Peevey: Oh yeah, because well, his job was that. I was happy to have him not around.

01-00:34:04

Eardley-Pryor: Did you know that you had a different birth biological father?

01-00:34:09

Peevey: You know, I did, but I can't tell you when exactly I became aware of that. What happened was, once we came to California, I never saw my father, Willard, until I graduated from college—no, with one exception. He used to send me a Christmas present for every year, with pictures of himself. And I don't remember any pictures of Harriet, that's his wife. I don't remember seeing that, nor—they eventually had a daughter, Dena, who lives in Sebastopol, incidentally. I'm not close to—we can talk about that if you want. I don't care. I had to be nine or ten before I started asking my mother, "Well who's this man in the picture?" And then she told me, "That's your father, but we separated or divorced, and that's that." She never dumped on him. She

never said anything positive either, just, “That’s just the past. We don’t talk about it. Bob Peevey’s your stepdad, so”—

01-00:35:42

Eardley-Pryor: Did you call him “stepdad”? Did you know it was a stepdad or did you consider him as your father at the time?

01-00:35:47

Peevey: No. No, not after I became aware of Willard. But I didn’t have a real good relationship with him [Robert]. I kind of tried stay out of his way, basically. It’s pretty tough to do in a one-bedroom apartment. [laughs]

But, he was gone a lot, and the saving grace for me, I think, was mainly was that he’d go out to sea again, be gone for—I remember one time he went to India or something. He was gone for three months or so, a cruise around, that kind of thing, not a cruise, but I mean a cargo ship, but that kind of thing. So I was always relieved when he was gone, quite frankly, because he would come home, and he’d be drunk or something. He’d come home drunk. What I mean is, he’d go drinking down on Haight Street. I think there’s all kinds of bars down there. It used to be kind of embarrassing to me sometimes as a kid. All of a sudden, a cab would appear, summertime, seven o’clock or so, and he’d get out of the cab, out in front of the house. He obviously was inebriated, and my friends would see all this, except, a couple other kids either didn’t have fathers, or—it was not a unique situation to see someone drunk, but it was—

01-00:37:15

Eardley-Pryor: What kind of relationship did you have with your mother, in light of all of this?

01-00:37:22

Peevey: My mother? It was very good. It was warm, caring. All her life, she always tried to do the best for me, always. I guess I was the prize or apple, or prize, and I was the only child she had. She was always supportive, always, but it was tough, given him. When he died, I think to some degree it was a relief, honestly. That’s kind of grim to say, but I think it was kind of a relief for me, and to some extent, maybe relief for her. I don’t know.

01-00:38:08

Eardley-Pryor: When your—

01-00:38:09

Peevey: We had just moved within that apartment house, to another unit in the apartment house that had a kind of one and a half bedrooms, let’s put it that way. It had a room and a little sun porch that we were all going to live in, and my mother did live in for years. It was bigger, much nicer, had a little fireplace and everything else. One of the other tenants had moved out and we were able to move into it after all these years. 1952, that’s when he died.

01-00:38:40

Eardley-Pryor: Right after you moved into this big place?

01-00:38:41

Peevey: Yeah. I don't think he ever saw it. I mean, he'd seen it with someone else living there, but I don't think he'd ever seen it with us living there. It was a little more expansive, a much nicer place.

01-00:38:54

Eardley-Pryor: What was your mom doing in San Francisco? You said she was in the library system in New York.

01-00:39:02

Peevey: She, for the first couple of years, was a housewife, trying to raise me. But he couldn't make enough money because there was so much unemployment, that she, she did some odd-job kind of things for—one of our neighbors had a little mail business, and she used to help with that and stuff, mailing out, secretarial services kind of thing. Then she got a job at—and I don't remember exactly how this came to be—but she got this job at the Mechanics' Institute, which is a library in San Francisco. It's the oldest library in the state, private library, created 1865, and still around. It's a huge operation in San Francisco. You can look it up on the Internet. You'd be surprised how big it is, and it has a big chess club, all kinds of things.

Anyway, she became the cataloger there. That means every book that came in there, she cataloged, put where and what it was about, wrote the little stuff on the card, and all that kind of stuff, and, that's where she worked. She worked there until she retired, and she went to work there maybe '48, '49, something like that. It was downtown right on Post Street, Post and Market. It was a nice location. It didn't pay very well, but she was considered a professional, and the people she worked with liked her. The boss liked her. John Stump, his name was. He lived in Sausalito, was a funny little guy. As a kid, I remember, he's kind of a funny little guy, but seemed to be very smart. Any rate, she went to work there and she worked there, let's say from 1949 until 1960.

01-00:41:01

Eardley-Pryor: Working in the knowledge industry in San Francisco. So, cataloging that would be—I mean, she has to read every book that's coming into the library.

01-00:41:09

Peevey: Well, at least, yeah, at least cursory, that's right. And she had belonged to the [American] Library Association. There's different trade groups, but yeah.

01-00:41:22

Eardley-Pryor: At the time she took this job, you were ten or eleven around then, and you had been attending, I assume, grammar school in the area. Tell me about your experiences and memories from elementary school.

01-00:41:35

Peevey:

Oh God, [laughs] I don't really have a hell of a lot of them. They were all pretty damned good. I was considered, by the time I was fourth or fifth grade, a bright kid, and I got advanced a semester—skipped, used to call it skipped. San Francisco, the school system was broken up into half years, and they skipped me a whole half year. Maybe I was a little younger than other kids in the class by a little bit, so I went to high school when I was thirteen and a half instead of fourteen; normally you'd be fourteen. My grammar school experiences were, by and large, a lot of positive ones until, I can't remember why, but in seventh, eighth grade—by the eighth grade, I don't know, it wasn't as an experience anymore. I think, to be honest about—I've been thinking back on it. I really haven't thought about this [until recently]. I think it was, girls started to become more evident in our life, and I didn't seem to do as well with the girls as other guys did. I was kind of a homely looking kid at the time, and—

01-00:43:00

Eardley-Pryor:

And younger, it sounds like you had skipped a grade at that point.

01-00:43:03

Peevey:

Yeah, no, that's true, I did. And then I became aware of girls, and I liked girls, but I didn't have an—you know, it's all pretty innocent stuff at twelve and thirteen, at least it used to be, [laughs] and that was it. But by and large, the high school experience was good for me—I mean grammar school experience.

01-00:43:27

Eardley-Pryor:

I have a note that it was Dudley Stone Grammar School.

01-00:43:31

Peevey:

Right, it's no longer Dudley Stone. The name has been changed to something else. I can't remember what it is now, but it's the same location, at Haight and Masonic in San Francisco, has a different name, but that was the grammar school I went to, Dudley Stone, one through eighth grade. There was no intermediate school. San Francisco didn't have junior highs. It was one-eight, and then nine-twelve.

01-00:43:56

Eardley-Pryor:

And the buddies that you grew up playing stickball in the alley on Java Street, they were the same kids you went to school with?

01-00:44:02

Peevey:

Yeah. We were all buds.

01-00:44:05

Eardley-Pryor:

That would make for fun.

01-00:44:05

Peevey:

It was, mostly, it was mostly all guys.

- 01-00:44:10
Eardley-Pryor: And, you mentioned you were around thirteen when—so this would be around 1951, when you went to high school?
- 01-00:44:15
Peevey: Yes.
- 01-00:44:15
Eardley-Pryor: What high school was that?
- 01-00:44:16
Peevey: Lowell.
- 01-00:44:18
Eardley-Pryor: Tell me about some of your memories from that. Were there classes you liked or teachers that stood out for you, anything like that?
- 01-00:44:26
Peevey: Lowell was the academic high school in San Francisco. It's well regarded, but I went there, as a neighborhood, because it was close, reasonably close to my house. I could walk to it and back and forth, and that was a totally new experience. High school was a big frigging deal, in that—
- 01-00:44:53
Eardley-Pryor: In what way? Why?
- 01-00:44:54
Peevey: Well because now you go start and you're in the ninth grade. I was thirteen, and there's kids there sixteen and seventeen, eighteen years old, right? It was much bigger in number of students. It was competitive in sports, and it was competitive in class, and that was kind of a new experience for me. I was a very poor high school student until my senior year, and then I kind of figured out, "If I get my head on right..." And I turned it all around, but—
- 01-00:45:26
Eardley-Pryor: What do you think was going on for those earlier years?
- 01-00:45:27
Peevey: I was a fuck up. I was a—you know, some place along the line, may have been due to the stepfather, may just been due to just the contrary nature of my own or something, I was always kind of a rebel. I was never a conformist, and I challenged things, always. Not always, but usually. And I was a disciplinarian problem probably to some extent in high school. Not real serious things, but I used to get in trouble, and all that kind of stuff. And then I used to get in fights, fistfights. I got in a lot of fistfights. Not a lot, but I got in several fistfights. One great big one where it seemed like half the school came to watch, down at the Panhandle Park after school. But it wasn't anything that, besides much as my imagination. And then, the crowd I got in with when I went to high school. The dominant group at the high school when I went were

Jewish kids, and they were achievers. The most prominent kid in our class in that regard is now in the Supreme Court.

01-00:46:58

Eardley-Pryor: Who is that?

01-00:46:58

Peevey: You know, what's his name, Stephen Breyer. He was in my class in high school.

01-00:47:06

Eardley-Pryor: Wow.

01-00:47:07

Peevey: And his best friend in the same class, a guy named Mark Leland, is, I think, presiding judge of the Court of Appeals, federal court in Massachusetts. They ended up going to work in Massachusetts and they went to Harvard, and all that kind of stuff. But the Jewish kids were the predominate, maybe not in numbers, but they kind of ran the place. They were smart, able, goal-oriented, academically oriented. And myself and my buddies were much not that way, really. All my friends were Catholic kids. I'm not Catholic; I'm Episcopalian. We didn't even—

01-00:47:54

Eardley-Pryor: I was going to say, you were born in Beth David Hospital, you'd mentioned.

01-00:47:57

Peevey: That's a Jewish hospital, and that was, I think, for location reasons, and nothing to—

01-00:48:01

Eardley-Pryor: Was religion a part of your life at all?

01-00:48:02

Peevey: No. Well, I think that's one thing that we haven't talked about at all, but, as a kid, my mother had me going to All Saints' Episcopal Church. I had Communion. I was baptized Episcopalian, and did Communion, Episcopalian. I think the convent I went to—I know the convent I went to in Kingston, New York, was run by Episcopalians. It was all that way, but I was never very religious. But I all my best friends were, in high school, were Catholic kids, several of them who had gotten kicked out of Catholic high school, St. Ignatius (SI), and ended up going to Lowell. It was kind of funny. And the transformative thing for me in high school, in many ways socially, was at age sixteen—I had been in high school two and a half years or so—at age sixteen, and this is now, my stepfather had died, remember, and my mother got her something out of the union pension fund or something. All of a sudden, we had a little bit more money. I don't mean we had a lot of money, but we had a little bit of money, you know what I'm saying?

01-00:49:15

Eardley-Pryor: Yeah. Well take me back to that because that seems like a pretty powerful moment. You're fourteen in 1952. You said this was when Robert Peevey passes away. In some ways, it was a relief for you and your mother. You had moved into this new space, this new apartment—

01-00:49:27

Peevey: Yeah, that's all true.

01-00:49:28

Eardley-Pryor: You had your own room finally.

01-00:49:30

Peevey: Yeah, small room, it was about the size of this here. Maybe it was a little smaller than this, but yeah.

01-00:49:35

Eardley-Pryor: That seems like a real transformational time, and also you're coming into high school, kind of figuring out who you are.

01-00:49:39

Peevey: Right, and girls and all that. Yeah, that's all true.

01-00:49:42

Eardley-Pryor: So, I'm wondering if you will talk a little bit about that, what happened around this time when you're fourteen? What was going on when you suddenly had this almost new beginning?

01-00:49:53

Peevey: Well, I can't recall it all very well. I ended up kind of being more of a rebel, and I didn't accept and go on the ordinary academic batch. Let me give you what I mean by that. In grammar school, I was a bright kid. I was one of the brightest in the class, and everything came easy to me, everything, pretty much: math, whatever—you didn't take languages those days, but math, all the other classes, social studies, whatever. So now I go to Lowell. That's an academic school, and it took me—the freshman year wasn't quite so difficult, but it became clear to me: you had to study. I never studied before grammar school. I just lingered and did very, very well. And I had a tough time adjusting to the idea of having to study, to actually grind stuff out and spend a couple hours in the evening going over. At the start, algebra, it was okay, but got to geometry; geometry, I was terrible, I was absolutely fucked. You know, geometry's the kind of thing, if you don't get the fourth week, the fifth, sixth, and seventh weeks you can't get because everything builds on everything, right?

01-00:51:26

Eardley-Pryor: Mm-hmm.

01-00:51:27

Peevey:

It's the same way with languages. Languages drove me freaking nuts, but it was not because I was inherently bad at language, but I didn't want to put in the time. I didn't want to study, and you had to study. So then I got in with these guys. They were more or less, I won't say fuck offs, because we all graduated, but we weren't that academic orientation, and they became all my closest friends. I gave you the names of three of them, but—

01-00:52:02

Eardley-Pryor:

Who were some of the people that stand out in your mind from that time?

01-00:52:05

Peevey:

Well, I gave you the name Tracy McDermott. Closest one was a guy named Mike Gibbons, but he's passed on so you can't do too much about him, and Tracey McDermott. Tony Melodia, I gave you his brother's name, Paul Melodia, because he's a successful attorney in San Francisco. Paul was actually a year behind me, or two years behind me, in high school, and went to a different high school, went to Washington only. But I was very friendly with Tony. So Paul, we all became good friends. And then Tony D'Agostino, the history professor, very bright guy, went to SI, was kicked out of SI, and ended up going to Lowell. And Tony had, Tony's impact on me is for the following reason—

01-00:52:48

Eardley-Pryor:

Which Tony?

01-00:52:49

Peevey:

Tony Melodia. I mean, excuse me, Tony D'Agostino, because he used to fuck around a lot—and I want to get to the key part of this in a second—but the difference was, he managed also to study. And when it came time to graduate from Lowell, he went off to Cal [University of California Berkeley] as a freshman. I couldn't go to Cal as a freshman. I didn't have the language requirement. I don't think I had the math requirement, but I know I didn't have the language requirement. You have to take so many units and all that stuff, so I had to go to City College. I made it all up, and I became a good student—I graduated with honors at Cal and all—but I said to myself, “Jesus Christ, I'm as smart as Tony here, what the fuck? And he's going to Berkeley and I'm going to City College, this is bullshit. I'm going to change.” [laughs] That happened my senior year in high school. I got wise to this, but it was too late. Couldn't go back and take beginning Spanish in your senior year, or French or whatever it was. At Lowell they used to have Greek and Latin. You don't find Greek anymore; still schools, some public high schools, like Lowell, still teach Latin.

But, that was a kind of a transformative thing for me. But the more funny mental one, not more fun, a mental one, but in a social sense—I started saying my mother got a little bit of money, not much. I convinced her, when I turned sixteen, that I ought to have a car. And that was a transformative thing,

because then I could go everywhere and drive everywhere and everything else. I convinced her because we're living in San Francisco, and the Somervilles are living here in Santa Rosa. And when we used to go up and visit them, we took the Greyhound bus up to Santa Rosa, picked up. And obviously, it'd take forever, and all that kind of. "Now," I said, "Mom, anytime you want to go, we'll just drive up there," which is true. We did. And then I'd take her shopping, too. She'd end up at Safeway stores.

So, she liked the car, but it was my car, really. She didn't drive. My mother never drove, never knew how to drive. So, the weekends and the evenings and going to high school, I'd drive the car. So, then my sophomore year, a neighbor kid around the corner from me, Frank Morgan, we started dating, going out with girls, and we'd go to the drive-in theater, have a—

01-00:55:20

Eardley-Pryor: You and Frank would take double dates out?

01-00:55:22

Peevey: Yeah, because he didn't have a car, I did. So we doubled—

01-00:55:25

Eardley-Pryor: What was the car?

01-00:55:26

Peevey: It was a Ford, 1950 Ford.

01-00:55:31

Eardley-Pryor: So that's a pretty transformational moment.

01-00:55:33

Peevey: Yeah, a two-door Ford, blue.

01-00:55:36

Eardley-Pryor: How did you learn how to drive?

01-00:55:38

Peevey: Well, Jim Somerville taught me how to drive up on Melita Road here in Santa Rosa, on an old stick-shift pickup truck.

01-00:55:46

Eardley-Pryor: So sounds to me like that relationship with the Somervilles continued. It wasn't just you stayed there when you moved out when you were six.

01-00:55:52

Peevey: Oh no, no, it was very close, very, very, very close, no. And actually, I had mentioned—you said, "Did you ever see your father?" and I said, "Well, not until I graduated." I said, "One time." Barb Somerville was from Waterbury, Vermont. Her mother stayed in Vermont; she was a widower. She died, Barb's mother, in 1953, and Barb closed down the house, sold the house there and everything. And her mother had bought a brand-new car, Pontiac, or

nearly new car. I think it was a '53 Pontiac, maybe it was '52. And so Barb talked to my mother and said, "I'm going to keep this car and I'm going to drive it across the United States." And this was before the interstate highway system and everything else. This was '53. "And," she said, "would Mike like to fly back here, spend a few days in Vermont, and then, drive across the country with me? I'd like to have the company. I think it'd be good for him, but I really want to have the company, too."

In those days, driving across the country wasn't a—you know, if you push it today, you can make it in three and a half, four days, right? In those days, I remember driving in Iowa on a dirt road. But any rate, on this trip, so my mother said, "Sure, fine." So, I did. I flew. They flew me back. That was a hell of an experience in and of itself, fifteen-year-old kid flying across the United States, because you didn't go nonstop. United Airlines went to Denver, and then to Chicago and to Cleveland, it was, and then to Boston. And the plane had some mishaps, so, I had to spend the night in the airport in Denver, and then, the flight up from Boston to Montpelier was delayed. I made it, but you know, so I ended up [laughs] kind of laughing about how I did it.

01-00:58:05

Eardley-Pryor: It's an adventure.

01-00:58:06

Peevey: Yeah, it was an adventure.

01-00:58:08

Eardley-Pryor: What was flying like at that time? This is the early fifties. Commercial air travel is pretty darn new.

01-00:58:14

Peevey: Yeah, oh yeah. Well, it was a DC-6B, I think, was the kind of plane. It was a four-engine plane. It sat eighty or ninety people. I don't remember as a kid particularly remembering it, other than that, we flew to Denver and then we took off from Denver, and the engine caught on fire. I don't know how serious it was, but the plane immediately circled back and landed. Everybody got off, and they offered to put us up in a hotel or stay at the airport. You had your choice, and truthfully, I was kind of scared. I didn't know what the fuck to do. I said, "I'll just stay here at the airport," and they put me on the first next flight, one of those kind of things, which probably, if I had gone downtown to a hotel, it probably wouldn't have happened. But I was going to miss all these other connections, this other connection. Any rate, that was, I guess, it was traumatic at the time, but—

01-00:59:17

Eardley-Pryor: It's a hell of an adventure for a fifteen-year-old kid by himself.

01-00:59:19

Peevey: Yeah, fifteen, fifteen and a half. It was the summer. It was June of '53. So, as part of that trip, from Vermont back to California up to Santa Rosa here, Barb

drove the car, and she somehow—I guess due to my mother, I’m not sure—but we met Willard, my father—

01-00:59:51

Eardley-Pryor: Willard Bliss.

01-00:59:51

Peevey: Yes, Willard Bliss, my father, at Niagara Falls.

01-00:59:56

Eardley-Pryor: What are your memories from that?

01-00:59:57

Peevey: Because he was living in Erie, Pennsylvania, just like, fifty miles or something. It was a pretty short distance.

01-01:00:04

Eardley-Pryor: But did you know that this was happening? Was it kind of a surprise? I mean—

01-01:00:07

Peevey: No, no, I knew it was going to happen, yeah. I knew it was going to happen.

01-01:00:10

Eardley-Pryor: What were you feeling about it?

01-01:00:11

Peevey: Well, I don’t know. It was an adventure. It’d be fine. I looked forward to meeting him. This a guy, all I knew was, he used to send me a baseball bat, or a mitt, or pictures of himself and everything else, so I thought it’d be kind of fun, and I didn’t have any kind of passionate identity with him as my father, even though he was, because I’d never had any dealings with him that I could remember. Old pictures of even us three with him didn’t mean anything. So, we spent a couple of hours at Niagara Falls, walking around, having lunch, that kind of thing. And it was—

01-01:00:51

Eardley-Pryor: And this is just a year or so after your stepfather had passed away, too, right?

01-01:00:54

Peevey: Right, right. And, yes, so, and it was fine. It was, and from that, I—

01-01:01:04

Eardley-Pryor: Well what were your impressions of him?

01-01:01:06

Peevey: Well, he seemed like a nice guy, a warm guy, a decent guy, and I was glad to know he was my father. But I didn’t walk away with “everything great, I can’t wait to see you again” kind of feeling.

01-01:01:21

Eardley-Pryor: It wasn’t like you were searching for a father figure or anything like that?

01-01:01:23

Peevey: No, I don't think, not that I can recall. Maybe I was, but I don't think so. And, I didn't see him again for another six years. But any rate, that was pretty much that. The whole trip across the United States driving, was kind of memorable for me. I remember, it was an adventure, a real—

01-01:01:44

Eardley-Pryor: Well, tell me about it. That's an amazing time to be traveling across the country.

01-01:01:47

Peevey: It was just an adventure, driving across the country.

01-01:01:50

Eardley-Pryor: What was the route you all took?

01-01:01:51

Peevey: Well, we came through, I guess, from Boston. I don't know if they had the New York Turnpike or anything like that throughway over to Buffalo. I don't even know if it was there at that time, may not even been there.

01-01:02:07

Eardley-Pryor: To Niagara Falls?

01-01:02:07

Peevey: Yeah. But from there, we went into Canada and over that portion of Canada down to Detroit.

01-01:02:16

Eardley-Pryor: Oh, over the Great Lakes?

01-01:02:17

Peevey: Yeah.

01-01:02:18

Eardley-Pryor: And then into Michigan.

01-01:02:20

Peevey: Yeah, and then into Michigan and down through Indiana, and Illinois, and into Ohio, I remember. I mean, not Ohio, Iowa. I can remember because, there, the roads were so terrible, at least the road we were on. I think it was a major, Highway Thirty or something. And I remember enjoying—Barb was a big fanatic of baseball, followed the Red Sox. Everyone in New England used to love the Red Sox, and to follow the Red Sox. And we used to listen to all those games all the time on the radio, all the time. She was that way all the years I knew her, until I grew up and moved away to Washington, D.C. She'd come down from Santa Rosa, want to go—once the Giants came to San Francisco—want to take her to the Giants game, and all that kind of stuff. She was a real fan. So she and I would follow baseball.

She taught me how to play chess. She was a great friend. She was just a fantastic friend; in many ways, had some of the skills my mother didn't have. My mother was more introverted, and she would spend the night reading a book by herself, kind of, sitting on the couch or chair or something. Barb was more, wanted to interact. We played chess. We played checkers, played all different—cribbage, she used to play cribbage, the game cribbage, all the time. And then driving across the country. But the other thing I distinctly remember is when we would stop at different places to eat, and I was getting a new take on food that I liked. I mean, ooh, steaks—I don't think we've ever had steaks with my mother and I. We used to have Mrs. Paul's fish sticks on Friday night, because—she wasn't Catholic, but we honored "You don't eat meat on Friday." Episcopalians are only one step removed from the Catholic Church, Anglican Episcopal. My mother was not that, but, the various High Episcopal, the Anglican Church, in England? Christ, it's interchangeable with the Catholic and ritual and all. The only thing is, there's no pope at the top.

So, it was a memorable experience driving across the United States. There was no question about it. I loved it, absolutely loved it. We went to Estes Park in Colorado, where he worked, Jim Somerville, prior to World War II. He was in the Park Service I guess, or...it had to be the Park Service; maybe he was a Park Ranger. Anyway, then Estes Park outside of Denver has a big mountain and a beautiful spot. And going all the way through this, all the way to Santa Rosa. It was a memorable trip.

01-01:05:06

Eardley-Pryor: Had you done much travel before that?

01-01:05:07

Peevey: No. Almost none. We never had any money to go anywhere. A big trip would be, my mother would take me down to Monterey for the weekend, Monterey. We did once go to Portland, Oregon, though, I remember, on the train, because she and Bob Peevey were thinking about moving to Portland before he died. I can't remember why. San Francisco seemed to be a more vital sea town than Portland. Portland's a very nice community in many ways, I suppose, but, has that reputation—kind of a hippie place now, right? A cool place to be now. It wasn't—

01-01:05:51

Eardley-Pryor: Full of hipsters?

01-01:05:52

Peevey: What?

01-01:05:53

Eardley-Pryor: [It wasn't] full of hipsters.

01-01:05:54

Peevey: Yeah, it wasn't that way in those days, at all. But that's about the only travel we ever did. Maybe, this was before Disneyland, but maybe we came to

Southern California once. In those days, you took the train, but you seldom took a plane. I remember flying in a plane once, before this trip across the United States, but just from San Francisco to Sacramento, with people that lived in the neighborhood in San Francisco. I was friendly with the kid, and the parents had money, from Butte Oil and Gas Company. It was a big adventure to take a flight back in 1950 or something, to—you know, ninety miles is a big deal.

01-01:06:43

Eardley-Pryor: Into Sacramento.

01-01:06:44

Peevey: Yeah.

01-01:06:46

Eardley-Pryor: What were you doing in the summers? You're not in school.

01-01:06:49

Peevey: I spent most of the summers up on Melita Road in Santa Rosa.

01-01:06:54

Eardley-Pryor: At the Somerville's ranch, or on their vineyard?

01-01:06:56

Peevey: Yeah.

01-01:06:57

Eardley-Pryor: Were you working for them?

01-01:06:58

Peevey: Yeah, I did odd jobs, yeah. And there were other kids up there, the neighborhood kids, and we all played together. Used to come over to Bodega Bay to Salmon Creek there. The summers, by and large, they were a pretty good time. Barb and Jim got me a gun. I still have it, a twenty-two rifle, but I haven't used it in fifty years. They taught me to hunt in that sense. I worked in the vineyards. One summer in particular, I worked all summer long when I was like fifteen or fourteen, and, it was a full life. And one summer, I can't remember why, my mother—well, a couple of summers—she sent me to summer camps for a couple of weeks as a break, with other kids and all that.

But, the summer times were very pleasant, up here, being outdoors. I liked being outdoors. And Barb, as I said, was just an incredible friend to me, and was always trying to do things that made me feel good. It was sporting events, whatever. She'd keep me entertained, as I said, taught me how to play things like chess, which takes some time, and you build up a skill set in, and so forth. Jim was kind of an introvertish guy. He wasn't very friendly, but he wasn't unfriendly. He wasn't unpleasant. I didn't have much rapport with him. I had it all with his wife. They never had kids, see, so, I kind of became her kid.

- 01-01:08:51
Eardley-Pryor: Sounds like you had a rich relationship with nature as a child.
- 01-01:08:54
Peevey: Mm-hmm. Yeah, I think so, I think that was true.
- 01-01:08:56
Eardley-Pryor: Even having grown up in the city.
- 01-01:08:59
Peevey: Well, we always came up here in the summer. And a lot of times, my mother would take me down to the Greyhound depot in San Francisco, Seventh and Market, put me on a Greyhound, and Barb would pick me up an hour and a half later in Santa Rosa. I'd get off the bus, and there was her car, and off we'd go.
- 01-01:09:15
Eardley-Pryor: So I can understand a little bit more about why getting that car opened your world up to visiting more places.
- 01-01:09:21
Peevey: Oh God, yes. Yeah.
- 01-01:09:23
Eardley-Pryor: Did you take yourself on trips beyond the city?
- 01-01:09:28
Peevey: You mean, myself?
- 01-01:09:29
Eardley-Pryor: Mm-hmm. Or you and Frank, I don't know if you guys were driving around places.
- 01-01:09:33
Peevey: Not much, not much. Pretty much San Francisco. A little older, when I was like eighteen or nineteen, we'd go up to, in the summer, Russian River. Russian River, it was a very popular resort for San Francisco, Rio Nido. Have you driven through that?
- 01-01:09:50
Eardley-Pryor: I drove through it today on the way to Sea Ranch.
- 01-01:09:52
Peevey: You came up out River Road and that way?
- 01-01:09:54
Eardley-Pryor: That's right.
- 01-01:09:54
Peevey: Yeah, that's the easiest way from Santa Rosa. But Rio Nido used to be a really thriving summer community. I think it still is, but not anywhere near the extent it was. Guerneville was not—it's become a gay community. It never

used to be that way at all. But it's so close to San Francisco, an hour and a half away, and the weather's nice, and you have the Russian River there and all. We used to come up to Rio Nido, yeah, Monte Rio and that area.

01-01:10:24

Eardley-Pryor: Take me back to high school. You said you're starting to date girls and going on some of these trips with your buddy, Frank Morgan. Tell me some stories about you and Frank, because he goes on to great fame in the late sixties with North Beach Leathers in San Francisco, and I think they've even restarted down in Brazil? [laughs]

01-01:10:44

Peevey: Well, he lives in Rio [de Janeiro]. I have no contact with him anymore. His brother, Bill Morgan, set the city record for the mile, running the mile. Frank was a year older than me; Bill was a year younger than me. The three of us were friends, but Frank was the more mature one, and a good-looking guy, and he and I used to double date because I had a car. So he took advantage of my car. [laughs]

01-01:11:21

Eardley-Pryor: What kind of adventures did you guys get up to?

01-01:11:23

Peevey: Oh, there was no real, no dramatic adventures. We just, all of us guys—whether it was Frank or my other buddies—the weekends were pretty much the same. Then, we're sixteen, seventeen, eighteen years old, we'd get a couple six-packs of beer, go to the place in the Golden Gate Park called the Beer Gardens, or Buena Vista Park, sit around and get a little loaded, then go to parties, or try to go to parties. We used to get in fights sometimes because of that, but we never got in trouble with the police, which is kind of a break. Looking back, I can see a lot of times we should've probably been—speeding and all kinds of stuff, but that was a pattern. We all had pretty good times, actually.

01-01:12:27

Eardley-Pryor: You'd mentioned that Tony D'Agostino kind of helped raise the bar for you, in that you saw that he was going off to Cal. What were your thoughts in that senior year, thinking, "What are my next steps, what comes after high school?"

01-01:12:37

Peevey: Well, that's college, and my mother was harping on me, "You've got to go to college."

01-01:12:43

Eardley-Pryor: Did you want to go?

01-01:12:45

Peevey: Yeah, I did. Well—yes, the answer is yes. When you're seventeen, what are the other alternatives? Go to work, doing what? You don't have any skill. Go

in the military? Well, I joined the Marine Reserve, but everybody had to do something. At that time, the Selective Service System, it was the draft, and you had to make a declaration. You could go in the Reserves and then go active duty, maybe. It turned out for me, luck would have it, I never had to go active duty, because they cut back the number of Marines when it was time for me to go. That was just circumstance, pure circumstance. So, I wanted to go to college, and then I said, "Shit, where am I going to go?" And, I felt, "Jesus Christ," as I said, "I'm at least as smart as Tony," and he's going off to Cal and going to go be in a fraternity and everything else. I got to go to City College San Francisco, so I really doubled down on making up all the things I missed in high school.

01-01:14:01

Eardley-Pryor: When you were going to City College, that year around seventeen, taking these makeup classes to allow you to get into Cal, were you also—

01-01:14:11

Peevey: Oh, I went to USF for a year after—

01-01:14:13

Eardley-Pryor: Well, tell me about that.

01-01:14:14

Peevey: I went to City College for a year, and Barb [Somerville] wanted me to get out of City College. I could get into USF without any problem, but I still couldn't meet all the requirements of Cal. I didn't have all the language requirements, I think it was. And she told my mother and me, if I went to USF, she'd pay the tuition, so it wouldn't cost me anything at all.

01-01:14:48

Eardley-Pryor: That's super generous.

01-01:14:49

Peevey: So I went to USF [University of San Francisco], for a year.

01-01:14:51

Eardley-Pryor: What was the experience like?

01-01:14:52

Peevey: I didn't like USF.

01-01:14:53

Eardley-Pryor: Why?

01-01:14:54

Peevey: Because it was an all-boys school, and I'd grown up, grammar school, high school, with women around. And USF's a Jesuit school, and I'm not Catholic. I didn't like the idea of having to take—you didn't have to take theology if you weren't Catholic, but you had to take philosophy, Thomas [Aquinas] philosophy, actually, was interesting. Thomas philosophy is interesting,

sylogisms, arguments, and all. But as I recall it, but I didn't like they required me to take x and all. And by that time, I was motivated to really have an interest in economics. They did have a very good professor of economics, a man named Breier at USF, but I didn't like there was no girls. I thought it was a glorified high school, because so many of the guys all came from Catholic high schools. It was just roughhousing in the hallways, all that kind of stuff that would have been different if there'd been girls around, to be frank. And it just didn't seem, compared to Berkeley, to be very interesting to me.

So, I directed my efforts to go to Cal. The year I spent at USF, I took all the right courses to go to Cal and transferred as a junior. I think I was three units short, so I was just going into junior year. I went to City College, and USF, each for a year, and still graduated after another two years at Cal. I went through the whole thing in four years. Today, they have a hell of a time getting kids to go through in four years, with the requirements, this, that, and everything, all kinds of reasons. USF was not an unpleasant experience. It just was not one that I was enamored with, and I thought I could do much better.

01-01:16:43

Eardley-Pryor: You mentioned you developed an interest in economics at that time. What was going on that spurred that interest?

01-01:16:50

Peevey: Well, what happened is—it was part of the transformation, I think, of me in high school—is that, by the time in my senior year—

01-01:16:59

Eardley-Pryor: Of high school?

01-01:17:00

Peevey: —of high school, Lowell High school had hired a teacher named Paul Lucey, L-u-c-e-y, to teach economics.

01-01:17:10

Eardley-Pryor: [Economics] in high school?

01-01:17:11

Peevey: Yeah, I took economics in high school, and he was a great teacher. We became ultimately quite friendly. He ended up heading up the Lowell Alumni Association for years after. He just passed away a year or so ago, moved back East. He'd come from Maine, and he'd been a Marine Corps pilot in Korea. He was just an all-around great guy. And I liked the subject, so I started thinking about that. Then when I went to USF, I had a great economics professor there, and so I really maintained that. So when I went to Cal, I knew I wanted to major, I was all set to major in economics.

01-01:17:57

Eardley-Pryor: The USF professor you mentioned was Breier?

- 01-01:18:00
Peevey: Yeah, I can't remember his first name. I think it was Freddy, but, Breier, yeah.
- 01-01:18:06
Eardley-Pryor: So, when you make this transition from USF, Barb Somerville is helping pay your tuition. Cal, suddenly, you needed to pony up. Or was this still when [Cal had no tuition?] What happened with tuition?
- 01-01:18:20
Peevey: She paid for it.
- 01-01:18:21
Eardley-Pryor: At Cal as well?
- 01-01:18:22
Peevey: No, not at Cal. Cal was almost no tuition. Cal was almost free in those days, it really was. It was like maybe a hundred dollars a semester, so free. And now, it's a lot. It was nothing. My mother could handle that. But, the year that I went to USF, I worked in San Francisco at a clothing store downtown three days a week and Saturdays, made some little extra money for myself.
- 01-01:18:55
Eardley-Pryor: What was the store?
- 01-01:18:57
Peevey: It's not there anymore. It's called Pauson's, P-a-u-s-o-n, apostrophe s. It's a men's clothing store. It used to be at Sutter and Kearny Street.
- 01-01:19:06
Eardley-Pryor: Like selling suits, that kind of a thing?
- 01-01:19:07
Peevey: Yes, oh yeah, it was a big store, it was, yeah. And you learn some interesting things in retail business just watching them, you know?
- 01-01:19:21
Eardley-Pryor: Like what? What do you mean?
- 01-01:19:22
Peevey: Well, this is very interesting. A popular store in its time, and it had its own alterations department on the top floor, so they'd take in the waistline, whatever, for the suits; had its own cleaners and everything else. And twice a year—I was kind of like a stock boy, so twice a year, myself and another guy, our job was to take all the suits that weren't selling down to the basement, take the price tags off, put a new price tag on, and then put a second one on top of that saying, "Sale, 30 percent off." It was the same frigging price, maybe five, ten dollars less. You understand what I'm saying? It was, say, a hundred dollar suit. You'd take it off, and put a new one on that says "\$125 suit," then you'd say "30 percent sale," so it'd be ninety-five dollars, or so. People would come in, they loved that. They didn't, people didn't know. It was a frigging con.

- 01-01:20:26
Eardley-Pryor: What did you take from that, from learning that that's kind of how that business worked?
- 01-01:20:30
Peevey: That's about it, yeah, right. That's about it. [laughs]
- 01-01:20:37
Eardley-Pryor: Did you have other jobs that you did?
- 01-01:20:38
Peevey: There used to be other—there used to be. One of the guys that worked with—they used to have these pneumatic tubes you sent stuff around stores. Do you know what I'm talking about?
- 01-01:20:47
Eardley-Pryor: Yeah, the banks used to have them, too. You'd put them in there, and they'd suck it up and take it to wherever you needed it to go.
- 01-01:20:50
Peevey: So this guy worked with me, and I got him the job, and they fired him, but he was cunning in his own way. He would start picking up—whenever someone came to pick up their suit, they'd usually park in the garage. And you had a parking ticket and we validated the parking. So this guy, he figured out how to get some of these things that nobody used, maybe they, over at the garage, they'd pick them up off the floor. So, every day, he would send two or three of these things in to get validated. Well, the validation came back in those days with coins—it'd only be a dollar, dollar fifty, something like that—but instead of having a stamp, because there were different garages people would park at. So he started doing little income on the side with this thing. The boss finally figured out and fired him, but I came to an appreciation for the avarice of people, and the cunning of people, and the manipulation of people, watching all this retail business.
- 01-01:21:59
Eardley-Pryor: Was that your first job?
- 01-01:22:01
Peevey: No.
- 01-01:22:02
Eardley-Pryor: What were some of the other jobs you did?
- 01-01:22:04
Peevey: The first job I ever had was delivering the newspapers, *San Francisco News*, used to be a Scripps Howard [New Service] paper, in the afternoons. I had a couple different routes with *San Francisco News*. And then I had a route with the *Chronicle*, the *San Francisco Chronicle*, in the morning—that was a morning paper—delivered that. I didn't like that at all, because you had to get up at 5:00, and oh boy, that was—so I didn't last very long in that.

The first real, steady job I had was working for a woman who lived in our neighborhood. Her and her husband had a Laundromat, but a good-sized Laundromat, over in Marina District in San Francisco, on Lombard Street, and I was fourteen, I guess. And every Saturday and occasional other days, but usually every Saturday, we would go there, and work all day folding laundry, and doing all those kind of things you do in a Laundromat: put stuff in the dryer, out of the dryer, because people would come in and put stuff in the wash and they expected you to do everything else for them, which was understandable. Doing that was the first regular job I had. It lasted a year or so.

01-01:23:35

Eardley-Pryor: What else, what other kinds of things? Or what did you take away from any of these jobs that you were doing?

01-01:23:39

Peevey: Well, that one just taught me—there's not much to take away from working in a Laundromat, other than that you learn to be on time, and to do a decent job, I think, and people expect it for you. We weren't paid well, but we weren't cheated or anything, nothing of that type, just kind of respectful or doing ordinary work. But I was doing that, see, up here, too, in Santa Rosa. One summer, I spent the whole summer in the vineyard, working on the vineyard. And then I had these other odd jobs over there for Barb and Jim, too, but the vineyard one was the primary one. And, so they all give you a recognition and expectation, what people expect of you, and how you can fulfill that, and what's right and what's wrong, in some way. They were all learning experiences that were very worthwhile, I think, for me. But I grew up in a household where my—Bob Peevey may have been out of work a lot of times. It wasn't his fault. It was a bad economy and such. My mother worked all the time, and you come to appreciate that, you really do. And she always tried to sacrifice for me, in little ways. It was, until [laughs] we were to be able to get a car. So, these were all part of, generally, pretty positive experiences.

01-01:25:27

Eardley-Pryor: Let's pause here. [break in audio]

All right, Mike, I wanted to ask you, some of your memories or the experiences you had in the wake of growing up during World War I, going through high school when Korean War is happening. Were these kind of things that were on your radar as concerns, or things that interested you? Those were pretty major events in US history.

01-01:25:49

Peevey: Well, you said "World War I." You mean World War II but—

01-01:25:52

Eardley-Pryor: I'm sorry, World War II.

01-01:25:53

Peevey: —no, not so much World War II because I was only six or seven when it ended, but, Korea was a different matter.

01-01:26:02

Eardley-Pryor: In what ways, for you?

01-01:26:03

Peevey: Well, first place, it was a lot more evident. It was, and it was more evident from the West Coast here, because there was a lot of troop movements and all that kind of stuff. It was in the news all the time, and it was dramatic stuff: Truman fired MacArthur, all this kind of stuff.

01-01:26:25

Eardley-Pryor: Was this stuff on your radar?

01-01:26:27

Peevey: It was on mine, yeah. Well, I remember, there's these—this is just funny little vignette, but I remember Truman firing MacArthur. I'll tell you why: because it was one of those times that my mother had taken a hotel room downtown San Francisco with me, because of the abusive nature of my stepfather, okay? So we were downtown. MacArthur came back to the United States, via San Francisco, and the Hearst papers—the *San Francisco Examiner*, at the time—now the *Chronicle* is a Hearst paper. Newspapers have changed so much. Used to be four major newspapers in San Francisco in 1950; this is '51. There was the *Chronicle*, which was an independent paper; *San Francisco Examiner*, which was a Hearst paper, it was a daily paper; the *Call*, the *San Francisco Call Bulletin*, which was another Hearst paper in the afternoon. You had two morning papers, two afternoon, and then the *San Francisco News* was a Scripps Howard paper.

The *Examiner*, the Hearst paper, ran the whole front of the newspaper, and this is standard-size newspaper, was a picture, in color, of MacArthur. They loved MacArthur. This was an incredible crisis at the time, some people thought, Truman firing this guy, because he wouldn't obey Truman. Truman was president. Then, MacArthur went and spoke to the Congress, and people were talking about him running for president: "The next year he's going to be... This is the year..." The next year, Eisenhower ran and got elected. And Eisenhower was a sane man. MacArthur was an evil maniac; he was also a brilliant general, but like Patton, some of these guys go way up to be a full page. A year or two later, when William Randolph Hearst died, the owners of the paper, he was on the cover in black and white, [laughs] kind of just—any rate, MacArthur gave that speech. He said to the Congress, and he ended it by saying, "Old soldiers never die, they just fade away, and like the old soldier in the"—blah, blah—"I'll just fade away."

01-01:28:50

Eardley-Pryor: And he did.

01-01:28:51

Peevey: Yeah. He moved to New York and lived in the Waldorf Astoria for the rest of his life.

01-01:28:56

Eardley-Pryor: But you remember that because you were in that hotel?

01-01:28:58

Peevey: Well, I wasn't at the same hotel, but I was downtown. There were huge crowds all around to see MacArthur and all. But he stayed at the St. Francis, I believe, but my mother couldn't afford that. It was some cheaper place, but there was just huge crowds watching it all. There wasn't just that. It was Korea, at the time. And I was, by that time, by the time Korean War was over, I was fifteen, and we all had this military obligation in the Selective Service System. So you had to do something, and that was one of the reasons I originally was going to—I think I told you this before, but I was originally going to join the Navy Reserves. And we can go into that, if you want.

01-01:29:38

Eardley-Pryor: I don't remember you talking about that.

01-01:29:40

Peevey: Well, what happened was, this Frank Morgan guy that I mentioned, before we used to double date, well, we were very close there up to a point there, and we used to go to Arthur Murray Dance School and all this kind of stuff. We kind of fell apart when I went to Cal, I guess. He went to SF State, and all that. Cal was the more prestigious thing. But, any rate, so he and I were going to go join the Navy Reserves. They had a six- or eight-year military obligation, and two years active duty, that was the requirements. Everybody had this, unless you're Donald Trump, and had arches in your feet that—the doctor who worked for his father got him the medical—I mean, it's a fucking disgrace. But that's another matter. [laughs] We're not here to talk about Trump, but I could go on forever—not forever, just that my disgust would come through pretty quickly. It already has.

So we went off to join the Navy Reserve. At seventeen, I was just, and he was a year older—he was eighteen—joined the Navy Reserve, and you have to go two years in active duty at some point, and I wanted to go to college. So when I went to apply, down at Hunters Point in San Francisco, they asked for my birth certificate to show my age. My birth certificate my mother had given me said "Willard Michael Bliss." So basically, the Navy guy said, "Who the fuck are you? [laughs] You say you're this Peevey. This says 'Bliss.' No, you can't join. We can't take you."

01-01:31:16

Eardley-Pryor: So you had gone by Michael Peevey, but it had never been formally changed?

01-01:31:20

Peevey:

That's right. My mother had never changed it legally, but I had been going on from age six to seventeen as Michael Peevey, in high school, in grammar school, everything else. So that was easily remedied. She got my name changed legally. That's just a ministerial act, not much to that—

01-01:31:37

Eardley-Pryor:

But you couldn't get into the Reserves.

01-01:31:40

Peevey:

Until my name was changed. By that time, it took a few months, the courts and all—just, by that time, I can't remember why, I wasn't interested in Navy Reserves anymore. I joined the Marine Reserves with three high school friends, or two high school friends. So that's how I came around to join the Marine Reserves instead of the Navy Reserves. But, one of my dear friends at that time, a guy named Chris Christiansen, his older brother had been a Marine in Korea, had been wounded and all that. So, we all, we were all pretty conscious of the military, much more so than today, much, much more so. And not just worrying about the Soviet Union, the Chinese, whole damn thing—but just part of your life.

And the Bay Area used to have a much bigger military presence. Everywhere, there was military everywhere. Mare Island used to be a great big naval shipyard. There'd be nuclear submarines at Mare Island. You know Vallejo there? Hamilton Field—it doesn't exist anymore—was an Air Force base in Marin County, as you go toward Novato, between San Rafael and Novato. Hunters Point was a huge shipyard in San Francisco, and on and on and on. There was much about this all around the Bay Area, military. So it was just much more of a presence in our lives and also in the newspapers—and worrying about what are you going to do, how you're going to serve your military obligation. All those kind of things were very evident to us.

01-01:33:04

Eardley-Pryor:

Did it make you think you might go on, like as a career? Did you think you might take military as a career?

01-01:33:10

Peevey:

No, never as a career. But if I was going to—you know, some of the same reasons that I was kind of a fuck off in high school and all, which I didn't straighten out until I got to my senior year, more or less—the Marine Corps appealed to me because it was more, "The tough guys go." Yeah. Marines, supposed to be the tough guys, right? They take the island. They do this, all that kind of stuff. That appealed to me at seventeen. Didn't appeal to me much after I got in it, very frankly, because I was too much a rebel. I didn't like all the discipline that goes with it, but that's another story. [laughs]

01-01:33:51

Eardley-Pryor:

Well tell me a little bit what the Marine Reserves required of you. I never had to do it, so I don't know. What did it mean?

01-01:33:58

Peevey:

Yeah, well, they require you, the first unit I got into, you went once a week, down in San Bruno. You trained. You marched around with guns and all, that kind of stuff, had classes. But, I got out of that with my buddies, we all got into a Marine aviation unit over at Oakland. Oakland, there used to be an Oakland Naval Air Station it's called. Because you only went one weekend a month, you had to go Saturday, Sunday. But it was easier to manage your life than trying to go one night a week every single week and all that kind of stuff. And over there, we worked on airplanes. I had an MOS, that's your kind of your code, your occupation, sixty-four twelve, which means mechanic, [laughs] jet engine mechanic [6412 MOS: Marine Corps Aircraft Communications Systems Technician]. I didn't know a damn thing about jet engines, frankly, but we had all these fighter planes that had been in the Korean War. The pilots flew all around the Bay Area, all over, actually. And then we'd go to summer camp for two weeks—like the first year, I went to Camp Pendleton—you know where Camp Pendleton is?—down, for two weeks, training, marching around the hills, and all that kind of stuff, war games, all those kind of things.

01-01:35:25

Eardley-Pryor:

What did you think about it?

01-01:35:27

Peevey:

Well, I just didn't like the discipline. I was kind of rebellious. And when you're a young kid, and you're a private, and then as you get these battle-hardened enlisted sergeants and all—because you could stay in the Reserves after you've been in active duty and get extra money and all that—I knew some guy that was a sergeant was in Korea. Shit, he looked upon you as a piss ant, you know what I mean? And you were eighteen or something. Any rate, I didn't like the discipline. I got to handle it over time, but I didn't like being told you had to do this, you had to do that. “All right, Peevey, your shoes are a little scuffy. You got KP, kitchen patrol, for a day.” I just thought it was too arbitrary for me. I've got over most of that kind of thing, but I certainly felt that way at seventeen or eighteen.

I really think back at this—I said this a little bit ago—but I think part of my rebelliousness came from the family environment and abusive stepfather. I can't pinpoint it, but I think that was a lot of this. But, I've been kind of rebellious all my life, even at this age. And my wife will tell you, I don't take no for an answer easily, by anybody, the system or anything else. “That boy's always kind of bucked the system, always.” I'm surprised I've done as well as I have, some ways, given that factor, because it's much easier to go along, it just is. But, any rate, so let's go. What's next?

01-01:37:14

Eardley-Pryor:

Do you have memories of the atomic bomb becoming more prevalent, thermonuclear war, and all this kind of stuff? Were those things that were creating a—

01-01:37:23

Peevey:

Well, we were all aware of them, yeah. The big H, hydrogen bomb was the big one, and explosions out in the Pacific and all of that demonstration, yeah. Yeah, I don't, I honestly don't think that—there was a civil defense program, duck under the desks, and all of that kind of stuff—

01-01:37:45

Eardley-Pryor:

Yeah, *Duck and Cover*.

01-01:37:46

Peevey:

—but I really don't think that that was as troublesome to people as you might think. People were just kind of, they're, "Okay, it might happen, but the chances are very tiny." They just, "We'll deal with it and move on." That's not at all the case if we ever got in a nuclear war. You wouldn't just deal with it and move on. You wouldn't have anything to move on to, [laughs] if you were alive. But no, I don't think people were—I wasn't preoccupied by that at the time. More preoccupied being a teenager.

01-01:38:25

Eardley-Pryor:

This is also the time rock and roll is coming more onto the scene. Televisions are becoming much more prevalent and TV shows—

01-01:38:31

Peevey:

Yeah, Elvis was a big thing in mid-fifties, '56, and all that.

01-01:38:37

Eardley-Pryor:

Yeah, I guess culturally, I'm just wondering what—

01-01:38:38

Peevey:

I mean, he was really big. Elvis was huge.

01-01:38:42

Eardley-Pryor:

Even in San Francisco?

01-01:38:43

Peevey:

Oh, yeah. He was huge. Huge. On *The Ed Sullivan*. These were big things, and The Beatles and all came several years later. Elvis had more impact. Dig out some of the Netflix or so, some of the things on Elvis. It's amazing what an incredible person he was in many respects.

01-01:39:06

Eardley-Pryor:

Was music something—or television—something that was a part of your life? Do you remember your first TV, or your first record player, some of that kind of a thing?

01-01:39:12

Peevey:

Yeah. I don't remember the first record player. I remember the first TV, yeah.

01-01:39:16

Eardley-Pryor:

What was that experience?

01-01:39:17

Peevey: Oh, well first, that house that I was telling you about, the six—

01-01:39:21

Eardley-Pryor: The little tiny one bedroom?

01-01:39:22

Peevey: Yeah, one of the neighbors was the first one in the house to get a TV. It had a round screen. It was round! And then, they would invite other people to come over and see different shows. There were all these kind of early TV shows, and then they weren't very good. There were a lot of Western cowboy things, and there were some game shows, and all that kind of stuff. But it was a great experience, incredible. It was long before color. There was no color. In fact, the color in these things were kind of sepia, kind of, I think. My mother finally got a TV, and that was a big thing to watch TV, a very big thing.

01-01:40:00

Eardley-Pryor: With all the reading that she did, was television something that was a rare— was it a special treat? Or was it just always kind of on in the background?

01-01:40:06

Peevey: No, she had it in the living room. We had just a one-bedroom place, so no, she would let me watch pretty much what I wanted. I didn't have any particular show I had to watch, until a couple years later. But at thirteen or fourteen, I think we got—I can't remember how old I was when we got our first TV. I was probably fourteen, something like that.

01-01:40:31

Eardley-Pryor: Around the time that you decided to transfer to Cal, as a junior? This is late fifties, 1957 or so, you're around, in 19—

01-01:40:37

Peevey: Yeah, no, I went September of '57.

01-01:40:40

Eardley-Pryor: Fifty-seven. You'd mentioned that you had a budding interest in economics that was spurred in part by this USF professor you had, and—

01-01:40:50

Peevey: And from high school, actually, from Paul Lucey in high school, yes.

01-01:40:54

Eardley-Pryor: And you were also paying more attention to national politics at the time. What was going on that it spurred your attention to making some of these connections, between economics and maybe what's happening to you politically in the political scene?

01-01:41:08

Peevey: Well, my mother, although she was kind of introvertish, she took a real interest in politics, and she absolutely detested Nixon. She would almost get passionate about what a terrible person Nixon was at the time. She just

detested him, and we would talk about that. I would hear about that, but I wasn't active politically in high school. I became much more interested in college, but we just got generally aware.

I suppose the biggest thing that got my interest was in 1958. Now I was a junior at Cal, and there was a big gubernatorial election that year. And that's when Pat Brown became governor. Jerry Brown's father, he was elected that year. And the Republican party had been dominant in California. They managed to screw themselves.

They've got themselves really even in worse shape now. There were fifty-three members of the Congress from California. Forty-six are Democrats, forty-six to seven. Republicans lost seven seats here in November, seven! It's staggering how bad shape they're in, terrible shape, in terms, I don't know. I don't think Trump has a chance of being elected again, but that's myself, kind of. I don't think he makes any new friends, and he alienates a lot of people that liked him in the beginning. He has a core, a strong core. But any rate, all this stuff he's doing now is just, I think, just digging the grave for himself.

But, any rate, the '58 campaign for governor was a—the Republicans had done this: a guy named Bill Knowland had been a US Senator. He was the Republican majority leader, and he wanted to run for president. He thought he could run better by being governor of California. So he made this switch with the guy that was the incumbent Republican governor—Goodie Knight, his name was—to switch their positions, try to switch their positions and run for office. Well, it didn't work, and Pat Brown got elected. And the big issue in that election—other than Pat Brown running, and he was attorney general—the big issue was [laughs] the so-called right-to-work law. You know what a right-to-work law is?

01-01:43:59

Eardley-Pryor: Explain it for me, for what the context was.

01-01:44:02

Peevey: Well, a right-to-work law, under federal law, the Taft-Hartley Act, states can adopt their own union security arrangements. And a right-to-work law means that, if you go to work at XYZ Company, and that company has a collective bargaining agreement with the electrical workers, that you don't have to belong to the union.

01-01:44:26

Eardley-Pryor: You can opt in or opt out.

01-01:44:28

Peevey: Yes, that's with right-to-work law. If you don't have a right-to-work law, the employer makes a deal with a union, everybody has to be a member.

01-01:44:39

Eardley-Pryor: So in '58—

01-01:44:40

Peevey:

Now there are varying degrees of this; it's called agency shops. I won't get into all that. So, the unions have always felt this was a—legally, you have to represent everybody. The union has to represent anybody, everybody in the collective bargaining agreement—so why should *x*, *y*, and *z* not have to pay dues? That was their argument. It's a free-rider argument, free loader, if you want, free rider, free loader. Well, that was on the ballot on the California docket, right-to-work, and it was defeated by a huge margin. That really piqued my interest, because my father had been a union official, and my stepfather—all his other transgressions and all—was an active union guy, a deep believer.

In fact, he and my mother are both buried at the Masters, Mates, and Pilots Union plot in Colma, outside of San Francisco, the burial ground. The union had a big plot where their members could be buried, and he was buried there. And she told me when she was on her deathbed, so to speak, that she wanted to be buried with him. So that was that.

01-01:45:48

Eardley-Pryor:

When did your mom die?

01-01:45:50

Peevey:

My mom died in 1979. She was eighty.

01-01:45:56

Eardley-Pryor:

And she still chose, after all those years, to be buried next to your stepfather?

01-01:46:00

Peevey:

Yes.

01-01:46:01

Eardley-Pryor:

Why do you think that?

01-01:46:05

Peevey:

Well, where else was she going to be buried? Honestly. I told her I would tend to the grave. She was cremated, but she has a plot there with her name on it and all that. And I go there a couple times a year, put flowers on it—for him and for her, actually. Sometimes I don't for him. I do now. I used to feel more spiteful than I am these days. And I suppose, if we'd had a big family, she would have had a different—you know, be buried with family. Willard, my father, is buried in South Hadley Falls, Massachusetts, my father.

01-01:46:55

Eardley-Pryor:

Why?

01-01:46:55

Peevey:

Because that's where the family plot is, and the Blisses have been there since 1853. So I've gone to that grave a few times, and I could see his brother had all these other Blisses buried there, going back to—I can't remember the first tombstone, what name was on it, something Bliss, Sebastian, or something

like that, 1853. So, she wasn't going to go there. And she didn't have any sister or brother or someplace else, so she chose to be buried with him [Robert Peevey]. She did love him, I guess. That's the only conclusion one can make. She could have just said, "Mike, can you get me a plot somewhere?" She could have done that, but she didn't do that.

01-01:47:47

Eardley-Pryor: So take me back to 1958. There's this ballot measure, and it sparks your interest in the political world?

01-01:47:51

Peevey: Yeah, it really sparked my interest, yeah, because my father was in the labor movement, and my stepfather was in the labor movement, and it was just, it was a big current event in California. And the unions won big, and the Republicans lost big, and Pat Brown became the governor.

01-01:48:08

Eardley-Pryor: Well, you were taking classes at that time at Cal.

01-01:48:11

Peevey: I was at Cal.

01-01:48:12

Eardley-Pryor: Were politics something that was part of the coursework for you, interest in politics?

01-01:48:18

Peevey: No, I was taking econ courses, and labor econ courses. And I had this—Charlie Gulick's one of the professors there that's mentioned in there [in Lloyd Ulman's oral history], but Clark Kerr and he hated each other, but that's what, according to Lloyd Ulman—[laughs] but they were talked about. It was not a big topic in the classroom, no.

01-01:48:45

Eardley-Pryor: Well, tell me about these classes. So you majored in economics. You had this inclination towards labor economics. Was that—

01-01:48:54

Peevey: Because that's probably due to my father.

01-01:48:56

Eardley-Pryor: Willard?

01-01:48:57

Peevey: Yeah, just—

01-01:49:00

Eardley-Pryor: Just an interest in who he was and what he was involved in?

01-01:49:02

Peevey:

Yeah, well, I think, kind of a feeling. It's a very good, a fair question. I had an inclination toward economics of which, if there was a specialty within economics, I was interested in labor, but I wasn't solely interested in labor. I was interested in more aspects of economics than labor. But that was the focus that seemed to me to make the most sense to concentrate on. And if I was going to get a master's degree, concentrate on that in terms of a master's degree.

01-01:49:39

Eardley-Pryor:

Tell me about the classes. Who were some of the professors you had, things that you remember?

01-01:49:43

Peevey:

Well, I had a number of very good professors at Cal. Gulick was one of them.

01-01:49:50

Eardley-Pryor:

Charles Gulick.

01-01:49:51

Peevey:

He taught labor economics.

01-01:49:54

Eardley-Pryor:

And he was an old head. He'd been on campus since the twenties.

01-01:49:55

Peevey:

He was. He'd been around for a long time. I became his reader in graduate school. I graded the papers for him. Generally, I was the economic class teaching assistant, effectively.

01-01:50:07

Eardley-Pryor:

And, well you just made mention of Trump. Gulick is well known for his writing on the Austrian labor movement and the rise of fascism, and especially the rise of Hitler.

01-01:50:19

Peevey:

Oh yes, and we heard a lot about that from him, yes.

01-01:50:23

Eardley-Pryor:

So that was the rise of fascism, the subversion of democracy—those kind of issues were points in his courses?

01-01:50:29

Peevey:

Yes.

01-01:50:30

Eardley-Pryor:

Who else? Who are some of the other professors you remember? You have the oral history you've read of Lloyd Ulman. He was another one of your professors?

01-01:50:36

Peevey:

No, he was not. I knew him through the Institute [the Institute for Industrial Relations at the University of California, Berkeley, now the UC Berkeley Institute for Research on Labor and Employment]. I don't recall—I didn't take a course with him. I took from Budd Cheit. Budd Cheit taught labor economics.

01-01:50:46

Eardley-Pryor:

Tell me about Budd and your experience with him.

01-01:50:48

Peevey:

Budd was a young professor at that time. Well, you've seen anything from St. Louis?

01-01:50:52

Eardley-Pryor:

Yeah, [Cheit came from] St. Louis University to Cal in '57, around the time you came to campus.

01-01:50:55

Peevey:

And I took a course from him the next semester, I believe, or so. He was a great instructor. He was lively. He was just full of life, and if you ever met him, he imparted—all his life, up until his death. He and I, we went on a trip—with him and his wife in a bigger group—around the world. And he went on the trip, and we had dinner together—and this is years later, ten years ago now, twelve now—but he was just a delightful guy, Cheit.

01-01:51:28

Eardley-Pryor:

What do you remember from his cla—I mean, I know from looking him up a little bit, he pioneered some of the studies on business and society, the relationship between social life and industry and business life.

01-01:51:40

Peevey:

But that was later in his career. He started out as a labor economist. The course I took from him was labor. And then I did research for him, as a graduate student, at the Institute for Industrial Relations. I did the background research for him for a couple of papers he wrote on some trade union issues, union issues, collective bargaining issues, and building trades issues. This is before he showed this much broader interest, I think, in business, and ultimately became Vice Chancellor of the university, of the campus and all that.

01-01:52:18

Eardley-Pryor:

Yeah, one of the things he came to campus—in '57, to the Institute for Industrial Relations—was a study in occupational disability. It's a Ford Foundation funded project. It ended up becoming a pretty similar book for him that was called *Injury and Recovery in the Course of Employment*. And it made me think that, a few years later, after you had finished your MA, you'd moved into working in the labor movement in California. You had been nominated to serve in the National Commission on State Workers' Compensation Laws, on state compensation work. And I wondered, is there

some sort of connection between the work you and Budd might have done that time that you had shared at Cal, on doing stuff around occupational disability, to compensation laws that you did on this national committee later?

01-01:53:03

Peevey:

No. No direct linkage. I was appointed to that [National Commission on State Workers' Compensation Laws] by Richard Nixon, President of the United States. I never met Richard Nixon, but was going, this was—

01-01:53:18

Eardley-Pryor:

What would your mom have said? [laughs]

01-01:53:21

Peevey:

Yeah, [laughter] well, she was around. But this was due to George Meany. He was the head of the AFL-CIO [the American Federation of Labor and Congress of Industrial Organizations, the largest federation of unions in the United States] at the time, and they had quite a courtship for awhile there. Nixon really went after trying to get labor support for his programs and all that, and he appointed—his first Secretary of Labor was George Shultz. The same George Shultz became head of O.M.B. [Office of Management and Budget] under Nixon, and then Secretary of State under Reagan, and Secretary of the Treasury under Nixon. He's ninety-seven years old and still ticking away. Maybe he's ninety-eight now, George Shultz, at Stanford—hell of a man. He's an incredible man, an engaging person. You sat with him, you really—but I was appointed at that time due to the relationship between the Nixon administration in the White House romancing the AFL-CIO, that was really it. And the AFL-CIO picked me to go on this National Commission on State Worker's Compensation Laws. There was a section of the Occupational Safety and Health Act that [Jacob] Javits, a former US Senator from New York, stuck in this legislation creating this commission. There were two labor appointees on the commission, and I was one of them. The other one was from the national office of the AFL-CIO, and they chose me to be the second one. And Nixon just approved anything that was proposed, so he didn't care.

01-01:55:02

Eardley-Pryor:

What came out of that National Commission on State Worker's Compensation Laws?

01-01:55:05

Peevey:

Well, there were a lot of big reports and good reports about they need to reform. But the biggest—those of us who wanted to have a more national system of uniformity, lost the majority of the—it was chaired by John Burton. Nothing to do with the California legislature John Burton, who was a professor, young man, professor of economics at University of Chicago, and he was an able guy. But the powers that be didn't want any big federal role in this, and they succeeded. And so I and a couple other people wrote a minority report, saying, "This is what is"—

- 01-01:55:45
Eardley-Pryor: That it should be federated?
- 01-01:55:46
Peevey: Yes, federal standards.
- 01-01:55:49
Eardley-Pryor: You'd mentioned that Burton came from the Chicago School of Economics. I'm wondering if—that's often counter posed to some of the more coastal economic frameworks, right? So I'm wondering, with your economics education at Cal, how you think that experience differed from, let's say, somebody that had the more Chicago Economic School interpretations?
- 01-01:56:14
Peevey: Well, the big difference is that, at least in California at the time when I was, it was much more an emphasis, less on econometrics and numbers, and more on kind of general policy. And that's the kind of thing Lloyd Ulman represented too, that kind of background, and Clark Kerr, who'd been president of the University of California, but prior to that time was a labor economist. It was a more institutional view of relationships and less the econometric modeling that has taken much of economics. Today is much more econometrics, more numbers, more statistics, but it's not just the statistics. All the statistics have a value. It's the way that analysis is carried out. There's been a big difference between the Chicago School as exemplified by Milton Friedman, but other people, too. Now Shultz was part of that, but he never seemed to buy into it 100 percent. And the Berkeley school, or the Harvard—Harvard and Berkeley were more similar.
- 01-01:57:39
Eardley-Pryor: How do you think that the—
- 01-01:57:40
Peevey: Economic department at Cal was a good department, very good. It's ranked higher now than it was then, but it's done well over the years. And we have a chair there, the Peevey-Vial Chair. There's a guy named Enrico Moretti that holds that chair, and he's more of an institutionalist. He wrote a book called *The New Geography of Jobs*, about how places like Silicon Valley create this economic growth and so forth. And so Berkeley, it's back in favor to some extent, I think. It went out for a little bit.
- 01-01:58:19
Eardley-Pryor: How do you think your training at Berkeley—this more institutional, more holistic framework—has served you in your career?
- 01-01:58:27
Peevey: I think I was fortunate, very fortunate to have that.
- 01-01:58:30
Eardley-Pryor: Why?

01-01:58:30

Peevey:

Because I think that most of life, you deal on that basis, not just pure econometric modeling, and the kind of philosophical—well, not philosophical, the kind of analysis that goes with so much of economics at Chicago, University of Chicago, and elsewhere. Let me frame it slightly differently: the big change in economics from the classical economics was John Maynard Keynes. Keynes showed why the analysis of how a firm operates, and all this stuff, doesn't do a hell of a lot for you when you're trying to deal with things like major unemployment, like the Depression, not only here, but in the UK and so forth. And he changed economics as taught and practiced in this country and in England in particular, dramatically, much to the chagrin of Friedrich von Hayek and his disciple, Milton Friedman, and others who had a totally different view, and like more classical view of the way economics was prior to the thirties. Oh it still is, to some extent, that. I think a more worldly view of the interactions of institutions and organizations helped me at various moments in my career.

01-02:00:28

Eardley-Pryor:

Can you think of a couple of examples that you would want to make mention of? Ways you kind of pulled on this institutional framework, that you thought helped you more than an econometric frame?

01-02:00:38

Peevey:

Yeah. We can get into this at another time, but how we dealt with issues at CCEEB [California Council for Environmental and Economic Balance], and also how we dealt with them when I was at Edison [Southern California Edison Company]. I think my understanding of them helped me be better at public policy, and being better at public policy made the organizations more successful, and that was a real value. Now, this gets very complicated. We'll get into this at another time.

But, you say, "But Peevey, how could you say that? You created this company New Energy Ventures. And New Energy Ventures believed in open markets, free competition, and less statism and less governmental control." And that's absolutely right, and I did. So, these are some things to ponder at another session than this one, where we're doing more chronological. But it's a very interesting question, and I've weighed that back and forth in my own mind both at New Energy where I was—I mean, I'm pretty sure in "more competitive market mode," which failed California terribly. But for reasons that we can get into, and I'd like to talk about at some length, and, where I, as President of the [California] Public Utilities Commission [PUC] where we, let's say—not gilded—but guided capitalism to achieve goals.

Economics, I don't think, in the classic sense as it has been taught—and this has changed—but [I don't think it] has a lot to contribute to what you do with something like climate change. If you believe that, which I do, that it is one of the most serious, if not the most serious threat facing this planet, I don't think classic economics is going to get you very far. It takes more dramatic actions

than the marketplace alone will tolerate in the short term. And it's going to take drastic actions by government, not the private sector. That's my view. But I want to spend more time on that, and you know —

01-02:03:39

Eardley-Pryor: I think we've addressed a theme that I think we can revisit throughout your career, of the role that economic philosophy and the role that industry, institutions, government, and the market itself, have this relationship. And how your thoughts on that have changed, even on the different positions that you've had experiences in.

01-02:03:58

Peevey: That's all true, yes.

01-02:03:59

Eardley-Pryor: So that sounds like a good thematic for us to continue to revisit.

01-02:04:02

Peevey: Yeah.

01-02:04:03

Eardley-Pryor: That Keynesian philosophy you mentioned though, sort of rose in the wake, especially in the wake of the Great Depression. Was that, you think, the framework, the basic framework from which your undergraduate education revolved around?

01-02:04:17

Peevey: Yes. Yes, to a certain extent. Berkeley had a lot of Keynesian economic thinking going on there, but it started to attract younger professors, like Dale Jorgenson and all, went to Harvard very successfully, much more the econometric analytical model, and had disdain for the messy nature of institutional economics that the Gulicks and the Clark Kerrs and others like Lloyd Ulmans practiced, that didn't lead to any clear-cut answers as their modeling did, you follow?

01-02:04:55

Eardley-Pryor: I do. What I'm wondering is, you mentioned that that sort of messy process helped you become better oriented towards policy. So, tell me, how did this messy process translate to better thinking in terms of policy?

01-02:05:09

Peevey: Well, other people would describe it as messy, more than necessarily I would. But it led to having a greater appreciation of human nature and what motivates people, than the more classic economic analysis. And it's interesting because I was reading this in [Lloyd] Ulman's [oral history transcript] thing here, just yesterday or the day before, about wage and price controls, which were anathema to Republicans, but Nixon proposed them, and had them for a short period of time. And Ulman met with Nixon and talked about this, because in the sixties, there was a lot of interest in guideposts or guidelines for wage increases and all. The economy has changed radically since then. It's less

relevant today than it was, and Lloyd makes the point during this interview, but it's true: in the early sixties and mid-sixties, a lot of industrial wages in the United States were set with pattern bargaining, and the steel industry would go first and set. The steelworkers were a very powerful union at the time, and the steel industry was very big at the time, much of it gone, most of it gone from the United States. It would set a pattern that then would be duplicated by the auto industry unions, electrical workers, and so on, and so, these big industrial manufacturing pay.

Now, so much of that has drifted away. So much of it is non-union, and the service sector has become so much more significant. That's all happened at a pace perhaps that would have been better off if we'd avoided, in states like Ohio. Ohio is not doing so bad right now, but Pennsylvania and Michigan, they've lost a lot of manufacturing jobs. Maybe the pace could have been different. Maybe we didn't have to do something. I was for NAFTA, but I think NAFTA has really hurt the manufacturing base in the United States, significantly, very significantly. And maybe we'd been better if we had found other ways of doing some of these things. There's no obvious other way per se, but this is what we're facing right now with China. What the hell we going to do with China? [laughs] But we're straying a long ways from Mike Peevey and his—

01-02:07:56

Eardley-Pryor: This is true. So—

01-02:07:57

Peevey: I'm happy to go there, but we go there toward the end of this, all this—I mean the end session, or sessions. Maybe end on some notes of that type, you know?

01-02:08:08

Eardley-Pryor: Sure. I'm just trying to make the links between your education at Cal in economics, and where that has taken you, and how your thinking on it was influenced at the time and then has changed. So, what were you thinking?

01-02:08:20

Peevey: No, it's interesting, I took comparative economics systems courses at Cal which were very useful, from Walter Galenson, who then later went to Cornell. [I took a course from] Sanford Mosk, on these Latin American economies. And they were all, in varying degrees, eye opening. So, it wasn't just enough to have labor economics by Cheit, because you got the whole world that's changing, and you have to understand how they all interrelate. And Berkeley, I loved Berkeley. I loved economics. I love comparative economics. I love all these studies. It wasn't just labor. It was much broader than that, and comparative.

Gregory Grossman was another great professor there, talked about the Soviet Union economies, and planning under the best of the Soviet Union, which was

very poor even then—but at least it was trying to be, before all the self-aggrandizement and corruption and everything else that was inevitable, was going to seep in, which is one of the great challenges. How do you create, if you believe now in a greater role for government and state control in some of the decision making, let's say because of climate [change], how do you make sure it doesn't become stultifying, corrupting and stultifying? These are very serious issues, very serious questions.

I don't think existing leadership in Washington has a clue about a lot of this, but they've made decisions that, "Anything business wants is okay." That's basically what Trump is doing, right? Almost anything goes, whether it's getting rid of environmental standards, or whatever. He's giving it away to the Exxon's and the big banks and all this, but, that can't last, and it won't. There'll be an adjustment to that. But there's something to be said for some of that in terms of creating opportunities. You don't want to throw the baby out with the bath water. You don't want to wipe out innovation and cleverness.

This is the most creative society, probably, maybe on the face on the earth ever, this one here. Although, it's a great challenge to think, China, which is more statist, state capitalism, state government making these decisions, whether they can surpass the United States in innovation, technology wise. That's an open question. That's not clear. I would have said five years ago, "No chance, no chance. We're much more innovative, much more. We've created a much more creative environment and we let any ideas come to the fore." China doesn't do that, but they seem so far to be able to structure that in a way that is producing tremendous wealth there, and people seem satisfied, by and large, with opportunity.

01-02:11:43

Eardley-Pryor:

I can't help but think that the contraposition that you've put between Trump's "The market gets whatever it wants, business gets whatever it wants," and the statist model of China that you say is on the rise—and it certainly is—that you struck a course in the middle in California. You helped chart that path. I'm just wondering what your experiences were.

We'll go into more details over this, but just thinking philosophically at this point of how to chart that path, how to balance those things in light of climate change, in light of the need of government intervention, and yet the need of innovation that happens beyond the government's control. How does one, philosophically, approach that issue? How did you?

01-02:12:27

Peevey:

I don't know if there's any one simple answer to that. It's pretty complicated, and I've tried to deal with that at the utility world in regulation on almost on an ad-hoc basis rather than an overall, transcending, philosophical basis, because I can't seem to find philosophical bases that suits what I think we have to do.

01-02:12:52

Eardley-Pryor: So, taking each circumstance as it arrived for you?

01-02:12:55

Peevey: Yeah. But I think ultimately, that's unsatisfying to people. Certainly to academics, it's totally unsatisfying.

01-02:13:01

Eardley-Pryor: They want a unifying theory.

01-02:13:02

Peevey: Yes. Yes, and it's understandable. But, Milton Friedman offered a unifying understandable theory, but it didn't seem to work. But the far left offers that. Communism is that, but it befools itself. So how do you ensure innovation, cleverness and all, and yet the overall public good is being served? Democrats wrestle with this all the time. Obama wrestled with this, maybe not very successfully, some would say, and it's not just Obama, many others. We do something like healthcare, just take healthcare.

I strongly believe there ought to be Medicare for all. I don't see any reason why we shouldn't do that, take ten years to do. It'll take ten years to phase out the union plans and all the other stuff, or maybe five years. I see no reason why we shouldn't do this. Why we shouldn't be like every other major country in the world, but Jesus Christ, people are saying, "That's a radical idea." What's radical about it? We're extending it down to age fifty-five, under certain conditions. People under fifty-five have illnesses or something can get coverage, Medicare today, or sixty. We're going to eventually do this, because Bernie Sanders proposed it. It's radical? It's what the UK and France and Germany and everyone else has done already! But it does violence to the idea of, "Let the market decide."

Hell, my own doctor, a conservative Republican, said, "I just wish there was one system for all. This," he said, "it's just, we waste so much money just with the insurance companies, all the paperwork and back and forth, and all this stuff and denials, and," he said, "it's just nuts." He said, "It's fucking nuts! I do better with Medicare," he goes, "dealing with the Medicare system, even though I take less pay. It's simpler for me, as a doctor. I can concentrate on being a doctor, not on paying all these forms. This gets so complicated. Now, I have to pay attention to this. I can't just have an assistant do it." Hello, I mean, this is a lot of common sense stuff here that we don't seem to figure out how to do well.

01-02:15:28

Eardley-Pryor: But it sounds to me like it needs to be, each circumstance, as you said, needs to be dealt with differently, right? Medicare or the healthcare issue might be different from, how do we deal with pollution or emissions issues? Maybe there is a role for the market on that that the state shouldn't take over?

01-02:15:48

Peevey:

No, this is absolutely true, yeah. All right, it's one o'clock. Let's—

01-02:15:54

Eardley-Pryor:

Let's take a break here. We can transfer next into your decision to continue with the MA at Berkeley.

01-02:16:01

Peevey:

Well, have we covered Berkeley at all?

01-02:16:03

Eardley-Pryor:

We've started talking about your courses in economics, and that's pretty much it. We haven't really talked about your social life at Berkeley, times you spent in the city, what your experience was just being a part of the Cal community. Those are things we could still talk about.

Interview 2: January 7, 2019

02-00:00:01

Eardley-Pryor: So Mike, we were talking about your economics training at Cal, your experience there, some of the professors you worked with. What were you thinking in terms of career? What would you want to do with your economics degree at the time? What were you thinking?

02-00:00:15

Peevey: I didn't have a real strong view on that. I thought that I would probably set a course like I actually ended up doing. I figured with an economics degree—economics have become much more popular now than it was then. Jesus, the number one undergraduate enrollment in Letters and Science now is economics, by a big margin. The economics department, it just keeps growing and growing at Cal. And I got the Economics Alumni Association started. They came to me. It was Christian Gordon. Have you met him?

02-00:00:59

Eardley-Pryor: [No].

02-00:00:59

Peevey: He is someone you ought to just know for your own career, because he's associate director of the College of Letters and Science, and he's a young guy. He came from the University of Rochester, loves California. After Rochester, I could understand that. But you should just meet him. [...]

02-00:01:29

Eardley-Pryor: When Christian came to you, what was it that he wanted to do?

02-00:01:34

Peevey: It wasn't clear what they wanted. They wanted to do something and vitalize the alumni of the Economics Department, and I agreed to contribute a certain amount of money a year for several years to help get that going. Then he used me to help leverage someone else. You know how that goes, and he's very good. [...]

Okay. So let's go back this way. I didn't have any real—I figured, as an economist, particularly after I worked at—would specialize within economics and the labor side, that it would either be government, or a union, is where I'd figured I'd end up working. I didn't think I'd be working so much for business, nor did I have particular interest in business at the time, very frankly. I was never anti-business. One summer job I had, I worked at PG&E [Pacific Gas and Electric Company] in the billing department, but—

02-00:03:04

Eardley-Pryor: One summer job in college?

02-00:03:06

Peevey: Yeah, when I was going on at Cal one summer, I worked in the PG&E credit department, guess you'd call it. These are the old days. They had a machine

open up all the envelopes with all the checks in them, and then you tabulated all that stuff by hand. You know what I'm saying? [laughs] Today, everything is done so—you know. But government was a big, was—let's just say government, state or federal.

02-00:03:37

Eardley-Pryor: And, what were some of your classmates who you were taking these courses with, what were they thinking they were going to do with their economics degree? This is before the rise of major big finance. It's part of why today, people do economics so they can go make money on Wall Street, or hedge funds.

02-00:03:49

Peevey: Yeah, no, I think most people just thought it was a good major to go into business.

02-00:03:56

Eardley-Pryor: Yeah. So that's why you were thinking you would do that, but through the side of government?

02-00:03:59

Peevey: It was better—here was my thinking on that, sorry. It was better—and this could be totally wrong—it was better to major in economics, if you're going to go into business, better to major in economics and go into business than it was to major in business administration and go into business. Because economics gives you a broader perspective of things, right? And that's proven to be true. That's why economics has become so popular now, although the business school at Cal is very good. I'm not diminishing it in any way by what I just said.

02-00:04:34

Eardley-Pryor: Well you made the decision. In 1959, you graduate with your degree in economics from Berkeley, but you decide to stay on for graduate school. What was the decision process there?

02-00:04:46

Peevey: Well, I just, [laughs] I just, I liked Cal. I liked the environment. And more importantly, I thought that whatever kind of job I ultimately started out on, that I'd be much better off with a master's degree. It's that simple.

02-00:05:05

Eardley-Pryor: Help you get your foot in the door, wherever you end up going?

02-00:05:06

Peevey: Yes, much better, and that's exactly what happened. The federal government recruited me, and put me at the very top of their program, and all that kind of stuff.

02-00:05:15

Eardley-Pryor: And that recruitment happened through Cal, through your time at Cal?

02-00:05:19

Peevey:

Yeah, well, it did and didn't. I mean, I could have, I guess—it happened through Cal, through the placement and all that stuff. The federal government came every year and recruited people in all kinds of different jobs, and I signed up for that. There was no guarantee I'd go work in the US Department of Labor at that time, but the people are reviewing my record—and I got all As, too, I was a good student—and they thought the Labor Department would be the right place for me, there. I could have gone to work for the Army. I could have gone to work for a couple other agencies, Commerce Department—I can't remember all the different things. I had opportunities to choose, and I chose Labor.

02-00:05:59

Eardley-Pryor:

Why did you choose the Labor Department?

02-00:06:00

Peevey:

Because for the reasons we already said. I decided to major in labor economics, seemed like the logical thing. And, here's the other piece of it: this was the start of the [John F.] Kennedy administration. When I went to Washington, Kennedy had been president for five months, or six months. I went there, started like July 1 of 1961. He became president in January of '61. It was clear to me and clear to a lot of people there was going to be a tremendous amount of interest in job creation in America again, and the subject matter called "manpower"—that's what they used to call it, I guess called [laughs] "people power" today—manpower was going to be a huge thing. That's job training, retraining, all those things that go along with—and [in his oral history, Lloyd] Ulman talks about this in a different context, about wage and price controls, and guidelines, and how you can moderate inflationary pressures due to wage increases by having better manpower programs, better trained workforce, and all that. All that stuff was going to come to the fore quickly in this new Kennedy administration, the New Frontier, and I think all that was kind of an attraction.

02-00:07:18

Eardley-Pryor:

That's what drew you to D.C.?

02-00:07:19

Peevey:

And God, I went to D.C., and it was an incredible experience. I loved it. I loved it—until he was assassinated. And I didn't have anything negative about Johnson. Kennedy was every fucking—everything about him, as a young guy—he was a young guy. He was vital. I think I saw Bobby Kennedy walking down Constitution Avenue a couple times, at the AG's [attorney general's] office over to the White House. It was like the place to be, you know? It was really exciting.

02-00:07:50

Eardley-Pryor:

Well, we'll get to that point, but I want to go back and talk a little more about Cal.

- 02-00:07:55
Peevey: Yeah, no, go ahead.
- 02-00:07:55
Eardley-Pryor: We've talked about your courses—
- 02-00:07:57
Peevey: Well you asked me, what—
- 02-00:07:58
Eardley-Pryor: Oh, yeah. Yeah, we talked about your coursework and the people you were there—well, did you ever think about doing academia?
- 02-00:08:06
Peevey: No. No, I wanted something more active.
- 02-00:08:11
Eardley-Pryor: You'd mentioned you also had a [graduate] readership, you were a TA [teaching assistant] in certain courses. That wasn't something that interested you?
- 02-00:08:18
Peevey: No.
- 02-00:08:19
Eardley-Pryor: It's more just to kind of get tuition?
- 02-00:08:19
Peevey: Yeah, not for a career, not at that point, in life. And my experience later on, when I was at the Institute for Industrial Relations, was frustrating in that regard, too. Because, I mean honestly, I'm one of those people that likes to run things. I like to make decisions, and so much of academia, you don't make decisions. And I didn't like that when I was a consultant—I was a consultant for eighteen months after I left Edison—because I could give advice and I was well paid for it, but they didn't have to do anything. While, if I felt really strong about something, I liked it when I was an executive, can say, "Let's go in and do this." And, the other thing is, I probably should have gone to law school, but I didn't have an interest in law at the time. I probably should have done that.
- 02-00:09:03
Eardley-Pryor: Why do you say that?
- 02-00:09:04
Peevey: Well, I think I mean, as an alternate career path, I think I would have done very well in law.
- 02-00:09:12
Eardley-Pryor: You seem like you did pretty well.

- 02-00:09:13
Peevey: I know, but what I'm saying is—
- 02-00:09:15
Eardley-Pryor: You could have been satisfied with it.
- 02-00:09:17
Peevey: Yeah, I think I would have been good at law, and I think it could have been—I don't know, but my mother wanted me to consider being a lawyer, and I didn't want to do that. Of course, she would have loved me to be an academic, that's what she really wanted, and I said, "No, Mom, I'm not going to do that." But she was happy with me going to the government.
- 02-00:09:40
Eardley-Pryor: Well, let's talk a little bit about what your social life was like—
- 02-00:09:42
Peevey: Although she, God, when I think back, see, we didn't talk about the government investigations, and my father, Willard [Bliss], was called before the Senate Internal Securities Committee as a Communist, and all that kind of stuff.
- 02-00:09:57
Eardley-Pryor: We didn't talk about that.
- 02-00:09:58
Peevey: Yeah, I didn't have any knowledge of it at the time, but it was going on, and some ways, I was damned fortunate that my mother remarried and married a Peevey, and this is jumping ahead, but when I went, came back [from Washington DC], worked the AFL-CIO California, the head of the Sailors' Union said, "Oh, I remember Bob Peevey. He was a great guy." I never told him he was my stepfather. If I told them my name was Bliss and they bothered to look it up, they might have had a different view. Those things were, who knows, but—
- 02-00:10:32
Eardley-Pryor: Did your mom know about your father's issues with being hauled in front of Communist committees, or being accused of Communism? Was there any relation to any of her distaste for Nixon, and the HUAC committees [the House Un-American Activities Committee, in the US House of Representatives]?
- 02-00:10:43
Peevey: No, it wasn't, but no, she knew a little bit, I think, but this is after they were divorced, so, this is the late forties, early fifties. I didn't know about it until kind of by happenchance I came across some stuff doing research. He never mentioned it to me. He never mentioned it.

- 02-00:11:01
Eardley-Pryor: Well, you had mentioned that your father and Harriet and their daughter Dena moved to LA, and you began what became a very rich friendship with him. When did that happen?
- 02-00:11:14
Peevey: Late fifties, '58, '59.
- 02-00:11:18
Eardley-Pryor: While you were at Cal?
- 02-00:11:19
Peevey: Yeah.
- 02-00:11:21
Eardley-Pryor: So, what were the contexts? Did he call you up and say, "Hey, I'm moving to California, come and visit"?
- 02-00:11:25
Peevey: Oh yeah, "We're moving to California," and all that. The reason they moved to California was that she was a budding actress.
- 02-00:11:35
Eardley-Pryor: Dena?
- 02-00:11:36
Peevey: Dena, she was a very pretty young girl, like age seven, eight, nine, ten. They thought she would have a future in Hollywood, and she was in a few things, very minor parts in TV shows. And, they came to me, Willard came to me—she was a finalist to play Anne Frank in *The Diary of Anne Frank*, the movie, and they wanted to talk to me to prepare me. Because then she's going to get all kinds of publicity, and I was her brother, half brother, and they wanted to counsel me what to say, what not to say, all that kind of shit. Well, it never happened, so, that all petered out.
- 02-00:12:22
Eardley-Pryor: But that was the context of why you got in touch with each other?
- 02-00:12:24
Peevey: Well, that's why they came to LA. That's why they came to LA. But then now he's in LA, and then, he and I start seeing each other, particularly after I went to work for the federal government it came out—and then, all the years I was with the AFL-CIO and all, I would be in LA quite often, and I'd even stay at their place. They had a two-bedroom apartment in LA, and I'd stay there. Dena was gone by that time. She went off to something else, but—
- 02-00:12:54
Eardley-Pryor: Was your dad still doing union work?
- 02-00:12:56
Peevey: No.

02-00:12:57

Eardley-Pryor: So your union careers didn't overlap?

02-00:12:59

Peevey: When he left the UE in Erie, Pennsylvania, in the summer, I believe it was the summer of '56, he ended up—and they did this for Dena. His wife went to work for a big LA labor law firm, left-wing labor law firm called Margolis and McTernan, I think was the full name. And he was fifty-six years old, because he was born in 1900. He was fifty-six years old, and he had to get a job. He ended up—this is a guy that would have been a big-wheel union guy, and all of a sudden, ended up being a termite inspector, crawling around under buildings and all that kind of—pretty grim, down outcome.

02-00:13:50

Eardley-Pryor: How did he take that?

02-00:13:52

Peevey: I think he was kind of a stoic, I don't know. And they had a cadre of friends in Los Angeles who were all older, their age, left-wing types. LA had a lot of people like that, motion picture industry and all.

02-00:14:13

Eardley-Pryor: Tell me a little more about your social life while you were at Cal. Did you live on campus? Were you still living in San Francisco? What was life like for you, beyond the classroom?

02-00:14:23

Peevey: Well, the first, I went there as a junior, so I didn't join a fraternity. D'Agostino, Tony D'Agostino, I was mentioning him, he and I and a third guy named Gene LaRue—well, before him was someone else. Anyway, D'Agostino and I lived together. We had an apartment together with a third person, my junior year, and then the two of us lived together my senior year.

02-00:14:50

Eardley-Pryor: In Berkeley?

02-00:14:51

Peevey: In Berkeley, yeah, on Dwight Way. And then when I stayed on in graduate school, I lived with a couple other friends on Bowditch Street, in an apartment.

02-00:15:04

Eardley-Pryor: What was Berkeley like in the late fifties for you?

02-00:15:09

Peevey: Well, first, I loved the university and the whole atmosphere. What I loved most about Berkeley, to be very frank, in many ways, other than the very good professors and all that, was you're on your own. You're independent, you're on your own. It wasn't someone telling you, "You have to do this at this time, this at this time." You didn't have to go to class if you didn't want to. If you

wanted to be stupid, you didn't go, and all that kind of stuff. But, just the freedom you had. You came and went. Your days were your own. You decided what class you're going to take and then at what time of the day. I loved all, who you studied with, all that stuff. That was all.

Socially, I think the first year, I had almost no social life that revolved around Cal. I wasn't in a fraternity or sorority or anything else, and we all, D'Agostino and myself, we used to go back to San Francisco on the weekends. So I'd go home on the weekend, be at Cal during the week, go back [to Cal] on Sunday nights, go on Sunday nights, and on Friday afternoons, drive back to San Francisco and see my Mom on the weekends, and that was just my mom, is all. The second year, I got much more involved socially, and got involved with women, and third year I was very, very busy in that regard.

02-00:16:27

Eardley-Pryor:

What kind of things would you do, either in the city or in Berkeley? What were things that interested you? Was it going to parties? Was it going to theaters, or films?

02-00:16:34

Peevey:

Well, going to parties, going to films, were the two most—going out in the evenings for drinks. Those were the things, yeah. We had good times.

02-00:16:49

Eardley-Pryor:

Particular parts of towns that you all went to?

02-00:16:51

Peevey:

Well, some nights we, I used to take girls over to San Francisco, because that was a big adventure. If you were a young lady from the Valley, let's say Fresno or something, San Francisco, boy, that's—Berkeley's one thing, but it is a college town, and going to San Francisco was, boy, that was the hippie era and all that stuff. That was really exciting. Berkeley has gotten much more tawdry than it used to be. The main drag, Telegraph, the last few blocks going to campus, it used to be lined with nice stores and everything else, nice restaurants. It's all kind of shitty now. It's better on the north side of the campus. This is an observation.

02-00:17:29

Eardley-Pryor:

Yeah. Well, I'm thinking also during this time, it's the rise of the beatniks in North Beach, and City Light Bookstore, and that—

02-00:17:37

Peevey:

Oh yeah, yeah. We used to go to the bar right across the street from City Lights Bookstore, Vesuvio's—it's right next door, right across the little alley there—all the time, and we knew the people that ran it. It was kind of very friendly, but we, a group of us, we'd go all around North Beach. It was a whole bunch of places, and Big Eric, Big Daddy Nord, there was all this beatnik stuff and everything else, yeah. That was big.

02-00:18:02

Eardley-Pryor: Did that have any influence on you and your thinking at the time? You recalled you think of yourself in some ways as a radical, rebellious. This [beatnik culture] was certainly of that.

02-00:18:11

Peevey: It did, but it didn't change my behavior at Cal getting good grades and all. I took a sociology class, upper-division senior year class, and you were basically graded on, you wrote a term paper, and I wrote it on the beatnik generation. It was called "Sayonara, and All That." That was the name, and the professor gave me an A and said, "By God, you sure can write," [laughs] and he gave me an A for it. And I got an A in the class.

02-00:18:48

Eardley-Pryor: And you were living part of that culture while writing about it?

02-00:18:50

Peevey: Yeah, well, yeah, and as I said, the City Lights Bookstore was across the street, and a friend of mine worked in there. Yeah, North Beach was almost like you had the back of your hand for some of us, versus young ladies—you took them from Gilroy or some of these other towns, [laughs] it was a big deal going to San Francisco. And the laws on alcohol consumption and all, San Francisco cops have always been very tolerant. They were never these, kind of like you get in college towns or some places, where they're, you know, "Show me you're twenty-one," kind of thing. They were much more tolerant than that.

02-00:19:28

Eardley-Pryor: Good times in the big city.

02-00:19:29

Peevey: And graduate school was even better times than my senior year at Cal. I just felt the world was my oyster there. I went out with a lot of different women. I was attracted to a lot of different women, had good times, and it was a lot of fun. It was a lot of fun. But also, it was time to move on. I took a year of courses, and I spent a semester writing a master's thesis.

02-00:20:00

Eardley-Pryor: What was your thesis on?

02-00:20:01

Peevey: "The Impact of Rival Unionism on Wages in the Bakery and the Electrical Industry."

02-00:20:13

Eardley-Pryor: The electrical industry that your father used to work in?

02-00:20:14

Peevey: Yeah, exactly.

02-00:20:16

Eardley-Pryor: So there was some influence from that, I would think.

02-00:20:19

Peevey: Yeah, not much, but only the extent that what happened in that industry was that the big old union, the UE, got broken up because it was accused of being Communist dominated, and the CIO chartered a rival union. And the consequence of all that was that the employers were able to play off one against the other, so they ended up with more scattered unions to deal with than previously one union. Now you had five or six, and that produced much, much less effective union representation. That was one of the conclusions I made, and showed how these were on a national basis. And I contrasted that with a different industry where it was a bakery industry—where it was also unionized heavily, those that make breads and all that stuff—but the labor market was regional in nature. In other words, it'd be the New York metropolitan area, so, if there was a rival union, they didn't have nearly the impact they did on a national—what happened to the electrical industry, which is on a national basis.

02-00:21:37

Eardley-Pryor: So in that circumstance, it sounds like competition actually drove the wages downward, the union competition.

02-00:21:43

Peevey: Well, I would say, yeah, no, that's true. I would say they didn't go up as much as otherwise would have happened. That's probably the fairer way to put it.

02-00:21:54

Eardley-Pryor: Around this time, you mentioned going out, meeting a lot of people. You also met Laretta Wade, who became your first wife. Tell me a little bit about how you all met, and how you ended up getting married.

02-00:22:10

Peevey: Well, we met at a party. She was a pretty lady. She showed up with one guy and left with me. That was the bottom line to that. He probably never forgave me for that, but that's how we met, and she lived in San Francisco. Now, this was now—I'm on my second year of graduate school—the fall of 1960.

02-00:22:39

Eardley-Pryor: And you knew you weren't going to continue once your master's was done. You weren't going to go on to get a PhD.

02-00:22:41

Peevey: Right, so I was going to write a thesis and then I'd be leaving. I had these different federal government job offers—and I could have gone to work for the State of California, but the federal government seemed more exciting to me than the state, frankly, because the scale was bigger and all that, and D.C., I'd never been to D.C. That sounded like a really exciting thing. Anyway, we started dating, and one thing led to another and we ended up getting married, and got married in part because, now I had not only the job offers, I had

accepted and knew I was going to go to Washington, D.C., and thought it'd be nicer to be married and have a companion with me starting out in a whole new environment at twenty-three. I guess it was twenty-three, twenty-four.

02-00:23:37

Eardley-Pryor: So, part of the decision, your marriage, I imagine you fell in love with Laurie, but it was also, "This is what I'm supposed to do." Is that what I'm hearing you say?

02-00:23:44

Peevey: No, not so much I was "supposed to." I just thought it would be nice to have a companion with me, and someone I really cared about, doing this adventure together. We drove across the United States, all the way via Montana, and Glacier Park, and all that, and it was just a great adventure at our young age. We didn't have any kids, and she wasn't pregnant or anything. It didn't take long for her to get pregnant, but that wasn't it.

02-00:24:16

Eardley-Pryor: You'd said you loved being in D.C., this excitement of the Kennedy administration bubbling throughout the city, and the work that you were doing there. You got accepted into this management program through the federal government. You chose to work in the Labor Department, you said. Tell me, what was life like in D.C.? Where did you live? What was your daily life like with you and Laurie there?

02-00:24:40

Peevey: We were there for four years. We lived, the first two years, we lived in an apartment, a one-bedroom [laughs] apartment—I have a proclivity for one-bedroom apartments—a one-bedroom apartment in the Arlington Towers apartment complex. Do you know D.C. at all? The Lincoln Memorial, across the Memorial Bridge, and if you went straight, you'd go right into Arlington National Cemetery, where Kennedys are buried and all that. If you turn to the right, there's a complex of apartment houses that are all brick facades, twelve stories high, and we lived in one of those. There were four large buildings and we lived in one. We rented an apartment and lived in one of them.

02-00:25:30

Eardley-Pryor: Tell me about the work that you did at the Labor Department.

02-00:25:33

Peevey: And we enjoyed, I enjoyed living in there. It was a very exciting time. Although, I couldn't stand the summer weather—it was so damned humid—but I wasn't experienced to that in the West Coast. You never understand how that, at first, how that community affects you, right? I mean, boy. So what did I do? Well I started out at this management program, where they moved you around for your first year in different things, including, you can go work at different agencies for a couple of months, like the State Department, or Interior, or so forth. You basically had a lot of choice. So it was very exciting. You got exposed to a lot of different things.

Our office that first year was at Fourteenth and Constitution Avenue, and this is the days before even Dulles Airport was completed—it was under construction. And so whenever there was a foreign visitor, they would inevitably fly into National Airport, and we were right at Fourteenth and Constitution. So, then, oftentimes, the president would go meet whoever flew in and they'd ride in, in an open car, and up Fourteenth Street, and then turn left on Pennsylvania Avenue, and a couple blocks to the White House. It was the most direct route and everything else, and people would line the streets. I remember seeing Haile Selassie—he was out of Ethiopia at the time—and Jack Kennedy there, and everybody waving.

I don't know. It was exciting times. It felt like something's happening every day here. And then we would go to these lectures, these programs. Brookings Institution and others would put on all kinds of management programs for people like myself in this management class, expose you to different people, and they'd come in and speak. It kept you going. Then I would, at the end of the day, get on the bus, went down Constitution Avenue, you do fifteen minute bus ride and get off at the other side of the bridge over there, and there I was at the apartment. The only downside, it wasn't a downside so much as that Laurie got pregnant a few months after we got there, and that led to the birth of Darcie nine months later.

02-00:27:57

Eardley-Pryor: So Darcie's born in March, '62, in D.C.

02-00:28:01

Peevey: That's right, March 23, 1962, Doctors Hospital, Washington, D.C.

02-00:28:08

Eardley-Pryor: First child?

02-00:28:10

Peevey: First child.

02-00:28:10

Eardley-Pryor: That's a powerful, that's a powerful moment.

02-00:28:12

Peevey: Yeah. Well, I was in Detroit when the birth happened, because it was three weeks early. I was on the last day of a trip on behalf of the Labor Department, interviewing some people at the Bendix Corporation in Detroit. I was due to fly back that afternoon, and I got a call that morning, when I was—the person I was going to interview—saying, “Here's somebody on the phone for you, Mister Peevey, from Washington, D.C.” I thought, “Oh shit, what's this about?” And, it was the friend of mine, Jeff Faux, who had taken Laurie to the hospital the previous evening, saying, “Your wife just had a baby. She's seven pounds, and looks very healthy,” and blah, blah, blah. And, by the time she Laurie basically came out of her drugged, or whatever state she was in, I was there at the hospital, within a couple of hours. It all happened pretty fast.

02-00:29:11

Eardley-Pryor: What are your memories of being a new father?

02-00:29:14

Peevey: Yeah, well, that's a great feeling. That's just a—you know, to think that you had part of the creation of this—it's amazing, yeah.

02-00:29:26

Eardley-Pryor: What kind of baby was Darcie like? Was she difficult, was there a lot of hands-on work?

02-00:29:32

Peevey: She was a colicky baby. You know what a colicky baby— [laughs]

02-00:29:37

Eardley-Pryor: A lot of crying.

02-00:29:38

Peevey: Oh, Jesus, the crying used to drive both of us nuts. It lasted for awhile, for up to a year or so, then it stopped.

02-00:29:45

Eardley-Pryor: Did you stay in the same apartment?

02-00:29:48

Peevey: Yeah, for another year, then we moved and rented a house, in a place called Arlington Forest, which is also in Arlington, but just further out the Highway Fifty toward Seven-Corners. Yeah, and so we finally got a house, first time I ever lived in a house in my life. Other than being with Barb and Jim in the summer, I never lived in a house. So we had a little two-bedroom home for two years, and that was very pleasant. Although, it didn't have air conditioning, and God, the summers, we used to go downstairs and sleep on the floor, at the front door, with the door open, just the screen, because it was the only place that got any chance of a draft. I don't know, Washington's got about one of the worst climates ever, in the summertime. It's nice overall.

02-00:30:53

Eardley-Pryor: Yeah, it gets pretty swampy. [laughs] What were your thoughts for next steps? Did you think you would stay in D.C., work for the Labor Department, kind of work your way up through that system? Or [did you] have something else in mind?

02-00:31:04

Peevey: Well at the time, yeah, that's what I thought. Well, I just figured, probably sometime go back to California, I'd like to. But I was really enjoying it, and I was getting a promotion every year, every single year. They had grades, a grade system. I started out at GS-9, which is usually, these management intern programs start, as a management programs intern. I don't think they ever used the word "intern," but anyway, started out as a Grade Seven. There was no Grade Eight, but then the next step was a Grade Nine. Well, I started out at the

top at Grade Nine, then I became an Eleven, a Twelve. My fourth year, and the third year starting the fourth year, I was made Grade Thirteen, and, that's because the whole agency was growing like crazy. The manpower programs I mentioned earlier were growing like crazy. There was a big expansion. They wanted people, blah, blah, blah. And I could have stayed there and just probably been a Grade Fourteen the year after that. Who knows, after that? And, I was, yeah, I was enjoying, I was really enjoying it. And I moved around in different things, but I was also getting a little restless. And I had gone, on November 22, I had gone to an interview up on the Hill to be considered for a job working on the staff of the Senate Labor Committee, whatever it was called, the Education and Labor, or Labor and Education, I don't recall. [US Senate Committee on Education and Labor.] I'd gone there for an interview.

02-00:32:49

Eardley-Pryor: Up on the Hill?

02-00:32:50

Peevey:

Up on the Hill. And I'd come back, and our offices at that time were on M Street, across from St. Paul's on Rhode Island Avenue there, and Connecticut Avenue, all coming together. And I come back, I was in the restroom urinating, and some guy bursts in the door and says, "Kennedy's been shot." "What?" "The president's been shot," and we all went back to our offices and huddled around, somebody had a radio. Within twenty minutes, Walter Cronkite saying, "The president is dead," half an hour. It was, to this day, it's a crushing experience. This man that, all of us in the Labor Department, younger guys, idolized Kennedy. We didn't know about his peccadilloes and all this stuff. But we just thought he was just the greatest, and represented our generation, or half a generation older, and young, vital, vigorous, blah, blah, blah. It was just a crushing—and the New Frontier—it just was crushing.

Then we got Senator Cornpone—that's what he was called, LBJ [Lyndon Baines Johnson]. I didn't have anything negative about LBJ, but I just didn't have any—he was a fucking Texan [laughs]. And, he turned out to be a pretty good president on most things, till Vietnam got him. But at that, I remember coming to San Francisco the next month, in December, Laurie and I and Darcie, for vacation, taking a couple weeks off at the end of the year. And I saw some of my old friends, and I thought, "You know, maybe it's just time to come back to California." I had to start thinking about that. That was December, '63. I didn't come back until March of '65, but I started thinking about desirability of returning to California. And that's exactly what happened.

02-00:35:22

Eardley-Pryor: Was Laurie's family also from California?

02-00:35:23

Peevey: Yes.

02-00:35:25

Eardley-Pryor: So you're bringing Darcie back to meet her grandparents, and—

02-00:35:28

Peevey: Yes. Laurie was, and there's some dispute about this, but either one-quarter or one-eighth Indian, American Indian—California Indian, actually, Indians of California, from way up north, the tribe Yuroks, up almost at the Oregon border. Her mother, if Laurie was quarter Indian, then her mother would be half Indian, and her grandmother, I swear was totally Indian. But she said she was a half-breed. I don't know [laughs] anything. Anyway, that's where they came from. Laurie grew up in San Francisco and went to Lincoln High School, and at that time, never went to college—she has since then. And her parents had been divorced for years, and her mother had remarried a guy named Lloyd Davis, who had a real estate business in San Francisco. He sold real estate out in the Avenues, and that's what we came back to.

02-00:36:42

Eardley-Pryor: You came back to live in the Avenues of San Fran?

02-00:36:44

Peevey: Yes.

02-00:36:45

Eardley-Pryor: It took you about a year and a half—

02-00:36:46

Peevey: Terrible place. Well, it just was cold and foggy, in the summertime. Terrible in that regard.

02-00:36:54

Eardley-Pryor: So you left from the swamp to the cold.

02-00:36:56

Peevey: Yeah, and the thing about those Avenues in San Francisco is that they were all developed about right at the end of World War II. So many of those blocks and so many of the homes, built by a guy named Doelger, and they all were very what they call "junior fives" and all. There'd be two-bedroom, two-baths upstairs, and maybe a fifth room downstairs, and that's why they call it a junior five. And they were all, the people that lived there were families, young families right after the war, and they had kids and everything else, then the kids all grew up and moved away. And by the time we were there, in '65 to '66, the streets were deserted of young kids. There were still the parents there, who were now grandparents to the little kids, and the little kids were all gone, but Darcie had no one to play with.

When we lived in Virginia, there was a zillion and one kids to play with everywhere. Next door there was an Army family, their own kids and everything. There was nothing in San Francisco. I can remember so vividly her inventing all these imaginary playmates here, because she didn't have anybody else. There were trikes. She would run, go down the sidewalk, and

there'd be no kids. In Arlington, there was kids everywhere, and that was a factor, but the biggest factor—I mean, it was a big, big factor. But we said, “We got to get out of here, but where do we go then? Do you go to the East Bay? Do you? No.” Well, we started looking around, and I decided I wanted to go to Marin County. And Don Vial, who became a good friend very soon, lived in Marin County, and—

02-00:38:34

Eardley-Pryor: Did you know Don before you moved to Marin?

02-00:38:40

Peevey: No, but we hit it off immediately as friends. He had been my predecessor. He preceded me at the California Labor Federation, the research director job. But, any rate, so, we looked around, and Lloyd Davis, he was a real estate guy, and he helped us get this home in San Rafael. A three-bedroom, two-bath house, for \$28,000.

02-00:39:05

Eardley-Pryor: Wow. In San Rafael?

02-00:39:08

Peevey: Twenty-eight thousand dollars.

02-00:39:09

Eardley-Pryor: In '65, or '66, I guess.

02-00:39:11

Peevey: In '66. Small home, but it was three bedroom, two bath, garage under. A little piece of property on a smaller court, and nice little neighborhood, cheaper than all shit.

02-00:39:26

Eardley-Pryor: And you bought it.

02-00:39:27

Peevey: Yeah.

02-00:39:28

Eardley-Pryor: That was the first house you bought?

02-00:39:29

Peevey: Yeah. It had a \$5,000 down payment. My mother gave me the 5,000 bucks, and in return, I gave her income for the rest of her life. I just paid it back and paid twenty-five dollars a month forever, and that kind of thing, fifty dollars, inflation went up. It went up, and that was it. So we got that house in San Rafael. I think Laurie sold it years later—I mean, she did sell it. I think she sold it for something like \$800,000.

02-00:40:02

Eardley-Pryor: Wow.

02-00:40:05

Peevey: Some astronomical number compared to what it was paid for. Amazing.

02-00:40:10

Eardley-Pryor: Take me back to—you've mentioned living, you had a house in Arlington; you had the apartments in Arlington, in '63. At the end of '63, after Kennedy's assassination, he's buried in Arlington. What do you remember of—

02-00:40:25

Peevey: What?

02-00:40:26

Eardley-Pryor: Kennedy's buried in Arlington National Cemetery. This sounds like it was in your front door.

02-00:40:32

Peevey: Well, I was up on the roof, and there was like a sundeck and all that kind of—first we went—the office I had for the Labor Department was on M Street, across the street from St. Paul's, which is where the Mass and everything occurred. And myself and some friends, we went there and watched it all from the window. This was very impressive, and this was the family walking, then all the dignitaries behind. One dignitary walked in front of everyone else, was Charles de Gaulle. He had the longest legs. He was a very tall man, he was like six-six or six-seven. And he had his kepi, the little French military hats, and he was in a military uniform. And he walked up there and everyone else followed. This was after the [Kennedy] family. The family was the first part of it. It was very, very moving, and that's where little John [F. Kennedy, Jr.] came out and saluted. And then we went over to Arlington and went up on the roof, and watched the flyover of Air Force One, and the military jets, and all this. And he was interred there, just maybe quarter mile, half a mile from our apartment, half mile from the apartment. It's on the hill up there, if you've ever been to the burial site, and with the Eternal Flame and all that.

02-00:41:58

Eardley-Pryor: Sounds like that was cathartic, the funeral process.

02-00:41:59

Peevey: It was. It was. The only thing more cathartic for me personally than that, of public figures, was the death of his brother, Robert. That touched me more. We'll deal with that another time, but that, it even touched me more. I felt very, very close to Robert Kennedy. I didn't have any reason to feel very close to him. I only met him once or twice. But his son wrote the introduction, the foreword to my book, his oldest son, Joe [Joseph Patrick Kennedy II]. And his son, Joe Junior [Joseph Patrick Kennedy III], is in the Congress now from Massachusetts—red-headed guy, looks just like [John F.] Kennedy except he's got this red hair, this tousled hair and everything else. And I went to a fundraiser for him in Los Angeles. Yeah, I don't know. I always had an

affinity for the Kennedys. But anyway, that's not what we we're talking about.

02-00:42:56

Eardley-Pryor: Well, just thinking about—from that time period, was sort of a moment where you thought, “It's time for a change, it's time to get back to California.” What were you thinking as you were trying to figure out how do you move across the country? What was that process?

02-00:43:10

Peevey: Well, I applied for several jobs, at companies, to be in human relations, labor relations part. PG&E was not one of them, as I recall [laughs]. I forget exactly how it happened that I applied for the job with the California Labor Federation.

02-00:43:46

Eardley-Pryor: As research director?

02-00:43:47

Peevey: Yeah. I can't remember. Some event triggered me applying for it, and I don't remember exactly what it was. It was somebody, but, it'll probably come to me—I can't remember, I just want to—but something triggered. And I went over to Berkeley and met Don Vial. That was for the first time I met Don.

02-00:44:14

Eardley-Pryor: What was Don's role at Berkeley at the time?

02-00:44:16

Peevey: He was the head of the Center for Labor Research and Education at the Institute for Industrial Relations. It was created the previous year in '64, and he was on the outs with the management at the [California] Labor Federation, the head of it. They had their parting, and he went to Cal. Don was always kind of somewhat an academic. He was happy to go to Cal, in many ways, but—

02-00:44:38

Eardley-Pryor: Don had been research director for the California Labor Federation, before this?

02-00:44:40

Peevey: Ten years, yeah, before me. And then it was kind of interregnum. There was nobody in the job. We had a couple of staffers, but the boss didn't like Don's second in command, a guy named Walter Simcich, so he wouldn't promote him for the job—which ultimately had Simcich leave and go to Portland, Oregon, to some other union job, the woodworkers' union.

And I went and saw Don. I must have gone to see Don. He was recommended to talk to, not on the basis of the state federation—that California Labor Federation job directly, but just more generally. He could be helpful to me in

ideas. And he said, “Why don’t you apply for this blah, blah job?” which I did.

I got interviewed the following month in Washington, D.C., by the head of it, Tommy Pitts. He was back testifying in some hearing on farm labor, and he invited me to come meet him, and we drove someplace in a limousine-driven car, and went down and had a drink or two, and we talked about the job. I told him I’d like to come, and [he asked], did I have any friends in labor movement? I said, “Very few. I’ve been here for four years, but I have strong proclivity. My stepfather was in the Sailors’ Union,” blah, blah, blah, blah. I’m sure he probably talked to Morrie Weisberger, who was the head of this union, about that, but, I don’t know. And then, a month later, he offered me the job. That was that.

02-00:46:16

Eardley-Pryor: So you move out to work for Tommy Pitts. What’s Tommy’s story?

02-00:46:20

Peevey: Well, he was the head—he had been for about ten years. He was a former Teamster guy, very—Lloyd Ulman says, “difficult and irascible.” That’s what he calls him there. [laughs]

02-00:46:30

Eardley-Pryor: What would you call Tommy? You worked for him for how many years now?

02-00:46:34

Peevey: Five. Five, ’65—four and a half. I had a good relationship with him. I don’t know if he saw me as a son, but he liked me, and we got along well. He knew that I was more liberal. He was, for a labor guy, he was conservative. That doesn’t mean he wasn’t a Democrat, right? And on a personal basis, he was conservative, and—

02-00:47:08

Eardley-Pryor: You mean socially?

02-00:47:09

Peevey: Yeah. I remember we had a young lady working there. She always wore these real short skirts, and she was cute, and she was, I guess you’d say, a little provocative. Certainly, these older guys might have thought so. It didn’t bother me one way or the other, to be frank. And he finally came to me, he says, “Mike, you got to get rid of Marcy. You got to get rid of Marcy. I don’t like the way she dresses. I tried to suggest my secretary tell her to”—and blah, blah, “and you’ve got to get rid of her.”

Jesus, I mean, I was not only the researcher, I was his administrative assistant. Other words, I’ll be going in the morning. He’d come in around ten o’clock. He lived down the Peninsula. He was not in good health, and I would be there by nine o’clock, 8:30, nine o’clock. I’d read all his mail, and prepare everything in piles and organize stuff and all that, so when he came in, it was

much easier for him to deal with stuff. And so, I did. I got rid of her. I told her she got to go. That was not an easy thing to do, whenever her mother was very upset with me, but that was that.

02-00:48:27

Eardley-Pryor: The opportunity to work for Tommy like that, to be opening mail, that would kind of put you at the heart of—the center of things, I would think.

02-00:48:35

Peevey: Yeah, not to make the decisions in many cases, but certainly know what the hell is going on. Yes, very much so.

02-00:48:42

Eardley-Pryor: Probably helpful for being a research director, I would think.

02-00:48:44

Peevey: Yes, oh no, yes absolutely. I was not a lobbyist in Sacramento at this time—I became that later—but I had this dual role being the administrative assistant. Because he trusted me, and he thought my judgment was decent, and anything if I was unsure of, I'd call to his attention what to do. So some things would be just a request for so and so, so I just sent it to the education director, or to the library. We had a library. The former librarian was Jack London's daughter. It was interesting, old history and that kind of thing. If I was unsure, I'd leave it for him and say, "What do you want to do about this? Here's the letter. What do you think?" or telegram, whatever it would be, or phone call. I'd take the phone calls, too, sometimes, and that kind of thing. We had a decent relationship, but I was more liberal than him, and—

02-00:49:41

Eardley-Pryor: In what ways? What does that mean for you?

02-00:49:43

Peevey: Well, I'm going to give you the perfect example. I'd been there a couple years. Now, we're early in 1968, and LBJ's the president. Gene McCarthy runs against him in the New Hampshire primary and almost beats him. He loses, but he comes close, and a week later, Johnson announced he's not going to run for reelection. You were probably in grammar school at the time this happened, or less even—you weren't even born!

02-00:50:20

Eardley-Pryor: Not yet, ten more years from there. I was born in '78.

02-00:50:24

Peevey: Yeah, so—

02-00:50:25

Eardley-Pryor: So that's a shock for the nation though. Everyone is shocked that LBJ decides not to run again.

02-00:50:30

Peevey: And, who announces he's running? Bobby Kennedy. Within a couple days, he's going to run. And I had been with Kennedy in Visalia and Delano with the farm workers.

02-00:50:45

Eardley-Pryor: Wait. Tell me that story, because that—

02-00:50:48

Peevey: Yeah, but we're getting way ahead, aren't we now?

02-00:50:50

Eardley-Pryor: Okay.

02-00:50:51

Peevey: So, we were just talking about Tommy Pitts. You were just asking about Tommy Pitts. We, you can come to that stuff later. But so, I had two, at that time, my two best friends in the labor movement were a guy named Paul Schrade, who was head of the auto workers on the West Coast, United Auto Workers Union, tall, handsome guy, and very intellectual, actually. And a guy named Tony Ramos. Tony Ramos was head of the State Council of Carpenters. His office was in the same building as me, and he and I were very close. We used to go to Original Joe's restaurant, a big glass of wine at lunch, and big sandwiches. Any rate, so those two were for Kennedy. So the question is, you have to put together a delegation for the primary in California—which is going to be in June, and this is in March, so it's not very far away—a delegation that if Kennedy, or whoever wins the primary, those are the people that go to the convention, right?

02-00:51:59

Eardley-Pryor: [Okay.]

02-00:52:03

Peevey: Which was in Chicago, and that was a bedlam—you know that, with [Chicago mayor Richard J.] Daley, and all? And so, they asked me, those two, "You want to be part of the delegation, the Kennedy delegation?" and I said, "I'd love to be." And they said, "Okay, just let us know. You better check with Pitts. You better let us know." I asked Pitts, who'd said, "Mike, you want to do that, that's fine, but just say 'goodbye' right now on your way out the door."

02-00:52:32

Eardley-Pryor: He was going to fire you if you did that?

02-00:52:33

Peevey: Yeah. Because, he was for Hubert Humphrey, and the Humphrey group. He didn't like Kennedy. He was a former Teamster. He hated Kennedy because of that, probably, and I mean, Kennedy was a son of a bitch toward Hoffa—

- 02-00:52:51
Eardley-Pryor: Going after Hoffa.
- 02-00:52:52
Peevey: And he got him, eventually, and all that. So, I was not a candidate delegate. [laughs] That was the end of that for me.
- 02-00:53:00
Eardley-Pryor: Yeah, because you—
- 02-00:53:01
Peevey: Soured me big time on Pitts, really. I thought that was chicken shit. But on the other hand, I could understand in the organization, you're for *x*, you can't have someone being for *y*. That's just the way organizations are.
- 02-00:53:18
Eardley-Pryor: Yeah. That's the flag you were flying under.
- 02-00:53:21
Peevey: Yeah, so that was that.
- 02-00:53:23
Eardley-Pryor: Well, take me back, the story of when you met Bobby Kennedy.
- 02-00:53:27
Peevey: Well, I met Bobby Kennedy in Visalia when he came out there in '66. I met him twice. Was a famous picture, drawing of him when Cesar Chavez did his thirty-day fast. Kennedy was with him when it ended. I was there in the audience. I'm in the group, not saying I was next to Chavez. And Kennedy gave him the wafer. You know what I'm talking about?
- 02-00:54:02
Eardley-Pryor: [Yes.]
- 02-00:54:03
Peevey: Go prior to the wine. I was there for that, but I was there. I had met him a year earlier in Visalia, when he had hearings on the farm labor situation in California. He had some Senate committee hearings. I guess he was on the Labor Committee—I don't know what the hell he was on, to be frank—must have been. And I was there as the AFL-CIO representative. I was able to say "Hello," and shake his hand, all that kind of stuff.
- 02-00:54:32
Eardley-Pryor: What do you remember from him?
- 02-00:54:35
Peevey: Just that he was a charismatic kind of guy. Small, he was not a big man. He wasn't as big, as tall as his brother. And fine featured, I'd say small boned, physical, is what I remember him. A nice looking man, with that shocking hair he's always pressing back just like his brother. And he didn't seem distant. I wouldn't say he said, "Oh geez, you're great to meet. Tell me about yourself,

Mike,” or any of that kind of stuff. He just, “Nice to meet you. Where do you work?” I told him and all that. Ted [Kennedy] was the same way. Ted was just—I met him in similar circumstances years later—very friendly, very friendly, but nothing special.

02-00:55:20

Eardley-Pryor: Well, tell about these other people, meeting, working with Chavez. What was your relationship as research director of California Labor Federation with the farm labor union, the farm workers’ union, Chavez’s work?

02-00:55:34

Peevey: That picture. [*Points to an enlarged photograph on his office wall of Caesar Chavez, Michael Peevey, Walter Reuther, Larry Itliong and others marching with picket signs.*]

02-00:55:35

Eardley-Pryor: Well, tell me about it, tell me the story.

02-00:55:36

Peevey: That’s taken in December 1965.

02-00:55:40

Eardley-Pryor: This is the picture in your office of you marching with Walter Reuther, Cesar Chavez—

02-00:55:44

Peevey: Walter Reuther, yeah, Cesar Chavez, Larry Itliong, that’s the Filipino guy. Paul Schrade is in the back, I don’t barely see him with glasses, tall guy. The AFL-CIO had its—well, back up a step. The grape workers, people that picked grapes in the area around Delano, California, which, if you go up Highway Ninety-Nine toward Fresno from Bakersfield, you go right through it—if you go up Highway Five, you don’t—went on strike for higher wages. They were represented by a group called AWOC, Agricultural Workers Organizing Committee, A-W-O-C. It was an affiliate of the National AFL-CIO in Washington, D.C., and it was headed by an old-time building trades guy named Al Green and headquartered in Stockton, which is a couple hundred miles north of Delano.

02-00:56:49

The strike started out to be reasonable effective and it started getting a good bit of publicity. There was a second group there that—the AWOC were almost all Filipinos, not entirely, but almost all Filipino workers, many of whom, in fact, most, were single men who had come here years ago and never allowed to bring their families here. That was often the way it worked. That’s the way it worked for Japanese for many, many, many years, and Chinese, too. We had these exclusion laws in the State of California.

Any rate, it became clear, for the strike to be effective in Delano, you had to get the support of the Hispanics, and the Hispanics that worked in the fields,

many of them were members of something called NFWA, National Farm Workers Association, which was as much a social group, a social movement, as a trade union, movement, and that head of that was Chavez, Cesar Chavez. So, Paul Schrade, UAW official—I'm not quite sure how he got to know Chavez, or why he got close to the Hispanics, maybe because of some of his own union members, of the auto workers—this is a long distance from farm labor—started championing getting the AFL-CIO of the national organization, directly involved in helping in this labor strike, so the workers could be victorious, or at least get a contract or what have you.

02-00:58:51

The AFL-CIO had its national convention in San Francisco that December of 1965, and Reuther gave a speech at the convention saying he was going to help the farm workers, he was going to go to Delano—he, Walter Reuther, was going to go to Delano, do everything he could to help the farm workers, blah, blah, blah, blah. And he wanted the AFL totally supportive of this effort, this expanded effort to help them, for the UAW to put in money every month, and on and on and on. He was a fiery speaker. When he spoke, he really can rouse people. And so, people said, I guess George Meany said, “Okay, go ahead and do that Reuther. You're on your own though, the UAW. Do what you want.” And the state affiliate of the AFL said—it was the California Labor Federation, where I worked—and so Tommy Pitts said, “Peevey, I'm delegating you to go down there and represent us, not me.” He didn't want to go, and he probably didn't like Chavez or anything, I don't know. I doubt if he ever met Chavez. But he said, “You, down there. Al Green will be there from AWOC.” And he said, “You go there. You represent the [California] state Labor Federation there.”

So, here I was, twenty-seven years old, and that's what I did. I went and met with Reuther, and we were marching that picket line, that picket, carrying our signs. NFWA and AWOC were carrying these signs on a march through town to the mayor's house in Delano. And we went to the mayor's house and demanded to see the mayor—his house, not his office. And he let Reuther, and me, and five or six other people into his house. And Reuther gave him this spiel about why it was in the community's interest to settle this thing, and on, and on, and on, and on, and that's what happened. It really never got settled there. They never, the growers there, a group, they never did agree to a contract, at that time—later on it happened—but not at that time. But that's how I got involved, and that's how I met Chavez, which then, I started going down there on a reasonably regular basis on behalf of the AFL-CIO, for the next couple of years after that.

02-01:01:28

Eardley-Pryor: In support of Chavez's work, the growing reputation he was in charge of?

02-01:01:29

Peevey: Yeah. Well, and what happened was that Reuther went back to the AFL, the AFL-CIO in Washington. He said, “You, this whole big confederation, really

have to help these people, otherwise it's all going to fail." And he got a guy that was head of organizing for the AFL-CIO, Bill Kircher, a great guy, to take a personal interest in this. And Kircher said he would do that, and that happened, and they got much more intense activity on behalf of all this. It culminated a few months later.

Now Pat Brown's governor [of California]. This is 1966. There's no statute that requires collective bargaining in the state. There's certainly none at the federal level, anything else. Pat Brown was governor. He later lost that year to Reagan, but he was a governor, and there was so much labor pressure on Pat that he got the DiGiorgio family and DiGiorgio Corporation, which at that time was a big agriculture producer, to hold a special election of its employees to see if they wanted to be in the farm workers' union. These two groups had basically now merged, NFWA and AWOC, with the Hispanic being the much bigger piece, and headed by Chavez, and a woman named Dolores Huerta, and a whole bunch of other people. He [Pat Brown] got them to agree to hold an election, and there was an election. And the election was, you could vote for the NFWA-AWOC, on one hand, or you could vote no union, or you could vote—then that's where the Teamsters got really nasty. They jumped into this thing and said, "Vote for us!" They hadn't been involved. All of a sudden, now they wanted to represent these people. It was pretty dirty pool, and, the Teamsters started sending in some heavies—heavies just mean muscle, what we call muscle, heavies, strong-arm stuff—to kind of intimidate people.

02-01:03:53

Eardley-Pryor: In what ways? How did that happen on the ground?

02-01:03:57

Peevey: Beat the shit out of them.

02-01:03:58

Eardley-Pryor: Said, "You better vote this way"?

02-01:04:00

Peevey: Well, it hadn't got to the day of the election yet, but they—it happened so many different ways. You would talk to people in the fields. You would say, "Hope you vote for the Teamsters. We want to come by and see you at your house." There's lots of ways to intimidate without necessarily physically beating up, although that went on, too. So, the AFL-CIO said, "If that's what they're going to do, well, we'll match them." And they got this Kircher, and with Reuther, Schrade got the support of the Seafarers International Union, which is the parent of the Sailors' Union of the Pacific, the Marine Cooks and Stewards, and the Marine Oilmen, Oilers, Firemen. And they had a union hiring hall in San Francisco, and they got all these seamen to get in a bus, in fact, two buses, and go down to Delano. So now you got a bunch of Teamsters over here, muscle. You got these seafarer guys over here. You follow me?

- 02-01:05:18
Eardley-Pryor: Mm-hmm.
- 02-01:05:19
Peevey: That brought a truce to anymore physical shit, to be honest.
- 02-01:05:24
Eardley-Pryor: Just bringing people into town.
- 02-01:05:25
Peevey: Yeah, they didn't want to fight with these guys. The press was starting to get word of this, and this looked really [laughs] pretty bad. So, the things proceeded toward the election. Well, before the election, the Teamsters were spending all kinds of money on beer, all these kind of things, trying to get this group of people in the middle to come with them. And the AFL-CIO was doing the same kind of thing. So, the head of the Screen Actors Guild at that time—the movie screen actors, that Reagan was once head of—the president of the Screen Actors Guild at that time was an actor named John Gavin. I don't know if you remember him. He was a good-looking guy. He was part Hispanic and he spoke Spanish, and he was a union guy, nominally—he ended up being a Republican, but at the time, he was union. And so, I can't remember who got him to agree to fly up in a private plane from LA to Delano—it was an airstrip—and come give a speech to all these people in Spanish, about why they ought to vote for the AFL-CIO.
- 02-01:06:37
Eardley-Pryor: So the Gavin guy came up from LA, on behalf of the AFL-CIO?
- 02-01:06:42
Peevey: Yeah, right, just to give this speech on “why you ought to be”—you know, and stick around, and mix with the people, get his picture taken, all that kind of stuff, why they ought to be for this group here, not these. And I was given the job of meeting him at the airport, picking him up at the airport in my car, driving over to the rally, taking him back to the airport, and all that kind of stuff.
- 02-01:07:01
Eardley-Pryor: So what happened that day?
- 02-01:07:02
Peevey: They won! The AFL-CIO won the vote, and DiGiorgio ended up recognizing the union.
- 02-01:07:10
Eardley-Pryor: That's a pretty big win.
- 02-01:07:11
Peevey: It was the first big, and it was a volunteer election in the sense DiGiorgio had agreed to it, and they were muscled, maybe, by the governor. Yeah, it was a big win. It was a big win. Teamsters then kind of withdrew, and then it was

just the union versus the growers. And then it was all these boycotts: national boycotts, boycott grapes, all kinds of stuff. Finally got contracts on all these things. Problem with Chavez was that he was not—and we're getting way ahead of ourselves here—but, the problem with Chavez was, he was a charismatic leader, the classic charismatic leader. He could give a speech. He was incredible. He was nonviolent to the core, totally, Martin Luther King and all, Gandhi principles, he truly was.

02-01:08:04

Eardley-Pryor: I feel like there's a "but" coming. "But..."

02-01:08:07

Peevey: But he was a poor organizer. He was a great charismatic leader. He could rally people for it, but he couldn't produce anything behind it. You needed a bureaucracy to come in and—I mean, this is what really—the farm workers' union in California, they organized like crazy, but then you needed a bureaucracy to provide healthcare, provide this, provide all these things, and he didn't know how to do that, number one. Particularly, he didn't have staff that he trusted to do it. Number two, particularly, he distrusted non-Hispanic staff. Those are all fatal flaws. And so, so much of the structure that was there—and got up to a pretty good-sized membership, thirty or 40,000—it's all collapsed. The unions, they rally today, but it's almost meaningless. It's got a few thousand members. It's really sad. It could have been so much more.

So he was both a great leader and a significant failure, in not only not knowing how to organize people—I'm not talking about getting them to vote for you—I mean, organizing them in their behavior as union members: how you pay dues, how you get your healthcare, how you enroll in this program, and so forth. They didn't have any infrastructure like that. The AFL, Kircher, tried to provide this structure, and Chavez would get always pissed off at all these white guys that were doing this thing, and can them. And he became a paranoid. It's a great tragedy. There's a book by Miriam Pawel, [*The Crusades of Cesar Chavez: A Biography* (2014)]. She's just written this book about the Browns [*The Browns of California: The Family Dynasty that Transformed a State and Shaped a Nation* (2018)]. But she wrote an earlier one on the farm workers' union that is pretty damn accurate, taking you through the triumphs and the tragedies of the growth of that union, and he's responsible for both. That's that.

02-01:10:06

Eardley-Pryor: What was your role? If you were the one that was flagged by Tommy Pitts to represent AFL-CIO, in relationship with the growth of Chavez's organization, what was your role in all of this? You've made mention that he was resistant of outside help, that he didn't want to organize in the same way that the AFL-CIO had been so successful. Where did you fit into this story?

02-01:10:33

Peevey: Well, I tried to nudge him in the right direction, but without any success.

02-01:10:39

Eardley-Pryor: He didn't want to hear what you had to say?

02-01:10:40

Peevey: No. Hell, he had a tough time hearing what Walter Reuther wanted to say, and Reuther was the guy that made it all possible to where he got, to putting up money resources, "money, marbles, and chalk," as they say. No, so I was not high enough on the totem pole. I was a research director and administration assistant. I wasn't the head man. And years later, [John F. "Jack"] Henning took over that job and then he [Chavez] got mad at Henning. And Chavez, I have the greatest admiration for him in certain respects, but not in others, is what it comes down to.

02-01:11:23

Eardley-Pryor: What was your relationship with Walter Reuther? What was your experience like with him?

02-01:11:26

Peevey: Oh, I just met him a couple of times, that's it. But his guy—that picture, you can't see it—I have another picture where you can see it—back in one of those *huelga* signs—"huelga" means strike—back there, see, that's Larry Itliong, Walter Reuther, Cesar Chavez, me. I don't remember who that young Hispanic kid is with the sign. Behind him is Dan Swinton, who was a reporter for the *Los Angeles Herald Examiner* at the time, a newspaper. And Schrade is right back there, and he's tall, but that other *huelga* sign behind my head must block him off, so—

02-01:12:06

Eardley-Pryor: And that's you, right? In, well, it was in the center, just off of Reuther's shoulder.

02-01:12:08

Peevey: Yeah, I have a very prominent role, [laughs] very prominent picture. You can see how I'm five-ten, or five-nine and a half. And you can see how tall Reuther is: he's only five-six, or five-five. Look at him. Look at the difference in height. Those three guys are all the same height.

Schrade was the guy—Schrade is the one that I was very close to. Schrade was, Paul Schrade was—he's still around, he's ninety-two or so—he was the one that was shot in the head when Kennedy was killed, assassinated, when Bobby Kennedy was assassinated.

02-01:12:44

Eardley-Pryor: In '68?

02-01:12:45

Peevey: He was with him. He was, yes, he was right there on the stage with him, and then left with him. He was very close to Bobby Kennedy. Paul never recovered from that. He was shot right here, right where your brain comes together, two halves, the bullet went right up there. If it had gone a quarter

inch either way, he would have been maimed for life. But he never recovered from the loss of Kennedy, totally. Made him bitter, and angry, and I don't blame him. That was that.

02-01:13:14

Eardley-Pryor: You said that also, in addition to JFK's assassination, that Bobby's Kennedy assassination really hit you emotionally hard, too. In what ways?

02-01:13:24

Peevey: Well, I was hoping he could be president of the United States, that he's what America needed. I really thought he represented a tremendous hope for the country. And I was with friends celebrating his victory—the big victory party was in Los Angeles, but I was at an event in San Francisco for him—when, the word came out that he was shot.

02-01:13:52

Eardley-Pryor: Oh, you were at a rally on behalf of Kennedy?

02-01:13:54

Peevey: Yeah, that night. Election victory party, really, is what it was. But not the big one. The big one was in Los Angeles. The second was in San Francisco. I'm sure there were others elsewhere. And we heard this. Now you saw this picture of him lying on the floor, and I—fuck. And I think we all concluded, he's, either he's—and he's probably mortally wounded, right? And, I was totally irrational. A friend of mine, Kerry Napuk I said, "We got to go to LA. We've got to go there. I got to be down there with Kennedy." Well, this was like eleven o'clock at night or 10:30. Was no way to get there, unless you drove all night to be there in the car, and there was no flights or anything like that. I was distraught. Distraught is the right word. Kerr finally got me to go home. And the next day I was very depressed, but a little more rational about [laughs] flying off to Los Angeles.

02-01:14:57

Eardley-Pryor: Tell me a little bit more the work that you were doing, as research director, for Cal Labor Federation.

02-01:15:04

Peevey: Well, I was basically responsible for their positions on a lot of legislation, as well as things I just described with the farm workers, and support of the farm workers, generally. I used to go to hearings on the Bracero Program. That was an importation program of Mexican workers to work in the fields in California. And we were opposed to that, and we thought it should be just all homegrown workers. And I said I was administration assistant. That consumed an hour or so a day, just doing, at least, all that kind of thing, in the offices at Sixth and Market in San Francisco. And I wrote papers, position papers, on apprenticeship and on taxes, and all this. It was a good full-time job. I kept busy.

02-01:15:59

Eardley-Pryor: You liked it?

02-01:16:02

Peevey: Yeah, I liked it.

02-01:16:04

Eardley-Pryor: What did you like, what parts?

02-01:16:06

Peevey: No, I liked it. Labor at that time was, it still is, but that time even more important, central role in California. That first year, Brown was governor, so you had a Democratic governor and you could influence on a lot of things. It was exciting. It was exciting to be near the center of power of all these things and events of the day that you could read about in the newspaper many times. It was exciting, and I liked a lot of the people, or many of the people. Those were the pluses.

The disappointments were: I thought Tommy was a good guy, Tommy Pitts, but I didn't have much respect for him. His health was failing. He could be, he—I'll explain something else in a second—he could be petty, and mean, and I didn't think he was a visionary. He was tremendously influenced by our general counsel, an attorney named Charles Scully who had a law practice in the same building right upstairs. And Charlie was a very conservative guy, just a very conservative guy.

And conservative takes different forms. When I say it within the labor context, "conservative," it can mean something that's like the following: He thought labor should lobby in Sacramento, but on a very narrowly defined group of issues, and shouldn't be worrying about taxes, and shouldn't be worrying about a whole plethora of other issues, housing and all, that affect people. You follow me? There was a much more limited view, a more traditional view held by the building trades' unions. And there was always a struggle between being involved in education, being involved in housing, being involved in water policies, all these things, and those more traditional, more narrow roles. And the argument was, if you restricted yourself to these smaller or more narrow issues—maybe not smaller—you could be more effective; and when you spread yourself too thin, then you don't get anywhere. And, that was Pitts, pretty much, influenced by Scully.

Now, Pitts was smart enough, shrewd enough to realize he had to make at least nominal bows on all these other issues. And he would have the staff do those things. It would be someone like me always articulating that, and we had a director of social insurance, and the same kind of way. But, you never felt it was heartfelt from him [Pitts]. I never thought it was heartfelt from him. You follow me?

02-01:19:16

Eardley-Pryor: Yeah. It sounds like they had more of a narrow view, “Stay in your own lane.” Whereas your training, especially in economics at Cal, was more holistic in understanding the interrelations.

02-01:19:24

Peevey: Yeah, that’s true. But it wasn’t just through the training at Cal, it was just my natural proclivity, I think.

02-01:19:31

Eardley-Pryor: To see them all, to see all these issues as part of a whole?

02-01:19:34

Peevey: Exactly.

02-01:19:40

Eardley-Pryor: A huge event that happens in ’65 is Vietnam, and the draft. Moving back to California at this time, what were your thoughts on Vietnam? What was the discussion going on within the labor movement?

02-01:19:54

Peevey: Well, the labor movement officially was totally behind LBJ, officially. There was a lot beneath the surface, a lot of opposition to that. The guy I mentioned several times now, Paul Schrade, of the UAW, was a very strong opponent of the war in Vietnam. So was Tony Ramos, and I was, too. But I didn’t have the opportunity to go speaking out on it. I mean, [laughs] I had to kind of hunker down, look the other way, kind of thing.

02-01:20:36

Eardley-Pryor: Even that early, against the war?

02-01:20:40

Peevey: Yes.

02-01:20:41

Eardley-Pryor: Why?

02-01:20:43

Peevey: Why were they?

02-01:20:44

Eardley-Pryor: Why were you? Why were they?

02-01:20:50

Peevey: I don’t know now. I can’t tell you, because it’s so easy now to recast history and say, “Well, it was always obvious we couldn’t win,” or all that kind of stuff. I’m not sure that’s the case. It just seemed, after Korea, it just seemed like a fucking stinking thing, to get into this. And there was a lot of advice that it was a waste of time—not a waste of time, a waste of lives, and that Ho Chi Minh was, yes, a Communist, but he was first a Nationalist, second a Communist, and he had the popular will behind him, certainly in the north,

and ultimately in the south. I don't think that any of us at that time were—nobody felt right about it. We had a dear friend—I never took his classes, but Paul Taylor, at Cal he was an agricultural economist and a very renowned one, at one time. He died in the seventies, I think, late seventies, the 1970s. And he used to say to us, “This is all wrong. What you're doing in Vietnam is not the way to pacify the country. We have to work with the people,” a lot of things that may or may not—it was difficult against the—when you had an adamant opponent in the [Viet] Cong. I just don't think any of us ever felt right about it. And then, '66, it all blew up.

02-01:22:45

Eardley-Pryor: In what way?

02-01:22:47

Peevey: It all blew up in demonstrations like crazy, and in the election, and Johnson, we lost a lot of congressional seats. A congressman who had been around for years in the East Bay, Jeff Cohelan, was defeated by Ron Dellums—a black congressman who later served for twenty years—over the war issue. Berkeley was a hotbed of antiwar feeling, but it wasn't just Berkeley. It was many schools, many, many, many schools.

02-01:23:18

Eardley-Pryor: And within the labor movement, you said, it had—

02-01:23:21

Peevey: There wasn't a big opposition. Now the ones, people I mentioned, were opposed. Some others were, ILWU, longshoreman union [International Longshore and Warehouse Union], was [opposed], but there wasn't a huge outcry. That's just the truth.

02-01:23:39

Eardley-Pryor: In 1967, your second daughter, Maria, was born. What changed? How did that change life for you?

02-01:23:49

Peevey: I'm not sure it changed life for me so much as just happy to have another family member.

02-01:23:56

Eardley-Pryor: Was it expected? Was this something you wanted, to have more kids?

02-01:23:58

Peevey: Yes. Yes, I probably would have, at that moment, preferred a boy rather than a girl, just as a male. But that was fine, and she was not the colicky, difficult baby [laughs] that the first one was, I think in part because the parents are much easier with the kids. You learn so much the first time around. And she was much easier to raise those early years, I remember that very well.

02-01:24:26

Eardley-Pryor: Well, thank goodness for that. At this point, you had already moved up to San Rafael. And you'd mentioned that not only was Don Vial a mentor in some ways—through the labor movement, and through the research position that you had taken on at the [California] Labor Federation—but he was also a neighbor.

02-01:24:45

Peevey: Well, he was a neighbor in the sense he lived a couple miles from me in San Rafael, yeah.

02-01:24:49

Eardley-Pryor: Tell me a little bit about how your friendship developed.

02-01:24:50

Peevey: He lived over in a home in Lucas Valley, originally in Terra Linda. We seemed to, the two of us, seemed to have a shared value system on a lot of things, not just the labor issues, but more community issues. For example, a couple years later, we created an organization in Marin County, a citizens' group, to support the return of ferryboats to the Bay, from Marin County to San Francisco, which today, culminated in the Larkspur Ferry Terminal there. You know what I'm talking about?

02-01:25:41

Eardley-Pryor: Yeah, absolutely. Wait, so—

02-01:25:42

Peevey: Which this train, next year, or maybe it would be later this year—

02-01:25:45

Eardley-Pryor: The SMART train [Sonoma–Marin Area Rail Transit] should get down to it eventually.

02-01:25:47

Peevey: It's going to, the SMART train will eventually go right to that train there, the boat—

02-01:25:56

Eardley-Pryor: Ferry terminal.

02-01:25:56

Peevey: —the port, the terminal. I think it's later this year. Maybe it is next year, a SMART train. Have you ever ridden that?

02-01:26:03

Eardley-Pryor: I've not. No, there's not an easy way to go from Santa Rosa to the East Bay. Even once the Larkspur extension happens to the ferry terminal, I can't get over to Berkeley that way.

02-01:26:14

Peevey: Yeah, you can't get to the East Bay. No. But we—

02-01:26:20

Eardley-Pryor: So yeah, tell me about this committee that you created that helped create the ferry terminal.

02-01:26:23

Peevey: Okay, well, I guess this is 1968 now, '67, '68. It was called Marin TAC, Marin T-A-C, Marin Transportation Action Committee, and we raised some money. We got some members. There was a great interest in San Francisco in bringing back the ferries, headed by a guy on the Golden Gate District Board named Steve Leonoudakis. And some of us in Marin County decided to join that effort and create our own group and champion it, because the Golden Gate Bridge just didn't want to do it. See, the whole idea behind that systems, Golden Gate, was that the bridge tolls would subsidize the ferries and the buses. And believe it or not, when I first moved to Marin in '66, Greyhound was running the bus, and it was terrible. You commuted in to San Francisco, you would take a bus, you took Greyhound. There was no other way. You drove.

02-01:27:28

Eardley-Pryor: There wasn't a metro kind of transportation agency?

02-01:27:31

Peevey: No. Or you drove. But there was Greyhound, there was no ferry terminal, there was nothing like that. All that came about from our efforts and many, many other people's efforts, and Don and I created that citizens' committee. We'd go testify before the Bridge District, and we'd go to the leaflet people, groups and organizations, to support this. And we got involved in endorsing a couple candidates for local office that were successful and were ferry supporters, and all that kind of thing.

02-01:28:04

Eardley-Pryor: Who were some of those folks?

02-01:28:06

Peevey: Michael Wornum, who became a supervisor, and Tom Storer, S-t-o-r-e-r, became a supervisor of Marin County.

02-01:28:17

Eardley-Pryor: What was your interest in trying to get this ferry system up and running? Why did you get involved?

02-01:28:24

Peevey: Oh, I just thought it was a great idea, to be frank. I used to commute from Marin to San Francisco. I used to ride in with a guy that worked at Qantas Airlines, when I went to the office and rode back. He used to smoke. I don't know how I ever stood it, in a little Volkswagen. But I think back on it, boy, what it must have done to my lungs. But, any rate, it just seemed to me that, here we've got all this water here. It's a natural thing. Why don't we maximize this like you have in Hong Kong and Seattle and a lot of other

places? And the people, people really liked the idea. Once you articulated it, and got some oomph behind it, people really went for it big time.

02-01:29:15

Eardley-Pryor: Yeah, it certainly had created—the transportation system still exists.

02-01:29:16

Peevey: It's great. So you're going to be able to ride from Santa Rosa to the ferry terminal there, and get on a ferryboat, and go to San Francisco, which would be nice.

02-01:29:30

Eardley-Pryor: Yeah, we've talked about going down to see Giants games, because the ferry terminal drops you off near there. Yeah, it will be nice. That's cool. I didn't know you were involved in that.

02-01:29:37

Peevey: And it's called Marin TAC.

02-01:29:40

Eardley-Pryor: You also got involved in some other civic organizations that were happening in Marin.

02-01:29:46

Peevey: Marin Council, Civic Affairs, yeah. Yeah, that was a broader do-good organization, but much broader. Their interest was not in ferryboats, their interest was in good government, good representation, better planned housing, all those kind of things you'd expect.

02-01:30:05

Eardley-Pryor: In the late sixties, in Marin in particular, there's discussion about what's happening with the seashore, the Point Reyes National Seashore, and a lot of activity about trying to preserve space, or make space available for the public. You're involved in this ferry transportation work and other civic groups. Eventually, you decide you want to run for political office. Was being involved in these local issues your entry point for thinking about politics and a career in politics?

02-01:30:33

Peevey: That's probably a pretty close, fair way to put it, yeah.

02-01:30:38

Eardley-Pryor: So, let's take a pause here before we go into talking a little bit about some of that stuff. [break in audio]

So Mike, you said you decided you wanted to run for office in 1969 or so. At this point, you're still working at the [California] Labor Federation.

02-01:30:58

Peevey:

Yes, well, I decided I wanted to run for—I was thinking a year or so before that, or two years. I got involved with the County Democratic Central Committee. Every county has this. It's a legal entity called "central committees," and I got appointed. I forget exactly how I went about getting there, but I did—appointed I guess, and then elected. The County Democratic Central Committee, which is nominally the Democratic party in the county—it's really not—and that gave me some openings to meet with a lot of other people. I went as delegate to Democratic conventions, and CDC—the California Democratic Council, and all that. I got very active in Democratic politics in '68, '69 in particular.

02-01:32:01

Eardley-Pryor:

Why do you think that was, around then? That's such a radical time in the country.

02-01:32:05

Peevey:

Such a what?

02-01:32:07

Eardley-Pryor:

Just, it's a revolutionary time, '68, '69.

02-01:32:09

Peevey:

Well, that's probably one of the reasons why I got so interested in it. I had been in AFL-CIO, then Kennedy was killed, and then we had Nixon got elected, barely defeating Humphrey. I don't know, things seemed to be, [laughs] things seemed to be kind of grim outlook. And anyway, I thought I could make a contribution. So, I decided to run for the—and the job that was the most promising in terms of winning was the state Senate job. The district at that time was Marin, Napa, and Solano County, almost nothing—

02-01:32:55

Eardley-Pryor:

It's a big jump, to go from doing some local organizing up to California State Senate.

02-01:33:00

Peevey:

It is, and I'm only thirty-two by the time I ran, so I was even earlier by the time I was planning this. And we made a good race of it, but didn't quite have enough—the guy I ran against was popular in Marin County. He was a good man.

02-01:33:17

Eardley-Pryor:

Who was that?

02-01:33:17

Peevey:

Peter Behr, B-e-h-r. He was a Republican from Mill Valley, a nice guy, and a very moderate—I'd say he was a liberal Republican. I don't know how he'd sit in today's Republican party. He had been a supervisor for years in Marin, and I was just an upstart. I was literally an upstart. Hardly anybody knew me other than the Marin Council for Civic Affairs or Marin TAC, where you pass

out materials. But your name's big, in politics, you have to say the name about ten times before people remember it.

And so I decided I'd run for it, and I had a lot of support, but it's not great support—because they're not that important, unions, not only in Marin County, which was not a particularly big union place, but in Solano County, where Vallejo is and all that. And then a friend of mine over there—they had the retail clerks in union—Stan Lathen, these people were champions of mine, and as was the guy in Marin County.

And then, Jack Henning returned to California to take the job. Tommy Pitts retired. We didn't talk about that, but Pitts, all the years that I worked for him, his health was declining, physically declining, and he was getting in pretty bad shape. And so he retired. And George Meany arranged that Henning, who had been the US ambassador to New Zealand, would return to California. He'd been Undersecretary of Labor. He'd worked the Pat Brown administration. He had all kinds of different jobs. But he [Meany] arranged to have him [Henning] be Pitts's successor.

02-01:35:13

Eardley-Pryor: So he became your new boss at the [California Labor] Federation?

02-01:35:15

Peevey: Well no, I was at Berkeley by this time.

02-01:35:18

Eardley-Pryor: Well, then, take me to that transition. Before you run for office, you go to Berkeley?

02-01:35:23

Peevey: Well, I went to Berkeley because, after going through this thing with Tommy Pitts about, "If you [laughs] if you want to be a Kennedy delegate, you might need to go out the door today," I figured, "Shit, I can't run for office here. He'll do the same thing, then I'd be running as an unemployed." That wasn't very satisfactory, versus being—even in those days—still being associated with the university, even though there was demonstrations and all that. I thought it was a bigger plus, a plus for me.

02-01:35:51

Eardley-Pryor: So you consciously went over to this job at Berkeley just in order to allow you to run for the Senate?

02-01:35:56

Peevey: I'd say that had a lot to do with it. Yeah, I didn't plan to leave as soon as I did. I went back a year and a half later, because Henning then took over, and then he asked me to come back. That's that.

02-01:36:10

Eardley-Pryor: Well tell me about the position that you had at Cal, before we launch into the story of the campaign in 1970. In '69, you go to work at Cal, it sounds like. What was the work you were doing there? What'd you get hired to do?

02-01:36:24

Peevey: I was the Coordinator of Community Programs for the university, through the Institute for Industrial Relations. Well, you sent me some materials, so you already saw the things that I was involved in: some affirmative action stuff for in the building trades, and I would go to community meetings in Oakland and the East Bay in particular. And what made me frustrated about the job, and I should have known this before I went, was trying to—the idea was a good one—get the university more involved in the community. The problem is that young professors, the career path is not getting in community involvement; the career path is publishing. Hasn't changed, has it?

02-01:37:18

Eardley-Pryor: No.

02-01:37:19

Peevey: So, it was very tough to get a guy, unless he was a genius type, to write one less paper for the American Economic Association or whoever it is he's writing it for, and spend two nights a week with some poverty group in Oakland, where he got no publicity at all, and some of the people looked at him, "What the fuck you doing here, whitey?" kind of attitude. That was not easy. That was not easy.

02-01:37:46

Eardley-Pryor: So, what was your role then? Were you trying to—

02-01:37:48

Peevey: So that was, I was supposed to do what I just descr—

02-01:37:50

Eardley-Pryor: You were trying to wrangle the professors to come and be engaged?

02-01:37:52

Peevey: That's part of it, that's only part of it. I could see that wasn't going very far. I could try, but it was better to bring the community to the Institute [for Industrial Relations] and have programs for them there. But even that was not—and the programs, then you have to go provide services for the pri—you tell people, "You ought to do this and do that," then you got to provide them some mechanism and service to do that. And that's where a lot of these things just fall down. But the basic premise involved the university's faculty, particularly younger faculty, in helping the poor in communities. It's probably no truer today than it was then—very, "Forget it."

02-01:38:38

Eardley-Pryor: Yeah, it's not incentivized for professors. Even if they're interested in doing so.

02-01:38:40

Peevey: Yeah, it's not. Exactly, even if they come from those beginnings.

02-01:38:49

Eardley-Pryor: Yeah, in order to survive at the level that they're at at Cal, they need to publish and that's what they're paid to do.

02-01:38:55

Peevey: Yeah, because it's a research university primarily, not primarily, but—

02-01:38:59

Eardley-Pryor: Which is a shame. That should be part of the mission of the university, I think.

02-01:39:03

Peevey: Yes, but it is stated to be part of the mission. Carol Christ [Chancellor of UC Berkeley] says this, but there's no follow-up. That's the truth.

02-01:39:11

Eardley-Pryor: Yeah, it's not incentivized for tenure—

02-01:39:11

Peevey: She says the right things, about being relevant, and they try to be relevant in all kinds of other ways, financially and all. But in many cases, maybe there's not much professors can give anyway, and some of the senior people do give, but it's not any way organized the way to—I mean I tried that, and I was no more successful than perhaps others before me, or others after me, other than some narrow areas. Cal had a great—in those clips you sent me. You told me there was one minority training—Minorities for Union Leadership Positions. You remember this?

02-01:39:53

Eardley-Pryor: Mm-mm.

02-01:39:53

Peevey: The guy named Pete Guidry, his picture's in the material you sent me, and they had a grant from Ford Foundation to do this. And this is really—Lloyd Ulman mentions it [in Ulman's oral history interview]—this is really a funny story, very funny brief story that he mentions, that in '69, '70, when all this picketing was going on, and there was the Syndicalists and the Anarchists marching, and all this, and the Industrial Relations Research Institute was now over on Channing Way, there. This group marching behind this banner came to the Institute and wanted to do a sit-in, close it down, and they had one of these minority training programs going on. And there was fifteen black guys came out of the room, and—I guess, I wasn't there—any rate, the others left. They— [laughs]

02-01:40:52

Eardley-Pryor: They decided this wasn't the place to sit-in anymore.

02-01:40:54

Peevey: That's right. These guys didn't want it. They looked like big beefy guys, union guys. They're students, and these [union] guys are in their thirties, forties, fifties. [laughs] They go up the street and picket some other place. He talks about it. He gives that as an example of good community outreach.

02-01:41:14

Eardley-Pryor: That's great.

02-01:41:15

Peevey: But anyway, the point of this is, you were leading to, is the thing I put most effort into was creating this low-income community organization in the Valley, to help the poor.

02-01:41:38

Eardley-Pryor: This was the federal grant you got from the Office of Economic Opportunity?

02-01:41:41

Peevey: Yes.

02-01:41:42

Eardley-Pryor: Part of the Great Society programs, under LBJ?

02-01:41:44

Peevey: Yes. And we had a great idea.

02-01:41:47

Eardley-Pryor: Tell me about the idea.

02-01:41:48

Peevey: We had a great idea, which is to take over, buy land, around one of the major interchanges on Highway Five, as you go north-south on Highway Five.

02-01:42:00

Eardley-Pryor: Right through the [Central] Valley, yeah.

02-01:42:01

Peevey: You go right through the west side of the Valley. Back in those days, there was almost nothing there, just the freeway, new freeway being built. Get hold of one of these, as much of the community development as you can there, much of the land there as you can, and develop it as a resource: gas station, motel, all kinds of other features, restaurants, just like what's happened at Kettleman City today—it's huge, Bravo [Farms], all that stuff—and have this community resource. And, with all the money that was raised out there going to help people in the community, in various other activities—

02-01:42:46

Eardley-Pryor: To create a—

02-01:42:46

Peevey: —new businesses.

02-01:42:47

Eardley-Pryor: —create a business off of the highway, and have the profits come—

02-01:42:50

Peevey: At the intersection, you know? It's a logical place to get off, yes, with a hub, and then the funds from there would support all kinds of other community activities for low income. Frankly, it was a fantastic idea. It foundered and failed because the Hispanic leadership were too shortsighted.

02-01:43:17

Eardley-Pryor: In what ways? What do you mean?

02-01:43:18

Peevey: They just wanted to make a few bucks right away. They didn't see any long-term benefit. That's a guy named Sal Gonzalez. He's not in that picture, but he's in another one. Decent people, they're not corrupt, but they didn't have a vision, and we had the vision. And we hired to run this, the planning director, who had just left the job, of Marin County—God, what was his name now?

02-01:43:50

Eardley-Pryor: Is this Paul Zucker?

02-01:43:51

Peevey: Paul Zucker. We hired him to run this program. And he was a passionate guy, cared deeply about it, but he couldn't relate as well as I could—and I had Don involved in this, Don Vial involved—to the Hispanics. It wasn't academic so much. He was just more distant, but he was smart and, oh, he understood exactly what had to be done. And we couldn't sell it. At the end, it was their program. There the money went, they had the control, and we were the senior staff on the—I was the chair of the thing for awhile and all that. But you had to have them with you, and it just didn't work.

02-01:44:36

Eardley-Pryor: So what happened?

02-01:44:37

Peevey: Just didn't work.

02-01:44:37

Eardley-Pryor: Where did the money go?

02-01:44:38

Peevey: Well, the money was spent, but it was frittered away. Nothing illegal, but it was just frittered away. For example, they once spent \$50,000 building all those fucking miniature figurines, plastic—not plastic, ceramic this, that, and everything you see some places, Hispanic areas. All these little things, anything from Dopey of the Seven Dwarfs to some other Hispanic creature that's at least this high.

02-01:45:06

Eardley-Pryor: Your mic just popped off. Hold on a second.

02-01:45:10

Peevey: So the effort failed. It wasn't a total failure. The money was spent. Somebody got some benefits from it, but it was nothing like our dream.

02-01:45:17

Eardley-Pryor: Like what it could have been long term.

02-01:45:18

Peevey: What it could have been. Could have been incredible. Now you drive down to Kettleman City here, but drive down sometime and you stop. I mean, Chevron's got a huge gas station next to—it is a big In-N-Out [Burger, a California-based burger chain]. You know what an In-N-Out is?

02-01:45:32

Eardley-Pryor: Yeah, yeah.

02-01:45:32

Peevey: Next, across, there's all kinds of restaurants. There's the Union Oil station. There's all this stuff: Bravo and places got all this, advertising horses and all. It's just incredible. It's a huge moneymaker. It could have been for the community. The idea of the poverty program that Johnson had—and there was a friend of mine who was working there during this time—it was all to do with community empowerment, to help people.

02-01:46:02

Eardley-Pryor: Yeah, this is where Head Start [federally funded services to low-income children and their families] came out of.

02-01:46:03

Peevey: Yeah, help people determine their own destiny. But people have to have some trust and reliance on able people, too. And it's because they've been shit upon so often by white guys, they say "fuck the white guys" when they get this money. Sometimes you have to be a little bigger than that, but that's easy for me to say. I'm not the one that's getting shit on.

02-01:46:33

Eardley-Pryor: Another program you talked about that you worked on at the time was, you'd made mention this was a paper you wrote, a comparative paper, during your time while you were at the Institute of Industrial Relations, in the wake of the Revised Philadelphia Plan.

02-01:46:47

Peevey: Oh yeah, well the purpose of that was—here was the problem: the Philadelphia Plan and the Chicago Plan, these were all efforts to try to integrate the building trades' unions.

02-01:46:58

Eardley-Pryor: Racially integrate them?

02-01:46:59

Peevey:

Racially integrate them. Never mind getting any women in—just racially integrate them. [laughs] That's bad. We've come a long way since that time though, a very long ways. And, it was particularly difficult with the plumbers' union, and a couple other unions. Some unions, the carpenters', there was no issues, but George Meany said to Nixon, at one point, and to George Shultz, then Labor Secretary, "You have to help us be better officials. If you say this is the policy of the country, then it gives me the crutch to be able to insist that they do this. If you think it's all going to come just from my efforts, I will fail, and we won't make the progress that we both want." And so, the Philadelphia Plan, Chicago, these were endorsed by the Department of Labor, and pushed in the Nixon administration. It was a good thing, and I wrote this up—I didn't quote Meany saying that to Nixon, but—and showing the different programs and how they would work, and where some were mostly exhortation and others had teeth in them, and how you could make the best out of them. That's what it came down to.

02-01:48:32

Eardley-Pryor:

Yeah, that seems like there was, at the time, your work at the Institute in Berkeley was wrestling with, how do unions help and integrate in a broader racial society?

02-01:48:48

Peevey:

Absolutely.

02-01:48:49

Eardley-Pryor:

That seemed to be the focus of your work in '69 and '70.

02-01:48:52

Peevey:

Yeah, in this particular area, yeah. And the other was not unions, but it was social welfare, the thing in Fresno County. That was social welfare, the betterment of the broader community there.

02-01:49:06

Eardley-Pryor:

So, while you're doing this work at the Institute is also while you're launching your campaign for Senate, against Peter Behr, who was an ardent environmentalist at the time as well. He was working on the Save Our Seashore campaign—

02-01:49:21

Peevey:

Oh yeah, no, Peter was very much an environmentalist, Yes, very strong.

02-01:49:24

Eardley-Pryor:

And [he was] lobbying President Nixon in his own way to try to get the seashore [preservations] to move forward. Yeah, so he was well known in Marin at that time.

02-01:49:32

Peevey:

Oh, very much.

02-01:49:33

Eardley-Pryor: And that, I imagine, was—

02-01:49:35

Peevey: I said he was a good man.

02-01:49:39

Eardley-Pryor: Yeah, it seems like that was the difference maker. He had deeper roots in Marin, which probably led to bigger—

02-01:49:43

Peevey: Well, I was thirty-two. He was fifty-five. He had been their city council member in Mill Valley, [county] supervisor two terms. A lot of people really liked him. Conservative Republicans couldn't stand him, but most other people liked him a lot.

02-01:49:57

Eardley-Pryor: Yeah. Well, it was a time of change. Nineteen seventy—while you're running for the campaign—is also the time of the first Earth Day, April, 1970. What are your memories from Earth Day?

02-01:50:09

Peevey: I was the Earth Day speaker at Napa Junior College.

02-01:50:12

Eardley-Pryor: What did you talk about?

02-01:50:13

Peevey: I talked about just the kind of things that you're concerned about, or that you just referred to with Behr, and whether it's the seashore, whether it was the forest. The most radical thing I said, believe it or not, 1970: "We have to take steps to ban the internal combustion engine in five years." That was poppycock on my part. Here we are thirty years later and haven't done it, but we're in the process. Now we're going to do it. The society is going to do it.

You know why we're going to do it? Because the Chinese have said that by 2025, or 2030, all cars sold in [China] have to be electric. It's the world's biggest car market. General Motors wants to sell the cars they sell there now, and it's a bigger market there for them than here in the US. Today, it's about the same. They're going to have to do this. Never mind what Trump says about this or that. The markets are changing, and when markets change—now this is the right stuff about incentives, the right kind of incentives. I believe in government incentives. I'm not an opponent of government incentives, but these are the kind that can work. Any rate, all those things, I called for. I was certainly, at the time, probably considered extreme. Or just labeled as, "Well, he's a young guy, what does he know?"

02-01:51:45

Eardley-Pryor: That's pretty great though. What else do you remember from Earth Day? Were [other] people calling for the ban of an internal combustion engine?

After having worked in the labor movement affiliated with the UAW, the United Auto Workers, that's a pretty big, bold claim to be making. It seems like that didn't come out of nowhere, but—

02-01:52:07

Peevey:

Oh, I don't think it came out of nowhere. There was some research at the time. But I never got any flak for it. I think probably people wrote me off, or else didn't know about it or take it seriously. I don't know. Our climate changing was not an issue in 1970. It was happening, but we weren't aware of it, or we weren't thinking about it. Even Al Gore wasn't on top of it in 1970. By 1980, he might have been. No, it was much more preserving the natural environment, and not having housing built everywhere, those kind of things that were more the environmental call—as well as pesticides, banning pesticides. Rachel Carson's book, *Silent Spring*, had come out and all a few years before that, had moved Kennedy, Jack Kennedy, to pay attention. It shows you the power of the pen, in so many things, frankly. Well, any rate—

02-01:53:22

Eardley-Pryor:

So, in the wake of that [1970 California Senate] election, what was the next thing for you? You thought well, "The Senate seat didn't work out—"

02-01:53:30

Peevey:

Well I lost the election, and Jack Henning had taken over the AFL-CIO, and frankly, I told you already, I was bored, to some extent, at the Institute. It wasn't challenging enough for a more Type-A type, I guess I am, and wanting to direct things and make the calls. And Henning said, "Come back and be my chief assistant, and be our lobbyist in Sacramento," and blah, blah, blah. And I thought, "What the hell, give it a shot."

02-01:53:58

Eardley-Pryor:

So you got to stay involved in politics at a state level, you're just, as a lobbyist now.

02-01:54:03

Peevey:

Right.

02-01:54:05

Eardley-Pryor:

So, you make this transition back to working for Cal Labor Federation in 1971. You stay there for a few years.

02-01:54:12

Peevey:

Yeah, I started in January in '71, yeah.

02-01:54:13

Eardley-Pryor:

Tell me a little bit about your work with Jack [Henning]. What was Jack like as a boss? What was your work like in Sacramento? Were you commuting? How did that work?

02-01:54:21

Peevey: Well, the first year I had a place up there. I rented an apartment for nine months.

02-01:54:26

Eardley-Pryor: And Laurie and the kids were back in Marin?

02-01:54:27

Peevey: Yeah, and I went up three nights a week. I'd go up Monday, and come back Thursday, and that was—

02-01:54:32

Eardley-Pryor: What was that like?

02-01:54:33

Peevey: That was all right. I didn't like it, but—married and kids at home, I didn't like it. And I had to be careful I didn't get in trouble, because it was easy to get in trouble in Sacramento. There's lots of young ladies, lots of action going on all the time, lots of partying, lots of drinking, a lot of the legislators. I used to pal around with State Senator George Moscone and friends, who later became the mayor of San Francisco. And George was a handsome devil who, God, he had more girlfriends—I mean, he could have more girlfriends. He was just incredible. And we'd stay out late, and these people drank too much. It was not a long-term job. I just couldn't do that. You could turn into an alcoholic if you do that, or you're ineffective. And I enjoyed the advocacy part, preparing me for committees, making arguments and all that. I didn't enjoy the socializing part that I just described. Some of it was fine. There'd be lunches and stuff like that, well, that was all fine. It was not a long-term job for me. See, I went back to the state [Labor] Federation because they offered me the job, number one, and asked me to, because Henning liked me. Going all the way back to the Labor Department when he was Undersecretary, he knew of me, and—

02-01:56:05

Eardley-Pryor: When you worked for him in D.C.?

02-01:56:07

Peevey: Well, I worked in the department that he was the undersecretary of. I hardly knew him. I wrote speeches for him, which he always rewrote himself anyway, so, that was a waste of time, but he liked to do that. But he was a very good speaker, until you heard him a third time. You get the same speech three times, you get a little tired of it. So I went back because he asked me to come back, because I thought it'd be more exciting and more fun than the Institute. That's the bottom line. And I decided I'd re-examine what I wanted to do, and so I went back there.

And then, the leadership of the Marin Council Civic Affairs came to me and said, "Mike, you ran an incredible campaign for the Senate, but you didn't make it. Why don't you run for the Board of Supervisors?"

02-01:56:56

Eardley-Pryor: Of Marin?

02-01:56:57

Peevey: Yeah. "This guy, Bud Barr, is a jerk. He's an old timer, and he's a reactionary. Let's get him out of there. We'll put you in," and this was the civic association. I thought about it for awhile, and then I ultimately agreed to do it. Never even thought about Gary Giacomini—who just died recently a few months ago, in his sleep, seventy-seven years old—and then he came out, in some ways, almost out of nowhere. His father was a well-known elected official in Marin County, Noel Giacomini—

02-01:57:36

Eardley-Pryor: Gary Giacomini's father?

02-01:57:37

Peevey: Yeah, and—

02-01:57:40

Eardley-Pryor: So it was you and Gary that ran for this Marin supervisor position?

02-01:57:42

Peevey: Yeah. Well, there was a third person in the primary, and he lost, and then it came down to the two of us, and he beat me, beat me fair and square. He ran a good campaign, a better campaign than I ran. He somehow ran to my left on some of these issues. I don't know how he quite got away with that, but it's been a long time now. And that was a very difficult time for me, personally very, very difficult.

02-01:58:05

Eardley-Pryor: Why?

02-01:58:05

Peevey: Running, I came in second in the primary, he came in first, and the third person dropped out; so it looked highly likely I'd lose the general election. So to plunge on for months, raising money, walking precincts, all that, when you think you're going to lose is, it's not fun. That's the bottom line.

02-01:58:32

Eardley-Pryor: How did that affect other things in your life, work or home? Did that spill over, or was it contained within the campaign?

02-01:58:40

Peevey: Well, no, it spilled over like crazy, in many respects. Yeah, some of this, I don't—let's just put it this way: it helped lead to the breakup, myself and Laurie. No question about it. And she didn't want any of this for me anyway. The house with the little picket fence was her idea. We just had [different] basic views, of what I wanted to be in life. She'd be happy if I was a schoolteacher and lived quietly, at least that was the way it was at the time. So there was all kinds of tensions. And that led to other mischief, and yeah—

- 02-01:59:30
Eardley-Pryor: So, that Marin County—
- 02-01:59:30
Peevey: It was a bummer. It was a bummer in some ways. I mean, not in other ways, but in some ways.
- 02-01:59:35
Eardley-Pryor: What do you mean?
- 02-01:59:38
Peevey: I mean, just all the tension and everything else came out of that—not good, for a relationship, not good.
- 02-01:59:47
Eardley-Pryor: In '72 was when you ran for this Marin County position, and I think you and Laurie split up a few years later. But this was kind of the beginning of that process? It sounds to me, also, like you were in the process of rethinking what you wanted to do with yourself. And you thought, “Maybe I’ll be a politician,” tried that twice, didn’t quite work.
- 02-02:00:04
Peevey: [laughs] Exactly.
- 02-02:00:05
Eardley-Pryor: You were in and out of doing research or within the labor movement. What were you thinking as next steps for you? What did you want to be your next steps?
- 02-02:00:22
Peevey: I wanted something else, and I didn’t know exactly what it was. And then along came this CCEEB [*pronounced “seeb”*] job, offered to me because I represented Henning there. The people all liked me and said, “You take it.” I told you this before, I think. I walked down the street with Henning and he told me I could be his successor, and I said, “Jack, I can’t do this. I’ll be an alcoholic by the time you retire.” He laughed. And it’s true, though. He would have hung on for another fifteen years. He did, twenty years.
- 02-02:00:51
Eardley-Pryor: He retired in '96 or something, I think.
- 02-02:00:53
Peevey: Yeah. I mean this thing with CCEEB, Christ, it doubled my pay, everything. It was a godsend.
- 02-02:01:03
Eardley-Pryor: So CCEEB, C-C-E-E-B, the California Council on Environment and Economic Balance. Let’s pause here, and we’ll bring that up as the start of our next session.

02-02:01:14

Peevey: That's fine.

02-02:01:14

Eardley-Pryor: Thanks, Mike.

02-02:01:16

Peevey: No, thank you.

Interview 3: January 17, 2019

03-00:00:01

Eardley-Pryor: Mike, it's great to see you again. We're going to continue with your oral history. This is session three. Today is January 17, 2019. This time, Mike, we are in your home, down in La Cañada Flintridge, [California].

03-00:00:12

Peevey: Correct.

03-00:00:13

Eardley-Pryor: It's great to be here, thanks for having me. I am Roger Eardley-Pryor from the Bancroft [Library's] Oral History Center at UC Berkeley.

Last we spoke, Mike, you had returned to work at the California Labor Federation. You talked about your work, especially in Sacramento more frequently, and a conversation that you had with Jack Henning about your future with Cal Labor Federation and what that would be. This is around 1973.

03-00:00:39

Peevey: Correct.

03-00:00:41

Eardley-Pryor: CCEEB was the next big thing that took over the next decade of your life and career—the California Council on Environment and Economic Balance, CCEEB [*pronounced "seeb"*]. Tell me about how that formed, and how you came to not only be a part of it, but eventually become its first executive director.

03-00:00:59

Peevey: Sure. I'd be happy to. What happened—and I think we covered this just very briefly—what happened in 1972, I had run for Board of Supervisors in Marin County. I lost in a close race, but still lost. But at the same time, on the state-wide ballot in November of 1972—this was also, by the way, a presidential election year. It's when Nixon was reelected, defeated George McGovern by an overwhelming margin, all across the United States. Any case, on the ballot in November was a [California state] initiative, Proposition Twenty, sponsored by a host of environmental and community groups—mostly environmental groups—to protect the California coastline through initiative. The feeling was that there was going to be too much development, that the coast is priceless for California—it's 1,400 or so miles—it ought to be protected for the public forever, essentially, and any development on it should be very limited, and there was a lot of pressure for development along the coast. Utilities wanted to build power plants. They'd already built some. Housing developers wanted to build high-rises, and others wanted to build big housing developments, and so on and so forth, on portions of the coast. And this had already happened to a very big degree in Southern California—fears sort of, this could be all over the state.

So, these environmental groups all got together and they sponsored this initiative, and got the signatures—we have to go through this initiative process, have to gather hundreds of thousands of signatures to put something on the ballot in the state. They did all that, got it on the ballot. It was opposed by a whole host of everybody. Local governments opposed it. The county supervisors opposed it. A lot of elected officials opposed Proposition Twenty—although not all, some supported it. Utilities opposed it. Everybody that thought they would have—home builders—anybody that thought they might have some future interest in economic development along the coast was opposed to it. And local government was opposed to it because they liked to make the decisions, didn't want to have to share this with some other entity, a state entity. And, a lot of money was spent in opposition to Proposition Twenty, but it passed. Despite all the opposition, it passed by—55 percent of the vote was for it, which shows you it was the first, I mean, not the first, but a major indication that at tap root, Californians really care about the environment, or at least they care a lot about specific aspects of environmental protection. And the coastline is an attribute that, few other places have that's nearly as beautiful as California.

03-00:03:55

So anyway, it passed, and some of the business community got pretty upset about this. And some of the utilities, they wanted to build power plants on the coast, and they thought, "Oh, we're not going to be able to do that." And they wanted to build nuclear plants, and nuclear plants require a lot of water, and if you don't have access to the ocean, then you have problems, and so on and so forth—or it was certainly more costly. And the unions, some of the unions—the building trades unions in particular—had opposed Proposition Twenty, along with all these entities I just mentioned. So, there started to be meetings of groups of people talking about, "How do we preclude this kind of thing happening again?" We get in a situation, we have an initiative, and it's then, people vote yes or no. You lose nuance, you lose subtleties, you lose all the other things. It's up or down. And if the initiative is poorly drafted, as many people said it was, and then it passes, then you have all this, legal problems, everything else.

03-00:05:02

Any rate, this is an awfully longwinded answer, but, so a group started forming—unions, some public officials, and a lot of business leaders, individual companies. There was a dissatisfaction at the time by businesses with the state Chamber of Commerce, which is a business entity, and people wanted to see if they could work—this is California, pretty sophisticated—work with unions. Most places in the United States, business doesn't have much interest in working with unions. California, they did. So they started having meetings about, "What should we do?" And I went to the meetings on behalf of the California Labor Federation, the state AFL-CIO organization, because Jack Henning, who was my boss and the head of the AFL-CIO, really was anti-business. He didn't like business. He didn't want to be associated

with business in creating anything that was viable and could be long-lasting and what have you.

So he sent me. He sent me to these meetings. I'd go there with a couple other union officials: Jimmy Lee, was head of the state building trades, and a few other people. And so, like the second or third meeting, I can't remember now which one, but somebody said—it must have been the second meeting; I wouldn't go to the first one—"Well, maybe we ought to create an organization, a business-labor-public officials organization to deal with these kind of issues. It'd be kind of moderate, environmental sensitivity. It'd be interested in preserving the environment, but not be anti-business, and not do something as draconian as Prop Twenty." But as an aside, I happen to personally support Prop Twenty and had voted for it. But—

03-00:06:52

Eardley-Pryor: Well, let me just stop you there and ask you, in your [Marin Board of Supervisors] election in '72, the campaign with [Gary] Giacomini, did Prop Twenty come up as an issue?

03-00:07:00

Peevey: It wasn't much of an issue. We both supported it.

03-00:07:02

Eardley-Pryor: Oh, so it was just—it wasn't—

03-00:07:03

Peevey: In Marin County, it was easy to support. [laughs] I think everybody in Marin County—well, not everybody, but it was very strong. Marin County is very, environmentally sensitive place, a beautiful place, and there was support for it. It was largely non-controversial in Marin County—other than homebuilders and a few people, organizations like that.

Any rate, somebody said, "Well, why don't we create an organization?" and then other people said, well then we needed some document to tell what they're going to do, and all this. So they gave, some of the business guys gave responsibility to one or two of the companies to draft such a statement, a first draft, and then we had another meeting to go over that draft. And at that meeting, they passed out this draft of what the—not the bylaws, but just the purpose of the organization, all that. It run a few pages, and we all read it, and some PR [public relations] firm had drafted it. And I said I didn't think it was adequate. It didn't cut it, didn't represent what I thought, and necessarily, it wasn't enough emphasis on balance. It was just too clearly too pro-business, et cetera, et cetera. And one of the people there, or a couple of them said, "Well, if you don't like it, why don't you rewrite it?" And I, after a sigh, I think, I said, "Okay, I'll do that."

So, I did, and then we had another meeting, and they went over the draft that I wrote, and they liked the draft that I wrote better than the original draft. So,

that led to a couple people saying, at the end of the meeting, “Why don’t you, if we put all this together, if it all works, why don’t you head it up, become the executive director, or the president, or whatever the title would be?” And I thought about it, and they said, “And, we’ll double the pay you’re making now,” which was intriguing, and exciting, and all that. And that’s how it came about. So, and the labor guys there, a couple of them that were there, thought, “Gee, it’d be great to have Peevey. Wouldn’t it be great? Business guys, they put up most the money. We’ll put up some money; most of it will come from business to fund us, this organization. But we’ll have a labor guy there, so they won’t be doing anything that’s anti-labor,” was the general idea. So that’s how it came to be, and so I ultimately accepted the job.

03-00:09:31

And then I told Jack Henning I was going to leave in a month or so, whatever the time frame was. I always remember walking down the street with him on Market Street to a place called the Morris Plan. Jack was a very conservative guy [financially]—and his money management, he had his money in some kind of S and L [Savings and Loan] thing, all, whatever money he had. He was not a wealthy guy. But any rate, we were walking down the street, several blocks from the offices, and he said to me, “You know, Mike, you don’t have to do this. You could stay where you are, and you can be my successor.” And I looked at him, and he was like fifty-five at the time, and I thought to myself, “Hmm, that’s going to be a long wait,” as I said to him, “Jack, I really appreciate, it’s very thoughtful of you. And obviously I care a lot about your feelings and your perspective on me, and all that,” because he and I worked well together—we had our moments, but we worked very well together, and there was a lot of mutual respect and all—I said, “but I just can’t do that, Jack.” I said, “If I stay around another ten, fifteen years, I’ll become an alcoholic. I’ll just end up drinking,” and I just didn’t feel right about it. I was thirty-five years old. I didn’t feel right about it. I didn’t want to wait around ten or so years for him to retire. As it turned out, he kept going not for ten years, but another twenty-five years, until he was close to eighty.

03-00:11:04

Eardley-Pryor: It would have been a long time to wait.

03-00:11:05

Peevey: Now, he probably would have left earlier if I was there and all that, and was going to be successor and all that. So, he accepted it, and I left, and organized, put together CCEEB, got office space in San Francisco, hire a couple of staff, a secretary, and so forth.

03-00:11:26

Eardley-Pryor: How did you come to have Pat Brown become chairman?

03-00:11:32

Peevey: Well, one of the things that—now we’re talking about this group of people that had all come together. Now, we start, now, they all agree, “Okay, we’ll

hire Peevey. And then we have to create a Board of Directors, and we have to create a chairman. And Peevey will be the executive director, and all that kind of stuff,” And that was all fine. And a couple people said, “Well, who do you think ought to chair this thing? We don’t have a chair person, and it shouldn’t be a business person, and it shouldn’t be a union person. It ought to be some public person, somebody that had history in politics and all this.” And I said, “Okay, I suggest a fellow by the name of Tommy Kuchel.” Kuchel had been a US Senator. He was a Republican, a moderate-to-liberal Republican, and the business guys, many of them looked at each other and in horror, said, “Oh, no, no, we don’t want Tommy Kuchel. He’s too wishy-washy.” I thought to myself, “Hmm, [laughs] that’s interesting.” I hadn’t seen him in that light, and I didn’t know him personally. I just knew him as a US Senator. He had been a US Senator in California for twenty years. He was defeated in—I can’t remember what year he was defeated, and then he went back—he’s from Los Angeles—practiced law and all, I guess.

03-00:12:51

Eardley-Pryor: What was your consideration in thinking of who you wanted to be at the helm?

03-00:12:54

Peevey: I wanted someone, a public official, or had been a public official, and so I said, “Well, what about Pat Brown?”

03-00:13:03

Eardley-Pryor: Did you know Pat?

03-00:13:05

Peevey: Yeah, I knew Pat, not well. I had met him several times, oh, when he’d been governor, and then afterwards. And people said, “That’s a great idea.” These business guys and the labor guys all liked it. “Oh, Pat Brown will be great.” And a lot of the business people thought, “Oh, that’s pretty smart.” And at the time, it was 1973. It was pretty obvious that his son [“Jerry,” Edmund Gerald Brown Jr.] was going to run for governor the next year. And so they thought, “Geez, if we could get Pat Brown to do this, and then Jerry, if he gets elected governor, and most of the”—he [Jerry] was only thirty-four, thirty-five years old; most of them didn’t want him at all, but the business guys, they thought he was just way too liberal. But they go, “Geez, wouldn’t it be great to have some inside with him, due to his dad, and all that?” They didn’t realize that Jerry and Pat didn’t see eye-to-eye on an awful lot of these things, and Jerry didn’t, at that time, pay much attention to Pat. Now, he thinks the world of his father, talks about him just extremely warmly.

Any rate, so, they all thought it’d be great. So we decided, the group, “Well, we have to ask Pat if he’ll do this.” So they put on a lunch with Pat, about six of us: myself, Howard Allen from the Edison Company, somebody from the Fluor Company—I can’t remember the others, but maybe ARCO, which used to be headquartered in Los Angeles at the time, the oil company, and was a

very liberal company, stance on public issues, and all that, headed by a guy named Thornton Bradshaw.

We organized a lunch with Pat, at, at that time, it's gone now, but a famous restaurant in Beverly Hills or West LA called Chasen's. It was one of the places to go in LA in the sixties and the fifties and the seventies, and all, and into well through the eighties. And so we had lunch with Pat, and people flattered him, told him it'd be great that he could head this up, and Pat says, "Well, if I head this up and I'm the chairman, can I say whatever I want on these issues?" And people said, "Oh, sure, sure"—and then they're all, on the side, saying, "Peevey, you get to write what he says." [laughs] And so, he agreed to do it, because he's a public guy. He loved to be in the public eye, and this was a way to be in the public eye. And so that's how he became the first chair for the first five years, and the kickoff was at the Commonwealth Club in San Francisco, he gave the luncheon speech—which was a big dining club—to kick off the announcement of this, and he was heading it up, and that Mike Peevey here was the executive director, and we're going to be a moderate, environmental, quasi-pro-business organization and so on, so forth. That got off to a great start.

03-00:16:17

Eardley-Pryor: Wait, I'm thinking in 1972, *The Limits to Growth* report comes out. This, a sense about new growth is international even at this point, let alone Prop Twenty and the [California] Coastal Commission. Was "limits to growth" something that we were really—was the business community really concerned about it as a—

03-00:16:37

Peevey: Not so much. I don't think that was—yeah, "limits to growth" in California, but not so much overall, no.

03-00:16:48

Eardley-Pryor: Talk to me more about just what the start was. So you create the committee [CCEEB]. You know Pat's going to chair for it. You get instant credibility and clout with that, and attention—I mean, Commonwealth Club. I think even the LA Town Hall, there was a talk that—

03-00:17:01

Peevey: We did the same thing at LA Town Hall, yeah, as the Commonwealth Club. The idea was to give it profile and everything else. And that was '73—

03-00:17:12

Eardley-Pryor: In the summer of '73.

03-00:17:13

Peevey: Yeah, yeah, summer. Well, this is by the fall. I think I started in June, and it was fall before it was really up and running, and he was speaking and everything. Oh, and I had to create an office. We created an office in downtown San Francisco, office building 215 Market Street, building owned

by PG&E. We had to pay rent to them, but they gave us some office space. And I had to hire a secretary, and I hired one of the other people that had been a candidate for the job, in addition to myself. I was the first choice of people, but they did interview a couple other people before I accepted and they agreed that I should be the one. And a fellow named Peter Fearey, who had worked for US Senator John Tunney, was one of those. I asked Peter if he wanted to come and be my number two, and he lived in Southern California. I think he was going through a divorce or had just been divorced. I can't remember all the details now. But any rate, he agreed to come to Northern California, and he was my assistant, and we had a secretary, and off we went.

03-00:18:20

Eardley-Pryor: Yeah. He sounds like he stuck around too, because when you left to go to [Southern California] Edison, did he step forward?

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Peevey: Yes he did. That's correct.

03-00:18:28

Eardley-Pryor: So, a couple things I'm thinking, contextually, I'd love to hear your thoughts on for this time: one is the energy crisis strikes in the fall of '73—I mean, talk about environmental issues, and concerns about growth and limits. And the other is—

03-00:18:41

Peevey: No, no, this was the Arab Oil Embargo. It was an energy crisis, but a different one that what is commonly called within California "the energy crisis," which hit a couple decades later.

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Eardley-Pryor: Right, we're not talking about the post-deregulation issues in 2000, 2001.

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Peevey: No, but there was the Arab Oil Embargo, and Arab Oil Embargo had real consequences. We went to odd-even. Depending on your license plate, if the number ended in an odd number, you could only buy gasoline on odd days, and vice versa. Even days, you could only buy it on even days. And I can't remember what Sundays were.

03-00:19:19

Eardley-Pryor: Well, how did these things impinge on your personal life, and then especially your work life, in trying to create this environmental committee?

03-00:19:25

Peevey: Well, everybody, in their personal life, everyone was affected to varying degrees in California by this. It lasted for months, and Nixon was the president, and it was a big deal at the time, tumultuous, to some extent. And the feeling was, "Oh my God, we're going to just lose totally control over our future and our resources and everything else to the Arabs and the Saudis," and so forth. But that never got to that point, obviously, but there was a lot of fear

there. For the [CCEEB] organization, it focused some attention on what could you do to alleviate, or if not alleviate, ameliorate some of these consequences, and have a most rational process of rationing a critical item, which was oil.

03-00:20:20

Eardley-Pryor: So was that part of the [CCEEB] conversations early?

03-00:20:22

Peevey: Yeah. Well, it wasn't part of the conversation in forming, but became a dominant thing that fall, yes. But everybody was kind of in the same boat. We all wanted some—we didn't have any magic elixir to solve all this. And then it kind of petered, the problem petered out, and so forth. I remember going to Sacramento though, because I would spend some time in Sacramento, and on a Friday getting caught in Vallejo, almost no gas in my car, and stations were closed, and you couldn't get gas, and—oh, it was just, driving all around was chaotic, and people faced that all over. It was, as I said, a tumultuous time for many. And it didn't do any direct damage or harm to the organization. It wasn't an environmental issue. It was an economic issue, motivated by Arab-Israeli conflict and all, and that was the way it was acted out, both in the US and in Europe, too.

03-00:21:33

Eardley-Pryor: But this issue about a natural resource, especially California being traditionally, historically, an oil state—this wasn't an environmental issue about resources and limits that would be an issue for CCEEB?

03-00:21:45

Peevey: Well, what I mean is—no, it was not.

03-00:21:51

Eardley-Pryor: It wasn't a priority for CCEEB at this time?

03-00:21:52

Peevey: No, it was not.

03-00:21:53

Eardley-Pryor: Even though ARCO and these others, Atlantic Richfield—

03-00:21:55

Peevey: No, because there was nothing that we could do at the California level, other than just have rationality in how a limited amount of a product, in this case, oil, was going to be allocated to people, and had to go to business, and had to go to the utilities first that were burning oil at the time, when people in those days burned oil. We generated a lot of power from oil—this is before natural gas, believe it or not. And those are all considerations. And then the consumer, Joe Consumer, would be at the bottom, the forgotten one, basically. And that's where you come up with the odd-even, all this stuff. But yeah, ARCO was headquartered here. Chevron was headquartered here. Several big oil—Occidental was headquartered here. Union, at the time, was headquartered here. Getty, the famous Getty, the fame of the Gettys, and all

that—and the movie [“All the Money in the World” (2017)] you maybe have seen in the last year or two about him, the so-called “richest man in the world” at one point. Whether he was or not, I don’t know. But, then his grandson lost his ear when kidnapped by Italians. There is a movie about it now. They were all headquartered here [in California], but they were international companies, and this was an international issue. It wasn’t focused solely in California. There’s limits what California can do.

03-00:23:19

Eardley-Pryor:

So you talked about the role of the creation of the California Coastal Commission with Prop Twenty being, in some ways, the inspiration or the spur that created CCEEB. Once you had formed CCEEB by the end of ’73, what were the things that you thought, “Here’s where we’re going to focus our energies”? If it wasn’t the energy crisis, where did you focus your energy?

03-00:23:41

Peevey:

What happened was, original issues, a big issue was housing, land use, planning, development, housing, which the Coastal Commission had some impact, but it was just, it was limited to the coastal strip. But that was a big issue. Planning for the future was a big issue. I remember when we sponsored a conference, we had Willie Brown and other people all come and speak, and he was in that time a legislative leader in San Francisco, long before he became speaker [of the California State Assembly], or the mayor [of San Francisco], or anything. Those were issues, big issues. So you’ve got housing, and you got land use. There were efforts to limit housing, and way back then, something called the Petaluma Plan to limit the number of homes that could be built in a community—Petaluma, in Sonoma County, and so forth. And there was a lot of concern that environmentalists would—and some of it’s come true, look at the cost of housing in California today—but would limit new construction of housing, and that it would have a deleterious impact on moderate-income people. And it has.

And there were energy issues, too. But the biggest energy issue came to be within a year of the creation of CCEEB, a year and a half at the most. There was some—but not many, but some of the same people—another group of people decided that nuclear energy was an awful thing, and it should be banned in California. That culminated in an election in June of 1976, a statewide ballot, a measure to stop any nuclear-powered plant development in California. And that became a critical issue. Edison—Southern California Edison—and PG&E were both building nuclear plants at the time, and other utilities, even the Los Angeles Department of Water and Power, a public agency, wanted to build nuclear plants, and Sempra [Energy], which was San Diego Gas and Electric at the time, wanted to do the same thing. And the initiative to ban nuclear power was voted on in June of ’76. It was qualified for the ballot—that means it got enough signatures and all that—and you knew it was going to be around and voted on for well over a year before it ultimately was. So frankly, there was a lot of time to organize a campaign

against it, which happened. And I was instrumental in that campaign, in a very detailed way, going back to having a significant role, probably the primary role, in selecting the firm that managed the campaign against that initiative.

03-00:27:06

Eardley-Pryor: So tell me more about that. That's fascinating.

03-00:27:08

Peevey: The firm was called Winner, Wagner, and Associates. They broke up as partners years later, Ethan Wagner and Chuck Winner. But Chuck Winner continues on to this day as a very successful PR man, and government affairs advisor, and all that, here in California. He's headquartered here in Southern California, but he had been a former executive director of the California Democratic Party. He knew Pat Brown quite well, and many of us, including Pat Brown, felt that this would be a disaster, to stop the construction of these nuclear plants. California had the need for electricity, and so forth, and more energy. And labor felt that way, too. So we all got together, and worked together to defeat that initiative.

03-00:28:12

Eardley-Pryor: This was what became Prop Fifteen in 1976?

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Peevey: Yes. Yes, in '76. And one of the biggest proponents of it, living in Washington, D.C., but coming to California touting Proposition Fifteen, was Ralph Nader. You know who Ralph Nader is?

03-00:28:32

Eardley-Pryor: Nader's Raiders.

03-00:28:33

Peevey: Yeah, and he's still around, Nader. He's eighty-five or so. I guess he's doddering—I don't know what his condition is. But he was out here, any rate, and I became, in many ways, the public spokesperson for the "No" campaign, me, Mike Peevey. I debated Nader a few times on National Public Radio, and television, and that kind of thing.

03-00:29:00

Eardley-Pryor: Well take me to that, because that's wonderful. I'm thinking Nader has got to be concerned about safety—that was a big thing for him, starting with the car issue—but also the environmental issues on this: nuclear waste, what do you do with radioactivity, all these sort of issues. What were the reasons beyond, "This is about jobs and energy needs"? Where were you at, in your pro and against?

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Peevey: Well, first place, nuclear power is a—although we weren't nearly as sophisticated or knowledgeable then as we are now—has no greenhouse gases.

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Eardley-Pryor: Were you aware of greenhouse gases at the time, then?

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Peevey: Yeah, oh yeah, but not by much. It's fair to say, not by much. Most of the emphasis was: These plants are necessary for the economic well-being of the State of California. They produce power at a reasonable cost. They are very reliable. They operate twenty-four hours a day, seven days a week, and so on and so forth. That was kind of the economic argument for it, and they were under construction—Diablo Canyon for PG&E, San Onofre in the case of Edison—and we can't just walk away from this. That was the biggest concern, honestly.

03-00:30:15

Eardley-Pryor: Well, you had just told me that oil was a huge source for power generation in California at the time. With the [1973] energy crisis, oil has quadrupled in price by this point. I imagine this would be some factor—

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Peevey: It's one of the reasons people wanted to get away from—there were two reasons people wanted to get away from using oil. One of them was price, and the other one was that it's not as dirty as coal, but it put a lot of CO₂ in the air, and in Southern California, that was a very big issue, because of air quality reasons, because the environmental concerns in Southern California around air quality have always been paramount in this state.

03-00:30:54

Eardley-Pryor: So even if it wasn't carbon emissions, it might have been whatever are the off-gases for oil?

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Peevey: Yeah, NO_x, SO_x, all these dimensions of oxygen, nitrates of oxygen, and so forth. So, there was a general consensus that Prop Fifteen should be defeated, I would say, amongst the editorial class, and the newspapers, and all this. I remember—and it came after the Arab Oil Embargo, it had ended—but there used to be a famous cartoonist at the *LA Times* named Conrad, and he was great. I got a book of his cartoons around here somewhere. He wrote, drew these cartoons, and about a month before the election, or three weeks, he did one of the editorial cartoons in the *LA Times*. It was just memorable. It showed a speeding car, like a Mercedes four-door, big car, going through the desert, the Saudi Arabian desert, presumably, with Arabs in the car. And on the back of the car, on the bumper of the car, was a bumper strip—you remember when bumper strips used to be big things? People put up their political affiliation, what they thought. They still have them today—

03-00:32:12

Eardley-Pryor: You still see them, yeah.

03-00:32:12

Peevey:

—but not nearly as big as they used to be. [Conrad's cartoon] had these Arabs all driving, and the bumper strip said, "Yes on Proposition Fifteen." That really kind of summed up a belief that this—we wanted to keep developing these nuclear plants, and to do that, you had to have a No vote. And the Arabs and all wanted to see you not use nuclear, because they wanted to send you oil and all. It was a very crude way, but he was making that point, Conrad.

03-00:32:51

Eardley-Pryor:

What kind of impact do you think that had?

03-00:32:53

Peevey:

Well, that campaign was a picture-perfect campaign. The No side, side that I was on, everything seemed to go our way in it. I'll give you a couple of instances. There were a group of three engineers in Silicon Valley that had worked for General Electric. General Electric had a big presence in Silicon Valley at the time, a nuclear presence. They were a big developer of nuclear, General Electric Company, and these three engineers there came out in favor of this nuclear initiative, said nuclear wasn't safe. And it turned out they were all members of a quasi-religious cult, and we exposed this. It was page one in the *Los Angeles Times*, and the *Chronicle*, and everything else. Shot the holy hell out of them. They were totally dismissed.

03-00:34:00

Eardley-Pryor:

They were cult members?

03-00:34:01

Peevey:

Yeah, they were of a cult. It was a cult, yeah, and I can't remember the name of it now. I mean, you know, find out. But any rate, that debunked them. Then we went and get—there's a group called the IEEE [Institute of Electrical and Electronics Engineers]. It's an association of electrical engineers and all.

03-00:34:32

Eardley-Pryor:

That's the biggest engineering group in the nation, in the world maybe.

03-00:34:35

Peevey:

Yeah, and this is just a funny story. It's true. So they opposed this Prop Fifteen. Other words, they were the same side we were on.

03-00:34:46

Eardley-Pryor:

They were on your side, the No side.

03-00:34:47

Peevey:

Yes, they were opposed. So their California membership got a letter asking them to send in their name if they agreed to oppose this. So, a couple thousand people sent in at least a couple thousand letters saying, "We're opposed to it"—well, "I'm opposed," blah, blah, blah, blah, blah. So, I could always remember the two aspects. They just are funny. A few days before the election, the *Los Angeles Times*, which was the biggest paper in the state at the time—still is the biggest paper, but it's come way down. It used to have a

circulation over a million. Today it's half that, just like all newspapers have had difficulties. We ran full-page ads in the *LA Times*, "5,000 Scientists and Engineers Oppose Proposition Fifteen," and it led off with several Nobel Laureates that were opposed—

03-00:35:56

Eardley-Pryor: I think I saw that Glenn Seaborg was on your board [of directors] at CCEEB.

03-00:36:00

Peevey: Yeah, he was on the board. You know, he was the discoverer of one of the elements—

03-00:36:05

Eardley-Pryor: Plutonium, and—yeah, yeah, more.

03-00:36:07

Peevey: —but it was not just him. He got other people [to sign our opposition letter] too. And so we had this ad: "These" thousands, five, I think it says, "5,000 Engineers and Scientists Oppose Prop—"

03-00:36:23

Eardley-Pryor: Fifteen.

03-00:36:24

Peevey: And, all these luminaries at the top, then all this bulk of names: names, names, names, names. And couple of the reporters who were really for Prop Fifteen, newspaper reporters, they wanted to see. They didn't believe us. They didn't believe there were 5,000. None of us ever knew if there were 5,000. We didn't count every single letter we got, but what we got were thousands. So, we invited them to come over in the office and go through the names, and they gave up after maybe an hour. So they could see there was just lots and lots of names, and they just said, "Fuck, I can't count all these things," you know what I mean? So they gave up. So we had that ad. In contrast to that ad, and in a few pages earlier in the *LA Times* was a full-page ad by the Doobie Brothers. It was a musical group. They were for Prop Fifteen. Well, you contrast the Doobie Brothers versus —

03-00:37:23

Eardley-Pryor: The engineers.

03-00:37:24

Peevey: [laughter] We won every county in the state. It was defeated two to one in California, and every county in the state, fifty-eight counties, voted No on it, including San Francisco, Santa Cruz, couple of these counties, like Marin and all, that have become known as even then—San Francisco—left, and left of center, and environmental and all. Everybody, they all voted No. So it was a crushing defeat for those supporters of Prop Fifteen.

03-00:37:58

Eardley-Pryor: That had to be a real victory for you and for CCEEB.

03-00:38:00

Peevey: It was a real victory, that's correct.

03-00:38:03

Eardley-Pryor: Yeah, and a busy few years, I would think, ramping up toward it.

03-00:38:06

Peevey: Yes, it was. I remember appearing different places, giving speeches, and all kinds of stuff, and a lot of strategy went into the issue.

03-00:38:22

Eardley-Pryor: What do you mean by that? Give me an example of what you mean.

03-00:38:25

Peevey: Well, not always did I necessarily agree with it. There were people in the [California] Legislature who were anti-nuclear—like Charlie Warren, a leading assembly member who went on from there to be head of the Council on Environmental Quality under President Carter, who had got elected that year, I might add, and several others. And they sponsored a—which exists today in law—they sponsored a statute that would basically allow the nuclear plants that were under construction to go ahead and be completed and operate; but there couldn't be any new ones in California without a resolution of the waste question.

03-00:39:18

Eardley-Pryor: [A resolution on what to do with nuclear waste] at a federal level, from my understanding. This is the Nuclear Safeguards Act of '76.

03-00:39:23

Peevey: Yes, that's correct, but the way it was worded is that California government would have to validate this, and that happened. That would happen. The energy commission, California Energy Commission, was the validating body. Well, that's never happened, ever since then, '76. Here we are, thirty-plus years later, it's never happened—forty years plus.

03-00:39:56

Eardley-Pryor: Yeah, and now San Onofre's closed and Diablo Canyon is going to be closed.

03-00:39:59

Peevey: Is going to be closed in a few months, in a few years. Some of us felt we should oppose that, but Edison thought no—

03-00:40:11

Eardley-Pryor: Oppose the Charlie Warren legislation?

03-00:40:13

Peevey: Yeah. Edison felt a bird in the hand's worth two in the bush: "We can live with that legislation, if it doesn't screw up the building of San Onofre," which it didn't. And so there was a split within the industry, or within the utilities, over that very thing. And it became law, and it's been the law ever since.

- 03-00:40:38
Eardley-Pryor: So in a way, it sounds to me like the victory of the No on Prop Fifteen was kind of counteracted by this legislation that Charlie Warren put through.
- 03-00:40:47
Peevey: Absolutely true.
- 03-00:40:49
Eardley-Pryor: The only win, essentially, from Prop Fifteen was that they were able to build the plants that were being built.
- 03-00:40:54
Peevey: That's right. That's exactly right. There hasn't been another nuclear plant proposed in California since.
- 03-00:41:01
Eardley-Pryor: Well, now that you mention Charlie—
- 03-00:41:02
Peevey: You follow me?
- 03-00:41:03
Eardley-Pryor: I do, yeah, that's—
- 03-00:41:04
Peevey: Not another one ever been proposed, because it couldn't meet that test.
- 03-00:41:07
Eardley-Pryor: Despite the passage [of "No" on Prop Fifteen]—and by a popular margin, at least at that time—against Prop Fifteen.
- 03-00:41:10
Peevey: Right.
- 03-00:41:11
Eardley-Pryor: Well, Charlie Warren—Charles Warren, when he was a California Assembly member, until he went to work for Carter on the CEQ [Council on Environmental Quality] in '77, he authored a lot of environmental legislation in this period.
- 03-00:41:23
Peevey: Oh, he was huge, yeah. He's in my book [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)]. We put him in, in *California Goes Green*, profiled him as one of eleven people profiled as a real environmental leader.
- 03-00:41:32
Eardley-Pryor: Absolutely.
- 03-00:41:33
Peevey: And he's still around. He's ninety-something years old, lives in Sacramento.

03-00:41:36

Eardley-Pryor: We have an oral history with him [Charles H. Warren, "From the California Assembly to the Council on Environmental Quality, 1962-1979: The Evolution of an Environmentalist," interview by Sarah Sharp in 1983, in *Democratic Party Politics and Environmental Issues in California, 1962-1976*, Oral History Center, The Bancroft Library, University of California, Berkeley, 1986]. A little bit of that, I got to read portions of. And so I was thinking of your relationship with CCEEB and legislating and trying to lobby on behalf of a moderate, balanced approach. So what was your relationship with Charlie Warren?

03-00:41:50

Peevey: It was decent. It wasn't real warm, but it was decent. And it has been all these years, because people like Charlie, I think, felt that CCEEB and I—and maybe me personally—but CCEEB represented the best that they were going to get in terms of economic labor and business, and when we go on this topic, the Coastal Act, which we should talk about next, is an example of that. They didn't feel like they were dealing with the state Chamber of Commerce, a bunch of old business guys. I was in my thirties and all, too. And Pat Brown, Pat Brown gave CCEEB a lot of respectability for Democrats. Now his son was governor at the time. And he, Jerry, never took a position on Prop Fifteen.

03-00:42:51

Eardley-Pryor: Well take me back to maybe before—we'll put a pause on your work with Charlie Warren and some of these other things like the Utilities Lifeline Act, a timber tax reform. I don't know if any of these things were CCEEB issues, but certainly, nuclear safeguards, and maybe even in '74, the Energy Conservation Development Act, the Warren-Alquist Act. And I'm wondering, because that, I imagine, would have some shape—you would intersect with that legislation throughout your career.

03-00:43:19

Peevey: Oh yeah, yes, very much so.

03-00:43:21

Eardley-Pryor: But let's put a pause on Charlie Warren, and take me back, because you also worked for Jerry Brown's election in '74. This was a busy year for you, running some of that. Tell me about what some of the work you did to help Jerry get elected.

03-00:43:32

Peevey: No, I wouldn't say it was strictly time-consuming. I was a supporter in '74. He first had to get the nomination, and he was the secretary of state, and he ran for governor in the Democratic primary and defeated four other well-known Democrats, the best being known was Joe Alioto, who was mayor of San Francisco, and a wealthy guy, very successful, attorney. Bob Moretti was another one, who was the speaker of the California Assembly. Jerry beat both of them. Another was a guy named Jerry Waldie, who was a congressman

from Contra Costa County, and who pledged to walk the state from north to south, and did—didn't seem to do him much good—and the fifth was a wealthy man, William Matson Roth, R-o-t-h, whose family had founded or been the head of the Matson Steamship Company, which was—still is—a big carrier of commodities and all between California and Hawaii.

They all ran; Jerry Brown won. He won because he had endorsed—in part, because his name was Brown, and his father had been governor just eight years before, and people had some fond memories of Pat, just like they have fond memories now of Jerry. And then secondly, because he aligned himself with a political reform issue to limit lobbyist role in Sacramento, and how much they could spend, and disclosure and openness in government, and all that, which was also on the ballot and passed—I think it was Prop Nine. And he was clearly identified with that because he'd been the sponsor, along with others, of that issue. So he won the Democratic primary fairly easily, and then that fall, ran against the state, Houston Flournoy, he was either the treasurer or the comptroller of State of California—can't remember which one—and he won. It was a very close race, but Brown won it.

03-00:45:55

Eardley-Pryor: Well what role did you have in that campaign?

03-00:45:58

Peevey: I was early on a supporter of his. First place, I knew Jerry—didn't know him well, but I knew him. Secondly, his father was obviously for him, and if I was going to have a decent relationship with the father, I better be for the son.

03-00:46:16

Eardley-Pryor: You and Jerry, were a similar age at the time, right? I mean, you are the same age, still now.

03-00:46:18

Peevey: We are today the same age. He's two months younger than me. I'm born in February, he was born in April, 1938. The unions were a major part of the Democratic Party operation of California, and were split all over the lot. Many of them were for Alioto, some were for Bob Moretti, and some were for Jerry. But I had gone to various events for Brown and ended up co-chairing his campaign in the North Bay. And when I say "North Bay," I mean Marin, Napa, Sonoma, all the way up to the Oregon border. Myself and two other people were the co-chairs. The other two were a guy named Stuart Pollak, who went to high school with me, in San Francisco, and was later appointed a judge by Jerry. And he's still around today—he's on the Court of Appeals, the second tier of the three—the Supreme Court, then the Court of Appeals on the Superior Court of California. He's on the Court of Appeals in San Francisco, Stuart Pollak. He lived in Marin at the time, and I lived in Marin at the time. And the third person was Hal Brown, who's unfortunately passed on, who was Jerry's cousin, and later became elected supervisor in Marin County. The three of us were the co-chairs of the Brown campaign, the North Bay and

Northern California—non-San Francisco area or Oakland area—in the primary, 1974. As I said, other people were split all over the place. Once he got the nomination, then everybody kind of coalesced behind him.

03-00:48:07

Eardley-Pryor: 'Seventy-four is such a wild year politically. It's ramping up. I'm wondering if—you said Jerry's won that primary on part of making politicians accountable and money accountable. That's one issue. It's still an issue today.

03-00:48:20

Peevey: No, it was huge in '74, and this was the Watergate class of Democrats. Many Democrats all across the United States got elected. This was a reaction to Nixon and Watergate. Nixon resigned that summer of '74. Ford took his place, became president, and was defeated in '76 by Carter. It was a very hectic year, politically, in the state. And we had these different ballot measures. There was just a lot going on. But the nuclear issue wasn't until '76. I mean, it was on the ballot then.

03-00:48:59

Eardley-Pryor: Right, so you had time to ramp up afterwards. What do you remember from that period of '74, Watergate. Vietnam's still going on? What are some of the things that—

03-00:49:07

Peevey: Well, Watergate was the big one. I think all of America was kind of glued to TV sets about Watergate, my God. I wonder if we're going to get to that with [Donald] Trump. I don't know. The same kind of stuff going on in the White House. [John] Ehrlichman, [H. R. "Bob"] Haldeman, these were his [Nixon's] chief aides. Both of them went to prison eventually. The Attorney General of the United States, John Mitchell, went to jail. So did his general counsel, Nixon's— a la Trump here with [Michael] Cohen. John Dean went to prison. They uncovered all the tapings, all that. People were riveted to this. It was the TV thing in the spring/summer of '74. You couldn't get away from it. It was more intense than it is now.

03-00:49:59

Eardley-Pryor: That's why I was wondering if you could compare the two.

03-00:50:00

Peevey: No, it was more intense than now, because they don't have anything yet, fully like this, on Trump. Nixon was impeached, or would have been impeached, by the House of Representatives and the Senate would have convicted him. It was Republican leadership that went to him and said, "Dick, it's time to go. You got to go." And that may happen this year, or next year, when Mr. Trump—I don't know. That's totally speculative, but the walls seem to be closing in on him, and more and more revelations all the time, but, we'll see. I'm not saying any particular outcome is going to happen here. I have my personal feelings about what would happen, but that's not what we're here to

talk about. We're trying to talk about me. But that time was incredibly intense, '74 with Nixon.

03-00:50:55

Eardley-Pryor: In 1974, I have a note here that you—

03-00:50:55

Peevey: And [Jerry] Brown. Brown barely won, actually. He won governorship that year. But Houston Flournoy, the Republican candidate who had been the state comptroller or treasurer—I think he was comptroller—was a very strong candidate, and very moderate-to-liberal Republican, did very, very well. But Brown did win.

03-00:51:15

Eardley-Pryor: Let me hear you talk a little bit about the role of bipartisanship. It's such a polarized situation today. What was it like in California with this? Reagan had just been governor. There's a very strong Republican Party in California, unlike today, in many ways. What was the situation like as far as—

03-00:51:36

Peevey: Well Reagan was governor through '74.

03-00:51:38

Eardley-Pryor: So what was it like as far as reaching across aisles, working together, Republicans, Democrats, at this time?

03-00:51:45

Peevey: Well, there was much more of it than there is now. Well, in California, there was much more of it. Reagan had this reputation to some as a very right-wing conservative. He said some wild things, like the current guy [Trump] does—“Evil Empire” and all this. But the fact is that he [Reagan] worked across the aisle on an awful lot of things, with Democratic leadership in the—most of the time he was governor, the Democrats controlled the legislature, by small margins, but they did, not all the time, but they did. But he found ways of working with them, Reagan. Reagan is often considered—well, by today's standards, he's not considered as particularly right wing anymore. But he signed legislation creating the withholding of the state income tax. He was a positive on abortion rights for women. He was a reasonably strong environmentalist, wanted to preserve some of the physical attributes of the state, the Eel River and things like that flowing. And, I have to say that the Republican members, many of them, in the legislature, they had some very effective leadership, and they worked with Democratic leaders. So it was a more bipartisan time. It's all there is to it.

03-00:53:15

Eardley-Pryor: What does that make in terms of opportunity or possibility? How is that different?

03-00:53:23

Peevey:

Well, in what sense, opportunity or possibility? I mean, it was a better environment for someone like ourselves, CCEEB, because you could work with both political parties. You didn't get immediately cast as favoring one over the other. You found ways of doing things together. That was a significant feature of that.

03-00:53:49

Eardley-Pryor:

You showed me a photograph upstairs with Governor Reagan signing some legislation that—you're there—that you helped pass. Tell me a little bit about—well, that's also in '74, just before Jerry steps in—tell me about what that was.

03-00:54:04

Peevey:

Well, that was a statute that I—remember now, I have an economic background, and have a master's in economics. And I felt that we—with the passage in '69 of the California Environmental Quality Act, CEQA, any major project, any kind of major project, is supposed to get an environmental review, an environmental analysis of it. That's California law. It's California law today. I felt that that's fine, but there ought to be a statute or a requirement that you also have to look at the economic impact of the proposals, not just the environmental impact, and that's what that legislation was. We got it through the legislature, and it's tough to argue against that. The unions all liked that, and many other people liked that, and we got it passed. And that's him signing the bill, the picture, him with me, and with Leo McCarthy, who was the speaker of the California Assembly, and Arlen Gregorio, who was at the time a state senator for San Mateo County and the San Francisco Bay Area, at his desk, him signing the statute.

03-00:55:25

Eardley-Pryor:

This economic impact report bill, was that part of your work with CCEEB? Or was that still part of the [California] Labor Federation?

03-00:55:32

Peevey:

No, CCEEB.

03-00:55:34

Eardley-Pryor:

That was one of the first things, I would think, that happened with CCEEB.

03-00:55:36

Peevey:

Yes, correct.

03-00:55:38

Eardley-Pryor:

And it's very successful, CCEEB. The emphasis on balance at CCEEB, and even this push, the first initial victory in the economic impact report in addition to the environmental, the EIRs [Environmental Impact Reports]. Balance seems to be a real strong theme in your work, trying to balance these interests of both preservation and environmental health, but with development and opportunity. Where does that balance do you think come from? Because

it's a theme that runs throughout your career. Why did that become such a drive for you?

03-00:56:14

Peevey:

[laughs] I'm not sure I know the answer to that question. Let me put it this way. I think that most people believe in compromise, in another way you could substitute the word "compromise" for "balance"—that on major issues, you have to find a way that nobody gets the whole loaf and the other parties or party doesn't get anything. You have to find balance, you have to find compromise on all. So, it always seemed to me kind of natural, to be for a balanced approach on issues.

Now, the thing is that, to be very candid, the balance always tilts—almost, not always—but usually tilts in the favor of economic development, which is where I think most people are, even today. But it's not with disregard for environmental issues at all. So much of business—like all we have to do is read the papers today, and know what's going on today in Washington to see, we seem to be going through a wholesale rejection of a lot of the great environmental improvements we've made or have been on the road forward. The current national administration wants to repeal this, that, everything else—the automobile standards, pollution standards, across the board, land use, whatever.

A society, to be prosperous and to take care of most of its members and adherents and followers and all, has to find some balanced approach to job growth, economic development, and so forth. And that's what I think any government agency or anybody should try to come down on that side, and that's what motivates me even today. I've become more environmental only in the last ten, fifteen years than I ever have been. I've always been interested in the environment and a supporter going back to Prop Twenty and the Coastal Initiative and so forth—back in '72, I was a supporter of that, and continued to be in '76, which a dramatic issue came up. Any rate, I've sought to have an even keel on these things over time. And I thought an organization that stressed, on the one hand, "We need this kind of development and growth," and the other hand, "We have to be conscious of these environmental considerations and bow to them in many instances." I think that kind of approach is what most people are comfortable with if they have a chance to understand them.

03-00:59:25

Eardley-Pryor:

But, for where that came from for you—this sense of equity or the sense that development must be there. Where do you think that stems from in your life?

03-00:59:38

Peevey:

I guess I need a therapist to help me find the answer to that question.

03-00:59:41

Eardley-Pryor: All right. Well, let's pick up—we had mentioned Charlie Warren, his work in the California Assembly and pushing through a lot of legislation in the seventies, especially around '76. One of the things that you mentioned, in '76, the Nuclear Safeguards Act that he had a role in, but also, the Coastal Commission is codified into law.

03-01:00:01

Peevey: Well, the Coastal Commission was—yes, that's true. Okay, go ahead.

03-01:00:06

Eardley-Pryor: Well, I was going to ask you, what was the process that you did, your work with CCEEB, in helping shape it—from the 1972 Prop Twenty creating the California Coast Commission, until creating the Coastal Commission Act in '76? What work were you doing around those issues?

03-01:00:20

Peevey: Well, we tried to be a reasonable and moderate voice on coastal development and environment. When Proposition Twenty was passed, it was only for four years. So to continue it meant it had to be essentially renewed or revalidated by legislation, and that became a great big fight in Sacramento. A lot of people, the same groups that opposed it originally, many of them, not all, many of them wanted to just let it die in '76. Right? That was a big, big issue. I didn't feel that way.

03-01:01:06

Eardley-Pryor: Why?

03-01:01:07

Peevey: Because I thought a balance was a good thing, the Coastal Proposition Twenty.

03-01:01:11

Eardley-Pryor: There's a myth that the—maybe this is in part because Peter Douglas's role in writing some of the Coastal Act, and he became a longtime director [of the California Coast Commission] eventually—that development should not be something that the Coastal Commission deals with. But my understanding—correct me if I'm wrong, and maybe this is where your support comes from—is that people like Mel Lane and Joe Bodovitz, they really did understand that there's a balance between development and environmental protection.

03-01:01:34

Peevey: Yes. First place, Bodovitz was the first executive director, and then Peter Douglas succeeded him, four or five years afterwards, that is true. Mel Lane was the first chairman. They were publishers of *Sunset* magazine at the time, his family, and a well-known magazine, still around today, and all. Yes, they [Lane and Bodovitz] saw the need to have some reasonable balance, and some modest development in particular instances on the coast. I think that is fair to conclude that. And Peter Douglas was a much—who succeeded Bodovitz—much more of a hard nose on that and really didn't want to see any

development at all, I think. But we've had very little development on the coast. It's basically been preserved, thank God, for all of California, for eternity. That's the way I look on it. It's a priceless resource that brings people here, makes them love the place. Hell, I got a home [in Sea Ranch] on the coast myself, and we treasure it, and had it for twenty-seven years. But to get to the interesting topic, the point here, though, as it affects me and CCEEB: in 1976, the question is, does it continue? It took legislative action to do so. The state building trades' unions, headed by a guy named Jimmy Lee and several others, hated the Coastal Commission and they didn't want to see it at all.

03-01:03:07

Eardley-Pryor: Were they members of CCEEB?

03-01:03:08

Peevey: Yes, very active members. And we had some eternal struggles about this at CCEEB. Many of the business people in CCEEB, the Irvine Company, a big land use company in Southern California, they all accepted that there could be and should be a continuing Coastal Commission. They were not flatly opposed to it, but they wanted to see it under the right conditions in balance, and so forth. I think they were disappointed when Peter [Douglas] took over years later and then felt it all went one way. But putting that aside, in 1976—so, CCEEB was created in part because of the enactment of Prop Twenty—so, just inevitably, we were going to have a significant role in this thing. On top of that, you had a governor and a father of a governor. The governor wanted Prop Twenty to continue, the Coastal Act to be continued, and so did his dad, and so did I. And we talked about this within CCEEB several times, at board meetings and all. I recommended that we support continuation of the Coastal Commission by statute, and I had support from some labor people.

My dear friend at the time, who's passed on now, Tony Ramos was head of the State Council of Carpenters. That's a building trades union. He didn't agree with Jimmy Lee and the operating engineers people—they wanted to kill it, have nothing to do with it, just kill the statute, not have it pass. And there were several others. Bill Robertson, the head of the Los Angeles AFL-CIO, also became a dear personal friend. He was at the same place that Tony Ramos and I were, and there were several others. And then we had more moderate business people, and then there were some public members that felt the same way. And that was the position we took.

That was the position we took in part—I'll always remember Bill Press. Bill Press was, at that time, the head of—he's on TV today. You can see Bill Press on, I guess, CNN? I don't know what he's on. He's a political commentator from Washington, D.C. But Bill Press, at that time, was head of the Office of Planning and Research for Jerry Brown, for the governor. And irony of ironies, in 1970, when I ran for the state senate against Peter Behr, Bill Press had run Peter Behr's campaign. Even though he was a Democrat, he had run Peter Behr—that's what I was up against. Peter Behr was a very liberal

Republican. You don't find them like him anymore. And [in 1976] Press called me up and said, "Mike, you guys just got to support us on this thing," that "the vote is going to be very close. We may not get it passed," blah, blah, blah, blah, "you got to stand up." And we did, CCEEB stood up and took that position.

And Jimmy Lee and a couple of the other building trades guys were incredibly pissed at me. They thought I'd sold them out, sold out the purposes of CCEEB, that I wasn't showing balance, I was coming down solely on the environmental side. And they tried to get me fired. They tried to get me fired at CCEEB, and they had a board meeting where they raised the issue. But none of the other labor people would support them, essentially, and so, it didn't happen. I didn't get fired, and their enthusiasm, their interest, their support of CCEEB waned to practically nothing from that day on, the state building trades. The other unions, many of them continued to be active, and that was a cathartic event for me. I could have been out on my ass. But I did what I thought was right, and I had support for it from Pat [Brown] and many others. Then, of course, some people just want to look the other way, don't take any position at all. But anyway, that was the outcome, and the legislature did pass it. It was enacted. I think it was by one vote, in the senate, the state senate, which is a critical place. And it's the law today.

03-01:07:49

Eardley-Pryor: Once the decision within CCEEB, that dramatic moment happens, and you maintain your job, and you decide that "we are going to support it"—how does CCEEB then operationalize that support? Tell me what it does.

03-01:08:03

Peevey: Well, you go testify before the legislature. You let the legislators know that, so they get up on the floor and say, "Well this organization, which was created" and blah, blah, "supports this." You do all the effective things that lobbyists do.

03-01:08:18

Eardley-Pryor: Tell me more. Tell me like, at the time, what were those things?

03-01:08:21

Peevey: Yeah, well, just what I just said.

03-01:08:22

Eardley-Pryor: Speaking to the legislature...

03-01:08:23

Peevey: Speaking to the legislature, sending letters, being supportive, talking to community groups—an array of things that any campaign tends to do.

03-01:08:33

Eardley-Pryor: Did you hire a campaign strategist, the way you did with the nuclear campaign?

03-01:08:38

Peevey: No, no. There wasn't the kind of monies or anything involved, anything near that.

03-01:08:44

Eardley-Pryor: I'm wondering, did you have any—this is kind of a connected aside, but Jerry's dating Linda Ronstadt at the time. She's got a home in Malibu. There's a fire in Malibu, and the Coastal Commission says, "Here's our opportunity to regulate and get public access to these Malibu beaches," because people need to have a permit from the Commission to rebuild. But of course, Jerry's girlfriend's got a home there. I'm wondering if any of these issues with Jerry's feelings on the Coastal Commission, and whether they should be able to control, limit development and permit, were those kind of things that you knew about? Did that come up between you guys' conversations?

03-01:09:22

Peevey: No, not really, no, but if it did, I don't remember. Could not have been too dramatic. I don't remember. He's never been a huge fan of the Coastal Commission, Jerry Brown.

03-01:09:31

Eardley-Pryor: Oh, he hasn't?

03-01:09:32

Peevey: No.

03-01:09:32

Eardley-Pryor: But he wanted that law passed?

03-01:09:33

Peevey: He's a supporter. He's a supporter, but he's always—part of the problem is the way the Coastal Commission is structured. There's a governing board of twelve. The governor only appoints four of them, four appointed by the state assembly, and four of them appointed by the state senate. So, it's never part of the executive branch, exclusively the state government. So, you as governor always—you're never totally comfortable with something that you don't control, and he didn't control it. I don't know about the Linda Ronstadt house thing and all that. I'd long forgotten about it. Yeah, he was traveling to Africa and all that stuff with her at one point there, but I don't know.

03-01:10:21

Eardley-Pryor: The other connection I was thinking of is that you mentioned you and Carol [Liu] have a home up in Sea Ranch. And Sea Ranch, the development for it, was in some ways deeply connected to the history of the Coastal Commission. Was that an influence in any way in—

03-01:10:34

Peevey: No, we didn't have that home at that time. This was way before that was ever—I wasn't even married to Carol when this was happening.

- 03-01:10:44
Eardley-Pryor: Have you since then had any kind of interactions with the Coastal Commission, in light of being a homeowner in Sea Ranch?
- 03-01:10:50
Peevey: No.
- 03-01:10:53
Eardley-Pryor: Some of the other things that happened, CCEEB-wise, that we haven't talked about, that you do want to talk about? One that I have been thinking of is the liquid natural gas terminal at Point Conception.
- 03-01:11:04
Peevey: Yeah, that was a year or two later.
- 03-01:11:06
Eardley-Pryor: Okay. Anything else that happened before that?
- 03-01:11:08
Peevey: That was in '67, I guess it was.
- 03-01:11:14
Eardley-Pryor: 'Seventy-seven?
- 03-01:11:15
Peevey: I mean, excuse me, '77. I'm off by a decade. [laughs]
- 03-01:11:21
Eardley-Pryor: But just the year after all—the nuclear safeguards issue, the passage of the Coastal Commission Act. These are busy times.
- 03-01:11:27
Peevey: Right, well the issue was that, believe it or not, now we're—the United States—is an exporter of natural gas, or LNG [liquefied natural gas]. At that time, and it was the Carter administration, the national policy was, try to use as little natural gas as possible because it's a diminishing supply, there's not enough of it. Believe it or not.
- 03-01:11:51
Eardley-Pryor: Before fracking. Yeah, before we find ways to access this stuff.
- 03-01:11:53
Peevey: Yeah, yeah, yeah—you said '76, '77. '77, okay, the feeling was, well, there's plenty of natural gas in Alaska, and we could just bring it down here via tanker. You make it into LNG. LNG is the way you're transporting it. It's natural gas, becomes LNG, becomes natural gas again. That's all there is to it. The only reason you make it LNG is, it's easier to transport it a couple thousand miles on a ship. No one's going to build a pipeline all the way to Alaska. So, it was, the feeling was, "My God, the state, we're starting to really focus on getting off of oil, using oil to generate electricity, switching to natural gas," which is twice as clean, at least, depending on how dirty the oil

was. There's different kinds of oil—higher viscosity, lower, dirty crude, cleaner crude, and so forth. But the feeling was, let's get natural gas to California. So, [Southern California Gas Company was the largest supporter.]

03-01:13:13

Eardley-Pryor: The feeling among who, among whom? Who else is in support of this? Who is the opposition for these things?

03-01:13:19

Peevey: The utilities [supported it], principally, Southern California Gas Company, and PG&E, but Southern California Gas Company—which, at that time, there was no Sempra [Energy] at that time. It was Southern California Gas Company, which was headquartered in Los Angeles, and controls then as it does now, providing a provision of natural gas to homes like this house, so heating in this house, to over five million Southern California households, as well as businesses and everything else. They thought it would be great to have LNG come to California. It would enhance their market and be able to further expand, meet demand. And remember, I said that nationally the feeling was it was going to be an inadequate amount of natural gas, and pipelines from Texas and Canada wouldn't be adequate, wouldn't be able to provide the gas California needed. We get a lot of gas from both those places, even today.

So, let's get LNG was the feeling. Well, where and how we are going to get it here? Well, you got to have a terminus, a port. And there was a lot of talk about Los Angeles Harbor, but many people, including myself and others, felt no, we don't want it. The chances of an accident with LNG is very small, very tiny, but if there ever was an explosion, it could really do a lot of damage—and there have been a couple of them around the world. But, so, they came up with the idea of putting it at Point Conception, which is in Santa Barbara County, a remote location, bitterly fought by the Indian groups there, American Indian group.

03-01:15:08

Eardley-Pryor: Oh, was that on Chumash land?

03-01:15:10

Peevey: Yes. So, to speed up the siting of an LNG terminal at Point Conception, the feeling was that you needed [state] legislation to do that, and to designate the [California] Public Utilities Commission as the siter of the terminal, because their decisions were reviewable only by the California Supreme Court. In other words, you don't have this lengthy review process where someone sues you, and it starts out in superior court, and then you go to appeals, and then so on, and it takes years, many cases. That's pretty much the case still today. Any rate, and so it took special legislation to designate the PUC as the body to make the call on LNG at Point Conception. Well, that legislation passed. Brown signed it into law, strongly supported by the gas company, strongly supported by CCEEB, one of its chief proponents. Couple years later, conditions seemed to change. We didn't need the natural gas. [laughs]

- 03-01:16:25
Eardley-Pryor: Did the PUC make the ruling that it was permissible there?
- 03-01:16:30
Peevey: It did, yeah.
- 03-01:16:32
Eardley-Pryor: But nothing was built?
- 03-01:16:33
Peevey: But there was nothing, nothing ever came of it.
- 03-01:16:35
Eardley-Pryor: Were the economics different?
- 03-01:16:36
Peevey: Yeah, the economics changed. We had more gas, the US, than we thought. The cost of the LNG went up, would have, and potentially was going up—it wasn't potentially going up, it *was* going up—and the ardor for the LNG terminal declined. And the costs of the ships were unclear, how much they would be—they have to build special ships for this. And there was still a lot of local opposition to it. But it just ran out of steam, or out of gas, I should say, and that was that. It never got built.
- 03-01:17:22
Eardley-Pryor: Some of the stories you're telling here that CCEEB was involved in seem like really mixed emotions. It's a victory. We got the legislation through that we are trying to get through—whether it be the nuclear issue, whether it be the LNG issue—and yet, in the end, it doesn't go the way that you want it to go, despite having won the legislation, basically having won the campaign. I'm just wondering, emotionally, what is that doing for your work life, and the challenge of working that hard and then at the end, having a mixed victory?
- 03-01:17:52
Peevey: Oh, I don't know. I mean, this, if you live in the—and Nixon famously said, "You have to"—well, Teddy Roosevelt said it first, and I'm sure some Greek said it first, thousands of years ago. But "if you live in the arena, if that's the challenge and the fight and you're in the arena, and you're going to lose, or win some, lose some, but you got to suit up and be in the arena." [See Theodore Roosevelt speech in Paris, "Citizenship in a Republic," April 23, 1910, commonly called "The Man in the Arena."] And I think I had that strong instinct in that regard. I know I did.
- 03-01:18:28
Eardley-Pryor: To be in the arena?
- 03-01:18:29
Peevey: Yes, very much so, still today, I suppose, but certainly not—I'm eighty years old. But yes, and you don't want to lose ever on big issues, but you understand

that you take them on, there's a good chance you may or more likely than not to lose—it won't be a clear win. You get compromise, and all.

03-01:18:54

Eardley-Pryor: What's the process you go through of dusting yourself off, when there is the challenge that doesn't go your way, to get back in the arena?

03-01:19:07

Peevey: I guess some introspection, and some good wine. I have won and I've lost in all this. I've run for office and lost. That's a bitter pill, to lose sometimes when you're putting all your energy you have into it. Nothing has been perhaps as intense as that, in the sense that it's you, alone, out there on line. Many other things you're for, or it may go down in defeat, but the causation or the cause may be spread over a whole bunch of individuals, entities, and events, and so it's not as clear cut as when you're in the game directly one on one. It's like playing tennis versus being on a football team in many cases. It's only one winner in a tennis match. There's just two people, and when you lose, you lose, and you don't have many to blame, and you can't pass off, pass the buck. Football, you got eleven, at least, on each side, offense and defense; the responsibility—just to watch the games, watch the games on Sunday—it gets spread around more.

I don't know. I'm not overly introspective about this stuff, because I found, I'm more like an old warhorse. I might start to be introspective, but then I get the call, and I hear the bell or something, and I want to go charging out like the racehorse, get involved. That's up until recently. The last several years, I've got a different attitude. Obviously, I sat down and wrote a book [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)] about my experiences in many of these things, and was content to do that, with the understanding that it's unlikely you're to be a player again. You get to a certain age, and the energy level isn't the same. And also, the ambiguities of life become more obvious.

03-01:21:35

Eardley-Pryor: What do you mean by that?

03-01:21:36

Peevey: Well, things aren't quite so clear cut. You know? It's just—there's exceptions; I make one in Washington, D.C., an exception. But by and large, things are—there's arguments. This goes back to the balance question. There's arguments on both sides for many things, and trying to find your way through all this is work. And I'm more willing to accept outcomes, comfortably accept outcomes, that I wouldn't have accepted in my thirties or forties.

03-01:22:12

Eardley-Pryor: Yeah, are you thinking of anything specific?

03-01:22:15

Peevey:

No, just generally, I guess just generally speaking. This applies to personal life as well as—I mean, hardly anything is 100 percent, right? It just isn't, and personal relationships aren't. They can't be. You can't be married to the same person forty years and everything always be perfect. Just doesn't work that way. And we all change, we all grow, and we often grow different ways. My first wife and I just—I wanted to be a public person. I wanted to be involved. I wanted to be in the arena. She wanted to be a—a house with a white picket fence and quiet life, and that became clearer and clearer over time. And it was just an impossible wedge, a difference between us that could not be patched up. But many times, it's less extreme than that, and then you work at things. And getting older, I think you become more tolerant—not everybody. But I still get very angry about public events and a lot of things that really bother me, and just bad this and bad service. But it's not to the same intensity it used to be. That's a function of age. You could find this probably in everybody you interview, say much the same thing.

03-01:23:46

Eardley-Pryor:

You mentioned the personal life. In the midst of this very intense new job that you have with CCEEB, and all of this legislation, these various campaigns, from '73 till '76, your personal life, that first marriage with Laurie, was also beginning to change.

03-01:24:05

Peevey:

Change? It fell apart.

03-01:24:06

Eardley-Pryor:

Do you want to talk a little bit about that?

03-01:24:08

Peevey:

Well, not particularly, but all I would say was, we were, for the first eight or nine years of our marriage, we were a pretty intense couple. And she was wonderful when I ran for the state senate—she was very supportive—but she didn't want me to run for supervisor, thought it was beneath me, the job, kind of thing, in part. She thought I had to make too many compromises in it. She was unhappy with it, with that choice. She really wanted me to be quote, I guess you'd say, quote "pure" unquote. She was comfortable—

03-01:24:59

Eardley-Pryor:

What do you think she meant by that?

03-01:25:00

Peevey:

Well, I don't know if she ever used that word exactly, but that was her—you were only identified with these, in her mind, moral, good causes, and there's not gray in it; it's black and white. She was comfortable with me being a union official. I don't know if she would be, in the last thirty years, but she certainly was when we started out and all that, and working for the government was a good thing. Running for office on the state senate, I was pure, clean, full of integrity, didn't fully comprehend all the subtleties of life. I

think after losing, that the second time, for supervisor, and then going to work at CCEEB, she thought, “Oh my God, he’s going to be identified with and is big business, be part of big business, and it’s corrupting,” and so much of that, attitudinally, she had. Separation just went from there. And I found her inadequate for my needs. You know what I’m saying? I wanted someone that wanted to be in the fight, too, and wanted, be there, whatever it may be, and was supportive of me, really supportive of me. And it just drifted apart further and further. She would have been happy if we lived up in Somes Bar up in Northern California in a small house—and I’m exaggerating, but you know—and I went fishing in the Smith River or something. She didn’t like the political world and all that, and thought it was too compromised, too full of bullshit and everything. A lot of stuff she felt was right, it’s true, a lot of it. But I made my bed. I can’t say anyone else made it for me. I made it. I made my choices. They may not always been wise choices, but I made the choices.

Fortunately, I found and married—and now it’s forty years now—someone who shares much of the same perspective on life as I do, and has been, herself, a successful public person.

03-01:27:47

Eardley-Pryor: Talking about Carol [Liu].

03-01:27:47

Peevey: Yes.

03-01:27:49

Eardley-Pryor: Yeah, Carol had been incredibly successful. And your partnership seems to be—

03-01:27:54

Peevey: It’s been a good partnership.

03-01:27:55

Eardley-Pryor: Really good, yeah, strong.

03-01:27:56

Peevey: It’s been a good partnership, now.

03-01:27:57

Eardley-Pryor: Tell me a little bit about that. So, the dates that I have from our previous conversation is, you and Laurie separate around ’74, try to make things work, figure it out along the way, but in ’76 is when the divorce is finalized. And then you and Carol get married a few years later in ’78. So, how did you and Carol meet? What was that process of finding each other, and deciding that you were going to move forward in life together?

03-01:28:24

Peevey: Well, we met in ’74 at a union convention in San Diego. The AFL-CIO, they’d send me to a biannual convention. And I used to—remember, I used to work there—and I went to see old friends, and my job at CCEEB, it was to

maintain relationships and all that kind of thing. And, I met her there. She was there with a friend of hers, who was dating a friend of mine, a guy named Art Carter. And let's just say I had a wandering eye, and Art said, "Well, let me introduce you to Carol," and one thing led to another. We all went out and had dinner a couple nights, and that's how I started seeing Carol.

03-01:29:17

Eardley-Pryor: What was it that drew you to her? You've been together for forty years. What is it that attracted you two?

03-01:29:27

Peevey: Well, back at the time, I thought she was a strong, independent, assertive person. She was. And I said earlier, we both liked more or less the public stage. We were comfortable with it, and we had similar cultural likes and all.

03-01:29:51

Eardley-Pryor: One thing that I'm familiar with is—

03-01:29:54

Peevey: And I was just attracted to her. I mean that, I'm physically attracted to her.

03-01:29:59

Eardley-Pryor: Smart and beautiful, those are two big wins.

03-01:30:01

Peevey: Yeah, those help.

03-01:30:04

Eardley-Pryor: I just became a father about a year ago with my daughter Isabel, my wife Bri and I. And you may not always be a husband, but you have two daughters, and you'll always be a father. Tell me about what that process was like as you and Laurie are transitioning away from your marriage, to how to maintain your fatherhood and your role as a father. What did you do?

03-01:30:26

Peevey: Yeah, that's not easy, but I worked at it. I really worked at it. I'm very devoted to both my daughters. I am today, I was then. And Laurie and I split up a couple of times. I mean, I moved out, before we finally ended up getting divorced. I moved out for several months, one time living over at Point Richmond, which is just right across the—well, you drive through it every time you go to Berkeley. I lived with a friend who had a house over there one time. Another time I lived in San Francisco for several months at a time. I would see the kids on the weekends. I would, always. Or I would have them come see me. That still was tough, and then she would travel sometimes. I'd go back and live in the house a few times, and this went on for a couple of years. All I can say is, that was not—one of the reasons we got back together and I tried to make the marriage work was concern about the kids—about them.

03-01:31:37

Eardley-Pryor: How much of an influence was your own experience with fathers, role models, as young children?

03-01:31:44

Peevey: Yeah, I don't know. I didn't have any role model.

03-01:31:47

Eardley-Pryor: That's what I'm wondering, how did that shape your being a—

03-01:31:49

Peevey: I didn't have any role model. I just knew how I felt, because my stepfather was no role model. And my father might have been under other circumstances, but I never saw him. So, what the hell, I didn't know anything.

03-01:32:03

Eardley-Pryor: I guess that's what I mean about, as being a father, making the choices that you would as a father and perhaps in light of, or in reaction to, your relationship with your fathers. In what ways did that shape the way that you decided to be a father for your daughters?

03-01:32:24

Peevey: Well, I think it shaped it in the sense that I was determined I was going to be a father, a good father, that would do things with my kids—from taking tennis lessons to whatever, hiking. My oldest daughter, we used to hike all over Marin County all the time on the weekends. And it was less so with Maria because she was five years younger.

But, I guess the best example that couples all this together: Carol and I decided to live together basically two years before we got married—a year and a half or so before we got married—and she, by that time, had a son, Jared, and he was two years old. Now, where are we going to live? I convinced her to live with me and we'd rent a house in Marin. And I did that because I wanted my kids, two girls, to be able to continue to go to the same high school, or same grammar school—one was in grammar school, one in middle school—and not be torn apart, and have as little negative consequence on their lives with their parents splitting up as possible. And the way to do that, in part, was to be there on the weekends and during the week. And so we rented a house in Ross, which is very close to San Rafael, and we fixed up a bedroom just for the two of them so they could come and be there, and then leave clothes there, and they could feel comfortable, like, "Okay, well, this next couple days, I'm going to be at my dad's," but it was not a traumatic experience for them to break. It was a traumatic experience for them for a breakup anyway, particularly the older one, Darcie, because I had been always around, and I wasn't around, as much. But I was around, but not as much, and Carol was totally support—she was just great about that. And then her and I had another place, not in Ross but in San Rafael, then when we eventually got married in May of '78. We continued living in that house, until we moved

here to Southern California. And we bought the house. I had bought the house [in San Rafael].

What happened—you don't go to all this detail, but what had happened is that Laurie and I tried a couple of times to make things work. And one of the times—because I had got this job at CCEEB and I was making pretty good money—we bought another house, and then we rented out the first one. The second one, we lived up in the hill. You could see the house actually from [US Route] 101, when you go north, out toward Peacock Gap. We had that. Her and I had that house with the kids. And it ended up being that Carol and I ended up living in the house, and she [Laurie] went back to the previous house we'd owned. [laughs] So, that part worked out and she lived in that house for another twenty years. Laurie and I bought that house [for] \$28,000. She sold that house for something like \$800,000, twenty years ago.

03-01:36:41

Eardley-Pryor: Wow. That's some appreciation there, huh?

03-01:36:45

Peevey: It's just incredible, just really incredible. That's why you're living in Santa Rosa. [laughs]

03-01:36:53

Eardley-Pryor: That's why I commute from Santa Rosa to Berkeley. [laughs] That's exactly why. But it's also because it's a great place to live [Northern California's Bay Area], and people want to live here, including me.

This period you're talking about, it's just such a wild time. Politically, the national scene, it's a wild, political moment. California is going through its own transitions and changes. You're in the thick of that, and then also in your home, there's all this transition.

03-01:37:17

Peevey: Yeah. No, you're right. It was a very hectic time, a very hectic time. On a personal basis, it was a very hectic time, that was.

03-01:37:26

Eardley-Pryor: I have a note from—

03-01:37:26

Peevey: But before I really set on Carol, I was chasing other women, too—so I don't need to, you know, look back on it negatively. But yeah, it was hectic. And [Jerry] Brown asked me to join his administration, wanted me to head up a workers' comp program for the state of California—because my friend Don Vial became the director of Industrial Relations, and Don wanted me to come and work as the head of the biggest single piece, which was workers' comp and all. I had a meeting with Brown, but then I decided I didn't want to do that, and I stayed where I was at CCEEB. There was a lot going on, you're absolutely right.

03-01:38:06

Eardley-Pryor: Why not go and move on with Jerry and work with Don on this?

03-01:38:10

Peevey:

I thought I had a better career future with CCEEB, [that it] would eventually lead to some business jobs and other things like that. I was not unmindful of that. And I really enjoyed it. I was my own boss. It's nice to be your own boss, and I've always—I really, really love being my own boss. Basically since, by and large—not entirely, when I worked at Edison, I wasn't my own boss, but I was high enough in the organization I had a good bit of influence and clout. But it's nice to be your own boss. And boy, my younger daughter [Maria] is a chip off the old block, 100 percent that way. [laughs]

03-01:38:56

Eardley-Pryor:

So you decided not to move and to work for the [Jerry Brown] administration, but you mentioned Don Vial. You also said he's probably your best friend. In the midst of, sometimes whenever these personal relationships break up—he and [Don's wife] Rosemary, and you and Laurie would get together—that also can lead to some challenges in your personal friendships. What was happening with your friendships around all of this transition?

03-01:39:21

Peevey:

Well, honestly, most of the friendships like that one, and with Don and Ann Solem and others, they all stayed my friends. That was the bottom line. They all liked Carol, and there were several couples like that. I guess there were a couple that gravitated toward Laurie. I don't remember them so clearly. [laughs]

03-01:39:52

Eardley-Pryor:

But you and Don maintained your close connection?

03-01:39:54

Peevey:

Oh, very close, yeah, if anything, became closer.

03-01:39:57

Eardley-Pryor:

How did you become closer if you didn't take this opportunity to work together?

03-01:40:01

Peevey:

Well, but we'd see each other a lot just as friends, and we had common interests. We had a lot of common interests. I told you earlier about it, and you're going back, way back—Marin TAC, the transportation act, and all that kind of stuff. But we stayed very close until he died. We ended up, we created this Peevey-Vial chair in economics at Cal. The *V* in the P-V chair, the *V* stands for Vial. It's just it's very fortunate the play on letters and words came out the way they did. You know what I mean? The P-V [pronounced, Peevey]. It's a pun, really, in a way, a good pun. I put up the money, but when we had the recognition of it, and the ceremony over at the Faculty Club and all that stuff to kick it off, it was the two of us getting up and speaking and everything. It was just a very warm, wonderful situation. I remember Lloyd

Ulman being there, and—what'd I do with that thing [Ulman's oral history transcript]? I guess I left it at the Sea Ranch. I read most of it, as you know, all but thirty pages, of his piece of their draft.

Any rate, we remained all good friends. And then, things after '78, after—my mother died in 1978, too. Well, she died in January '79, but she—the seventies were, there were a lot of ups and downs and rough times. My mother had a stroke about three weeks before Carol and I were getting married and going on our honeymoon. That's pretty grim, but she largely recovered from it. And then she lived at a rest home, senior citizen rest home called The Redwoods, down in Mill Valley, for about for eight months or six, seven, eight months, and then had another stroke in January of '79, and that was it. The second one was permanent. She never recovered, she was comatose, and that was that.

03-01:42:32

Eardley-Pryor: How did that hit you?

03-01:42:35

Peevey: Well, it hit me hard. She was eighty years old, same age I am now. But anyway, it was very difficult. After three weeks of being comatose it was clear: she wasn't coming out of it. The doctors told me, "This is it. We could prolong her life, maybe a month or two, or three, but it's a vain hope if you think that anything's going to change." And basically it was up to me to decide to pull the plug. That's not easy. I did. Very painful.

03-01:43:26

Eardley-Pryor: What'd you do for that decision-making process? How do you go through that decision-making process?

03-01:43:33

Peevey: Well, it's like, I don't know, Jerry said—Jerry Brown said in a different, somewhat a different context—but, "Who is benefiting by her being comatose there?" I'd go every day, see her, and she'd just be—couldn't have any interaction or anything else. Am I doing her a favor, this? I don't think so. I came to that feeling. That wasn't immediate. Of course, you hope just the opposite. I'm not much of a Christian, but I guess I am a Christian. I was baptized, had Communion, and all that. You think about these things very deeply, religiously, I think, consequentially.

And then my father died at the end of that year, and he was eighty also. He died here in LA, at Kaiser Hospital here. I told you this before. He had moved out here with Harriet and the daughter, Dena, and she called me up one day and said, "Willard's in the hospital and he's got severe stomach cancer. And they tell me, they could patch him up and he could live another six months, and he wants to see you."

03-01:45:22

So, I flew down, spent, I don't know, half hour, forty-five minutes, an hour, with him—he's in bed and I'm sitting next to him—talking about the things that we had in common, we remember, and all, but he was low energy, and really dragging. They'd told him they could keep him alive for six months. He saw me, and that night or first thing early next morning, he died, just like that. Harriet said, "All he wanted was to see you one last time, then he just checked out." He said, "Fuck it," he didn't want to stay alive. He was a great strong-willed guy, but he was able to will himself to death, I guess. How does death come on any of us? So they both died basically in the same year, one in January, one in December, 1979. This happened to me, getting married in '78, and on and on and on.

So it was tumultuous decade in the seventies, started with me running for office, ended with both my parents dying, and divorce and remarriage, and job change, and all that. CCEEB was a security for me in a way. I had that job from June, '73, basically all the way for ten years, all the way through the rest of the seventies and into the eighties. And that was the closest thing I had to security in some ways, was, I suppose, that job—until we got married. Carol was, she was teaching in the Richmond schools at the time, then she went into the school administration, and in charge of Title IX and women's programs and all that kind of thing, affirmative action in the school district. It's the Richmond School District, which is now called West Contra Costa County or something like that. You go through it, too—Richmond and all that—when you drive back and forth [between Berkeley and Santa Rosa.] And she was very self-centered, but in a nice way, and self-reliant.

03-01:47:50

I always remember first dating, she was—not first dating, but we're not living together, and [laughs]—this is so typical of Carol, even to this day, saying, "Meet over at my place." Lived on Acton Street in Berkeley, she did, and with a girlfriend. Carol said, "We'll have dinner," and I said, "Well, what's for dinner?" and she said, "Well, you're going to cook it." I said, "What do you mean, I'm going to cook it?" She said, "Well, I want you to cook this chicken dish, and there's a book there. You read up on it, and I got everything there, and you do it." And it was—what was it? It was ginger chicken—but, any rate, I did. Wasn't as good as hers, by any means, [laughs] but I managed to do it. It was an interesting challenge, but I was up to it. I didn't say, "Fuck it, I'm not doing it."

03-01:48:54

Eardley-Pryor: That was a good litmus test on her part.

03-01:48:56

Peevey: Yeah, yeah, I'm not sure it was seen quite that way at the time, but it was just, it was—it worked.

03-01:49:02

Eardley-Pryor: “How serious is this Peevey guy?” Oh, he’s serious enough to cook dinner. Yeah, he wants to be together here. [laughs]

03-01:49:10

Peevey: So, any rate—

03-01:49:12

Eardley-Pryor: Well, let’s take a pause here, and we’ll start talking about CFEE [California Foundation on the Environment and the Economy] next.

[break in audio]

03-01:49:32

Eardley-Pryor: So, talking about the seventies being a chaotic, busy time, you were going to share a memory of traveling?

03-01:49:37

Peevey: Oh no, I was just, just in the context of it being so busy, and it’s not important, it was just going once with Pat Brown visiting the Congress, senators and—

03-01:49:55

Eardley-Pryor: US Congress? Or the Calif—

03-01:49:57

Peevey: Yeah, the US Congress, yeah, the US Congress, on the Clean Air Act Amendments in 1977. And we were supporting, CCEEB was supporting some of the amendments, but not others. And it’s a complicated story about—and I don’t frankly remember the details—but going with him, traveling with him was so unlike his son [Jerry]. You couldn’t go anywhere with Pat without him talking to somebody, anybody. It’s a little bit like Cooper the dog [Cooper is Mike and Carol’s golden retriever]: if you look at them for a second, they’re on you. Pat Brown was out shaking hands with everybody, “Hey, I’m Pat Brown. How you doing, fella?” All that, it was just amazing, absolutely amazing. It was a tour de force to be with him. It was frustrating sometimes because you couldn’t get as much done as you wanted, because he’d be so damned taken. But he loved being a politician. He loved being out in public. He loved people. He loved just meeting people. Somebody from Mississippi was just the same as somebody from Minnesota, just, “How you doing?!” Oh, he was just an amazing person. And Jerry was so much different, much more diffident and a loner style, that’s obvious, you know.

03-01:51:08

Eardley-Pryor: How do you think—and you’ve had so much experience with both—how do you think their executive styles differ? I mean, personality you talked about now, but what about how they govern—whether it be a board, whether it be the actual governorship of California? How would you describe them as similar or different, in terms of their governing?

03-01:51:29

Peevey:

Well, God, this is a topic. You should read the book, *The Browns of California*, by Miriam Pawel—who, she wrote a book about Chavez, if you're interested in that topic. I just gave it to Jared, my stepson, as a Christmas gift. But Pat was all over the lot on everything. And these people used to say about Pat—remember I told you earlier, I thought that somebody would think, Democrats thought he was too wishy-washy, and so forth? Pat was the kind of guy that, many times, you always felt the last person that talked to him was the one that convinced him of something. Jerry ain't that way at all. Jerry makes up his mind on something, that's it, he's riveted. And unless it's some radical new idea or something, he doesn't change. He's solid. And Jerry's very thoughtful, but also very—so once he makes up his mind, that's it, and he's not easily swayed. Now, it doesn't mean he takes an issue on every topic under the sun. Pat Brown had an issue-interest in, oh, everything. Jerry's more limited in that regard. He's not as interested in everything under the sun, but in terms of governance and decision-making, you sold Jerry on an idea, by and large, that's it. Sold Pat Brown an idea? You'd never know, the next guy may unsell him, [laughs] or her, a person, or whatever. That's just the way they were. And then outwardly, one is so much more outgoing than the other one. They have significantly different styles. People say, "Jerry's more like his mother, and Kathleen Brown [Pat's daughter; Jerry's sister] is more like her father."

[break in audio]

03-01:53:30

Eardley-Pryor:

Great. You were just talking about who's more similar to their parents and their mother.

03-01:53:36

Peevey:

Oh, I was just saying that I think for Jerry, people say, "Jerry's more similar to Bernice," that was his mother. "Then Kathleen," his younger sister, "is more similar to his father, more outgoing." Pat was a backslapper. Pat was a natural-born politician in so many ways. He just loved it. He absolutely loved it. To his end, he was always the friendliest, warmest person. Everybody was his buddy unless they proved otherwise to him. But he was, to start out on that premise, he was a wonderful guy to be around like that. But he didn't come across as particularly thoughtful compared to Jerry. Jerry's much more thoughtful, and Jerry will quiz you on topics. You go in to see him about *x*, and you could be all of a sudden talking about *y*, and he'll go on about *y*, that's what interests him, for twenty minutes or half an hour, and ask probing questions. You leave a session with Jerry, you feel, by and large, this guy is a giant in terms of intellectual ability and acumen. I like them both very much. I think Jerry has been a very good governor for California, and paid attention to the issues. They're not always the same issue I would pick as number one or number two. But he, when he gets hold of something, he goes with it, and he's very effective, very effective, and the state's going to really miss him. I hope

[Gavin] Newsom is up to it, I really do. I don't know. We'll have to see, but, he's a lot younger.

03-01:55:16

Eardley-Pryor: Now that we're on the topic, I want to ask the question about the two different terms that Jerry had, and you were involved in some ways in both. How do you think they differ? How do you think he has changed?

03-01:55:30

Peevey: Well, I think he, oh, he's definitely become, I won't say more serious, because that makes it sound like he wasn't serious the first time. He concentrates on things more and gets into the depth of things a lot more. There's no question about it. One thing we left out here, we didn't talk about: in 1977, he appointed me as a Trustee to the California State University system.

03-01:55:58

Eardley-Pryor: I didn't know that. What was that experience like?

03-01:56:01

Peevey: And I served on there for eight years. This was after I had said no on this job in workers' comp, to head workers' comp and all. Sometime later, I know Don Vial talked to the governor and said, "Mike would like to be a Trustee, or a Regent." And Jerry said, "Oh, how about a Trustee? [laughs] We give the Regents to others." And he appointed me a Trustee, and it was a great experience being a Trustee of the California State University system for eight years.

03-01:56:34

Eardley-Pryor: Well, tell me, I'm not sure I know what the difference between a Tru—

03-01:56:36

Peevey: It's the governing board [for the California State University system], just like the Regents are [for the University of California system]. It's the governing board of the CSU and the twenty-three campuses.

03-01:56:43

Eardley-Pryor: Oh, wow.

03-01:56:44

Peevey: Headquarters were in Long Beach, rather than Oakland like UC is, or—I don't know where the community college—someplace in Sacramento they're headquartered. But it has the overall state responsibility for the system.

03-01:56:59

Eardley-Pryor: What kind of work did you do that you enjoyed, that you remember?

03-01:57:00

Peevey: Well, I was a Trustee. They have all the standard committees, everything from finance, to building and grounds, to legislation, to you name it. I was vice chancellor, but I never became—I mean, not vice chancellor, but vice chair of

the whole thing. I never became the chair. I would have liked to have been, but that didn't work out for various reasons. But it was an interesting job. It was a part-time thing, but it was interesting, because I've always had an interest in higher education, so, it helped there. I would have preferred to have been a UC Regent, but there you are.

03-01:57:43

Eardley-Pryor: Do you have any stories that you want to share about your experience with the CSU Trustees?

03-01:57:49

Peevey: I'll have to think about that. They were—well, I'll tell you a couple of stories that are kind of funny. Yeah, I don't want to use up all our time, but this is an interesting story. So I'm a Trustee, and this is like, 1980. There are nineteen campuses of the CSU. There never had been a president of any of the schools that was Hispanic, and that was a glaring challenge or problem. So, Jerry wanted—the fellow named John Greenlee was retiring. He's the head of Cal State Los Angeles—Cal State Los Angeles, fifteen, twenty minutes from here, in east Los Angeles, heavy Hispanic area, and though the CSU draws from the whole state, campuses tend to more or less reflect the neighborhoods and communities around them. So he wanted a Hispanic for that job, and the finalists for that job were an African American guy named Jim Rosser, and a Hispanic named Julian Nava. And Julian Nava had been—this is early 1980—Julian Nava had been on the LA School Board for years—an educator, college professor and all. And Jerry asked me to try to make sure that Nava got the appointment, got appointed. So now we're down to two finalists, and at the board meeting, the governor is an automatic ex officio. He's a Trustee on it. He comes to the meeting. The meeting's in Long Beach, at the headquarters. The speaker of the California Assembly at the time, Leo McCarthy, he comes to the meeting to vote for Julian Nava, too. We thought we had all the votes lined up. We had a secret ballot election vote, and he lost by a vote to this Jim Rosser—whose picture is upstairs with me, there with John Kenneth Galbraith.

03-02:00:26

Eardley-Pryor: I saw it, yeah.

03-02:00:27

Peevey: Rosser became a very dear friend. I'll get to that in a moment. But so, first, he [Jerry] got mad at me. "What the fuck happened?"—I don't think he used the word "fuck," but, "What the hell happened here? This is—God damn it, Mike," and on about it. I said, "Jesus, Jerry, I don't know." We had supposedly these three votes: one of them was a woman named Blanche Bersch; another one was Wally Albertson; I can't remember who the third one was. And they obviously went the other way. It's the only way this could have happened, because we had enough other votes. He says, "Liberal hypocrites. Liberal hypocrites," he goes. [laughs]

So, Nava and his wife had come to the headquarters on the assumption that there was going to be a press conference with the governor, announcing his appointment. Okay, so he's there, in a room on a different floor. This vote happens in the boardroom. So after that happens, and we walk out, and Brown says, "You tell Nava what happened," pointing to me. "You tell Nava. I don't want to [laughs] tell him, you go tell Nava the thing failed." So I did. I can imagine how he felt. The guy came there, was all anticipating I was there to get him to take him to the governor to do the press conference.

03-02:01:58

Eardley-Pryor: You'd have a historic moment.

03-02:01:59

Peevey: Yeah. So, then we had to convince Nava not to have a press conference—because the press was there—and blast the shit out of the system, right? Blast the holy hell out of—

03-02:02:12

Eardley-Pryor: The CSU, yeah.

03-02:02:14

Peevey: Yeah. And I finally did that, because I was friendly with him. I didn't know how I did it, and that was that, and Brown went back to Sacramento, and he was pissed. Everybody was pissed.

03-02:02:26

Eardley-Pryor: Well, you know what's interesting about that, I was looking for archival records on CCEEB to prepare for today, and Julian's papers are archived in [CSU] Northridge, where he was professor for a long time, Chicano Studies program, with the big Chicano Studies program at Northridge. And his papers include a number of folders about CCEEB. He was either collecting the material, or was he on CCEEB with you? Did you have some relationship—

03-02:02:51

Peevey: He was. He was on the [CCEEB] board at one time, too, yeah.

03-02:02:54

Eardley-Pryor: So you knew him, a working relationship even before this?

03-02:02:57

Peevey: Oh yeah, and I liked him. I was very fond of him. Anyway, so that's how Rosser got the job. So, it doesn't quite end there—almost, but not quite. So, a few months later, there's a much smaller campus at Bakersfield—CSU Bakersfield—and Jerry calls me up and says, "Let's make Nava the head of the Bakersfield campus," because there was a vacancy. I said, "Jerry, that's not the same. Urban versus rural, white-dominated Kern County, conservative—" "I don't give a shit. You make it"—that didn't work. The other Trustees wouldn't go for that. He didn't blame me so much for that. He understood himself, I think. That was the end of that. [laughs] When you're a Trustee, these are the kind of things that you have to deal with.

Then a little later, he calls me up. There's a retirement at SF State, and he wants me to help him make August Coppola—that's Francis Ford Coppola's older brother—the head of SF State. Now he was head of the fine arts program at SF State, but he had no executive background, no nothing. And he was a Trustee at the CSU, but he had no background at all.

03-02:04:27

Eardley-Pryor: This was more a political request from Jerry?

03-02:04:29

Peevey:

Yeah, well, so was the other one in Kern County. They all were. They're all political. And that foundered too. Coppola just didn't have the gravitas to bring that off. And he was a great guy, a fun guy, but not for that. So that foundered. It's like Willie Brown wanted me to make some other guy president at San Jose State at one point, so he could get him out of Sacramento. "You stand there." Those are the kind of things you deal with in politics a lot. As Pat Brown said about appointing judges—you know, the governor appoints judges—says, "For every time you appoint a judge, you get maybe a hundred, fifty at least, fifty, maybe a hundred applicants to be judge for let's say Sacramento County. You say, when you appoint a judge," he said, "what you do is, you make a hundred enemies, and you have one ingrate." [laughter] That's Pat Brown. I guess it's pretty accurate.

Any rate, enough of that. Yeah, but I was a Trustee for eight years at CSU. And I enjoyed that job, and it was rewarding when I was on that board. These are just funny little stories, vignettes. They don't tell you a hell of a lot about me other than just—my friend Bill Robertson, I showed you his picture upstairs, in Israel and all? So, someplace else: he was the head of the Coliseum Commission down here—the Coliseum Commission manages the Los Angeles Coliseum. It's where the Rams are right now playing football again. But it's been there—it was built for the '32 Olympics, and then the '84 Olympics were there, and the 2028 Olympics will be there. The prime location, it's next to USC [University of Southern California]. Bill was instrumental in convincing Al Davis to move the Raiders here, from Oakland to LA. The Raiders played here for thirteen years. They went back to Oakland, now they're going to Las Vegas. I don't know if you follow pro football?

03-02:06:33

Eardley-Pryor: Yeah, I have, yeah.

03-02:06:34

Peevey:

But all this stuff—Al Davis was the head of the Raiders, cantankerous guy, straight man, an honest guy, but a very cantankerous, difficult guy. And they couldn't work out his deal with Oakland, so he said, "Fuck it, I'm going to LA. It's a bigger market," blah, blah, blah, blah. All the time he came down here, his wife stayed in Piedmont, I might add, in Northern California. She never moved down here with him, and he basically came back and forth all the time. Any rate, so he and Bill [Robertson] were the best of friends. In fact,

Davis and Bill Robertson, and Bill's girlfriend, and Carol and I went to a basketball game up in Oakland, and to see the Warriors play—before they had great teams and all that. But any rate, so they [the Raiders] wanted to come to Southern California, and it happened in a pretty short period of time that they actually made the move, and they needed a place to practice. And I got them to use another CSU campus, Dominguez Hills, used that as their practice field for a month or so, at no cost—they paid some nominal amount—but for Davis to, and the Raiders to—the first year they were here, before, they practiced there.

03-02:07:49

Eardley-Pryor: They practiced at CSU before they started playing in LA.

03-02:07:52

Peevey: Yeah, yeah, in the summertime, you know.

03-02:07:55

Eardley-Pryor: Ah, that's great.

03-02:07:56

Peevey: Dominguez Hills, another one of the campuses. There's all these damned campuses. Those are some experiences I had at the CSU board that were kind of interesting.

03-02:08:04

Eardley-Pryor: It seems like you could really build your network, your political network, by being both as executive director of CCEEB, and as Trustee.

03-02:08:13

Peevey: Oh yeah, yeah. And then when the chancellor retired, though, I lost out on that. Myself and several others had one candidate we wanted to be the next chancellor of the overall system, and we lost out to a woman, actually, who turned out to be a disaster, and she got fired. I don't remember—I wasn't there when she got fired—but that's another interesting story. The politics at university systems are incredible. There's, beneath the surface—everybody's so polite on the surface, when oftentimes sticking the shiv in. [laughs] You don't say you don't like someone. You just say, "Oh, they're a good person," or something, a less than ringing endorsement, you know?

03-02:08:56

Eardley-Pryor: Yeah, politics at any level gets intense, doesn't it?

03-02:09:00

Peevey: It does. Yeah, you'll experience it plenty.

03-02:09:03

Eardley-Pryor: Well, I think the next thing I wanted to talk about with you was the creation of the California Foundation for Environment and Economy, the foundation CFEE [pronounced *see-fee*]. I'm wondering if maybe we table that, to begin that discussion tomorrow. Because CFEE has such a role in helping you move

into Edison, and all these trips that you took, and meeting Howard Allen and working with him more intimately through CFEE.

03-02:09:28

Peevey: Well, I knew Howard Allen before that, well before that, well before. Howard had an instrumental role in hiring me to work at CFEE back—

03-02:09:38

Eardley-Pryor: Oh, back in '73?

03-02:09:39

Peevey: Yes, yes. He was senior VP or executive VP of Edison Company at that time. And I think he was the one that said, "You don't like it, you write it," kind of thing. He's always a very assertive guy. He and I got along great until the last couple of years of his reign, and then we had a big falling out. But overall, I have a certain respect for Howard. But, any rate, CFEE, no. It was on a CFEE trip with him that he asked me to come work at Edison, that part is true. But CFEE is an early small window compared to CCEEB, in terms of the big events. But yeah, we could do it exactly that way, and just spend fifteen, twenty minutes or even a half hour tomorrow, whenever you want, talking about CFEE—how it came to be, what inspired me to create it, who the partners were. I think I've told you some of this already.

03-02:10:34

Eardley-Pryor: You told *me*, but we haven't recorded it, so let's do that tomorrow.

03-02:10:37

Peevey: Okay.

03-02:10:38

Eardley-Pryor: Great. Thanks for your time today, Mike.

Interview 4: January 18, 2019

04-00:00:00

Eardley-Pryor: Mike, great to see you again. Today is January 18, 2019. This is continuing oral history session number four, with Mike Peevey, in your home in La Cañada Flintridge in Southern California. Thanks for meeting again, Mike.

I wanted to get to some things we didn't get to yesterday. One of those is, in 1974, Governor Reagan, thinking he's going to move into a national stage, wanted to do something around energy, and part of that had to do with signing into law the creation of the California Energy Commission, the CEC. Can you tell me a little bit about what they do, and why this happened then?

04-00:00:39

Peevey:

Well, the Energy Commission was created in California. There was a general feeling—and this, you have to put together several different other issues, too: the Coastal Act, the desire to site power plants up and down the coast, the feeling that the Public Utilities Commission of the State of California was not doing all the things it should be doing well, and then, of course, the Arab Oil Embargo. All these things created an environment in Sacramento among Democratic legislators, the desire to create a new agency that would deal with several important issues: [1] the siting of power plants, the actual physical siting of the plants, so, on the coast or not on the coast, wherever; [2] a focus on energy efficiency, which had not got the kind of attention many people felt it was due, even in the seventies—today it's a huge issue; and, [3] the forecasting of future growth and demand of electricity, taking that away from the utilities, and having it as a state government function.

Those were three of the major principles to guide the Energy Commission, And when it was ultimately enshrined in law in 1973, on the heels of the Arab Oil Embargo—in the midst of it actually—all the legislature passed a bill by a very, very narrow margin in both houses, by one vote in the Assembly and in the California State Senate, to create the California Energy Commission. It wasn't called that at the time. It had a more detailed name, Energy Conservation and blah, blah, blah [Energy Resources Conservation and Development Commission], but it became known as California Energy Commission, and that's what it's known as today. It passed in 1973. Ronald Reagan was in his seventh year as governor of the State of California. He vetoed the legislation, said it was unnecessary.

04-00:02:53

Eardley-Pryor: It sounds to me like a pretty big grab from the state—from local control and siting, and then also from the utilities—

04-00:02:59

Peevey:

Well, not just from local control, but from other state agencies, the Public Utilities Commission and all that, yes. But there's a lot of groundwork for it, and there was a lot of evidence of its need. Any case, he vetoed it in 1973. The

bill was called the Warren-Alquist Act, and the Warren was Charles Warren who was the assembly member—we talked about him a little bit before—and the Alquist was Senator Alfred Alquist from San Jose, who was chair of the Senate Utilities and Energy Committee—a different name, but it was what it was functional as. So they were the coauthors. In '73, the legislation was vetoed by Reagan. In '74, it came back again, by the same authors, the same interests. It was Reagan's last year, and energy had become, because of the oil embargo and other things, it had become very, very important in California. And he signed a revised version of the statute into law, and the revisions were not all that great from what had happened the previous year. Essentially, it was the same legislation. He signed it into law, and left it to his successor, who turned out to be Jerry Brown, to make the first appointments and to staff the agency and all.

So that's how it came to be. The utilities in '74—they had opposed it vociferously in '73 and got him to veto the legislation. In '74, they made some accommodations all around, with advocates and with the governor's—it's pretty clear Reagan wanted to sign and have some piece of legislation dealing with energy that looked significant, because he was planning to run for president two years later, which he did. He ran in 1976 against Gerald Ford in the Republican primary. Ford was already president, having succeeded Nixon after Watergate, and Reagan lost by a small margin to Ford in '76. And of course in 1980, he was the Republican nominee and became president. So he wanted to have something that put his stake in the ground that he was an effective governor in the field of energy, too. And part of that was signing into law the creation of the California Energy Commission.

04-00:05:30

Eardley-Pryor:

What were your thoughts about—either time, '73 or '74—the creation of the commission and CCEEB. What were their points of view? Where were you coming from?

04-00:05:37

Peevey:

Well, no, I think like a lot of people, most of us felt it was a useful step. It was a very significant step, though. In my book, I detailed some of this [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)]. In *California Goes Green*, there's quite a bit about the Energy Commission, its creation, what it represented, and a number of things over the last thirty years of erosion of the powers of utilities, and in favor of bigger role for state government.

Let's take just the simple thing of forecasting future growth. The utilities had done that for fifty, sixty, eighty years. All they had to do was, they had to go to the Public Utilities Commission [PUC] in the State of California and get a Certificate of Public Convenience and Necessity—that's what it called, Certificate of Public Convenience and Necessity—to build a power plant wherever they deemed it was desirable, if they got the approval of the PUC. A

lot of people felt that that was giving them [the utilities and the PUC] too much authority and not enough input from many others—although they always had input from local government and there were quite a bit of input. But decision making rested with the utilities, and the Public Utilities Commission. That whole function, essentially, was shifted to the Energy Commission.

04-00:07:01

Eardley-Pryor: I'm thinking about how the Coastal Commission—

04-00:07:04

Peevey: And then the forecasting of future growth was very important, too, because how many power plants you built was a function of your forecast of future need.

04-00:07:15

Eardley-Pryor: And that had previously been internalized by the utilities?

04-00:07:18

Peevey: Pretty much, yes.

04-00:07:18

Eardley-Pryor: So now this became a state function, more public?

04-00:07:21

Peevey: Yes.

04-00:07:22

Eardley-Pryor: I'm thinking about how the Coastal Commission helped spur the creation of CCEEB—the concern that there was this, now, state entity that could control development. This sounds to me like a similar move, but around energy.

04-00:07:34

Peevey: I think that's true. But this is much broader.

04-00:07:39

Eardley-Pryor: I would think the business community and the utilities in California would be against this.

04-00:07:43

Peevey: They were, but in varying degrees, and some of the utilities were more accommodating than others—that's just the way it is. And public policy people—but this was a period of time, I mean, this is '73, '74. You had Watergate, then you got Jerry Brown, thirty-six years old, got elected governor of State of California, youngest governor in the history of the state. And it was a time of a lot of change, and a time of very rapidly growing environmental awareness by the citizenry of California on a whole host of areas: housing; not just air quality, but land use, and housing, and so many other issues that came to the fore, clean water. The air in particular was very important because so much of air pollution was in existence here in Southern

California. But all these things kind of rose to a crescendo in that decade. And he [Jerry Brown] was a young, articulate leader of concerns about much of this. And he was disciple at that time of E. F. Schumacher, and the notion of *Small Is Beautiful* and all, and he articulated that. And he was a skeptic about everything that had preceded him, not just preceded him with Reagan, but preceded him with his father. His father was known, Pat Brown, as a builder, the Great Builder, the builder of the university system, the great expansion of the University of California system and the California State University system—

04-00:09:25

Eardley-Pryor: The water system.

04-00:09:26

Peevey: And the water system, and the freeway system. These are all things that Pat Brown took great pride in. And Jerry was a skeptic to some degree on all of them.

04-00:09:41

Eardley-Pryor: And that shaped the way he governed?

04-00:09:43

Peevey: Yes, it did.

04-00:09:45

Eardley-Pryor: One of the things that Jerry eventually did too, early, in fact, was the Private Power Producers Act [Private Energy Producers Act of 1976] that allowed for—it set the standard for the states at least—to allow for private power producers to plug into the grid, into the utilities' transmission lines, and to transfer power from out of state.

04-00:10:05

Peevey: Oh yeah, you're talking about PURPA [Public Utility Regulatory Policies Act of 1978] and all, I think? And that was a federal legislation—

04-00:10:11

Eardley-Pryor: Well it happened in '76 in California and then US Congress followed in its wake.

04-00:10:14

Peevey: In '78, that's right—made them more emphatic and nationwide, that's correct.

04-00:10:19

Eardley-Pryor: What kind of impact did that have on what the utilities were doing in California?

04-00:10:23

Peevey: Well, it further loosened their kind of hold on everything that had to do with electricity and gas—that's the bottom line of the whole thing—put in independent power producers, brought them into the mix. There was a lot of

squabbles, a lot of fights over all this. If you look back over the decades, right up to today, what you're seeing is a steady erosion of the once absolutely monopolistic power of California, particularly electric utilities, but also gas utilities, across the board. Much of that has been eroded or they've forced them to partner with government. That's what's been going on. And it's happened every decade in varying degrees. It's ongoing right now. This, what we're doing here today, we're in the midst of perhaps a big bankruptcy by PG&E, the second one in twenty years, because of all the wildfires and all these other things. And there's no doubt that the consequence of all this will be even greater government role in things. That's just inevitable.

04-00:11:39

Eardley-Pryor: I want to know what your thoughts are on that. In hindsight, do you think these were good moves?

04-00:11:43

Peevey: Well, which ones?

04-00:11:45

Eardley-Pryor: The general shift away from the utilities having a monopolistic power.

04-00:11:48

Peevey: Yes, I think by and large, I don't think it's always been done as deftly, d-e-f-t-l-y, as it could be. But I think it's enhanced citizen involvement, and I think that's a good thing.

04-00:12:08

Eardley-Pryor: Why?

04-00:12:11

Peevey: For any re—we live in a democracy. People ought to be able to have some say in major events that affect their lives, that simple.

04-00:12:22

Eardley-Pryor: Another thing I want to get into from the seventies that we didn't get to yesterday also involves engaging policymakers in our democratic process: having them partner with business leaders on trips to explore and learn, and conferences to learn about new issues. And I'm, of course, talking about the creation—your creation—of CFEE [pronounced *see-fee*], the California Foundation for Environment and Economy. Tell me a little bit about this. In 1979, you created this sort of side wing to CCEEB. Why did you feel like this was necessary? What did you want to do with it?

04-00:12:57

Peevey: Well, my thoughts were relatively simple at the time. CCEEB had become a reasonably powerful organization and an advocacy group in Sacramento. But I thought that, in addition to that, the state could benefit from some entity that focused on education of policy makers, and involvement of policy makers, and holding conferences, and going on trips, and all that kind of thing, that would enhance people's understanding and awareness of the world around us.

That was the motivation behind the creation of CFEE. There would be a non-advocacy group that would hold conferences, which it does all the time, two or three or four a year, on water, on gas, on electricity, and so forth. The biggest shortcoming I've felt in the years since with CFEE, to be frank, is that there's been less emphasis on, not on the conferences, but I wanted to go beyond that and have reports issued, kind of an American Assembly. You remember the American Assembly about—

04-00:14:10

Eardley-Pryor: No, what's that?

04-00:14:10

Peevey: Never mind that, but kind of thing where you'd get people, convene people from different walks of life that would get together, but all had an interest in let's say, issue *a*, and you'd meet for a couple of days, and then there'd be a conclusion; there would be agreement. People would feel public policy ought to be turned in *this* fashion, or turned in *this* fashion, and so forth. That has not happened to the degree that I would have liked to see it with CFEE, but there are other pieces of it that have done very well.

04-00:14:44

Eardley-Pryor: Why couldn't CCEEB do those kind of things?

04-00:14:47

Peevey: Because it was an advocacy group and people would be suspicious of it, to some degree. You follow me? CFEE is a 501(c)(3) under federal IRS federal tax laws and all, so it can't take political positions or—not that CCEEB took political positions in terms of candidates, but it did in terms of issues. We'd just talked about the nuclear issue, attempt to shut down nuclear in California, and [CCEEB] was very active in that, and a high profile in that. Well, that engenders not only a lot of supporters, but it also engenders people who don't like that at all, and CFEE could avoid a lot of that, and engage some of those people who would be opposed to CCEEB, but not opposed to meeting and talking about issues, okay?

04-00:15:35

Eardley-Pryor: Yeah. So CFEE opened more doors for intellectual discussion about these issues.

04-00:15:40

Peevey: Absolutely. So, I had this idea in '78 and came to fruition in '79, to create this more of a study group kind of notion, and that became the California Foundation on Environment and the Economy. And what made it possible was I got grants from two different organizations to fund it. The ARCO Foundation, it used to be the ARCO Petroleum Company here, headquartered in Los Angeles, big company. It was acquired by others since then, but it was a very big company, led by some people that were very liberal minded in many respects, and internationalists, and then the Flour Corporation, a very

large heavy-construction and engineering company headquartered in Orange County.

04-00:16:29

Eardley-Pryor: Yeah, connected to the Aspen Institute. I'm trying to remember the name of the CEO [Robert Orville Anderson], the Texas guy, who was involved in a lot of international funding of environmental issues—

04-00:16:38

Peevey: Well, yeah, yes, and his name escapes me right now. The CEO of ARCO was a guy named Thornton Bradshaw, who later became head of NBC network, but there was, it was a Texan and God, it's too bad we can't remember his name offhand—

04-00:16:56

Eardley-Pryor: But funding issues on development and environment.

04-00:16:59

Peevey: Oh yes, yes, and he was a wonderful guy, a man, and a visionary. Any rate, so we got a grant from him [Robert Orville Anderson], and then for \$80,000, which in today's terms, it'd be like a couple hundred thousand dollars, at least. And then I also got a grant from the Fluor Foundation, Fluor, F-l-u-o-r. Fluor is a big construction company, used to be headquartered in Orange County, well, in Los Angeles, then in Orange County. And they built power plants and they built oil refineries, and they built a lot, and factories and a lot of this. And they were very, although conservative, they were very civic minded, and they put up \$50,000. So that's how we created CFEE. That was the inspiration, and then we created a board of directors that reflected, to some extent, CCEEB, but also beyond that.

Then, in 1979, I attended a major three-day conference in New York, some conference center up the Hudson River from New York City. I can't remember the name of it, and, it was chaired by this, put together by this group they called the American Assembly. They used to put on these kind of conferences all around the United States, mostly on the East Coast, on big issues. And I met some people there that were from—they were Americans, but they represented something called, which still exists today, the German Marshall Fund of the United States. I don't know if you've ever heard of it, German Marshall Fund?

04-00:18:46

Eardley-Pryor: [Yes.] They're based in D.C.

04-00:18:47

Peevey: Yes, it's in Washington, D.C. The German Marshall Fund was an effort of the German government to do good public works in the United States and enhance relations between Europe and the United States, as a thank you to the United States for the Marshall Plan, which came right after World War II. Anyway, it's a very noble goal, cause, and it still exists and does that. And

these people were—we started talking. We started talking, a couple of the people, a man and a woman, about energy policies and all. And one thing led to another, and they said, “You know, it would be great if you could get a group of Californians to come to Europe and see what we’re doing in the field of cogeneration and alternative power sources,” and so forth. And I said, “Yeah, I’d love to do that, but I don’t think we have the resources to do that.” And they said, “We’ll fund it. We’ll fund the trip,” and they did. And that was the very first trip that CFEE sponsored, was to England. Well it started in Germany, Sweden, and the UK, in the fall of 1980.

And so we got CFEE created, \$130,000 in the bank, got this money from the German Marshall Fund to underwrite a trip, and I put together a group of people, and off we went. We were in Germany, and it was fascinating. And then I met with utility people and government people, and the same in Sweden, in Stockholm, and then the same in the UK. We were looking at cogeneration, which is a use of combined heat and power for various industrial and, can be, electrical generation purposes. And it was very illuminating, we in California learned a lot from what they had been doing. In an area that we were very—not negligent, that’s the wrong way to put it—but we were just not nearly as swift and on top of things as they were. So, that was the first trip. So, we put this together, and—

04-00:20:57

Eardley-Pryor:

Well, let me ask you, who’d you put together to go, who’d you think would be good people? And then, what came from it?

04-00:21:03

Peevey:

Yeah. Well, what came from it was some more advanced policies in California in cogeneration. The people that went on it, we took people from the utilities: the president at that time of Southern California Edison, Howard Allen; the president of PG&E, the president, a guy named Bart Shackelford; the president of Southern California Gas Company, Bob McIntyre; myself; Peter Fearey, who worked for me at CCEEB; a young man who had been a consultant to the legislature and a private consultant to Sacramento named Bob Foster—who we gave the job of writing up the report on the trip, and he was happy to do so in return for going on the trip. He’s eight, ten years younger than me, so, I was thirty-five, thirty-six, thirty-eight or so at the time—or forty I guess. So he was just, early thirties. [More people who went on this initial CFEE trip:] a couple of environmentalists, a guy named Norman Dean from World National—I can’t remember what environmental group he was with—and a couple others, a couple of state government officials—the most noted one is still around today, that’s Mary Nichols, the head of the California Air Resources Board. When she went on this trip, she was head of the California Air Resources Board under Jerry Brown back at this time, 1980. Rusty Schweickart, who—

04-00:22:50

Eardley-Pryor:

The astronaut?

04-00:22:51

Peevey:

Yes, the astronaut, who was the chair of the California Energy Commission, went on this trip. So a lot of luminaries were on this trip. And Claire Dedrick, who was a member of the Public Utilities Commission, not the chair or the president. And there may have been a couple other people. And as I said, well it was a ten-day trip to Germany, Sweden, and England, and it was very illuminating. Everybody got something out of it, from enjoying the food and the times and the company, to really probing what they were doing. And it kind of set CFEE on a course. Then we had conferences on some of these subjects in California afterwards, particularly on how to maximize cogeneration in California, not just for industrial purposes, but also for the utilities, and so forth.

So, all these things kind of sprung out of that creation of CFEE. And I can't remember if it was the next year or two years later—it must have been the next year—we did a similar trip to the Far East, to look at liquefied natural gas. We went to Japan, and starting out in Japan; and then, to Indonesia, which was a big exporter of natural gas even at that time, as LNGs, liquefied natural gas to Japan, to ports outside of Tokyo, Yokohama, and in Osaka. And we visited with the national oil company of Indonesia, Pertamina, it's called, Pertamina, and—

04-00:24:39

Eardley-Pryor:

Dutch Shell? I imagine they'd be involved as well.

04-00:24:42

Peevey:

Yeah, I don't think we met with them. It's quite awhile back now, but we started in Japan. And it was a similar kind of group, not the same identical people, but it was more or less the same kind of thing: a few legislators, a few this, this, and that. And that was in 1981. And in 1982, we did a similar trip to Israel via Greece, and then back through France, looking at France's nuclear program, and I think to Spain—I can't remember now—and so forth.

In '83, there was another trip to England and the North Sea, looking at offshore oil, drilling off the Norwegian Coast. We went to Bergen and Stavanger, Norway; and to Aberdeen, Scotland, and helicoptered out to these platforms and all; and then went on to Stockholm

We went back to Stockholm in the summer of '83, like in August, and saw some of the same people we'd seen three years earlier, and even a few of the people were the same on the trip, including Howard Allen, was one, and State Senator Barry Keene was another. And the human interest part of all that was that, when we got to—it was like fifteen people, fifteen, sixteen people. I don't have that big photo here I have. Did I show you that great big picture of the helicopter and all this stuff? No. Trying to think where it is. I think it's in my other room. I can go look.

04-00:26:34

When we got to Stockholm, or on the way to Stockholm, Howard Allen, who was, is the president of the Edison Company—he later became the CEO, the chairman of the board—said, “I have to go out and have a business trip out to a company called ASEA, A-S-E-A,” which a big Swedish manufacturer of locomotives, but also all kinds of power plant equipment and everything else, “and anybody want to go with me?” Now it’s like a hundred miles outside of Stockholm, where they were headquartered. And nobody had any interest in doing this, going with him, when just having arrived from flying from Bergen, Norway, to Oslo, and then on to—and he said, “Mike, why don’t you come with me?” And I said, “Okay, I will.”

So, we were friends, we had good relations. He was a big supporter of CCEEB, and CFEE, and I felt it was my obligation, to be frank, even if I didn’t want to go. If he asked me to go, I had to go—one of those things. So we drove. Thank God, we had a chauffeured car. Some retired officer in the Swedish Army drove us out there and back, and it took an hour and a half, two hours maybe. And their highways are very nice, and had these several hours of meetings. It was on the way back, on that trip, on the way back, to Stockholm, that Howard said, “How would you like to come work at Edison?” and one thing led to another, and that’s how I ended up going to work at Edison, February the following year of ’84.

04-00:28:26

Eardley-Pryor:

What were you thinking, at the time? Was that part of your long-term vision?

04-00:28:32

Peevey:

Yes and no. First place, I never really particularly imagined me not living in the Bay Area, or working in the Bay Area. I lived in, D.C., for four years. I was born in New York, but I almost my entire life been in not only California, but Northern California and the Bay Area. I love the Bay Area. We were living in Marin County, it was a wonderful place to live. And I had—like many Northern Californians—a rather skeptical view of Southern California. There’s a certain smugness that comes over that Northern Californians have towards Southern California, and it’s totally, in my view—now I’ve been living here now for over thirty years—totally misplaced and erroneous. But any rate, I, to some degree, had that. I wasn’t those “Hate LA” kind-of-people like so many in the Bay Area actually are. When you go to baseball games in San Francisco, the people chant, “Beat LA.” When you go to baseball games in LA, when they’re playing the San Francisco Giants, nobody’s chanting, “Beat SF.” It’s just a different, just different perspective sometimes on certain things. But putting that aside, I hadn’t really thought about it.

On the other hand, I was approaching forty-five. I was forty-four years old, and I enjoyed my job, it seemed to be a continuing job, it paid well. But, I also realized—and then Carol and I talked about this at some length—I also realized, if I was going to make a career change, it’s probably the right time to make it, not at fifty-five or something. When you’re still young and vital and

energetic and believe there's worlds to conquer and all that—do it, in your thirties and your forties. So, we started a discussion that led to me going to work at Edison. It's that simple.

04-00:30:27

Eardley-Pryor: That's an important chapter—

04-00:30:29

Peevey: That was in August [1983], it started, that conversation. It went all the way around until February the following year [1984].

04-00:30:36

Eardley-Pryor: When you began working there?

04-00:30:38

Peevey: Yes.

04-00:30:39

Eardley-Pryor: Let's get to that, but I still want to unpack some of these really powerful experiences you had, this transatlantic information exchange. And I'm particularly interested in what you and the many people that were on this, these major influencers, brought back from these trips to Europe, to the Pacific, and how that had an influence on the way things developed in California.

04-00:31:06

Peevey: Well, let's take liquefied natural gas. The idea was to import liquefied natural gas into California. Now this was shortly after the demise of that liquefied natural gas terminal proposal at Point Conception. But there was still an interest in the topic, and it was still a—it seemed to be a shortage situation in gas. So, the purpose of these trips was not to just come up with an absolute prescription—we should do *a*, *b*, and *c*—but to help create an environment of greater understanding and appreciation so that people could come to that kind of conclusion if they chose to. And that was the same with looking at energy development, and later on, dealing with pesticides and chemical waste and all, in Europe, too. There's certain areas where many of those countries are, frankly—some would say, and I would be one of them—more advanced, or at least have a different approach than we do here in California. And solar is another one, one that I think we've done much better than Germany and others, and Europeans have. So they were educational. You didn't come back with five points that you had to get achieved within the next year or so. It was more educational, and illusive in the sense of, there wasn't an exact prescription. But, these trips helped people understand and enhance education and appreciation and sophistication of the world around us. That's really the biggest value.

04-00:33:02

Eardley-Pryor: Why do you think it's important to have that mix of decision-makers at the PUC, the leaders of the utilities, and policy-makers be a part of this experience?

04-00:33:12

Peevey: Because, well, because who makes the decisions but *those* people in some collective fashion?

04-00:33:18

Eardley-Pryor: But to have them together, what came from that?

04-00:33:21

Peevey: Well, when they're together, they come to appreciate one another's challenges and needs. Now those that don't like trips—there's always some who always complain, say, "It's a terrible thing, you're being too close to business, and you're getting lobbied, and all that." Some of that is maybe true, but so what? The fact is, if the ideas are good, they ought to stand on their own. If they're not, they shouldn't. Having some familiarity with people is, I think, by and large, is a good thing. And it's not just the people overseas. It's the people that you're traveling with that are back here in your home state. We live in a state of forty million people—this is not a little place—and it's very useful to know one another and appreciate one another's needs. I think it's a fundamental in life. My God, look what's going on in Washington, D.C., today. They piss all over each other and can't even agree on talking—yesterday we talked, it was one thing about Trump. Today it's, "Well, then Pelosi can't go to Europe." These seem so sophomoric and childish.

Now, this, a lot of that will always continue, I suppose, but how do we get past that kind of behavior and to have some appreciation, one of the other, even if you can't come to an agreement? At the end of the day, you have to find compromise in almost all these things. Democracy's built on compromise. It's that fundamental. It's built on compromise. Now, you may be on the losing end repeatedly of the compromises, but the zealots on the spectrum and at all ends are the ones that do a great disservice. And education, appreciation, understanding of the role of the German economy—how they go about doing things, their policy making—the British, the French—and the French are concentrated, at that time, 80 percent of electricity coming from nuclear energy. Why do they see that as advantageous to them? Their greenhouse gas emissions are lower than the United States by a huge margin because of that. You may not like nuclear for other reasons, but in terms of its terms in climate change and global warming, it's a great asset.

We can be too insular, and we are too insular, and we still remain too insular. But we've become much more sophisticated, I think, in the world. And this state has become much more sophisticated. But within the United States, the range of understanding and sophistication is radically different, of the world and our responsibilities, in my opinion and all, in the world. And California

has become a leader in part because of what we've done internationally, and with the Chinese and the Europeans and all. And you couldn't do this without the kind of things I'm talking about.

04-00:36:29

Eardley-Pryor: Through CFEE.

04-00:36:29

Peevey: They have a small role to play in a great bigger world of exchanges, all kinds of exchanges. The governor now has taken groups a couple of times to Hawaii, excuse me, to China with him, and to Europe with him. And he's learned a lot. He used to be very—Jerry Brown—was very skeptical, cynical of these things, thought these kind of trips were just boondoggles. But he's gone way past that in appreciation of how much knowledge comes out of it.

04-00:36:58

Eardley-Pryor: That's great. I would love to dig in a little bit on some of the specifics, and you've talked about the trips really nicely, but the research, the reports that were done through CFEE. I'm thinking, in one of the solar energy reports—and this is in the 1980s, you get a little bit of money to do the solar energy report. You mentioned Bob Foster. You tap him to look into the issue of solar in California.

04-00:37:22

Peevey: Yeah—no, but no, no, that's not quite right. It was solar hot water heating.

04-00:37:27

Eardley-Pryor: Not photovoltaics?

04-00:37:28

Peevey: No.

04-00:37:31

Eardley-Pryor: My understanding from talking with Bob was that there were a lot of subsidies, at the federal and state level, to encourage the solar hot water heaters.

04-00:37:40

Peevey: Yes.

04-00:37:40

Eardley-Pryor: What happened with this report?

04-00:37:43

Peevey: Well, what happened with the report is, it became a public document, and had some impact on policy making. But it would be wrong to say that it's because of that report that these various outcomes happened. I think that would be an exaggeration, but it certainly was a contributor in the fact that we turned away from solar hot water heating, by and large in this state, because it was inefficient, ineffective, costly, and broke down all the time. Those are actually

the truths. I used to have it in this house. There used to be, when we bought this house, there was a solar thing. We tore it out because it wasn't operating. I had a home in San Francisco, had very same thing. I'm twice bitten by this. But Bob was very knowledgeable. Bob Foster, who wrote that report, highlighted some of the weaknesses of solar hot water heating. We're not talking about solar [photovoltaic] rooftop, for all of that has its own set of problems in terms of costs, but that's a separate issue.

04-00:38:55

Eardley-Pryor:

Yeah, from what Bob had told me, and in looking at the report, too, it seemed that there was almost a Robin Hood-style issue with the subsidies. The rich could afford, the wealthier could afford to put these things in, and they would immediately make money. They would get a return on their investment because of these subsidies—and those subsidies were provided by the broader tax base, working-class folk.

04-00:39:19

Peevey:

Well, but that happens today with solar photovoltaic rooftops, solar panel electricity, that happens to some degree today, too. These are interesting social-equity questions that transcend our society, go past CFEE, or CCEEB, or anything. It's public policy right now, the electric vehicles, no question, electric vehicles—who could afford a Tesla? You can't afford a Tesla on fifty thousand a year. Damn car costs \$80 or \$110,000. They have an SUV, the Tesla gull-wing SUV costs \$130,000. It's not a Rolls-Royce, but—and you have the same kind of equity questions there. How do you get electric vehicles into poor neighborhoods, lower-income, working-class areas today? And the legislature tries to deal with that. You could put in charging stations in South Central Los Angeles, but the people don't have the income to own the cars to begin with, so what good's a charging? You see? That's just every new policy pretty much in this area. Solar hot water heating, solar electric on rooftops, electric vehicles, any of these things have that consequence.

Energy efficiency's another. We could talk about this when we get to talking about the PUC, and what I've done to try to do—and did do—at the PUC in terms of state policy and emphasis on energy efficiency. But when I, or you, or whomever, when you make your home more efficient, energy efficient, which is in the society's interest, and your personal interest in many cases—reduced usage, reduce your bill—someone else is picking up the tab for the rest of that. The overall system is spread over fewer people, if some of the people become much more self-sufficient energy wise. These subsidy questions are at root of much of—some of, at least—the discourse in our society today, I think, I really do.

04-00:41:36

Eardley-Pryor:

Do you think there are other options?

04-00:41:41

Peevey:

Let's just say we haven't stumbled on them yet, very effectively, right? Yeah, to some degree there are, probably, but I don't have any magic wand for them, I could tell you that. Yeah, maybe. I mean, the Chinese are wrestling with the same thing. The Chinese today, it's already the world's biggest car market, you know that. More cars are sold in China now than here in the United States. Who would have ever imagined that twenty years ago? It's just unbelievable. They've raised a group of people, 300 million or more or less, into the middle-class status. That's almost the population of the United States. The middle class in China today, they're the biggest consumer of cars. They're the biggest consumer of electric vehicles, already surpassing the United States, and it'll only grow, and they're mandating all their new cars after 2025 or so, or thereabouts, have to be electric. Think of that. Just think of that.

We're wandering far a-field here, but just for the intellectually curious, just think upon: Trump wants to roll back these automobile standards in the United States—EPA, the mileage standards requirements, and all that. General Motors and all, their biggest market already is and will be China. They're going to build electric cars for China. They aren't going to sell those electric cars in the United States. If they think they could just continue the internal combustion engine in the United States, and ignore China, they do it at their peril. General Motors does that at its peril, so that won't happen. So, regarding what Trump or the EPA wants to do at this moment, the world economy and the Europeans are like the Chinese in this, are going to overwhelm decision making here, and make it more environmentally sensitive. That's something that is just not particularly grasped, but it's there.

04-00:43:38

Eardley-Pryor:

Let's take a quick break, and we can transition to your start at Edison.

04-00:43:43

Peevey:

Do we have, did we get everything on that Stanislaus River trip with Pat Brown? I talked about the picture?

04-00:43:51

Eardley-Pryor:

No, no. Tell me about that, because that picture is amazing.

04-00:43:53

Peevey:

I mean, yeah, well, just, we ought to say something about that, don't you think?

04-00:44:05

Eardley-Pryor:

Do you want to do that now, or do you want to take a quick break?

04-00:44:07

Peevey:

All I wanted to say—yeah, we'll do it right now—is that one of the interesting things, obviously [...] the relationship with Pat Brown, but you've seen these pictures. I've shown you pictures of me with Pat Brown on the Stanislaus

River, and it was a group of us from CCEEB, on the Stanislaus River, in 1974. That summer, we went on a rafting trip down the Stanislaus River, where there was going to be a big dam called the New Melones Dam, was going to be built, and it did. It ended up getting built. And the argument was, they shouldn't build a dam and preserve the wild river. And Pat, he wanted to see both sides of this, and asked me to put together a trip, and we did so. We ended up being with some friends of his in Stockton for a big barbecue that night and everything else. But, the interesting thing: Here is Pat.

Now Pat was in his late sixties by that time, and not a svelte man, not fat, but he was heavy, a little heavy. And he was an outdoorsman. He loved the outdoors. He loved, when younger, going horseback riding trips, camping in the Sierras, and all that. And so he wanted to go and swim in the river, in the Stanislaus. In this one spot, there was a rope and a big tree, and you could swing on the rope out, let go and drop into the river. And here he was at his age doing this, and there were other people in the river, there are teenagers or in their twenties. Here is Pat Brown. It's just marvelous.

So there's a couple pictures that you saw, me talking with him on the river. And another, we took some pictures of him holding on with both hands on this rope up on the tree, and then he swung out into the river, and he dropped in the river. And there was a big dinner honoring Pat in Los Angeles, years later. I spoke at the dinner honoring him, and gave him and his wife these twenty-by-thirty pictures—I think there was two of them—of him up in the tree, with a rope, getting ready to swing out into the river, and all that, which he loved. But in some ways, it summed up, in a way, my feelings about him as a person—a wonderful guy, and such an adventuresome person in every sense.

I don't think you could ever get Jerry to go swinging on a rope out into the river. It's just not his style, you know what I mean? They said of Jack Kennedy that he would never put on a hat, you know? President John Kennedy, that he would never wear a hat. You go to these political events, they want to put a coon-skin cap on him, or some other damned—he would never. You know he had a beautiful set of hair, but he was vain. Well, Pat wasn't that kind of guy. He did whatever.

04-00:47:27

Eardley-Pryor: That's a great story.

04-00:47:28

Peevey: So it's just, in so many ways, he was just a marvelous guy to work with. I really enjoyed him. I wish I worked for him in his administration earlier and all that kind of thing, but I was much younger and so forth. So, I just wanted to stick that in. There was one other thing though—

04-00:47:46

Eardley-Pryor: Well it's a great connection, too, to some of the CFEE trips. This was like a pre-CFEE trip to get out with people into the environment, and get a sense of what's happening.

04-00:47:55

Peevey: Oh yes, it's something he wanted to do, and there were a couple other things like that. And then—well that was later when I was at Edison—I'll tell you about taking him in the company plane, the Edison jet, and going to the Democratic Convention. But that's another story for when I'm at Edison.

04-00:48:14

Eardley-Pryor: In '84 or '88?

04-00:48:16

Peevey: 'Eighty-eight, '88, Democratic Convention, it was in Atlanta.

04-00:48:18

Eardley-Pryor: That's great. We'll ask about that in just a bit. All right, we'll take a little break here. Thanks, Mike.

[break in audio]

All right, Mike, so you told the story about how Howard Allen and you did this trip in '83, when he—

04-00:48:31

Peevey: Yeah, it was a whole group of us. But the two of us were together, yeah.

04-00:48:34

Eardley-Pryor: This little side trip that led to your work at Edison. Tell me a little bit about your take of Howard. Tell me about this person.

04-00:48:45

Peevey: Well, Howard, Howard is a very bright, very able man. He grew up as a very poor kid here in Southern California, east of here out in San Bernardino County or right at the border of LA County and San Bernardino County. He ended up going to Stanford, doing very well at Stanford; going to Stanford Law, doing very well at Stanford Law. And I don't remember exactly, I don't know why he went into the utility business back here in Southern California, but he rose up through the company, and ultimately became the CEO.

But when I first met him, he was executive VP and then president, and he and I hit it off. We had similar perspectives on a lot of things. He brought out the business side of me, let's put it that way, more than—he was a liberal, moderate-to-liberal Republican, big fan of Nixon, which I couldn't stand. My mother hated Nixon. My mother absolutely detested Richard Nixon. I grew up in a household, my mother used to talk about—he made her shudder, she disliked him so badly. I don't remember her reasons why, but his personality, I think, as well as his positions. And Howard had gone to school with John

Ehrlichman, who was one of Nixon's closest persons. Ehrlichman and Haldeman, those two went to jail eventually, and Watergate and all that. Howard went to school with Ehrlichman, and Ehrlichman and him became very good friends. When Ehrlichman was in prison, Howard went and visited him at prison and all.

He had some very good qualities, Howard, he also could be a very, very difficult person. And his last few years at Edison, he had massive ego, and we had a lot of problems, he and I. That's what happened. But for most of the time, I liked and respected Howard, enjoyed his company, and vice versa, and we worked well together. He hired me because he—well, with the approval—I'll tell you a little funny story about that, but with the approval of the CEO, he hired me.

04-00:51:42

Eardley-Pryor: The CEO at the time was Bill Gould?

04-00:51:45

Peevey: Yes, Bill Gould, William Gould, yes. Yes, we also profiled him in my book, great man, a great guy, Mormon and all that. But anyway, we were talking about Howard.

Howard hired me to run his government affairs and regulatory affairs piece of the company, because that's what he had done. And now he was becoming the CEO, and he needed someone else whose judgment he trusted, because he couldn't be on top of all this stuff himself. And he and I worked closely enough together on the nuclear stuff, and other issues too, that he came to have that kind of trust in me. And so, he hired me. Working for him was, Edison, was a pretty good, on balance, a very good experience for me, great experience for me.

04-00:52:43

Eardley-Pryor: Tell me the story you were going to tell about how the hiring happened. You were going to tell me a story that maybe involved Bill Gould?

04-00:52:51

Peevey: Oh, well, no, so, they decided to recruit me and asked me if I'd come work at Edison. And I talked to Gould, who I didn't really know at all at the time, and they said, "Would you want to come to work? We'd love to have you come work at Edison, double your pay again," and all that. And Carol and I talked about it. It's a serious question, because, did we want to move to Southern California, because you could. We kind of thought about it and you know, we'd probably end up spending the rest of your career in Southern California, which is exactly what's happened, and we—

04-00:53:44

Eardley-Pryor: Well, at the time, you had two girls, either were in high school or college age maybe?

04-00:53:48

Peevey:

Well, Darcie was out of high school and into college. And Maria would be a, well, she was a junior when this was going on, then she had one more year in high school. And what happened with her is that she came down here and went to summer school, when we moved into this house, in May of '84. She was living with us in Marin County, not with her mother, but she was living with us, full time. And we brought her down here and she went to school, summer school. But she said, "Dad, all my friends are at—I'm a senior, going to be a senior. All my friends—I can't start all over again. I don't want to start a new high school as a senior." So she stayed in Marin County, lived with her mother for a year, and then, when she graduated, then she went to San Diego State College, so—

04-00:54:47

Eardley-Pryor:

Where Darcie was at the time, right? Where Darcie was. Didn't, did the gals—

04-00:54:50

Peevey:

Well, Darcie had gone to San Diego, too. Darcie's five years older than Maria, or four and a half, so she had moved on to some other thing by then. She got married and all.

04-00:55:02

Eardley-Pryor:

But Carol's son was what, seven or eight?

04-00:55:04

Peevey:

Ten, he was ten, nine or ten. So he came down. He went through the fifth grade at La Cañada Elementary School, which is three blocks from here, three or four blocks from here. He made the transition pretty easily. But when you're younger, "The younger you are, the easier it is," something like that, right? That's just the nature of it. So, now—

04-00:55:25

Eardley-Pryor:

So you and Carol were talking about, "Are we going to do this? Are we going to make this big move?"

04-00:55:28

Peevey:

Yeah, and you know, she was getting active in community events in Marin County and everything else, and she was working full time at Richmond School at that time; Richmond Schools, now West Contra Costa County Schools. And she was agreed it would be a challenge, but a challenge worth doing—"Let's go for it and let's see what happens." And so it was a joint decision on our part, obviously mine, primarily, in the sense that, it wouldn't happen if I didn't want to do it. But she was totally supportive of breaking of the chains and coming here, and didn't have this anti-LA attitude or anything like that. And her, she had some family down here. Her uncle and his wife lived in West LA, and so forth. He's a dentist. So, off we came. That was it. Bought this house.

04-00:56:25

Eardley-Pryor: And Howard and Bill Gould, how did they break the news to you then?

04-00:56:29

Peevey: So, we, Carol and I were, that fall—had to be October—were in Hong Kong, and the phone rang one morning like 7:00 a.m. or some damned ungodly hour.

04-00:56:48

Eardley-Pryor: Were you on a CFEE trip, or what—

04-00:56:49

Peevey: No, no, no.

04-00:56:50

Eardley-Pryor: Just visiting China?

04-00:56:51

Peevey: Yeah, but it was the end of a trip sponsored by somebody else. It had nothing to do with—well, it did, indirectly, have something to do with CFEE, but it was not really about CFEE. It was a group called American High Speed Rail Corporation, was wanting to build a high-speed rail train between San Diego and Los Angeles, and they put together a group of people they thought were influential—legislators and government officials and all. And we'd gone to Japan with a Japanese government sponsorship, the Japanese High Speed, or Japanese Rail Company sponsored this. We had traveled. They took us around different spots on their—Shinkansen's the name of the high-speed train there, which was very illustrious—and they wanted to bring it to California. Yeah, here it is, it's thirty-five years later, we're trying to build something between LA and San Francisco that I doubt if it's ever going to make it. Maybe it will. So we were all for a high-speed rail. A lot of people were for the high-speed rail. Particularly here, in San Diego, it would have been great. It never happened. There was too much community opposition, and everything else.

Anyway, that's why we were in Hong Kong. Phone rings, and it's Howard Allen on the phone. He says, "Mike," he says, "I'm here. Our board of directors just met," and you know, it's like ten- or twelve-hour time difference between, and he goes, "and Bill and I just wanted to call you, and Bill wants to tell you something." And I figure, "Okay, fine, great." And Bill says, "Mike," he said, "I want you to know, you were elected to be an officer of the Edison Company." He said, "It was very close. The vote was seven to six, but you won." And I, "Huh?" [laughs] And then there was a pause and he says, "I'm just joking." He goes, "It was unanimous. Congratulations."

04-00:58:50

Eardley-Pryor: That's great.

04-00:58:51

Peevey: So that's how it happened.

04-00:58:53

Eardley-Pryor: Tell me a little bit about Bill Gould. I've heard you tell me before, and you said in your profile in your book, that he was a kind of visionary.

04-00:58:59

Peevey: Yes.

04-00:59:00

Eardley-Pryor: How?

04-00:59:00

Peevey: He was way ahead of the utility industry. He saw the need for alternative renewable energy well before most anybody else, and endorsed it soundly, kind of, with plans to end—no more big generation of coal plants, he stopped that, and no more natural gas plants. He was an advocate of nuclear power—but that was very clean, as I said, in normal circumstances—and solar energy, and renewables. And he was a technologist. He was an engineer and a strong believer in research and development, and working with companies like Bechtel. Edison really did some cutting-edge stuff, and he was the leader of that effort. He was just a visionary man, a wonderful man. Years later, we all traveled together—nothing to do with CFEE. An Israeli company called Luz, a developer of solar power, invited myself and Carol, and Bill and his wife, and several others, all to make a trip to Israel to see solar development in Israel—which has been, it's been one of the leaders in development, and all that. So, anyway, I liked Bill Gould very much at Edison. He was the CEO and Howard was the president for the first eight or so months that I was there. And then Gould stepped down and Howard succeeded him. He hit sixty-five, the retirement age.

04-01:00:41

Eardley-Pryor: Tell me about the difference between these men. Did they have a similar outlook as to where to lead the company, or how their leadership styles were?

04-01:00:46

Peevey: No, no, no, Howard Allen's a very everyday practical guy, and he loved all the trappings of power, and all that stuff—but he was no visionary. Gould was a visionary. Gould was a true leader, big-picture guy, long-term guy, and who's a Mormon, the head of the stake in Southern California, which is kind of the church at the local level, the Southern California level. They call it stake, s-t-a-k-e. And he's beneficiary of the University of Utah. He's got some sort of school or something there named after him, some major role there at the University of Utah, and all. He was just someone I greatly respected. We'll talk about him more—well, let's talk about Edison. You want to and get into that now?

04-01:01:44

Eardley-Pryor: Yes. So you start at Edison, February '84, as the—as you mentioned here—the vice president of regulatory affairs, government affairs.

04-01:01:53

Peevey:

Now I want to say, then this bears on my entire career at Edison, particularly to the end. Howard would tell you this, that after that summer trip in Sweden and me agreeing to come to Edison—and all the rest was pretty much a formality; once I passed the drug tests, and all those kind—they have all that stuff you have to go through; and Gould was positive with me; and they had to meet Carol—a lot of this corporate stuff is kind of bullshit. But, these companies are conservative. The early eighties, I hate to say it this way, but having an Asian wife was, in many circles, was, “How come you don’t have a Caucasian one?” That kind of thing. There was prejudice. The clubs in Los Angeles, like the California Club, and of them, they didn’t have women members, let alone any blacks. Discrimination was a much bigger thing than it is today. It still exists, but it’s much more muted.

But, here’s the interesting point: that after I agreed to come—and he had talked to Gould about this, obviously—Howard had the idea, “Why don’t we also hire John Bryson?” Now, who’s John Bryson? Well, John Bryson had been president of the Public Utilities Commission for four years under Jerry Brown: ’79, ’80, ’81, ’82, or ’78, ’79, ’80, ’81. I think he left a year, I think, a year before Brown’s term was up. John’s a few years younger than me. John was a Stanford graduate; Yale Law School, a lawyer; had been one of the founders of the NRDC, one of the three original founders of the Natural Resources Defense Council, a national organization, very prominent today, and—

04-01:04:18

Eardley-Pryor:

Was he an environmentalist then?

04-01:04:20

Peevey:

Yeah, a very strong environmentalist, yeah, very known as a very strong environmentalist, but also had a big interest in energy issues. They decided they’d hire John, too, if he’d come and work at Edison.

04-01:04:38

Eardley-Pryor:

Same year as you, ’84?

04-01:04:40

Peevey:

Exactly. So, they cornered John and they got him to agree, and they got John. I came as a vice president; John came as a senior vice president, one step above me, which remained pretty much throughout the career. And we started the same day, February 1, 1984, together. John was living in San Francisco at the time, and the two of us would commute back and forth from the Bay Area to Edison until the school year was over, for Carol and for Maria and all that. So I would go back and forth every week, fly up to San Francisco [laughs]—we weren’t doing this forever—and then, drive to San Rafael, we lived in San Rafael in Marin County. And John would be doing the same thing to San Francisco. So we started the same day, and we both went to work at Edison—

he as head of the legal department and head of finance; and me, head of regulatory affairs and government affairs.

04-01:05:40

Eardley-Pryor: I imagine—well, I was going to ask, what was your connection with John prior to working together? Was it through the PUC?

04-01:05:46

Peevey: I knew John because of my role at CCEEB. John was on the PUC and I had come to know him. I didn't know him well, but I did know him, and we'd worked together on a couple of things.

04-01:06:02

Eardley-Pryor: A few different people I spoke to said that essentially, Howard Allen created a horse race between you and John, starting on the same day. Do you think that that's about right? Was that always present, I guess, is what I'm asking?

04-01:06:19

Peevey: I guess that's the way it turned out. Yeah, he started out a step ahead of me, and remained there the whole time. I ended up president; he ended up a chairman, CEO. So we moved in locked-step up like that. The end of the first year I was there, I went from being vice president to senior vice president, and he went from being senior vice president to executive vice president. The next year, I became executive vice president, then we were equals for four years, nominally at least, equals. So, I suppose, certainly for anybody from the outside looking in, that would certainly look like it was a horse race. I'm not sure whether that's the case. I'm not sure it was or it wasn't predestined. But we can get into that.

04-01:07:13

Eardley-Pryor: Well, now might be a time. Did you think about it at the time, "This is my competitor?"

04-01:07:20

Peevey: Well, not when I first went to work there, no. No, I never assumed that within five years, I'd be candidate to be the president of the company, to be frank.

04-01:07:31

Eardley-Pryor: Yeah, you moved up the ranks very quickly.

04-01:07:32

Peevey: Yeah, well, and because there were other senior people there—there was a guy named Fred Christie that, when Howard became the CEO, Fred became the president. There was a fellow named Dave Fogarty, executive vice president in charge of all the operations. And there were a couple others. So there were people that—the path that eventually both of us took was not obvious at the start, no. There was no way of knowing that.

04-01:08:12

Eardley-Pryor: And part of that upward climb that you did, the very rapid climb, by the end of your first year, you had added—in addition to the regulatory affairs, government affairs—customer service, became senior VP. Tell me a little bit about what the work that entailed.

04-01:08:25

Peevey: I don't think I became head of customer service at the end of the first year. I can't remember the things. Maybe was. I did take on more responsibilities as public relations and public affairs, corporate communications, or all things of that type. Yes, that's true.

04-01:08:47

Eardley-Pryor: What did that work look like? What memories do you have of the operational—what did you learn? What did you take from it?

04-01:08:54

Peevey: Well, the customer service at that time was a huge operation, because it was the interface with all your customers, but also the maintenance of the system, the day-to-day maintenance of the system. And there's a lot of responsibility in that job, at least it seems to be a lot of responsibility in that job. And I took it very seriously, very, very seriously. I can remember one instance where—we used to call these things that are out in the street, called manholes. You know what a manhole is?

04-01:09:28

Eardley-Pryor: Manhole covers, yeah, sure.

04-01:09:29

Peevey: Yeah, I don't know what people call them today, with all the interesting titles and all. What do they call them, people-covers? I don't know what the hell they're called. But anyway, manhole cover, there was, and in various places there would be a whole underground electric distribution beneath it. And periodically there would be something that'd go wrong, and there'd be an explosion or something, not always clear why. And we had one accident like that at a shopping center in the Edison service territory east of here, and a couple people were killed. In a shopping center, like in the parking lot of the shopping center, this thing blew up. And that was, to me, kind of shattering, because I was in charge of customer service. And so I told the people that worked for me—there were a couple thousand people—but the senior people, and I said that, "We have to move some money around. I don't want there ever be another one of these happening while I'm in charge of customer service." So, "Oh, we can't do that. Our budget's approved," blah, blah, blah. I said, basically said, "I don't give a shit. We're doing it, and just do it. Spend a million dollars more on an enhanced, speeded-up, safety program, so we don't have any more of these." And that happened. I got my way. Nobody, they couldn't publicly—I mean, not publicly—but they couldn't very much complain about it, this is public safety. But it's bureaucracy. Every group,

there's bureaucracy everywhere, it's "Well, we've got *this*, we can't change it" attitude.

I remember that very well about customer service. I'll tell you the interesting—you saw the picture of Diane Wittenberg and you talked to Diane Wittenberg. Diane Wittenberg at that this time was living in Milwaukee, Wisconsin. She and Carol had taught school together twenty years earlier in Richmond, Richmond School District. And then Diane got married, married some university professor, moved to Wisconsin, I think he taught at University of Wisconsin in Milwaukee. And they got divorced, or separated. They ultimately got divorced, and she said she'd like to come back to California. She didn't grow up in California. She grew up in Illinois, but she'd like to come back to California.

So, I was in charge of customer service, as well as corporate relations. Corporate communications, it's called—newsletters, press releases, all that kind of stuff. And, I talked to her. I said, "Let me see what I can do to hire you." And to make a long story short, I succeeded, and got in an argument with Howard Allen who says of my plan, "How do we have to go all the way to Wisconsin to hire somebody? We got plenty of people right here, if not inside the company, outside of the company." I said, "Howard"—I guess you'd say the force of my personality won out, because I insisted we do it. And he acceded to it, but he was not happy. I could tell he was not happy. [laughs]

04-01:13:00

Eardley-Pryor: What kind of work did you have Diane doing?

04-01:13:02

Peevey: Well, she was number two in corporate communications. She wrote speeches, and had relations with the media, and all that kind of stuff. That was her job. And Bob Foster would tell you this story about how—I guess he did tell you?

04-01:13:17

Eardley-Pryor: Well, you tell it to me. What, he said, Bob—who you had worked with before when he was young and taken on this cogeneration trip. So at this point, what's going on in Bob's world? This is almost a decade later.

04-01:13:28

Peevey: We're kind of hopping around here. These are not consequential, I mean they're not consecutive in terms of time. But Howard had his good qualities, his bad qualities. But he was one of these guys, he was very paternalistic, so he liked to give out goodies and give people benefits. He didn't want anyone to push him to do it, so the union at Edison hated him, the unions—because he was paternalistic. Anything that they pushed forward, he was opposed to. That kind of thing. Now maybe they, you could say they could have tried to have been a little more cooperative, too. But, whatever.

So, Edison used to do this every year, or every other year: we put on in Sacramento, Edison Company, a dinner for all the members of the legislature—two different dinners: one for the Assembly, one for the Senate. Half of them would come to the dinner. It would always be a nice dinner, expensive, and all that kind of stuff. One year, Howard was on this kick about customer relations, customer service, and he wanted all the people who had any interface with customers, whether you're in the local office or a meter-reader going door-to-door, or anything else, to wear a button that said "Customer Service" on it. One of these buttons—like a political button, but then just, "Customer Service."

04-01:15:07

So we have one of these dinners in Sacramento, and I was in charge of Sacramento. Bob Foster is now working for me. I'd hired Bob. Six months after I went to work at Edison, I hired Bob to work there. They had two guys up there, Edison in Sacramento, a guy named Jeff Cook, and I can't remember the other guy—Colin Graves, the other guy. And Jeff was a reformed alcoholic. The lobbying jobs of utilities and all lobbying jobs in Sacramento, for business—you could spend a lot of money, you could spend a lot of time in bars, you could spend a lot of time buying people drinks, putting on events and what have you. That's the savory part of it. The more unsavory were the girls and whatever. I hired Bob, and we ushered this guy Colin Graves out, and Colin's only job was—we used to use—Colin, he worked the nightshift. What did the nightshift mean? He hung around the bars and bought legislators drinks. That's essentially what he did. That's a little harsh, but that was essentially it.

We eased Colin out. And Jeff—the guy that ran the office with Colin under him—Jeff Cook agreed it was time for Colin to go. He did, but then Colin sued the company for age discrimination, because he was replaced by a guy twenty years younger than him and everything else. We made some modest settlement, and that was the end of that. And that's how Bob came to work at Edison. And then a year or so later, two years later, Jeff retired, at '60, '62 or something. He said, "Mike, I'm out of touch with all this stuff. You got Bob. You got a younger, if you want to bring a younger crew"—it was very friendly, but he says, "It's just time for me to go." So he retired and Bob succeeded him, became the head of the Sacramento office of Southern California Edison.

04-01:17:18

Eardley-Pryor:

What was your idea for what Bob would do? What did you want him to bring to Sacramento?

04-01:17:20

Peevey:

Well, he'd do the same thing Jeff was in charge of doing, which was to represent the company before the legislature, and with individual legislators, and explain the company's position on—God, there's a myriad of bills and everything else that go on up there—and Bob was very good about that. He

was very smart, and very analytical. So, getting back to, we used to put on these dinners, and the buttons. So, Howard wanted everybody to wear it—and not only would I go to these dinners with him, but several of the senior people from the company would come up and go to these dinners. It was a grand show for Howard—show how big he was, how important he was, to these legislators. He got all these people who worked for him—he wanted everybody to wear these “Customer Service” buttons. Well, Foster and I showed up at the dinner without the button—for whatever reason, just my contrariness, I wasn’t going to wear his fucking button. I thought the buttons were ridiculous. It was demeaning to me, and I wasn’t going to wear it. And Bob copied me. Howard was pissed about that.

So the next day, we’re all back in Rosemead, where the headquarters is, and Howard convenes his senior executive team. That was me; John Bryson; this guy Fred Christie, was then president; Dave Fogarty; and himself. And make a long story short, he says, “You know, I’m really concerned. Last night,” blah, blah, blah, blah, “and I just don’t think that Bob Foster is the image that I want and any of us should want for this company.” You’ve never seen Bob. Have you ever seen him? Bob’s about five-six, kind of built like a fireplug, and kind of swarthy. He’s not what you call a handsome guy. He’s not ugly, but he’s not a handsome guy. And this is what goes on in this corporation—“It’s just not the image we should have,” and blah, blah, blah—which I guess is supposed to be all white and pure and all that. There were, when I went in Edison there were no Jews working there, in the senior position. I’m talking about an officer. I think there may have been one Hispanic, one. And Bob was half Lebanese, and Italian, or whatever. I don’t know, and I never really cared.

04-01:20:16

But, so, Howard says—we’re sitting in his office, five of us—he says, “So what do you guys think?” And he said, “What do you think, John?” Bryson said, “I agree with you, Howard, I’m just not assured...,” you know, or words to that effect. Then he asked Fred Christie, the president, what he thought, and Fred, “Yes, I agree with you Howard.” Then he asked Fogarty, and Fogarty wouldn’t give him an answer. Fogarty would not say, “I agree with you.” He didn’t say, “I flatly disagree with you.” He futzed an answer about, “I don’t know, it’s something he’d have to consider.” Fogarty was a really good man. He wasn’t going to get drawn into this thing. He knew it was prejudicial, really prejudicial. But he also was high ranking. He had to work with Howard, and then, Howard said, “What about you, Mike?” I said, “Howard, I’d like just the two of us to talk about this, just you and me.” He said, “Okay,” and the others left, and we talked a minute or two. And I said, “Howard, if that’s what you want to do, you could get rid of Bob. You get rid of Bob, I’m out of here, too. That’s the way it is, because by golly, I hired him. He’s an excellent employee,” and we didn’t talk about his looks, or anything like that. He dropped the subject, never heard about it again. That was the end of it. Bob knows that story. He’s probably told you that story.

04-01:21:52

Eardley-Pryor: He said it was even a week before his probationary period, where you have that period where you still can be fired without any cause. It was a week before that when this meeting happened.

04-01:22:02

Peevey: But those days, you could be fired for cause or no cause, didn't make any fucking difference, honestly. That winds up, some internal rule that the personnel department who make—find a way of getting around any of that bullshit. If the president wants, you're fired. But I just said, "No," and that was it. I drew the line for me, and that ended it, never heard another word about it.

04-01:22:27

Eardley-Pryor: What do you think, what kind of precedent do you think that set between you and Howard? Do you think that created difficulty? Do you think that was, Howard said, "I see you stand up for your people, and so I respect that"?

04-01:22:38

Peevey: Well, I think he respected—he obviously respected that, and he didn't want to lose me. He was happy with what I was doing, and I was doing a good job for the company at the time, very good job. But, it also pissed him off. He didn't get his way. He wasn't used to being talked to like that. That's the bottom line.

04-01:23:00

Eardley-Pryor: Yeah, a win and a loss, in some ways, for you and he.

04-01:23:05

Peevey: Yeah. It was just a matter of principle, for me, to be very honest about it. So that was that. No, Bob stayed on and ran that office up there until I left, then he came down, ended up being president, too.

04-01:23:20

Eardley-Pryor: Bob did?

04-01:23:22

Peevey: Yeah, he had to threaten to leave the company to become president—but, any rate, that was years later. I wasn't there by that time.

04-01:23:49

Eardley-Pryor: I'm wanting to hear more about the aspects of the work—what your ideas were, what you wanted to accomplish, the big tasks that you were focused on. You mentioned customer service being a big—moving that around.

04-01:23:59

Peevey: Oh, yeah. Well, the first thing here you're most interested in is making the thing profitable and work, and continuing providing very good customer service, and overall service, and being on—you know, I was a devotee of Gould's, and promoted renewable energy.

04-01:24:23

Eardley-Pryor: In what way? So tell me, how did that manifest for you?

04-01:24:26

Peevey:

Well, it manifested itself in that you had to make policy decisions to how you would invest money, and what kind of programs you would foster and promote. And I became a very strong believer in energy efficiency at that time, and that wasn't necessarily in the utilities' interest in the short term because they make money by investments, not by services they provide. And that's when Ralph Cavanagh—who has become a good friend, and he was with NRDC—came to know me, and came to work together, and like and respect me. He thought I was a very strong environmental type in the utility, that's what it came down to.

I already told you my feelings about customer service: we were going to do the damndest to make sure that we didn't have any more accidents and any of that, the precursor of what's called safety today, to some extent. This is long before anybody was worrying about massive fires here, let alone—I mean, Northern California was, PG&E. But those were some of the things that I really cared about. I wanted to make sure that we did what we wanted to do in government affairs, which was get some legislation passed in Washington, D.C. In many ways, the big companies spend their time trying to ward off negative stuff that goes on in Sacramento and Washington, D.C., deeply involved in all that. And it was an exciting time.

I really enjoyed the job, and we used to put on parties here. We had a couple hundred people in the backyard here—customer service and corporate communications and all—and have barbecues, and have a band, and all that kind of stuff. I was trying to make the company more proactive for people and—humane is too strong a word, because I don't mean to say they weren't humane, but sensitive to the world around them—and particularly, be better in advancing the opportunities of minorities in the company, which was a pretty—I already alluded to that—pretty white place, and with a long tradition of hiring family members. So, my secretary, for example, Elise Skeet, her sister, and her husband, well, they got divorced, but they all worked at Edison. Many places, you grew up and you were an Edison brat, and then your kid worked at Edison, too—many cases, that kind of thing.

04-01:27:25

Eardley-Pryor: In what ways were you able to help shift that dynamic to allow for greater inclusivity?

04-01:27:31

Peevey:

Well, by simply insisting. And college recruitment is one thing, that we go support, in this case, African American college and universities—but more importantly, that we go out and recruit people from CSU campuses that have more of a minority tilt, as well as UC and Berkeley and Stanford and all that kind of stuff. But also try to change your internal policies in the company.

And I did my best to have very good relations—after all, I came from a union background—with the union, which, the head of it, a guy named Ray Sanborn, he hated Howard Allen with a passion. Oh God, it was terrible. The union was pretty weak at Edison, and they'd always talk about maybe striking. They never struck. I don't think half of them would go out on strike. They were impotent in affecting the company significantly, so they used to do things like, little guerilla warfare things. Like, you'd come in on a Monday and the restrooms on the fourth floor, where the executive offices were, the toilet paper all had Howard Allen's picture on it. So it was, wipe your ass with Howard. That kind of thing. It's just sophomoric, in a way—but it was a way of showing rage and unhappiness, and all that. And then I was very active in their, Edison's, what they called CRG, Citizen Responsibility Groups: political action committees, talking members to people, building up our responses, working with politicians of both parties, and so forth.

04-01:29:28

Eardley-Pryor: Well, tell me a little bit more about how your labor background came to benefit you in your relations at Edison.

04-01:29:34

Peevey: I'm not sure it did. [laughs] I think some people are a little suspect. But it made life very easy for me, working with the union people.

04-01:29:46

Eardley-Pryor: Having that background.

04-01:29:47

Peevey: That's what it really did, that's what it really did. And when I became the president—

04-01:29:54

Eardley-Pryor: In 1990.

04-01:29:55

Peevey: In 1990. The first day, I took this Ray Sanborn guy, who was kind of a turkey, but I took him out to lunch. Howard Allen never paid the slightest attention to him, would never see him anywhere, do anything with him. I took him out to lunch, and I took the other union guy from San Onofre out to lunch. I was convinced that we could have better working relationships, much better, more harmonious relations. Within any employer, you're always going to have tensions and disagreements, personnel and everything else. But I was convinced that we ought to, we should really do more to work with people.

04-01:30:37

Eardley-Pryor: Do you think it paid dividends?

04-01:30:39

Peevey: Yeah. Oh, it definitely paid dividends.

04-01:30:40

Eardley-Pryor: In what ways? How?

04-01:30:42

Peevey:

Just in higher productivity and less hostility, and less guerilla warfare and all that kind of stuff on the union part. And just, the people felt better about you, and when they feel better about you, they tend to work a little harder. A lineman will maybe put in another ten minutes out of his own time to get something done, rather than just put down the tools and walk out the door at five o'clock—time to go, 'bing.' All those kind of things are part of human relations, and the best you could do in human relations is make people who work beneath you feel that you know who they are and care about them.

I didn't do that as well at the PUC as I did at Edison, to be frank, for a host of reasons probably—but I was living here, and the job was in San Francisco. I was back and forth all the time. It's not like being there every day, just wasn't. All the time I was at the PUC, twelve years, I'd fly up on a Monday or Tuesday and come back on a Thursday. You just didn't have the intimacy. You had the intimacy of the senior people on the top floor, but other than that, it wasn't like it was at Edison, where you can get out and go tour the company—go up to Big Creek, which is the hydro facilities up in the Sierras, and go out to San Bernardino County, go to the power plants and walk and talk to people.

04-01:32:04

Those are the kind of things you could do, we did do, and not just me, others too. I had very good labor relations—and to this day, the guy that heads the local union out there now today, Pat Lavin, I don't know if I gave you his name or not, but he was my bud. When I was at Edison, when I became executive VP, believe it or not, I was given a car *and* a driver. A car—I had a car before that. [This was] a car where I sat in the backseat, had a phone, and had a driver, guy named Tom Sederberg, who just passed away a few months ago, a year ago. He lived up in Santa Clarita, right up the highway here, half an hour. He used to come here every morning, eight o'clock, pick me up right here, and we'd go off to Edison. I'd read the newspaper or be on the phone, going down and back.

Yeah, before him, I had, previous driver, a guy named Curt Singer who was a total [laughs] irreverent shit head, to be frank, but funnier than hell. He used to always make jokes about Hispanics. I said, "Curt, come on, let's cut out the Hispanic stuff," but he'd always have to tell me the latest, some joke he heard, was the kind of thing—"Take it easy, Curt"—but he was likeable. But Tom, I was devoted to, and Tom had been in the Army. He'd been in the role, at Fort Myer there, in the District of Columbia—I can't think of what they called the unit—it'll come to me—the one that does all the funerals and all that stuff at—

04-01:34:04

Eardley-Pryor: Arlington?

04-01:34:06

Peevey: Arlington, [yes.] And when Kennedy was assassinated, he's the one that held the bridal. You know, the bridal of the lead horse.

04-01:34:20

Eardley-Pryor: The horse-drawn carriage?

04-01:34:21

Peevey: At the funeral, you had the horse with the saddle with nobody on it, non-riding, went up Pennsylvania Avenue.

04-01:34:31

Eardley-Pryor: You saw him [Tom] march through the street that day?

04-01:34:33

Peevey: I didn't know who Tom Sederberg was at the time—

04-01:34:35

Eardley-Pryor: But you were there.

04-01:34:36

Peevey: I was there. I was in the government. I was working in the federal government at the time. I would watch all the stuff on the Kennedy thing. I mean, I lived in Arlington Towers apartments where planes flew over, and I watched the funeral procession from a building across the street, because we had an office there by St. Paul's. Anyway, that's—didn't I tell you all that stuff?

04-01:34:58

Eardley-Pryor: You did, that's just remarkable that your paths cross again later in Southern California.

04-01:35:02

Peevey: Yeah. Well, he worked for the Highway Patrol, then he got injured on the job—the Highway Patrol, the I-5 [US Interstate 5] up here the Grapevine—and then he got a job at Edison as a driver. Some of this stuff, I got to tell you, the corruption—not the corruption in the sense of somebody paying someone off directly—but these God-damned disability things the police and fire get, they get incredible breaks, then they come back and work full time. And he was a driver. He was a really great guy. But my point at the end of the day, with the labor things and all that, was that his son was kind of, I guess for awhile, a ne'er-do-well, I don't know, couldn't ever find a job, and everything else. And Tom finally came to me. He said, "Mike, can you help him?" and I'm not at Edison now. I'm gone from Edison, and I called up Pat Lavin, the head of the union, and said, "Can you find something for this guy to do?" "Yeah, we'll take care of him, Mike." Got a job, so when his dad died earlier this year, he sends me on Facebook—not Facebook, but Instagram, an instapost, whatever—just saying his dad had died, and how much both he and

his father appreciated what I'd done for him, that kind of thing. And those words get around, too. People hear that, and they, others appreciate it. But I don't know.

I don't know what conclusion we're coming to here, but I enjoyed my years at Edison, by and large. I rose rapidly. I used to have to travel with Howard in Washington, D.C., a lot of times where he would get drunk and want us to—me and the guy who used to represent us in Washington, a guy named Tom Micheletti—want us to stay out with him till 1:00 or 2:00 a.m., drinking in bars. He'd try to pick up some woman in a bar. It was kind of, it wasn't where I was at by that time in my life, frankly. But by and large, it was a damned good relationship with Howard and all, until it came time to pick his successor, and that—

04-01:37:17

Eardley-Pryor: Well, let me just ask you—talking about having a car and Tom, and what a different—

04-01:37:22

Peevey: We had two jets, two jet planes. They don't have either one of them anymore. I took Pat and Bernice Brown, and I think Kathleen—Jerry wasn't there—to this '88 Democratic Convention in Atlanta.

04-01:37:39

Eardley-Pryor: Tell me the story.

04-01:37:40

Peevey: Well, because I was no longer with CCEEB, but Pat [Brown] was a friend. I used to see Pat here, when I retired from Edison. Pat came to the retirement dinner, all the—we were really close. At one point, one of those dinners like the one I'm describing, Pat said in earshot of Jerry, but Kathleen heard it, Jerry's sister, "Mike Peevey is like a son to me." That's kind of the way he kind of felt. But anyway, I took him to the Democratic Convention.

04-01:38:31

Eardley-Pryor: What was the experience like?

04-01:38:33

Peevey: Well, he went one way, I went another way in a lot of this stuff. We had dinners and we put on a few things on behalf of Edison, and he came and talked. He knew everybody under the sun, Jesus Christ, and it was just a lot of fun. There was no great substantive thing went on. That's when Michael Dukakis was the nominee. Jesse Jackson had run against him. I don't know if you were too young to remember that—

04-01:38:59

Eardley-Pryor: The Rainbow Coalition.

04-01:39:00

Peevey:

—but Jesse Jackson had that phrase “Keep hope alive, Keep hope alive, Keep hope alive” and all. But it was just damned good, warm feelings.

04-01:39:14

Eardley-Pryor:

What was it like? I’m picturing this kid who grew up in the streets of San Francisco in a one-bedroom house—

04-01:39:21

Peevey:

One-bedroom apartment.

04-01:39:22

Eardley-Pryor:

From a one-bedroom apartment, to later in life, living where he has a driver and he’s taking private jets, and flying the governor to the Democratic Convention. What was that transition like for you? These are very different worlds, but you’re the same person. So, talk about that if you could.

04-01:39:40

Peevey:

Well, you’re right. It is, to some extent, different worlds, and I loved it, but I also realized I could go back—not to being in a one-bedroom apartment in San Francisco, but to a more modest lifestyle. I never got so taken by it that it swept me off my feet. That’s, I think, that’s the truth. I think Carol would tell you that, too. It didn’t go to my head in that sense that I thought I was some great big shit. But I did enjoy it, there’s no question.

We used to fly across the country to Washington, D.C., when I wanted to go back there. Several years, as when I was president and before, when I was executive VP—we had this Lockheed JetStar, a four-engine, small, corporate jet. It was a wonderful plane. It was just as fast as any commercial plane, and it flew nonstop. Then off we’d go across the country. I got to tell you one funny story about it.

So, we had, at that time, Edison had a big medical department. It provided its own healthcare to its employees, Edison did. Very few corporations did this in the seventies and eighties, but Edison had been doing it probably for eighty years or something. So we had our own doctors. They worked for Edison, the doctors—they were employees—and nurses and all that kind of thing. We had a portion of one of our buildings at the headquarters just for the doctors and nurses, who did the physical exams and all that kind of stuff. Some good doctors. Anyway, we had this one doctor that Howard Allen absolutely loved. His name was Jacque, J-a-c-q-u-e, Jacque Sokolov. Sokolov was a Phi Beta Kappa from USC. Brilliant. I think he finished his undergraduate at age eighteen or something like that and went on.

04-01:42:02

He was a cardiologist, and he was a brilliant guy, and he wanted to expand the Edison healthcare system to a whole bunch of other big employers in Southern California, and really create an empire for himself. It was pretty obvious what he wanted to do, and how he saw Edison as a jumping-off point. And he also

was pretty free with a buck—and that’s what he eventually kind of got canned at Edison for, spending too much money and everything else on himself, and his Porsche and all that. But he was a brilliant guy. For example, he bought his home out on Broad Beach there in Malibu, and those are, even then, those homes are several million bucks. They’re even more now. Any rate, he wasn’t so rich that he could get it on the beach, so he got it right across the street from the beach. [laughs] His house there, we’d be going to it. And he had his wife and they had kids, and he went off to some—I’ve lost track of what happened to Jacque. But any rate, so, this was—

04-01:43:14

Eardley-Pryor: Oh, hold on Mike, we just lost the microphone. [Fixes microphone.]

Okay, so you were saying?

04-01:43:19

Peevey: So occasionally, we would go to Washington, and Jacque and I went to Washington a couple times. He would testify on different things, healthcare, whatever, even though, I mean, this was Edison. And I would go, and we’d meet whomever—legislators and all that stuff. We were friendly with a whole bunch of different people there, and George Mitchell in particular. I got to know George Mitchell very well. He was the Majority Leader of the Senate for awhile, and a great man, a great man. And so, he [Jacque Sokolov] loved to fly in the company plane. This is just a humorous story on us.

So, we were going, and we used to fly out of Ontario or out of Burbank, just a private part of the airport at Burbank. So, we were going to go back to Washington. It was on a Sunday, so, he says “Mike,” he says, “I’m going to take care of everything,”—because the food you get, usually when you cater it at the place where they have the private planes, the food is not very good. It’s just kind of crappy. It’s fine, but there’s nothing—so, “I’m going to get a gourmet meal. We’re going to have a great meal, and I’ll get it all catered from somebody in Beverley Hills.” I don’t remember who it was, Wolfgang Puck or whatever, or Spago or something. “And we’ll have that on the plane.” We flew, I guess it was a five-hour flight, five hours from Burbank to D.C. So, “Okay Jacque, that’s great,” and we had some wine.

So, we’re flying along across the country, and we’re over, I guess, Kansas and getting into Missouri. The pilot—and this plane had two pilots, a pilot and a copilot. We’ve eaten our meal, we’re sipping our wine, and just shooting the shit having a great time, and the pilot comes back says, “Mister Peevey,” he said. I said “Yeah?” He said, “I think we have a mechanical problem.” He said they were having a problem with one of the engines, they’re going to shut it down, and we really should land the plane as soon as we can. And I said—I was hardly in the mood to hear all this, right—“Yeah, okay, all right, all right.” So we land in St. Louis. Now it’s ten o’clock at night or something, ten or eleven o’clock at night. I can’t remember what time it was, but it was late.

So, we go to a hotel. There was nothing then they could do with that plane to service it for a few days. So the next morning, we got to go from St. Louis to D.C. At that time, there used to be TWA—remember TWA, Trans World Air? And we get on the first flight they have that day or the second flight, off to D.C.—on a DC-9, that’s a fairly small jet, but a jet. Only two seats available, coach, the very last row, next to the toilet. So we went—

04-01:46:31

Eardley-Pryor: You went from the private flight to—

04-01:46:31

Peevey: Stinking, stinky toilet. We go from this private plane with the great food, great meal, great wine, to about the bottom of the barrel you could get on a commercial flight—TWA, not a very great airline by that time—shitty plane, last row, two coach seats next to the can.

04-01:46:52

Eardley-Pryor: How did Jacque take that?

04-01:46:54

Peevey: Well, I think he, he certainly didn’t show, other than both of us just saying, “Can you believe it?” I don’t know. He laughed about it, I guess. I did. I did afterwards. I certainly was pretty unhappy at the time. It was a couple-hour flight from St. Louis still. The point was that it’s not that that flight was so terrible—although sitting at the last row is pretty bad, when the restroom is there, people steady stream past you all the time, and stinky, a little stinky—but it was just such a come down from what you’d had, [laughs].

But I went from Edison to—going in an eighteen-months, twenty-one-months consulting business, to just doing a startup company. It was just myself, Mike Burke, and a secretary, with small offices in Pasadena here. I didn’t have any car or driver or anything else like that, never anything like that again in my working life—other than at the PUC, I had a car. They gave me a Honda, a Prius, the electric, no, a hybrid, up in San Francisco to drive around And I didn’t have that at New Energy [Ventures]. We did very well at New Energy. We would take a limo or something at the airport some time, but that’s the closest we ever got to having a car and someone driving you around. And we flew coach.

04-01:48:25

Eardley-Pryor: You told a story of, in 1988, going out to Atlanta for the convention. In that same year in ’88, I think you had mentioned that you had recommended acquiring San Diego Gas and Electric, on behalf of Edison.

04-01:48:44

Peevey: Yeah.

04-01:48:45

Eardley-Pryor: Can you tell me a little bit about that story, what came from that, and—

04-01:48:48

Peevey:

Yeah, well, it was, if I said it was '88, it was at the very end of '88, because all the action really happened in '89 and '90, or '89. And San Diego Gas and Electric, that time, it was not—today there's a company called Sempra Energy, and Sempra owns Southern California Gas Company, which is right here in Los Angeles, headquartered downtown. San Diego Gas and Electric, which is the gas and electricity provider in San Diego County and Imperial County, part of it, and it has a whole bunch of other companies it owns that are non-utility companies. Back when we're talking about, '89, there was just San Diego Gas and Electric. It was going to merge or acquire a company in Arizona called Tucson Electric, and part of my job was to follow all this kind of stuff, be on top of it and everything else. And I thought to myself, Jesus Christ, a more natural thing would be for us to acquire San Diego Gas and Electric, and put the two companies together and serve all of Southern California.

04-01:50:32

Eardley-Pryor:

It's be a real coup.

04-01:50:33

Peevey:

Yeah. So, I convinced Howard, who always wanted to be bigger, I convinced Howard of this. So, we pursued it, and it was a lot of give and take and difficulty, but eventually we persuaded San Diego Gas and Electric, its board of directors and its CEO, Tom Page, that we put the two companies together. And so we did, subject to the approval of the Public Utilities Commission, which you had to have, and the Federal Energy Regulatory Commission. The latter was never a question and a problem. But it had to get the approval of the PUC, the Public Utilities Commission. And to make a long story short, it didn't work.

04-01:51:30

Eardley-Pryor:

Why?

04-01:51:30

Peevey:

It didn't work for a whole variety of reasons: our collective ineptitude, Howard's failure, frankly. How can you say that? Why? San Diego at that time was a city bereft of any major corporation headquartered there. SDG&E was the biggest company there. And the business community there, first place, there was a strong anti-LA feeling in San Diego, just like there is in San Francisco. They used to always say, "We don't want to be like LA. We're not going to be big." Now they've become like LA anyway, they've become so damned big—not entirely, but they've grown an awful lot. So there was an anti-LA feeling. Well any rate, the question was—this would have gone ahead probably if—San Diego had a simple request: the mayor, the Chamber of Commerce, the business leadership generally, "Okay, we'll all be part of one big company. Put the headquarters of the company or at least the parent, the parent holding company, in San Diego. You could leave the utility out in Rosemead, out here. But put the headquarters there."

Howard Allen would not agree to that. He was the CEO. He would not agree to that. I urged him to do it. Dave Fogarty, who was still with Edison as executive VP, urged him to do it. His former chairman of the board retired at Edison, Jack Horton; and Bill Gould, too, urged him to do it. Several other people urged him to do it, and he just flatly refused. And his argument was, “We’re going to provide a billion”—I think it was 1.7 billion dollars—“in savings to the people of San Diego over the next several years. If that’s not good enough for them, tough.” He wouldn’t do what I just said.

04-01:53:52

Eardley-Pryor: What was his reason beyond, “It’s good enough for them, what they’re getting”?

04-01:53:58

Peevey: His ego, to be very frank about it, challenge him about it, and all that. This stuff was all over the paper every day in the business section of the *LA Times* for quite a while. He could be this big man, head of the big utility. And, his arguments were not fallacious—we were providing a lot of dollar benefits, no question—but it’s like Brexit or all, so many of these things. People often forget their economic interests, in fact, in favor of other prejudicial behaviors, or, “It’ll be dominated by LA” and all. And Howard, his ego couldn’t allow him to grasp that and accept it and go with it. So he fought this thing, and he fought, and “By God, we’re going to get it on the merits.” He’d always say, “On the merits, we’re right on this. We’re going to get it on the merits.” So, he said, “Peevey, it’s up to you to get the people in San Diego to change their mind.”

Now, the mayor, Maureen O’Connor, was very much opposed. That spring—this was now, we’re in 1990 now—that spring, there was the contest for the Democratic nomination to run for governor, and it was between John Van de Kamp and Dianne Feinstein, and Van de Kamp was a friend of the mayor of San Diego. He endorsed “no.” San Diego didn’t want us to acquire them, the people—the political leadership, let’s put it that way. The largely political leadership of San Diego, business community in particular, which was pretty strong, they didn’t want this to happen. There was a whole flurry of all kinds of activities to try to thwart it. Van de Kamp endorsed that position; Feinstein didn’t care, she [had been] mayor of San Francisco. This is 1980.

04-01:56:34

Eardley-Pryor: ’Ninety.

04-01:56:34

Peevey: But anyway, she beat him. She defeated Van de Kamp nonetheless in the primary. But, the person running for governor on the Republican side was US Senator Pete Wilson. Now what had Pete been before he was US senator? Mayor of San Diego. Pete Wilson beat Feinstein that November for governor, small margin. And the rest, he had two appointments in January to the PUC, and guess what? They didn’t approve this merger. That was the end of it. And

I, I was deeply involved. We had no support in San Diego, other than a couple of the unions and low-income people, Hispanics and Blacks, which I cultivated, worked hard on. I used to go down there almost every week. I used to get picked up by a helicopter right down the street here at the hospital, used to fly me down to San Diego, fifty, fifty-five minutes. I'd be in San Diego, every week. I'd go down on like a Tuesday and come back Wednesday or so. I'd go down a day or two. And the rest of the time, I'd be at the office here in Rosemead. And I was in charge of putting all this together.

I think, to some degree, Howard blamed me for it not working, but it wasn't my fault. Really, it was because we didn't have the community support there, and we didn't have the community support because he wouldn't—what we, what me and others told him is, “Howard, let the holding company be there, let the holding company be in San Diego, and we call it Edison International, whatever.” And, what they wanted most of all was to be in the Fortune 500 big utilities, and have the number one utility or number two utility in America say, “Edison International comma San Diego, California,” blah, blah, blah, blah. That's what they wanted, those people there. They wanted their town to be a big town like San Francisco was. Was never going to be as big as LA, but be like San—you know, and he never got it. He never got it.

04-01:58:57

Years later, he said to me—it was about six months before he died—two things: “Biggest mistake I made, two biggest mistakes I made in my career,” he said, “was one, not appointing you as my successor, number two, fucking up the San Diego thing.” There you go. Told me that personally, just on the telephone. There's another story to that, too, as an explanation, another explanation for why he chose Bryson over me that he told Dan Fessler. Dan Fessler, under Pete Wilson, became the president of the Public Utilities Commission—had been a professor of law at UC Davis, a real Anglophile, a very erudite man, could be very difficult, but also could be very charming and fun. And he and I liked each other. We were in some conference. I can't vouch for the accuracy of what I am about to tell you. This is what he [Dan Fessler] said, some conference in Jackson—it's Jacksonville, isn't it, Jacksonville, Florida—Amelia Island in Jacksonville, Florida, at some energy conference, and he was sitting next to Carol and me—Carol was with me—and he said, “Mike, I don't know if I ever told you this story,” then he says, “and up at the Bohemian Grove”—you know what the Bohemian is?—says, “I asked Howard,” he said, “‘Why didn't you choose Peevey to be your successor?’ and he said, ‘Well there were two reasons, and this is,’ he said, ‘one, he's too active a Democrat.’” I mean, Bryson happened to be a registered Democrat but he never lifted a finger—Hey, what's that?

[Carol Liu enters the room with delicious sandwiches and potato chips for both Mike Peevey and Roger Eardley-Pryor]

04-02:01:05

Eardley-Pryor: Hey!

04-02:01:06

Liu: You guys can help yourself.

04-02:01:08

Eardley-Pryor: Thank you so much, Carol.

04-02:01:09

Peevey: All right. Well, we're going to—we'll take a break in just a minute, right?

04-02:01:12

Eardley-Pryor: Yeah.

04-02:01:12

Peevey: Yeah. So—

04-02:01:14

Liu: I'll get some water.

04-02:01:18

Peevey: He said, "He was too active"—this is him, Howard Allen, talking to Dan Fessler—"he's too active a Democrat. Second," he said, "Peevey wasn't a Mason." You know what a Mason is, the Grand Order of Masons, the Protestant group, throughout history, goes back hundreds of years, anti-Catholic? You must have. You can certainly look up Masons, Masonry, M-a-s-o-n-r-y. "He wasn't a Mason." Fessler happened to be a good Catholic. I'm not a Catholic. I was raised Episcopalian, or borderline—but any rate, it's true I wasn't a Mason. But the implication was, Bryson was. I have a tough time believing that personally, but I've never asked John. I never said, "Were you a Mason?" or "Are you a Mason?" but Howard was, and Bill Gould was.

04-02:02:15

Eardley-Pryor: Why would that matter to Howard? Like what difference would that make for your leadership of Edison?

04-02:02:22

Peevey: Because so much of the corporate world is based on social networking, not merit. It's the truth. My own theory—this may be absolutely true, what I just told you. I have no way of ascertaining that, and Bryson has now got Alzheimer's or the equivalent. He can't talk. He's five years younger than me, lives fifteen minutes from here, and he's got twenty-four-hour-a-day care, and it's kind of a sad case, a very sad case. But I never asked him or said, "Are you a Mason?"—but my own theory was not that. My own theory is, at the end of the day—I'll give you two points: The Undersecretary of the Interior Department who went on Edison's board, Carter administration, who went on Edison's board, and this is where I start failing—I can see his face, can't remember his name now. It'll come to me, and can certainly look it up, easy to find out—Charlie Curtis. Does come. Charlie Curtis told me—and Charlie

was a friend, very friendly to me a friend—and he said to me ten years ago, eight years ago, “Mike, I knew you’d never become the CEO.” He said, “It’s just too big a cultural reach for Edison to pick you, and Bryson was safe, and all that,” which comports with my own view, which is the following:

04-02:04:16

Howard Allen went to Stanford, and Gould didn’t go to Stanford—he went to Utah—but Howard Allen went to Stanford. Several other board members went to Stanford, the most prominent one being Warren Christopher, who was on the Edison board. He was also Secretary of State, under Clinton, and various other things; a luminary in Southern California; one of the leaders, the guy that integrated the California Club, got them to vote, led the effort to open it up for women and minorities. Given a lot of credit for that. But he was a very diffident guy. And about three other directors were all Stanford people, and I think that they just kind of kept it in the club. I mean, Bryson was Stanford. They were most comfortable, because—Gould and a couple of other directors were for me. Gould wanted me to be Howard’s successor, and he had been on the board but was no longer on the board by that time. And Jim Rosser—you saw his picture—who I initially opposed to be the president of Cal State LA, but became a board member at my—Edison asked me to round him up, bring him. I told you that story, I think? Biltmore Hotel, and all that?

04-02:05:47

Well let me tell you that story very quickly too. But any rate, Rosser was for me. And there was a woman, Joan Hanley, was for me, I believe. But I didn’t have the votes, and Gould came to me and said, “Mike, support’s not there. Howard, Jack Horton, these others—it’s all lined up.” He said, “It’s kind of all lined up for Bryson. You’ll be number two person. It’s a great job, just accept your fate, take it, make a lot of money, have a good time,” blah, blah, blah, blah. So, that’s how it happened.

Jim Rosser became president of Cal State LA. When I went to Edison, Edison had no black board members. They thought, well, we should have a black board member, one black board member. They had one Hispanic board member, a guy named Ed Zapanta who was a surgeon. So I was head of government affairs, they wanted to know, “What do you think, Mike? Who can we get?” I said, “Well one guy we can certainly probably get was Jim Rosser. He’s president of Cal State LA. He’s a figure here in Southern California, would be a good man.” “Well, can you set up a lunch for us?” For Howard and a guy named Jack Horton, who had been predecessor of Howard’s as CEO before Gould. And I said, “Yeah.” And he said, “Yeah, just have him meet us at the Cal Club.”

I called Rosser up. Rosser said, “Mike, I’m not going to Cal Club.” He says, “They discriminate against blacks. I’m never going in the Cal Club. Right now, I’m not going to the Cal Club. I’m happy to have lunch, and I understand why you’re talking to me, and I’d probably be cutting my own throat saying

what I'm saying, but I'm not going to Cal Club." So we had lunch at the Biltmore Hotel instead. [laughs] Everything else went smoothly, and he went on the board of directors. He went on the board and he was there for like fifteen years—and you know, your board members, they get like \$300,000 a year or so. And then when he retired from the board, Rosser—it was about six years ago—he asked the management to try to have me come and speak at the board, as a goodbye to him, thanking me, and all that kind of stuff.

Okay?

04-02:08:15

Eardley-Pryor: That's nice. Let's take a little break here.

Interview 5: January 18, 2019

05-00:00:01

Eardley-Pryor: All right, Mike, we're going to move into our next session. We'll call this session five. Today is still January 18, 2019. We are still in your lovely home in La Cañada Flintridge in Southern California, continuing with the Mike Peevey interview. I am Roger Eardley-Pryor.

I want to hear your thoughts on how you would describe yours and John Bryson's leadership styles. Contrast them for me a little bit, your executive leadership style. How were you different types of leaders?

05-00:00:39

Peevey: Well, I think the best check we could get on what kind of—I honestly respect the opinion of others who may be more objective on that score than I am to answer that question. The Bob Fosters of the world who worked with both, or I suppose, a couple other people. I would say that leadership style, management style, just style, I am more direct, in your face: Let's go, let's get it done. They used to say about me at Edison, the staff there, "Never go into Peevey's office just to shoot the bull, because he'll want to make a decision on whatever it is we're talking about." Let's go, let's get this done, let's do this, let's do that. I think there's a high degree of truth to that.

John is a much more easygoing, consensual decision maker than I am, and style-wise. I'm not big on just meetings for meetings' sake. God, in every place you work, meetings for meetings' sake seems to be the thing that occupies so much of people's time, so much of people's time. That's really true in government, even worse probably than the private sector, just on and on and on, kind of. So often seeking consensus when consensus may be the best short-term thing for the human beings involved, but it's not necessarily the best thing for the organization going forward. There's a significant difference. And that's just the way it is.

05-00:02:35

Eardley-Pryor: Let me ask you about that, because you've also made mention about the importance of compromise, negotiation—"That's the point of politics, that's the role of how things move forward." But what I'm hearing you say, it sounds like something different.

05-00:02:49

Peevey: No, there's a difference between leadership and—let's try to break it down this way: There's decision making within the firm, that's *a*. Okay, *a* is the firm. How do you go about making decisions within the firm? And there, I would say that you have meetings, and then there should be a head chairing the meeting, by and large, who's called the meeting. And at the end of that or at the end of a second meeting, you make a decision, and that decision does not have to be a compromise decision. It has to be a decision driven by the

facts and probably by the person that's the head of the meeting calling the tune and making the choice, after hearing everything out. You follow me?

05-00:03:39

Eardley-Pryor: Yes.

05-00:03:41

Peevey:

That's *a*, that's the firm. Then the firm goes out into the broader world, and the broader world, it's dealing with the legislature. It's dealing with another business. It's dealing with Joe Doakes. It's dealing with the city government, all those things. That's where compromise, I think, becomes much more critical. So, I'm trying to make a distinction between the two. I hope that makes some sense to anybody listening to this. But that's the way I would see it.

Now, there has to be compromise within situation *a*, to some extent, and that you try to come to some conclusion, and maybe some say, "Well, okay, I'll agree with you on that mark, but I'm not going to agree on anything else." Those kind of compromises work out within the collective's managerial sense. However, the premium has to be put on making decisions and moving on. And so often in government, you don't have that at all. You just have another meeting—"Let's have another meeting; they're having another meeting." I really think one of the problems PG&E these days has is that it is run more on that basis than it is a more linear line: "Okay, I got you all here. We're talking about this. I want to hear everybody, but once it's over with, we're going to make a decision. I'm going to make a decision. I'm going to make a decision relying on what you've told me and so forth, but we're going to make a decision and go the next step."

Those are different ways of managing, and I think that—well, it's obvious the one I prefer. And then there's a whole array of other things. There's compromise within any organization all the time, just like there is in a marriage. Any time there's two people, there's going to be some compromise. But that's different from a more democratic—the same part, talking before, about compromise within a democratic context of government and private sector and all working together. Those are different, to me, different things.

05-00:05:51

Eardley-Pryor: That makes sense. One of the things that I would also be interested in hearing you talk about is Edison—

05-00:05:58

Peevey:

I think everybody you ever talked to would say, "John was not decisive like Peevey." Now, sometimes being decisive is a detriment. You could be decisive wrong versus seeking more consensual decision-making. Could end up being right. So there's balance here. But we were markedly different in our styles, just the way we approached things. And Carol, my wife, or others would say, "Peevey's always, 'Get to the bottom line and let's move on. Let's

get this done. Let's not just talk endlessly about it, look at the square from eighteen different angles. Let's just look at it, the square, through four angles"—that kind of thing—"and decide."

05-00:06:53

Eardley-Pryor: Do you think there are benefits and advantages—

05-00:06:56

Peevey: To both.

05-00:06:56

Eardley-Pryor: —to one over the other?

05-00:06:57

Peevey: Yes, yes, I do, but I would say, and I don't mean to imply anything here, but I would say that the most successful organizations are those that are driven by a vision—often formulated at its outset by an individual, or very small group of individuals—that guide the organization all the way along. And I'm not just talking about an Elon Musk type, although he obviously is that type of person, a genius, who is creating all kinds of things. I'm not saying he's not going to have pratfalls and failures, but whether it's SpaceX, or the Tesla automobile, or SolarCity, or—so, these things are all great, very innovative things. He—it's driven. It's quite clear, he's the leader. Or GE [General Electric] under Jack Welch, which was very focused. Or certainly in the early part of the previous century, the Ford Motor Company under Henry Ford, until the thirties, when he got so cantankerous and out of touch with people. These are all individuals. And on the other hand, you have to say that there are—the kind of leadership that FDR provided was, at the end of the day, his. He sought out a lot of views and—we could go on this topic forever. I'm not sure it's that productive. I stop and I think about how, really, the most able, bright people surround themselves with other bright people. The more insecure can be often bright, but often insecure bright people surround themselves often with people that don't challenge them, and that's a mistake. You want to see people throw out ideas and challenge them. But at the end, you have to have a course that makes decisions, and the emphasis has to be on outcomes and decisions.

05-00:09:10

Eardley-Pryor: You mentioned visionary leadership, having a vision is the base root of allowing you to move forward. Do you think you and John had different visions for Edison?

05-00:09:23

Peevey: The answer is yes, but I don't know what his vision is.

05-00:09:29

Eardley-Pryor: What was yours?

05-00:09:29

Peevey:

I wanted to make Edison the most successful, big—big, but I mean it's a—the most successful big utility in the United States and to have a tremendous international presence. And I think at certain times we were on the cusp of doing just that. And then, for reasons that perhaps are not anybody's fault, that didn't happen.

05-00:09:53

Eardley-Pryor:

Edison did. I was earlier going to ask your role in Edison becoming an international organization. That happened during this time you were there.

05-00:10:01

Peevey:

Well, I was a champion of that.

05-00:10:03

Eardley-Pryor:

Tell me more about that. What role did you play in that?

05-00:10:03

Peevey:

I was very much a champion of that, because I just thought that the opportunities for the company, that we had some knowledge base and the opportunities for the company in the unregulated, largely unregulated world were vast. And while we were a good-size company in the biggest state in the Union, we could even do much more internationally. It would be an entirely new playing field and an incredible challenge and a very rewarding one.

05-00:10:37

Eardley-Pryor:

Well, what did you have in mind specifically? How would you enact that vision, or how did you?

05-00:10:41

Peevey:

Well, I saw us being a very large, international power company providing services to people in many places in the world. And we started. The first project we did was in England, but in Australia in particular, I was deeply involved in the negotiations to build a big—believe it or not—build a big, at that time, coal-fired power plant, the Loy Yang project in Australia. There were similar things in Indonesia. I showed you the picture up at Sea Ranch with me sitting next to Suharto, the head of Indonesia at the time. And helping to meet the world's energy needs as a company was, I thought, a very challenging opportunity, that we had a moment in time where we, at Edison, could really succeed. It didn't happen, didn't happen in part. Maybe, I don't know if it would happen under any circumstances. I don't know if I'd stayed on at Edison another five years if the outcome would be the same. Ultimately, the company went bankrupt, Mission Energy, after becoming a very large company. I don't know if that would have happened. I think I would have staved that off, but I don't know.

05-00:12:07

Eardley-Pryor:

Why do you think it did happen? You said for reasons—

05-00:12:09

Peevey:

I think it was mismanagement, terrible mismanagement, some very big blunders—paying way too much for some properties in Illinois, from Commonwealth Edison, was one. Paying too much money for some properties in the United Kingdom was another. The margin for error in some of these international projects, you don't have a regulator to kind of protect you like you do with the Public Utilities Commission to some extent, and also bind you in. You have a lot more freedom as an independent power company, which is what Mission Energy was. Edison's Mission Energy was an independent power company. But also, the freedom to fail is greater. The freedom to succeed is at a really huge scale, maybe greater, but the freedom to fail is also greater, and a lot of people are not comfortable taking the risks there.

I've been more of a risk taker, that's just the bottom line. In my whole life, I've been more of a risk taker. My career shows that, all the different kinds of jobs I've had, being willing to take chances on things. Creating New Energy [Ventures] was a huge risk in a personal sense. I didn't have any money personally at jeopardy, but I was staking my future, my career, on building a company from scratch, starting with three people. Very few people have been in that situation, and build it from three to 300, and then sell it for a hundred million dollars. I mean that—

05-00:13:43

Eardley-Pryor:

Mission Energy at Southern California Edison, was that in any ways a model for what became New Energy Ventures?

05-00:13:50

Peevey:

No. No, not really, no.

05-00:13:53

Eardley-Pryor:

Different, different things?

05-00:13:54

Peevey:

Yes.

05-00:13:55

Eardley-Pryor:

Tell me a little bit of, you mentioned in Australia, helping build this plant that was through Mission Energy.

05-00:14:03

Peevey:

Yes, it was.

05-00:14:04

Eardley-Pryor:

Tell me about that story, what happened with that?

05-00:14:07

Peevey:

Well, we got, we— [laughs]

05-00:14:11

Eardley-Pryor:

Who's "we"?

05-00:14:13

Peevey:

Well, the management team at Mission Energy: it was Jim Pignatelli, myself, and several other people. What happened was, Edison created Mission Energy. Howard Allen was always a skeptic, didn't really believe in it, but he kind of went along—

05-00:14:29

Eardley-Pryor:

When did that happen?

05-00:14:30

Peevey:

Mission Energy was created—

05-00:14:32

Eardley-Pryor:

Mid-eighties when you came on board?

05-00:14:33

Peevey:

Yeah, yes, in '85, '86, something in that time frame. I convinced Howard to make the guy that worked for me—in the revenue department, relations with the PUC and all, a fellow named James Pignatelli—I convinced Howard to make him the CEO of Mission Energy, whose headquarters were not with Edison out in Rosemead, but seventy-five miles south in Orange County. There, by the Orange County Airport, that's where the company was really started. I thought it was important to have its own culture, its own climate, its own culture, not being next door to the utility, where the utility overwhelms them culturally and all, to be free to choose and hire people wherever they wished. They're basically on their own, for good and bad. And it got off to a good start.

The first project that it undertook in a big way, to make an investment in a power plant, was at the Courtaulds—that's a British company, C-o-u-r-t-a-l-d-s—acetate plant in the Midlands, in the UK, in 1990. Pignatelli and I, and staff and all, went over there and negotiated an agreement with several partners to be an investor in this new power plant there. As I said earlier, I had a big interest in overseas expansion for reasons I already said: I just thought it was challenging, it'd be a lot of fun, it'd be challenging, it'd be rewarding, and you would be doing some good things. And we did the first one in the UK, and then we had the succession at Edison. I became president, and Bryson became the CEO, and I got even more involved in international business. We had staff that would—somebody in Indonesia. We'd have somebody go look in Australia. We looked at business opportunities around the world, and there were maybe ten, twelve places you'd look: Australia; New Zealand; Indonesia was promising; Turkey; the UK; maybe a couple of places in the continent of Europe, although that's pretty restricted. You have to have open markets to do these kind of things. Japan wasn't open, nor was France and Germany and so forth.

05-00:17:26

Any rate, at that time, we came up with this big opportunity to build a new thousand-megawatt brown coal—that's a dirtier form of coal than black coal,

anthracite—it's not anthracite, it's almost like dirt—brown coal power plant in Yarra Valley, about sixty miles south of Melbourne in Australia. Had a project that ended up being called Loy, L-o-y, Yang, Y-a-n-g, B, the letter *B*. We got into a bidding situation against a couple other American companies that I'll get to in a second. These topics are so interesting, and there's so much to cover in some of this stuff, I don't know just how deep we can get into it.

What had happened around the world was, there was a great movement in the eighties toward deregulation, open belief in competitive markets and all, given voice in significant part by the British government under Margaret Thatcher. And they wanted to deregulate coal, they wanted to get out of the power business in the UK, all these kind of things, and there was good reason. And it [deregulation] became very popular here in the United States also, and Ted Kennedy, at the time a US senator, was one of the champions of deregulating the airlines. We used to have something called the CAB, Civil Aeronautics Board, Aviation Board, excuse me, that regulated the airlines: where they flew, how much they could charge, all that kind of stuff. That was all tossed out. And same thing happened with the railroads: largely deregulated. Used to be all kinds of railroads, now there's only a few, big—they're behemoths now. Then, people turned to the gas industry, and there was a restructure in the gas industry. It was largely deregulated—to some degree re-regulated, but largely deregulated. And people turned to the electric utility industry, which, in every one of these cases, we're following the theoretical presumptions and assumptions coming out of the UK.

05-00:19:44

Eardley-Pryor:

And as a man with an economics degree, a strong economics training, and then experience, what did you think about those?

05-00:19:50

Peevey:

Well, I thought they were interesting opportunities. Let's take the UK, just for a second. What had happened there under government ownership is that every year they kept building new power plants, so they had a 60 percent, what's called reserve margin. That means, you may need 15 percent more capacity than you're using at any one time—you follow what I'm saying?—not 60, or 50 or 60 or 70, which, what happened is that the Central Electric Generating Board in the UK that built these plants, they had engineers and scientists, mostly engineers working there. Every year or two they want another project—"Builds up, had to keep them employed", all this kind of stuff. Again, so much of government's that way, isn't it? There's no competition here now. We're not making the decisions based on what necessarily the public wants; making it based on what bureaucrats want, or what is desirable or what they're used to. That's what happened the UK. To some extent, that happened in the US, too, but nothing to that extent, at all. And so it seemed like a rational process to go to more competitive markets, and I think it's true. I think it's worked out pretty well in the UK and I think in some places worked out pretty well in the United States. Other places, like our state, we

got a new faulty deregulation scheme, but it was made more complicated than that by the foibles of the people involved.

And so I saw a real attraction to doing something, and, we saw that attitude spread from the UK to Australia, and Australia's still part of the Commonwealth—although I think they're closer to the United States today than they are to England, or the UK. So, they had a Labor government in the State of Victoria, which is where the City of Melbourne happens to be—the biggest city. But it's the state—it's like the State of California, except maybe Victoria is five million people not forty million people. And, they were going to build a new power plant and they thought, "Well, instead of the government building it, we'll have it competitively built, people can compete. And the state will buy the output of it—or the local utilities, the city-owned utilities, municipals, will buy the output of that—and it'll succeed or fail depending on how well it does based on the cost of the product it offers," which is electricity. All sensible, right? Sounds sensible.

05-00:22:21

Eardley-Pryor: So Edison wasn't the only one looking to benefit from this deregulated environment in Australia?

05-00:22:25

Peevey: No, we were not. We were not. So, there was a bidding process the government ran in Australia, and started out with—I don't know how many bid originally. Came down to two companies: Mission Energy—and this was going to be a coal plant, well, and is a coal plant—Mission Energy and the competitor was another American company, Southern Company, huge operation in Atlanta, operates in Mississippi, Alabama, Georgia, a little bit in Florida, big utility, but also had a non-utility business, like Mission Energy. They have lots of coal plants.

05-00:23:12

Eardley-Pryor: What is the company, do you remember? Who was this competitor from the South?

05-00:23:16

Peevey: Southern Company.

05-00:23:17

Eardley-Pryor: Oh, that's the *name* of the company? Okay.

05-00:23:18

Peevey: It owns Georgia Power, Alabama Power, but it's all under a parent company called Southern Company.

05-00:23:25

Eardley-Pryor: So Mission versus Southern for this opportunity.

05-00:23:27

Peevey:

Yes, and Southern Company had a good story to tell: “We’ve operated all these coal plants in the South. We really know how to do it, and Mission Energy doesn’t have any experience in this at all. They have one coal plant that the Edison Company has called Mohave, and that’s true, but that’s all. We’re much more experienced,” and blah, blah, blah, blah. Any rate, we got into this competitive challenge with them, and we offered the best price, and the Labor government chose Mission Energy.

Now, in part, it was due—there’s so many pieces of this. You have to understand the collective bargaining schemes in Australia. They have a zillion and one unions. They call them Cloth Hat union guys, like we have in the building trades here. But in the United States, the industry, it’s usually unionized, the electric industry, but there’s one union, or maybe two, represents all the employees. So at a power plant, there’d just be one union. In Australia, they had a zillion and one. They’re like five, six, eight, ten unions at the same power plant. The biggest cause of downtime was what they called demarcation disputes. What’s demarcation disputes? That’s jurisdictional fights between the unions themselves as to who gets to do the work—not some other thing, not even pay, so much the pay, indirectly, because the electricians want to work versus the plumbers versus the laborers, and so on, so forth.

05-00:25:07

Eardley-Pryor:

It sounds to me like the master’s thesis you wrote at Cal, the competition between unions—

05-00:25:10

Peevey:

Well, yeah, but that was just between two unions in an industrial context, and many years earlier. But any rate, so, the unions, this group that would make the decision in Australia. At Loy Yang, it was composed of a committee of six or seven, including one union representative—this is under the government auspices—and they’re Australian Services Union. They were smart people, and they wanted to represent all the employees, and they did, ended up—jumping ahead—they absolutely ultimately did. First place, I knew the head of the Australian labor movement—I’d met him before—a guy named Kelty. And we kind of hit it off, not that he was going to do anything special for me, but at least there was a friendship and a trust. Because I had been a former union official, and they figure I could talk their language, knew what the hell they’re talking about, everything else—not some diffident, aloof business guy. So, they did something that I’d never seen before, although I’m sure it’s happened before. They did their due diligence. You know what due diligence means?

05-00:26:32

Eardley-Pryor:

What do you mean by that?

05-00:26:33

Peevey:

A legal term, due diligence means you go check out the other party, you meet with people that know them, you meet with them, you get all the facts you can before you make your decision, that's what it means. So they sent a couple union people over here to meet with our labor people at Edison, and Mission, or really Edison, because that's where the union people were working at, Edison. Mission Energy was just starting up, didn't have any blue-collar workers, but it was owned by Edison. And in the Southern Company, they met with the Southern Company, and the guy that was the head of it at the time, I think, was Bill Dahlberg—I'm pretty sure I got the name right—and the Australians, in Australia they have a saying, "We don't like tall poppies." And tall poppies means that if there's a field of poppies, they don't like a few of them sticking up above all the others. It's a very egalitarian society, Australia, compared to the US, it truly is. Even the rich are kind of, "How's a bloke doing?" kind of thing, any rate. It comes from the British and the working class, and all that stuff, but more affluent than the Brits, by and large. Australia's very similar to the United States. You go to Sydney, you might as well be going to San Diego. It looks very much the same, people act the same, everything else.

And so they went, they went to see the head of the Southern Company after they'd done their due diligence at Edison. And remember what I said about tall poppies? They met with this guy, the head of the Southern Company—this is the way I heard this story, I can't vouch for its absolute accuracy, but I know the thrust of it is correct. They're talking about employee relations and working and all that stuff, and he told them how close he was to his workers, to his people, and once a year, he would dress up like General Patton and address the workers. Well, this didn't go over with the Australians. However great a general Patton was, he was an autocrat, and a tough son of a bitch, and the average guy looking up to Patton was not overwhelmed by his warmth. You ever see the movie *Patton*?

05-00:29:18

Eardley-Pryor: Yeah, yeah—George C. Scott.

05-00:29:18

Peevey:

You know it? Yeah, it was a very good movie, yeah. And so they came back and they were kind of appalled by the Southern Company. And it made it easier for them to make a decision in favor of Mission Energy at Loy Yang, as long as we were competitive, equal or a little better on price. And that's what happened, and we got the contract.

05-00:29:38

Eardley-Pryor: That's a great tale.

05-00:29:40

Peevey:

A big, big project, big, big project, and that kind of really got Mission Energy going, because we'd already done this UK project, then got this. It took

eighteen months, two years to construct all this, and it's just unbelievable in this Yarra Valley. You actually move a town two miles so you could dig up all the earth under it, because it's all heavily laden with brown coal. As I said, it's more almost like dirt than it is like anthracite or something. Then we moved in and got some projects in New Zealand. And then, the reason I was in the picture with Suharto was, on one of these trips to Australia, I flew up then to Jakarta, met with him, and Pignatelli's sitting next to me there, in the picture. We negotiated a deal to build a big power plant in Indonesia.

05-00:30:34

Eardley-Pryor: Were these all coal?

05-00:30:40

Peevey: I don't remember the Indonesian one. The Australian one definitely was, yes. I'm not sure. I think it was gas, but I'm not 100 percent sure. They have a lot of gas in Indonesia as well as oil. They export oil, and they export LNG to Japan, so they have gas. They also have coal in Indonesia. It's a very resource-rich place. But I think, I'm almost positive it's gas, but I—

05-00:31:10

Eardley-Pryor: And this international expansion of Edison was essentially through the arms of Mission Energy?

05-00:31:15

Peevey: It was totally through the arms of Mission Energy. Edison had a couple other subsidiaries, they were in different aspects of business. They were in the leasing business, that kind of thing. But the energy business was Mission Energy.

05-00:31:28

Eardley-Pryor: I have a memory of reading a brief online biography bit about John Bryson, and it made mention that Mission Energy was something he was heavily involved in. Was that also the case?

05-00:31:41

Peevey: He wasn't heavily involved in it when I was there.

05-00:31:44

Eardley-Pryor: By the time you were president, there was not overlap at Mission—?

05-00:31:46

Peevey: No, no, all the time I was president, he was not much involved. But, here's the kicker. Here, we made the deal in Australia, came back, and he was all pissed off at me.

05-00:31:59

Eardley-Pryor: John was?

05-00:32:00

Peevey:

Yeah, he was pissed off at me because I didn't call him and get his okay before I made the deal. We're talking about a billion-dollars deal here now. This is not some fifty cents or a hundred dollars. It's a billion dollars US, even more in Australian dollars. The problem was, you had to make the decision in a meeting room with ministers, and there was a twenty-hour time difference. I didn't even try to get hold of him because I just figured it'd be—and then try to explain all the—I tell you, he was not a quick decision-making person. Howard Allen, you would have called up and said, "Howard, here's the deal and I want to do it. Is it okay or not?" Howard would say "yes" or he'd say "no." He wouldn't say, "Let me mull it over and talk to you in twenty-four hours." John would mull over it, you know, and be like that. And you couldn't do that. You had to make a decision, and I was a decision maker. So I made it. Turned out to be a great project. Mission loved it. Edison loved it. The parent company, everybody else loved it. It made money. But he didn't like that. I was number two and I should have checked with him.

05-00:33:09

Eardley-Pryor:

Was there fallout between you and John as a result of that?

05-00:33:13

Peevey:

Well, it was nine months later that he suggested maybe I ought to move on. That was after. Now in between that, we had the LA Riots, and the Rodney King thing, and all that. Yeah, that all happened.

05-00:33:28

Eardley-Pryor:

Well let's get into that. So 1992, Bryson takes over Edison as—

05-00:33:33

Peevey:

No, Bryson took over in 1990.

05-00:33:35

Eardley-Pryor:

Oh, okay.

05-00:33:37

Peevey:

No, Howard Allen retired in 1990—it was the summer of 1990—and I became the president of the whole thing, and he became the CEO of the whole thing. We had this company Mission Energy, and Mission Energy, the CEO was Jim Pignatelli.

05-00:33:58

Eardley-Pryor:

You said you plucked Jim to be in charge of Mission. Why?

05-00:34:01

Peevey:

The previous year, because he was an entrepreneurial guy, and he'd been in the tire business. But you know, there were very few people you could find around Edison that were really entrepreneurial, had a drive and determination to make money, and all that kind of stuff, and was willing to travel and work hard. A lot of people wanted to work hard, but more rote behavior. He was innovative and clever, and so I got Howard Allen to appoint him to that job.

Bryson didn't like him either, and after I left, he canned Pignatelli several months later.

05-00:34:42

Eardley-Pryor: Is that when Jim went to go work with Tucson?

05-00:34:47

Peevey: I think there was maybe nine months where Jim didn't do anything, and then yes, yes, that's exactly, yes.

05-00:34:52

Eardley-Pryor: And that, we'll get to that in a bit, because that does come up for you in a couple of years after this point. But in '92, I have a note also that Edison suffered its first annual profit decline, shares dropped. And the note that I have is that Bryson then realigned some of the management and took a little bit more hands-on approach. I'm wondering if there was some competition and challenges between the two of you around that?

05-00:35:16

Peevey: Well, I don't remember it very well. Much of the company did report to me, and there was a realignment. He had more things reporting to him, and giving me a lesser role, and just what you said. And that's also why I spent more time on international stuff. I found it both more interesting, and in some ways more challenging, more entrepreneurial, and also, it was this. There's no doubt that something along that line happened. Now whether it was as simple as you just made it sound, I don't think so. And he'd brought in a couple of people to advise him from outside who had their own perspective on a lot of these things that I didn't know, and all that. That's always happens.

05-00:36:06

Eardley-Pryor: You've made mention that 1992, the Rodney King video has become one of the first viral videos ever circulated. And the LA Riots and the result of the acquittal, the non-guilty verdict for the police officers —

05-00:36:20

Peevey: Oh yeah, that was in '93, yeah.

05-00:36:21

Eardley-Pryor: 'Ninety-two were the riots, I believe. "Spring of '92" is the note that I have. Maybe that's not right, but it resulted—

05-00:36:31

Peevey: No, no, you're right. No, that's right, that's right. It was the spring. I was up, I can remember the—yeah, go ahead.

05-00:36:37

Eardley-Pryor: What were your memories of the riots and what happened after?

05-00:36:39

Peevey: Well, I remember flying back from New York, the plane going into LAX, and you could see the fires. That was the first—

05-00:36:48

Eardley-Pryor: What were your thoughts?

05-00:36:48

Peevey: It was, “Jesus Christ, what”—well, what do you think they were? “What the hell’s going on and what’s”—we didn’t know, on the plane, exactly what the hell was going on. But just, “Oh my God, what is this?”

05-00:37:05

Eardley-Pryor: And so, was that early in the riots? I mean, the riots last for almost a week before the National Guard comes in.

05-00:37:09

Peevey: Well no, no, forty-eight hours or something, at the most, before the National Guard and all got involved in that.

05-00:37:18

Eardley-Pryor: From when you landed, at least?

05-00:37:20

Peevey: Yeah. No, but I landed the day of the riots, or the night of the riots. That was just coincidental, but it was—

05-00:37:27

Eardley-Pryor: Well, a couple things: What other memories do you have of *after* the riots? How are people understanding it? How are you understanding it?

05-00:37:36

Peevey: Well, at first, “How could this be happening on this massive scale in this community?” I mean, it became clear that it was triggered, I guess in one sense, by the Rodney King decision—it was kind of overwhelming, and just like so many of these things must have been in earlier times. And then you decide, “Okay, what’s going to be done?” And there was no Rebuild LA in the first few days, or anything like that. But there was a good portion of the damages, the burning and all that, is done in South Central Los Angeles—you follow me? And a lot of that area, people were customers of the Edison Company. I mean, the City of Los Angeles has a piece of it, and they were served by the utility, the Los Angeles Department of Water and Power. But all the peripheral communities around Watts and South Central were served by Edison Company. You look at a map, you can see. They’re all these close-knit communities, and I remember going, saying, “I want to see this for myself,” and doing kind of a tour. This in the two days afterwards.

Now the fires were gone, but they were simmering or what have you, and I don’t remember if I took a helicopter or just a car—if I did, I certainly had police protection—but it may have been helicopter first time. We had a lot of

helicopters, Edison. You needed them for patrolling your power lines and all that stuff, so, it wasn't just to transport people around conveniently. It served its purpose so that we did have one big helicopter. It only took people, but, any rate, I decided—and I was head of customer service and all—I decided that the first thing that we could do to help these communities was help tear down everything that's been burned and get the fucking stuff out of there. Rather than just—the worst things you used to see in these riots in Detroit and Watts, even thirty years earlier, twenty years earlier, and some of the other riots, Philadelphia, another place, was that six months after they occurred, you can still see the burned-out hulk of buildings and all that. You know what I mean? There's nothing more depressing. How do you, anybody, ever want to rebuild anything when you see all this crap all around it? So I got Edison trucks and crews involved in tearing a lot of that stuff down, putting it in a truck and taking it to the, in effect, the dump. Now the other people were doing the same thing, but that was one of our early contributions to this thing.

05-00:41:06

Eardley-Pryor: What was the reaction within Edison to that?

05-00:41:08

Peevey:

Well, I think everybody was, to the extent that cared, they were positive. They were. There was a tremendous amount of indignity, if you will, about all that went on about the Rodney King thing, prejudice in many cases, frankly, but those riots, the burnings, stuff was crazy, in the sense that people were destroying their own nest, to some extent, and you just hate to see that. It happened in Baltimore two years ago. These things just tend to happen. And you may be burning out the local Korean merchant or something, but you're also burning out the store you trade in. Any rate, we could go on in sociological examination of that for a long time.

I thought the things that we could do, constructively, was help clean it up and get things more or less set for if and when there was a rebuilding effort. And then of course, Mayor Bradley and the tension came, "what to do?", and came up with the idea of Rebuild LA. And you had a great—the guy that headed up the Olympics, you know—

05-00:42:36

Eardley-Pryor: Oh, Peter Ueberroth?

05-00:42:38

Peevey:

Ueberroth, yeah, a few years back, businessman, he's a very successful businessman who ran a very successful Olympics. "Let's put him in charge and get commitment of civic leaders all over the [Los Angeles] Basin to be part of this and raise money," and I think we put up \$35 million, Edison, in kind and in cash—that's a lot of money, even then, or then, in particular.

05-00:43:13

Eardley-Pryor: Yeah, Edison was one of the leading donators to the Rebuild LA.

05-00:43:16

Peevey: Oh yes, yes, yeah, and—

05-00:43:18

Eardley-Pryor: Vons, Edison, and IBM were the three top.

05-00:43:22

Peevey: Yeah, that was me, but I think—I don't remember this, to be frank—I think Ueberroth called Bryson and asked him if he'd be part of this, as a board member or co-chair, whatever the title, and he said, "Yeah." He ultimately accepted after talking to me. And I said, "John, I've already got involved in this. I've been doing this, and can't we just leave it as it is," and because it was his ego, in my opinion—"I'm a civic leader"—and blah, blah, blah. Now maybe that's the right thing, maybe it was the right thing.

But, any rate, that was one of those topics we had disagreement. And after some of these other things, there was, I guess you would say, a squeezing down of me. You've mentioned the other piece about different topics and cutting back managerial role, and making me more involved in international stuff. And all this had culminated, yeah, when six weeks or so later, him suggesting that maybe we could work something out and when I turned fifty-five, I could step aside.

05-00:44:40

Eardley-Pryor: He came to you with that?

05-00:44:42

Peevey: I didn't go to him, no, that's right.

05-00:44:47

Eardley-Pryor: This Blue Ribbon Committee seemed to grow and grow and grow. But that was after you had already gotten Edison involved in this?

05-00:44:58

Peevey: Well, I got Edison involved when there were just a few people involved. It grew quickly, particularly after the mayor wanted something done. But yeah, no, I was one of the very first that got the company involved in doing something that could really do something. I mean, IBM doesn't have any plants, facilities, or anything else in South Central Los Angeles. They could give some money, but their people weren't going to go down there and work. We had trucks and crews. Frankly, if you told them to do it, they did it. Because we were feet on the ground, feet on the ground, wheels on the ground, we could really help. There were others, the Department of Public Works, the City of Los Angeles, all this. Everybody was trying to, want to get things cleaned up, but that was just the start. We did several other things—I don't remember the details anymore—helping people get their jobs and life back together. It was a difficult time in some senses. But also, there was some ray of hope that things could get better.

05-00:46:12

Eardley-Pryor: Around this theme, this is also when Carol enters into politics.

05-00:46:19

Peevey: Well, Carol got, oh no, Carol got into politics way, way before, back in the eighties. I mean—

05-00:46:25

Eardley-Pryor: As far as running for [La Cañada Flintridge] city council and being elected?

05-00:46:27

Peevey: Well, she was elected to city council '82, I guess. And then—wait a minute, I got these dates wrong—'92, '92—

05-00:46:41

Eardley-Pryor: The same year as the [LA] Riots.

05-00:46:42

Peevey: Well, and, I have to think back now. Carol's been in the Senate, 2008—

05-00:46:52

Eardley-Pryor: Here's the dates that I have—

05-00:46:52

Peevey: —2006. She got, Carol got elected to the legislature, [the California] Assembly, in 2000, so—

05-00:46:57

Eardley-Pryor: That's right. And before that, she served two terms in city council for La Cañada.

05-00:47:01

Peevey: It would be—yes, so that'd be '92, she was elected. That's right, that's exactly right. '92, the year of the [LA] Riots. And then she was reelected in '96, that's right.

05-00:47:12

Eardley-Pryor: And then, the six years from 2000 to 2006 in the Assembly; and 2008 till 2016, reelected through the California Senate.

05-00:47:24

Peevey: Correct.

05-00:47:25

Eardley-Pryor: Tell me about that. That seems like an interesting transition. You're engaged in doing work to help rebuild LA, to run Edison, to expand it, and also now she is getting involved in some really interesting work as an elected leader, locally, and then moving up.

05-00:47:41

Peevey: Yeah, but remember, we went back quite a ways before all this stuff for when she got elected locally here. She was elected locally here because she was a

civic leader—La Cañada Educational Foundation, the PTA, all those kind of entities here, Kiwanis, all this kind of stuff—in La Cañada. And she had some profile here in the community, and some of the people—let’s just call it, for lack of a better term, the “power structure”—wanted to get rid of one person in the city council that didn’t work with the others. And they tried to and ultimately did induce her to run for it.

05-00:48:23

Eardley-Pryor: Hmm. I just think it’s a neat story that you’re both involved really deeply in this community.

05-00:48:28

Peevey: Yeah, well, she much more than me in this community. In the broader LA community, it’s different, but in this community, much, so she ran for the Assembly in 2000 and won the primary. A lot of people thought she had no chance, but she won, and then she got elected in the fall general election and never had any serious opposition ever since, although people did run, but not much to it.

05-00:48:59

Eardley-Pryor: What changed in your lives as she got into these elected positions? What was different?

05-00:49:06

Peevey: Well, the local government, it was nothing. You go a night or two a week, or go to a few meetings. This is a small community, 25,000 people here in La Cañada, so you’re not dealing with the challenges of a San Francisco or a Los Angeles, and there’s no gangs, and all those kind of things, and education is a separate program.

So, what happened [when Carol began] running for the Assembly was totally different. It became very partisan, and it was such a—it changed our life in the sense that, before, we lived in the same house together. Now, she’s off three nights a week, three, four nights a week in Sacramento for nine months of the year. That’s basically what it does in terms of your domestic life. Now that was 2001, when she actually took office—well, that’s not quite true. December 2000, she was sworn in; January, 2001, she goes off to Sacramento.

05-00:50:33

Eardley-Pryor: Was that a challenge for you, her being gone like that?

05-00:50:37

Peevey: Well, what happened, yes, not a challenge, but yes, I would not have been crazy about it, I suppose. But it’s the same time the energy crisis hit California full bore, and I decided I’d do what I could to fight energy crisis. Gray Davis, through his chief of staff, had asked me to come up, work for him for six weeks, two months, whatever, to curb and limit this crisis which seemed to be—you know, utilities were going, if not into bankruptcy, they were totally out of whack between how much they could charge for power and how much

they were paying for power. They were all headed down the road toward bankruptcy if it continued the way it was. So, I went up there and did what I could.

She was up there, too, so, [laughs] it was kind of funny. She got a place to live up there right away, in December, for January. So, instead of me being here [in La Cañada Flintridge] sleeping alone, and her being up there [in Sacramento] sleeping alone, we were both sleeping up there together.

05-00:52:00

Eardley-Pryor: I didn't think about the context for that: when you spent that time in Sacramento, you were there together.

05-00:52:06

Peevey: Yeah, yeah, and we'd have dinner sometimes.

05-00:52:09

Eardley-Pryor: It's great. Yeah, just to see the trajectory there is great. Let's go back to 1993. John [Bryson] comes to you and says, "Let's talk about a transition away from Edison." What were your feelings around that, by that point?

05-00:52:34

Peevey: Let me put it this way. I felt, I think, in my bones, something like this would occur. I wasn't crazy about it. I liked the money I was making. I was enjoying the international part, the travel and trips and the work, but it didn't seem like a tenable—there wasn't enough room for both of us there the way he seemed to want to run it. He brought in a couple people that seemed to, it was clear, were telling him, "You're the boss, you got to make all the calls," all that kind of stuff. And I'm more direct and I wanted to have my big chunk of the action, and there was not a willingness to share that responsibility. Now maybe it was because he didn't feel confident in me, I don't know, but if the roles had been reversed, I don't think I would have had confidence in him. So, I could understand why it may be the other way around. But be that what it may, it was becoming more uncomfortable, or it was becoming uncomfortable, I guess I would say. I just felt I was underutilized, I wasn't doing enough, and all that. Fewer people still reported to me, I was still in charge of stuff with the PUC, and all that.

So it didn't come as a great shock, and I thought I got a nice goodbye present and all that kind of thing, for a couple of years. When I left, I'd just turned fifty-five, so I figured, yeah, on to new challenges. That's basically the way I felt about it, and that I could live with this. I was not happy about it. It was not on my terms the change occurred. But it was not totally unreasonable for him to want to make a change—not a change so much as just have his own people there more. You know what I'm saying? I think he thought I was a challenge, let's put it that way.

05-00:54:45

Eardley-Pryor: What were the next—

05-00:54:45

Peevey:

I was too active and too creative and kept wanting to do things and all. This Rebuild LA is just one example, but, the Loy Yang thing is another. There were several things like that. One of the funnier ones was, [laughs] we recognized—it became a national holiday—Martin Luther King birthday, which will be next Monday.

05-00:55:17

Eardley-Pryor:

This weekend, yeah.

05-00:55:19

Peevey:

And then the question is, well, how does the company recognize it? And this is subject to collective bargaining, too, with the unions. And they—God, I can't remember the exact details now. Anyway, John came to me and said, "Mike"—and I was in charge of labor relations, too, for you had all these different functions that actually I was in charge of. He came to me and said, "Mike, I've been"—he's got four daughters—"I've been talking to a couple of my daughters, and they really think that you got to recognize Martin Luther King's Day. They're all for that," and I think what he said was, "but people ought to have a choice when they take it, in other words, a free day, that's what my kids think would be the right thing to do." I'm saying to myself, "What in the fuck do I care!?!—your kids? They're teenagers! Jesus Christ." I'd be talking about this with the IBEW, the electrical workers union, and the utility workers union, and we have to put this in the contract. Do we really want everybody just taking any day off they want? Any rate, I kind of beat that down and we did what I wanted to do, which was to recognize that January 21, or whatever the third Monday is, and this will be the twenty-first, I guess. I could see that didn't go over well, either. That couldn't have been too serious a matter. He's talking about his kids, but Jesus Christ, bringing the kids into it, I thought, was kind of crazy—not crazy, just not particularly professional and kind of silly. Any rate, and that didn't happen.

05-00:57:26

Eardley-Pryor:

Yeah, just another example of you and John clashing a little bit. So, when you do leave in '93, what are your thoughts for next steps? You say you're fifty-five. You'd told me just earlier today that if you want to make a big change in your career, you should do it in your mid-forties—is what you were thinking, not when you're fifty-five? Now here you are, fifty-five. What were you thinking?

05-00:57:50

Peevey:

I know, yeah, but I felt a pretty young fifty-five. But I was fifty-five. Well, what had happened was, when I told a few of my friends that this was going to happen—and remember, they gave me a nice goodbye present, I didn't have to do anything for awhile, and they were pretty generous in the bonus and all that kind of stuff—my friend Chuck Winner, W-i-n-n-e-r, who that time was in a public relations/political consulting business called Winner, Wagner and Associates, now just called Winner, and now he's seventy-five—I think he's

just retired—but he said, “Mike, when you decide what you want to do with yourself, why don’t you come and work with us, and you don’t have to do much, just bring in some business, that’s all. We’ll give you an office, and pay you \$120,000 a year or something like that, just so we could say you’re associated with us. May lead to some business. Let’s just see how things go.”

So I thought about that. I thought, “Okay, that sounds like kind of fun.” Now my wife, who just got elected to the city council here, and I was not—I mean, I’d been approached by a couple of people asking me if I’d be interested in a job here, a job there, but they were all outside of California, and I couldn’t imagine leaving right at that time for something like that when I could—you know, this was kind of, maybe not a bird in the hand, half a bird in the hand, but that would give me something to do, give me some time, and pay.

So, one guy on the Edison board wanted me, said, “Mike, the job to head the Pinkerton Agency”—you know what the Pinkerton Agency is? [He said,] “You know, it is open”—

05-00:59:47

Eardley-Pryor: Like when the old guys used to beat the laborers in the 1800s?

05-00:59:51

Peevey: Of course. And he said, “and I’d like to put your name up.” He says, “I’m on the board. I’m going to put your name up to be a candidate, to be it.” I said, “Ed, that’s a bridge too far. I could never do that.” “What do you mean, you couldn’t do that?” I said, “I grew up in a union family. My father would not only turn over once in his grave, he’d do flip-flops, and my stepfather, too, [laughs] if my name was associated with Pinkerton.” I don’t know if he fully understood me. He accepted it, he didn’t have any choice but to accept it. But I never heard a word from him about anything else. So, I went with Winner.

05-01:00:37

Eardley-Pryor: And Chuck [Winner] is the gentleman that you worked on the nuclear issue in 1976.

05-01:00:41

Peevey: Yes, you remember. Yeah, he was a very able guy. Any rate, my only job there was to bring them clients and do a little bit of work for the clients. Well, I got him a big contract with Edison, actually, to do PR for them and public counseling. It made more than enough money. If you brought in money, he paid you like the 120,000 plus 15 percent of the receipts or so for the first year or two. It was a lucrative deal. A lot of businesses, I guess, operate this way. And then I got him a contract with the Southern California Gas Company, and I got the firm the Baldwin Company, which is a home builder, and Rockwell International, which was a defense contractor. These were all different contacts I had. One thing led to another and I was able to sign them up to be with Winner, Wagner—or then Winner, for various PR consulting and some advertising and all that kind of stuff for a couple of years. And that’s all I did

there. I didn't do anything else. They would call me in to give advice on other clients and to sit in on meetings. I was bored stiff. I was bored stiff. It wasn't my kind of thing. Being consultant is not my kind of thing.

05-01:02:02

Eardley-Pryor: Why?

05-01:02:04

Peevey:

Because you give advice, but you never know if it's going to be followed, or how it's going to be followed, or if it's going to be applied the way you'd do it, or if you'd make a mid-course correction if you thought it was necessary. You don't have any control over things. In that sense, I guess you could say I'm maybe a control freak. I don't mean to be a control freak, but, I do think—no, consulting was frustrating for me, because you don't know—and some of my friends tell me the same thing—you don't ever know whether, what you feel strongly about and recommend, is followed, and if so, in the way you would do it or recommend. That was just me.

So, it didn't work really. And I could have stayed on. I left after twenty-one months, whatever it was. I left for the simple reason that—I think it was that year, I think it was either in '94 or '95. I can't remember which one, maybe you have it in notes there—when I went to Europe, went on a CFEE trip, with Dan Fessler, then head of the PUC; Greg Conlon, another member of the PUC; and several other people, assorted other people.

And we spent a lot of the time in the UK talking about what [Margaret] Thatcher was doing, deregulating the electrical industry. And it was clear that this is what Fessler—he was totally enamored with this—wanted to come back to California and do in California. Now it would take legislation to do it, in part. Actually, a lot the PUC could do on its own, without the legislature. But it ended up going to the legislature. But this was, I told you earlier, this was a whole movement in the country to deregulate, and not just California—Texas, Illinois, you name the state, many of them, not in the deep South, but many of the other states would think about this.

So, it looked like it's going to happen. I started to think, this is going to present business opportunities if it happens in California. Fessler wants to bring [it to] California and have it happen in some California guise, but same basic idea of deregulation and competitive markets for electricity. And they started thinking about it.

And [Jim] Pignatelli had been canned by [John] Bryson a few months after me. There was a little period of hesitation there, I think, in his life, but then he ended up going to work at Tucson Electric as the number two or three guy, I guess the number two guy there, for a guy named Charlie Bayless, a good friend—he's a good friend today, of mine. And Charlie invited Jim to come over and work for him as his, let's just call him executive, chief executive

officer. And I started to talk to the two of them about deregulation, what it would mean, and whether there was money to be made and whether it'd be profitable. And I concluded that, under certain circumstances, it could be, and that California would be a good place to try, and would they put up some money to help do it?

05-01:05:49

Eardley-Pryor: Well now, so this is before California does move forward, but you're seeing the writing on the wall. What were your thoughts about what those opportunities would be, in these conversations you were having with Jim and Charlie?

05-01:06:00

Peevey: Well, the opportunities would be that you would become the new supplier of electricity to the monopoly customers of the utilities. Make sense? And remember, we turned out to be very successful in this. We got firms like Ralphs and all, which was—

05-01:06:24

Eardley-Pryor: Well, let's move it up. So '95—

05-01:06:26

Peevey: No, so—

05-01:06:28

Eardley-Pryor: —is this, this is where you're having these conversations?

05-01:06:29

Peevey: So, I talked Pignatelli and Bayless into funding, as we called it at that time, New Energy Ventures. We created this company, Mike Burke and myself. There was a third person that was in on the very beginning named Gene Varanini from Sacramento, an attorney, but he didn't want to go this last step. Burke worked for—what would you call them—Dames and Moore, an engineering consulting company called Dames and Moore. Any rate, I talked to Pignatelli, and he got the CEO of Tucson [Electric], Charlie Bayless—

05-01:07:23

Eardley-Pryor: Did they fund it with their private money or through Tucson [Electric]?

05-01:07:27

Peevey: Through Tucson, to put up six million dollars to fund this company over three years—three million the first year, two million the second year, one million the third year, on the premise it would start getting business and all that. So that's how New Energy Ventures got created. Myself and Mike Burke and a secretary opened the office in the spring of 2015, in Pasadena.

05-01:07:57

Eardley-Pryor: Or 1995.

05-01:07:59

Peevey: Yeah, I keep getting the wrong dates. Yeah, '95.

05-01:08:03

Eardley-Pryor: So, starting a new business, you now at least have a little bit of investment that you know will sunset. So what are the first steps in trying to drive up some revenue then?

05-01:08:14

Peevey: Oh, the first step is to try to get—well, first, we'll just get established and get up and running, then you want to profit from this. The first step is to get on board helping to design any legislation that would allow this in California, which we did.

05-01:08:39

Eardley-Pryor: So your initial efforts with New Energy Ventures was really to help promote the legal battle to create deregulation?

05-01:08:45

Peevey: Well, we have to create it. You had to. What they did in the UK could not be replicated in California without statute. So you had to get something through the legislature trying to be a bill called AB 1890, and—

05-01:08:59

Eardley-Pryor: Well, tell me about that process. Within the context of you running New Energy, how did you operationalize that effort to deregulate?

05-01:09:07

Peevey: Operationalize, that's a new word. But we had to decide what was essential in terms of legislative latitude and authority to do. And then we had to convince a couple of legislators who wanted to legislate in this area, to please do it. And that's the way you get up and going.

05-01:09:39

Eardley-Pryor: How did you do it? Who did you contact? Who were you reaching out to?

05-01:09:43

Peevey: Well, it's mainly the same people; we've heard the names.

05-01:09:54

Eardley-Pryor: Are you okay, Mike? You want to take a break?

05-01:09:55

Peevey: That's not a bad idea, for five minutes.

05-01:10:01

Eardley-Pryor: Yeah, let's take a little break here.

[break in audio]

So, Mike, you were just about to tell me how you were trying to push deregulation through the California legislature—knowing the writing was on the wall—through New Energy Ventures, you and Mike Burke.

05-01:10:15

Peevey:

Well, yeah, I'm not sure exactly where we stopped, but I went on this trip to the UK. We heard all this stuff and you felt this was going to happen, it's going to happen in California, it was inevitable. Dan Fessler came back. He and his staff at the Public Utilities Commission wrote a big book called the *Blue Book* [California Public Utilities Commission, *Order Instituting Rulemaking on the Commission's Proposed Policies Governing Restructuring of California's Electric Service Industry and Reforming Regulation*, Docket Number R.94-04/I94-04 (April 20, 1994)], and then also the *Yellow Book* [Jeffery Dasovich, William Meyer, Virginia A. Coe, *California's Electric Services Industry: Perspectives on the Past, Strategies for the Future. A Report to the CPUC by the Division of Strategic Planning* (February 3, 1993)], and it was all the arguments for deregulating, having competitive markets. That was basically what they wrote, and the PUC policy wanted to go in that direction. Now Pete Wilson was now governor of the State of California and all.

05-01:10:58

Eardley-Pryor:

Did you guys have any role in helping shape the *Blue* and *Yellow* books?

05-01:11:01

Peevey:

No. No, it was all done by staff and the PUC, but it was really open competitive stuff. So, then the legislature. Fessler basically concluded it took legislation to do this—not that it technically required it. The PUC probably could have done an awful lot of this itself, as a constitutional agency and so forth. But for general acceptance, the legislature should do this.

05-01:11:30

Eardley-Pryor:

For broad buy-in, for the state to have more support for it?

05-01:11:33

Peevey:

Yes, exactly.

05-01:11:35

Eardley-Pryor:

Legitimize it.

05-01:11:36

Peevey:

And the administration, the Wilson administration and all, agreed to this. So, a process started of drafting legislation and so forth. Fessler and the PUC was involved in that. A lot of other people were involved in that, too.

Of course, the utilities didn't want to see this happen, and a lot of other groups didn't want to see this happen. The environmentalists didn't want to see this happen because they were fearful that it would diminish conservation and all. Some of that was founded, some of it was ill founded; but they did feel that

way. The unions didn't want this because they liked the setup the way it was; they were comfortable with it. Change is never greeted enthusiastically, usually, by labor unions in this kind of context. So, then there were a variety of other people who liked it and didn't like it.

The whole independent energy industry around the United States, led by companies like Enron, at the time a very big company, they thought this was wonderful. They're doing it in Texas. They're doing it here, doing it there, and let's do it in California, biggest state in the nation. And a lot of businesses in California wanted it. They thought they would get lower rates. More competition would bring them lower rates, that's basically what they felt. That was the argument.

So, forces started to marshal in Sacramento about all this, and legislation was introduced to do it. And it was ultimately enacted and passed parts of the legislature, unanimously, because there eventually became a consensus. It's amazing that it would be a consensus for this since utilities were going to be the losers again, and they had to sell off a bunch of the power plants they had, and so on and so forth, although they got compensated. But everybody kind of, some reluctantly, all lined up and supported it. And it passed.

05-01:13:33

Eardley-Pryor: Why do you think it eventually became unanimous?

05-01:13:36

Peevey: It's because everybody got a little something—got bought off, so to speak. The unions got some guaranties about continuing to play a major role in collective bargaining and all that. The environmentalists, why they did, I don't know; but they did, they signed off on it. And state government was positive about it, the PUC was, and the Energy Commission, and the governor's office very much so, and those are the major players. And manufacturers.

05-01:14:08

Eardley-Pryor: Through New Energy Ventures with you and Mike Burke, what role did you play in helping push that through?

05-01:14:16

Peevey: We helped shape it, but we were one of many players. I don't want to over dramatize or play a role.

05-01:14:22

Eardley-Pryor: I'm just trying to get a sense of what you were doing during this time.

05-01:14:23

Peevey: Yeah, I know. But we lobbied for it, and we talked to people for it, and we had a lot meetings in the legislature. The principal author of the legislation was a guy—the brains in drafting the legislation—was a guy named Steve Peace. He was a state senator from San Diego, from Chula Vista, the City of Chula Vista in San Diego County. And Steve Peace had been a movie

producer. He produced the funny comedy movie—what was it—*Attack of the Killer Tomatoes* [1978]. Any rate, he was the author, the real author and driving force that headed a special committee that put the legislation together in the Senate. The nominal author was a Republican by the name of Jim Brulte, B-r-u-l-t-e, who currently is the chairman of the State Republican Party. He, at that time, was in the [California] Assembly. His name is on the bill as the principal author, but the work was really done by Peace and his staff. And these meetings went on forever, and it was a long, drawn-out death march that Steve Peace worked in the legislature. But he got everybody pretty much on board, and so the legislation was enacted, and that was in the end of, I guess of 1996, and it became effective March 31, 1998.

05-01:15:54

Eardley-Pryor: 'Ninety-eight, I think is when it was implemented, two years after the legislation.

05-01:15:57

Peevey: Yeah, a year and a half or so, yeah, that's right. It went into effect, so that was that.

05-01:16:05

Eardley-Pryor: So what did that do for your work with New Energy Ventures then?

05-01:16:08

Peevey: Well, immediately, we had to do two big things. One was try to get customers, sign up people to want this service, breaking from PG&E or Edison, and getting their electricity from New Energy Ventures, which—

05-01:16:30

Eardley-Pryor: Did you have the energy contracts? Oh, sorry.

05-01:16:33

Peevey: —which was—I mean, we were a startup company without any credit. All we had was a couple million bucks that Tucson [Electric] had put into it, and then, we had to go out and secure power. Now there was more than one way to do that. You could buy, to some degree, power on the open market. But that didn't give you any advantage over the utility, really, on price.

05-01:17:01

Eardley-Pryor: Was there already an open market?

05-01:17:03

Peevey: To some degree. You could import power. There was, yes, because transmission had been opened up earlier, so the utilities basically had to transmit the power for you. There was. You could buy power from out of state.

What we were so fortunate to do—it was just pure luck. And it was attributable, in part, to the insight and background of a guy that worked with me very close—we had a falling out over it later, I'll explain it to you in a

minute—named Stan Hulett, H-u-l-e-t-t. Stan had been in the Interior Department in the federal government, and he had been a member of the [California] Public Utilities Commission, appointed by George Deukmejian—George Deukmejian was Republican governor prior to Pete Wilson. And he [Stan Hulett] had, from his times in the Interior Department and all, he had contacts at the federal government's Bonneville Power Administration. It's a big—

05-01:18:07

Eardley-Pryor: Up on the Columbia [River, between Oregon and Washington states].

05-01:18:08

Peevey: Yes, yes, it operates the dams on the Columbia, and various other facilities, and a lot of transmission. It's the biggest producer of power in the Pacific Northwest, by far, and the biggest seller of power, wholesale, in Pacific Northwest. Half the electric power is basically sold to municipals, like Seattle City Light is owned by the people of Seattle, and so on. Any rate, Bonneville Power had a surplus of electricity, a surplus.

05-01:18:42

Eardley-Pryor: How? Or why?

05-01:18:43

Peevey: Because some of their—well, if you overbuild, as was the case like I described in England, it's easy to see we could have a surplus. You have a lot more, you build up a lot more generation than you need. But in Bonneville's case, it was due to some degree to the economic conditions of the Northwest not being real rosy at that moment. And that was, in part, due to the decline in business opportunity for what was called DSIs—direct-service industries—and the biggest of which was aluminum. Making aluminum is a tremendous use of electricity and power, and some of the aluminum companies had stopped buying power from them. They either shut down or went out of business, or they reduced their demand significantly. The point is that BPA [Bonneville Power Administration] had a surplus of electricity.

05-01:19:37

Eardley-Pryor: Because of the deindustrialization that's happening in the Northwest?

05-01:19:39

Peevey: I guess you could say that, but the lack of demand by these big aluminum operations which used a tremendous amount of power, and that had been cut back, so they had a surplus. There was no deindustrialization particularly, no, some perhaps, but that wasn't the biggest. It was the DSI industries, direct-service industries cutting back.

05-01:20:02

Eardley-Pryor: And Stan happened to hear about that, or he just knew of this through his contacts?

05-01:20:06

Peevey:

He knew through his contacts. He had close relationships with some people at the Bonneville Power Administration because he had been an official of the US Department of Interior, and so forth. So, he suggested we go up to talk to BPA. So he and I went up to BPA, headquartered in Portland, Oregon, and to make a long story short, over a couple of discussions over several months, we worked out an agreement where we had an option—an option to buy power from them for five and a half years at a reduced price, lower price than it was normally exported to California.

Now why did BPA do that? Getting something was better than getting nothing. It was their motivation. They wanted to sell this power, and they would take a lower price than perhaps they would have under other circumstances. So, they gave us an option to buy this power. It was 450 megawatts. It was a lot of power, a lot of power.

05-01:21:09

Eardley-Pryor:

At a rate that you knew was lower than California's sell market.

05-01:21:13

Peevey:

Yes, and, not only that, they gave it to us at a set price over the period, the five and a half years, and we were able—I came up with this idea—we were able to, on a net-present-value basis—let's say it's 3.8 cents per kilowatt hour, which even today would be very cheap, and then I convinced them to allow us to tilt the price so it would be lower in the first couple of years, higher in the last couple of years, but its net present value would be the same. Do you follow?

05-01:21:51

Eardley-Pryor:

So you can take that—

05-01:21:52

Peevey:

To talk like an economist, I don't want to confuse people, but we could fix this up in—

05-01:21:58

Eardley-Pryor:

Well, let me say what I am hearing you say, and you can tell me whether I'm hearing it correctly. So, it would slowly rise over the five-year period, but at the beginning of that portion, it would be lower, so you could find customers at even a lower rate, and then eventually, that price would rise for them, but you would also have more customers to generate revenue and cover it. Is that the thinking?

05-01:22:18

Peevey:

Yeah, that's all true. Yeah, that's essentially it. But it's not costing BPA anything. I mean, the price you're paying BPA is the same over the five years. You follow me? Even though it's lower in the first few years, it's a little higher in the last few years, like a teeter-totter—so if you tilt it like that [*motions with arm*], you make up up here what you lost down here.

05-01:22:41

Eardley-Pryor: And with that lower rate that you were able to negotiate for New Energy Ventures, was that what then allowed you to then sell at even a lower rate to get those new customers?

05-01:22:50

Peevey: Yes.

05-01:22:51

Eardley-Pryor: That seems like a pretty significant deal.

05-01:22:53

Peevey: Yes, very significant.

05-01:22:55

Eardley-Pryor: Is a five-year time period, is that typical? Was that something you were doing at Edison, or with Mission Energy?

05-01:23:01

Peevey: Well, no. For them, Mission Energy would necessarily sell power in a ten-, twenty-year period, and Edison would buy—you try to buy power for as many, if you thought it was favorable, as many years as possible, ten, twenty years. But an awful lot of power sold on thirty days—so, sixty days, ninety days, a year. So, it fluctuates tremendously. I mean, I'm sure Sonoma County [*where interviewer Eardley-Pryor lived*], which is buying power today with Sonoma Clean Energy, is not buying power for five years in most of its cases. I don't know that for sure. I don't know what their internal economics are in that right now. But no, five and a half years is very good.

What this did, what this meant here in California for New Energy, was that we were able to offer a lower price than anyone else. It was that simple. Lower than the utilities, but lower than our competitors—and there were, all of a sudden, a lot of competitors. Enron and all this wanted to get in this business, but they didn't have that BPA option, and that's what made us work in California. At the same time—this is New Energy—we were expanding across the United States.

05-01:24:16

Eardley-Pryor: New Energy Ventures was?

05-01:24:17

Peevey: Yes. Oh yeah, and we bought power on the open market. The first place that deregulated was Rhode Island—Rhode Island, and Massachusetts right behind it. And we opened an office in Massachusetts, and we had an ongoing operation in Massachusetts—first place other than California. In California, we had the office in LA, the headquarters, and then we had an office in Oakland, to go out and seek out customers and all that. And then we had an office in Boston for Massachusetts, and then we also expanded to Philadelphia. We expanded to New York. We expanded to Chicago. Those are all places we opened offices over the next couple of years.

05-01:25:00

Eardley-Pryor: These are big markets.

05-01:25:01

Peevey: So, things just took off. It just took off, from the time the legislation's passed, signed into law, we knew that March 31, 2000—

05-01:25:18

Eardley-Pryor: Nineteen ninety-eight?

05-01:25:18

Peevey: —I mean, 1998, would be a free for all. We were busy signing up customers. We signed up staff. We got salespeople. We really hustled—really, really hustled—and we had a lot of success. For example, the biggest grocery chain here in Southern California is Ralphs, and we took Ralphs and its one-hundred megawatts of load away from the Edison Company, and joined us. They hated that, and Bryson hated that. And Bryson did his best to fuck us up in a way. He hired somebody to be a lobbyist in Washington, D.C., and complain that we had a special deal with BPA, and why was the federal government giving us this deal. And it was no special deal; anybody could have gotten it. We got there first, that's all. I had enough friends—friend, a good friend in the [US] Congress in George Miller—his picture's upstairs and all—and we stopped that effort by Edison. But it was—there was a lot of antagonism, tremendous amount of antagonism. You go back and read the press, and it's amazing.

Then we started signing up other big customers, and we gave them all a discount over what they had been paying. Now sometimes it was a small discount, but it was a discount. Ralphs, we were able to help Ralphs make their overall operation more efficient, by a big margin. Well, how do you do that? Well, we introduced them to being able to track, to use—. There are 240 stores in Southern California that we could serve—because they had some in the City of Los Angeles served by Department of Water and Power, couldn't do anything about them—but this is Edison and San Diego Gas and Electric's service territory, and we took those customers. We were able to tell them, first place, to give them—the way it operated up until we came along, those 240 stores got 240 bills. Utilities sent each store a bill, and they were for different periods of time, because one bill would be for February 1 to 28, the next one would be February 2 to March 2, and on and on and on, because the billing cycle was done for the benefit of the utility—not for the customer, the utility. And the utility's billing cycle was done in the controller's office in the utility to even out the workload, right? Sounds reasonable, to send out the same number of bills approximately every day, and the same with residential and all. Well, that made it very difficult for the energy manager at Ralphs—and they had an energy manager, to be able to contrast and compare one store to another, because the billing times were different. Sound reasonable?

05-01:28:21

Eardley-Pryor: Yeah.

05-01:28:23

Peevey:

Yeah. And Ralphs had asked the utilities to give them one bill once a month, and they [utilities] wouldn't do it. They just, you know, they were—"That's the way we do it, and we're a monopoly." Basically, it's the way monopolies operate. That's why I believe in competition. So, we were able to offer them that. Then we were able to show them what their bill was, how much electricity they were using, every day of the thirty days in the billing cycle. You can follow me?

05-01:28:53

Eardley-Pryor:

So, all 240 stores could know individually what their energy use was?

05-01:28:57

Peevey:

Each store by hour, by day, by hour, each store.

05-01:29:04

Eardley-Pryor:

To make that possible through New Energy Ventures, how?

05-01:29:08

Peevey:

Because we controlled the meters.

05-01:29:08

Eardley-Pryor:

Did you have different software?

05-01:29:09

Peevey:

We put in the meters. We controlled the meters. Ralphs paid for the meters and we controlled the meters. So, these are advanced meters that it could read all this stuff. Utilities didn't use those kind of meters. Now they have them, but they didn't then.

05-01:29:25

Eardley-Pryor:

So, let me just collect again what I'm hearing. Not only did you have a really sweet deal with BPA, with Bonneville, that allowed you to then sell at a lower rate to customers in California, you also had new technologies, in terms of the meters that could do more than what the existing utilities had, to allow more service and more knowledge?

05-01:29:46

Peevey:

Yes. The utilities could have offered this service. They didn't do it. Kind of big customers that asked for it—Safeway in Northern California asked for this for years. Now they—

05-01:29:56

Eardley-Pryor:

Well, with this stuff, I'm curious about how. Did you have a chief technology officer that you had hired as a part of New Energy to make this possible? How were you building this stuff up so quickly?

05-01:30:06

Peevey:

Yeah, well yes, we did, we had some technology, yes. Yes, we had people, yeah, but this is not rocket science, once you start doing it. Any case, so what happened with Ralphs? The first year they were our customer, we saved them

three million dollars on their electric bill over the previous year, by getting it at a lower rate. This is the commodity. We saved them another three million dollars by making them more efficient internally.

Now what do you mean by that? Okay, here's what I mean. The energy manager would come in, 8:00 in the morning, Tuesday morning, and he would have, if he wanted, he could look on the PC, or a printout on his desk, how much electricity was used by store one at Hermosa Beach, and store two in Redondo Beach. Now these two stores were built at the same time. They had the same footprint, the same size, same meat department, which uses a lot of power, and so forth, and he could see. And if one of them was spending the previous day \$100 more on electricity than the other one, he knew there was something wrong. At 9:10, or—he'd get on the phone, call the manager of the store and say, "You got a problem. Something's wrong. You're using too much power. Either you left all the lights on overnight, or your chillers are screwed up, or your freezers aren't working properly. Get on it." He'd tell him that. Right away, he knew. Before, they never had any of this. You understand? They had no knowledge of this, Ralphs. They had an energy meeting and couldn't do anything. He got a promotion, and a raise. Yeah, after the end of his first year, they told him he was great.

05-01:31:59

Eardley-Pryor: Well, he saved them three however-many-million extra through efficiency, not just lower costs.

05-01:32:05

Peevey: Three million through efficiency, three million through lower costs, six million total, first year.

05-01:32:11

Eardley-Pryor: How much of that push of yours to enable efficiency through the sale of energy came from your work at Edison, or came through this cultivation with Ralph Cavanagh through the NRDC [Natural Resources Defense Council]?

05-01:32:23

Peevey: Well, some of it came from the knowing how the system operates, what it does, which I got from Edison. But there were other people. Mike Burke had a background in energy, and a lot of other people we hired did that. Then some people started wanting to come work for us from the utilities, get out from under the utility, get into a more open environment. We had no problem recruiting people.

I got to tell you a funny story about Ralphs in this—not a funny story, just a true story. Ralphs, at that time, was owned by a wealthy guy, whose name will come to me in a second—Ronald Burkle.

05-01:33:01

Eardley-Pryor: Before they were purchased by Kroger?

05-01:33:03

Peevey: Yeah, before they were purchased by Kroger, and he was from Yucaipa [Companies, LLC], and he became a billionaire, became a big friend of Bill Clinton's, to travel around. Oh, Jesus.

05-01:33:19

Eardley-Pryor: You'll figure it out, and we can add it later.

05-01:33:20

Peevey: Yeah, I know, I know, but it's the second name like this now I can't remember, and it frustrates me. The competition to serve Ralphs came down—at the end, Ralphs had to make a decision. Do they go with New Energy Ventures, the startup company without a balance sheet—without a balance sheet, you follow me?—or PG&E Energy Services? PG&E had a subsidiary called PG&E Energy Services, who had offered the same services. They couldn't beat us in the BPA contract though, see. They could offer some of the other things: the computers and all that stuff. He, who used to be a little business guy and grew up to be great, told his people, "Everything else being equal, go with the small guy. Go with the small guy."

05-01:34:12

Eardley-Pryor: Why do you think so?

05-01:34:14

Peevey: Because he started out that way himself and was sympathetic to small business people. It's incredible, incredible. Previous couple of years, I'd met him once or twice. This is unrelated to this but funny, just that he was present: Willie Brown got elected mayor of San Francisco, I think in '95, and I was, as you could tell from the pictures, I was friendly with Willie, and so was Carol. Willie had helped Carol when she ran for the [California] Assembly and all. So we were invited to a dinner party that he had in San Francisco, election night, at Alioto's, a restaurant in Fisherman's Wharf.

05-01:35:03

Eardley-Pryor: Is that where that picture's from?

05-01:35:04

Peevey: No, it's not. I don't know where that picture's from, but no.

05-01:35:05

Eardley-Pryor: Different, different occasion.

05-01:35:06

Peevey: That's a black-tie thing, I don't remember where it is. So we were at this dinner party. It was about twenty people sitting at big table, around all. One of them was this guy from Ralphs, that was the CEO of Ralphs—just frustrates the hell out of me I can't remember his name [Ronald Burkle]—and we were all there. Sitting a seat away from me was Willie's—Willie had a lot of different girlfriends—his girlfriend at the time, Kamala Harris.

- 05-01:35:40
Eardley-Pryor: Senator Harris now.
- 05-01:35:41
Peevey: Yeah. Did I tell you this? I already told you this story.
- 05-01:35:43
Eardley-Pryor: No, no, I haven't heard this story.
- 05-01:35:45
Peevey: And, it was at that dinner that she gave, unfurled, a baseball kind of cap that says, "Da Mayor," and gave it to him. That was just an interesting little side, nothing to do with Ralphs or any of that stuff.
- 05-01:36:08
Eardley-Pryor: But that was the first time you met this gentleman from [the Yucaipa Companies]—the Ralphs CEO?
- 05-01:36:11
Peevey: Yeah, pretty much, yeah, that party that night. But then, two years later, he did what I said.
- 05-01:36:17
Eardley-Pryor: Was Ralphs one of your first customers?
- 05-01:36:19
Peevey: No. Geez, now I can't remember who the first customer was. Ralphs was our second biggest. Our biggest customer in California—remember, we're also elsewhere. We're in New York. In a couple of years, we're able to buy power and resell it there and beat the utility there, just with better services. But the biggest customer we had here in California was the Defense Department—US Department of Defense.
- 05-01:36:48
Eardley-Pryor: How did you get that contract? That's a big one.
- 05-01:36:50
Peevey: We won a competitive bid with them for all their facilities in the State of California.
- 05-01:36:55
Eardley-Pryor: For the entire state?!
- 05-01:36:56
Peevey: Yeah, yeah, everything, yeah, Department of Defense, everything from the Naval shipyard in San Diego to the Marine Corps base out in Twentynine Palms, and everything.
- 05-01:37:07
Eardley-Pryor: To Vandenberg—I mean, that's enormous.

05-01:37:09

Peevey: Yeah. That was all New Energy. We served all that load.

05-01:37:14

Eardley-Pryor: Well, tell me the story of how you got that contract.

05-01:37:16

Peevey: Well, it was a competitive bid. We offered them a service that they wanted, and they were more interested in the energy efficiency piece and the data analysis piece when we could show them day-by-day and hour-by-hour how each the different facilities were using electricity. That was more important to them than just getting a cheaper price. It was only a half-cent or something cheaper, or half a percent. It was very marginal difference on price, but very big on all the other services. The utilities just, they're so slow. They just didn't offer services that customers had wanted for years, and frankly, should have. It's not rocket science to provide all this information. The utility had it, but they'd have to redo their computer systems, their billing systems, and all that kind of stuff, and they didn't do it. They just didn't do it. So we got these, because once they awarded it, they awarded the whole state—beating now PG&E, Edison, and San Diego.

05-01:38:18

Eardley-Pryor: And that's transformational.

05-01:38:20

Peevey: It was DOD [Department of Defense], that was our second biggest customer. Who was our third biggest customer? Probably the City of San Jose, I can't remember now. We—

05-01:38:31

Eardley-Pryor: The third-biggest city in the state?

05-01:38:32

Peevey: One of the biggest. No, San Diego is bigger.

05-01:38:36

Eardley-Pryor: Maybe it is now.

05-01:38:37

Peevey: We got San Jose, and then we got Macy's, and there were a bunch of other stores: Grimmway Farms and Cal Steel. We had a good bit of load here in California. It was really very good. In New York, we got a very entrepreneurial guy, worked for us in New York, Jerry Lieberman, and Jesus Christ, we signed up all the hotels, all the big hotels, the Class A hotels, and—

05-01:39:10

Eardley-Pryor: In Manhattan, you mean?

05-01:39:12

Peevey: Yeah, in Manhattan, and the United Nations, and a bunch of government facilities including the United Nations, we were providing electricity to them,

over Common—is it Commonwealth Edison? Excuse me, Consolidated Edison was the provider.

05-01:39:28

Eardley-Pryor: Yeah, Con Ed's the big utility there.

05-01:39:29

Peevey: Yeah, yeah. And we had similar successes in Philadelphia, and would also in Illinois, and so forth.

05-01:39:39

Eardley-Pryor: Wow.

05-01:39:40

Peevey: So we built a good-size company. There's a couple of those ads you see in there, in my office, those were in the *Wall Street Journal*. They're called double-truck ads. They run, like you open up the middle of the first section of the paper, both pages are it. You fill up the whole two pages—not just one, two pages—ads about we're breaking, the end of monopolies and all. You could go read this stuff—it's funny—that we wrote. And it really hit a cord, and we became a good size, and we never had the capital. Now, I want to—

05-01:40:12

Eardley-Pryor: Well, before we get into the capital story, because that's another chapter here in building the business—

05-01:40:16

Peevey: No, no, I mean, we never had the big financial strength behind us, that's all I meant by that. And so we were competing against companies that look good on paper, and balance sheet looked fantastic.

05-01:40:31

Eardley-Pryor: You're skyrocketing in growth. I would think hiring new people—

05-01:40:33

Peevey: Yes, it did, yeah. It went from zero sales to \$700 million sales in the first year. That's a commodity, so it's not the same. I mean it's sales, but it became very expensive to finance all that, in many cases. We can get into that if we want, but I was going to make another observation here.

We competed for a contract to sell power to the UC system and the CSU who were joined. We were a finalist. They turned us down and chose Enron. Enron went bankrupt a few years later. They chose Enron because their managers are conservative, and they didn't want to take a chance in their government agency, didn't want to take a chance on a little company. And they convinced themselves that they're big, real big, [and] Enron's real big, so things can't go wrong—never had to worry about any debt and whatever. And just, they blew it. It really pissed us off, but that was that.

- 05-01:41:46
Eardley-Pryor: Tell me about what you're doing as this rapid growth—I'm trying to—
- 05-01:41:50
Peevey: Managing the growth, and managing the people—
- 05-01:41:51
Eardley-Pryor: That is, I'm trying to imagine what that was like.
- 05-01:41:53
Peevey: —hiring people and running the people and all, yeah.
- 05-01:41:57
Eardley-Pryor: That just had to be chaotic.
- 05-01:41:59
Peevey: Well, it wasn't chaotic, but it certainly kept you busy. It really kept you busy. We started out in Pasadena, we moved to downtown LA, and if we'd kept going, we probably would have eventually taken over that building with the signage and everything else right on the freeway there. But yeah, it was chaotic. Just the pure staffing of it was chaotic. And we set up, it's called a trading floor—where you trade around power, you buy power here to sell it there [and] try to, through arbitrage, make money, and all that—in Boston, run by a guy named Gustav Beerel that was a very bright guy. And we had fifty or so people operating on this trading floor, on their computers all day long trading power and everything. Sometimes you lost money; sometimes you made money. We usually made money, but some people lost a lot of money. And I hired, who I had known before, Lisa Bicker, to be our chief operating officer, not Mike Burke.
- Mike Burke, he was a very clever, smart guy, but he didn't have the skill set to run anything. You have to have an organizational sense to run anything. To be a CEO, or a chief operating officer, you got to know how to work with people and how to organize them, and be timely and everything, and all the organizational things that a business needs, any kind of organization needs, but a rapidly growing one really needs.
- 05-01:43:37
Eardley-Pryor: How did you know Lisa? Where'd she come from?
- 05-01:43:38
Peevey: I had known Lisa actually from CCEEB days—not when I was at CCEEB, but she worked for somebody that headed it a couple of years after I'd left, and I met her at some conference or something like that. And then she got married and moved here to Southern California, and we had kept in contact and were friends. So, I hired her to come to work as a lawyer, but then I saw that she had a skill set that exceeded that, and hired her to be chief operating officer, promoted her to be chief operating officer. She was already working for us, and she did a—hi! [*Mike and Carol's dogs enter the room.*]

05-01:44:26

Eardley-Pryor: Hey, puppies. I'm going to push pause here, Mike.

[break in audio]

Okay.

05-01:44:34

Peevey: So I hired Lisa to be the chief operating officer, and we moved from Pasadena down to downtown, moving around, just kept adding more and more space, a building in downtown, 1100 Wilshire, had a couple floors, and a good-size building, too.

And we had to hire lawyers, all kinds of finance people, lawyers. You had to track all this stuff, keep going, and avoid law suits, initiate law suits, whatever. And so, we hired one of the attorneys from Tucson [Electric] to come over, be the lawyer. And I wanted to hire *x* and she said, "Mike, let's hire *y*. I think *y* would be better than *x*," and I went along with her because she was chief operating officer and the person would report to her, and they had to work together. Person's name: Jeff Martin. Jeff Martin, he's the—

05-01:45:39

Eardley-Pryor: That's who Lisa selected?

05-01:45:41

Peevey: Hired, yeah. He saw this as a big adventure, came from Tucson, was an ex-West Point guy, flew helicopters in the Army, moved to California. He was married, had a kid who now is a soccer player here at UCLA, Ramon. And Lisa was married to a guy that, he was in sports medicine and I can't remember exactly what he did in sports, and he had several kids from a previous marriage. Any rate, as often happens in these things, Jeff and Lisa got involved. They ended up both divorcing their spouses and eventually marrying. It took a few years for them to marry. Today, Jeff is the CEO of Sempra Energy, the biggest utility in California by market value today. He's the CEO. She had her own business and she did various other things. She headed up a group called Cleantech San Diego to promote technology. Now she's just raising the kids and all that, and they live in La Jolla.

05-01:46:54

Eardley-Pryor: That's a great story. So Jeff came from Tucson [Electric] through New Energy Ventures, eventually rising to the top of Sempra somehow?

05-01:47:03

Peevey: Right, well we'll get to him later in another context, too, about True Pricing, but we're getting ahead of ourselves. There's no way we're going to finish up on New Energy in the next half hour, I can tell you right now.

05-01:47:16

Eardley-Pryor: Well, tell me a little bit, in all of these various facets of growing a business so quickly, with such remarkable success so quickly, what were the things you liked the most? What was really fueling you?

05-01:47:29

Peevey: Oh well, it was a very demanding but creative time, and you had a tremendous amount of energy, and things just propel you along. Sometimes it's tough to stop and catch your breath, really. It was very exciting, very adventurous.

05-01:47:46

Eardley-Pryor: I mean, was this essentially time-wise—it's like pretty much from 1998 onwards, once California's [deregulated energy] market was implemented?

05-01:47:51

Peevey: Oh yeah, but even before 1998, but yeah, principally, '98, '99. Those are the two years that was—because we sold the company in the summer of '99. So, that was the intensity of it. We were going from zero sales to hundreds of millions of dollars of sales. And our credit requirements—because you have to buy, even with the BPA, you've got to pay them, and then you get to float, and you're buying new power, and now we're in New York, or Massachusetts, we're buying power, and you have to advance some payments on it, and your revenues come in after you're buying your product. So that's pretty much true in any business, till you get up to a critical mass. It's like my daughter's little company right now. Your inventory buys—you got to buy the inventory, get the inventory, stock it, and put it out for sale. There can be a significant gap there in time, and everybody wants to get paid, so you're in the red. So, we were having to borrow money, and it stressed the hell out of Tucson [Electric]. They just couldn't keep it going. That's ultimately why we sold the company. We couldn't keep it financed the way we wanted.

05-01:49:12

Eardley-Pryor: Well, let's talk about that, the role of finance, because that seems to be a big next chapter of, "How do we sustain this?"

05-01:49:18

Peevey: We couldn't sustain it. Even though it was profitable on paper, we couldn't sustain it without a big influx of capital that was willing to put in the money and wait a few years to get a return.

05-01:49:35

Eardley-Pryor: And Tucson had already put in the money. They weren't willing to reinvest?

05-01:49:37

Peevey: Yeah, and they were still relatively a poor utility, but they're a relatively small utility, and they were bored with saying, "Let's get our money back," and all that kind of stuff, and, "Why are we doing this?" So it's a relatively small utility with a relatively provincial board of directors. Now Pignatelli had become head of that company by that time, and he was now the CEO.

- 05-01:49:57
Eardley-Pryor: Was there any difficulty in taking Jeff from them, Jeff Martin?
- 05-01:50:01
Peevey: No. No, because Jim saw the value in this investment here.
- 05-01:50:06
Eardley-Pryor: They were already invested in it.
- 05-01:50:08
Peevey: Yeah, so, he wanted to see it succeed. In fact, it had to succeed or else he might be in the shithouse, because he was a big proponent of this business venture.
- 05-01:50:19
Eardley-Pryor: But they weren't able to inject more capital into it to enable this growth?
- 05-01:50:22
Peevey: They had been through near bankruptcy, and they had all kinds of financial problems of their own, so their credit lines were pretty limited. Yes, it would have been nice if they could have done more.
- 05-01:50:32
Eardley-Pryor: What did you—Mike and Lisa and Jeff—as you were looking for capitalization, what were your thoughts? How did you go about trying to raise funds?
- 05-01:50:41
Peevey: Well, we ultimately ended up hiring an investment banker.
- 05-01:50:46
Eardley-Pryor: Tell me about that process.
- 05-01:50:47
Peevey: The job of the investment banker was to either sell the company or find investors in the company. And the investment banker was a big Wall Street firm that no longer exists, DLJ—Donaldson, Lufkin & Jenrette—DLJ.
- 05-01:51:08
Eardley-Pryor: They became Credit Suisse.
- 05-01:51:09
Peevey: What?
- 05-01:51:10
Eardley-Pryor: They were eventually purchased by Credit Suisse, right?
- 05-01:51:12
Peevey: Yeah. And the guy that ran that part of it and worked with us, a guy named Mike Ranger, and Gavin Wolfe—who you talked to—were very, very competent people.

05-01:51:27

Eardley-Pryor: There's a lot of whys that I'm wondering about this process. Gavin and Mike come on board. What was the process to go with them, to raise the capital through them? Why did you think they were the right place to help you grow your business?

05-01:51:43

Peevey: We talked with several different people. I thought they were the most competent, and they seemed to understand the business best.

05-01:51:50

Eardley-Pryor: The energy business?

05-01:51:51

Peevey: Well, not just the energy business, this new part of the energy business, which was a deregulated market. That was what was new, not just the energy business.

05-01:52:05

Eardley-Pryor: So, Gavin—

05-01:52:06

Peevey: And Ranger, who was Gavin's boss, was an incredibly bright and aggressive guy.

05-01:52:16

Eardley-Pryor: In the conversations once you brought them on board, what were the conversations for how you wanted to go about raising this capital?

05-01:52:24

Peevey: Well, that was their job to come up with a plan, which they did. It was either raise capital or sell the company.

05-01:52:30

Eardley-Pryor: Did you ever think about going public?

05-01:52:32

Peevey: We couldn't. Yes, but we couldn't. We were too young to go public. There was no appetite for going, and too new an industry, deregulated industry, and too young a company to go public. That was not in the cards, at that time. Maybe five years later, could've been, and it probably would have been, if we'd had adequate capital at all. But no, that was never a consideration.

05-01:52:58

Eardley-Pryor: How did you decide to—well, when I spoke with Gavin, he'd made mention of deciding on convertible preferred as the means to raise capital, to allow convertible preferred, instead of having direct equity, to find clients that would be willing to do that to buy in to New Energy Ventures.

05-01:53:19

Peevey:

Yeah, but that's just a technique. I don't want to call it a gimmick, but that's all it is, that's just something they're familiar with doing. It wasn't particularly material to us. We wanted to either sell it or get a partner in the company that had enough money to make it run, make it go, and really grow, because we were on the cusp of growing like crazy all over the United States. We already were in a whole bunch of states, and states were adopting deregulation everywhere. Nevada, Texas, these were other potential markets—Michigan, Ohio—that we would have liked to get into. We were limited maybe by capital and all, and we thought, “Jesus, the world's your oyster here”—almost. It was a very heady time and a great experience for me.

05-01:54:10

Eardley-Pryor:

Suddenly hundreds of millions are on the table for taking.

05-01:54:14

Peevey:

Maybe, yeah.

05-01:54:17

Eardley-Pryor:

So, tell me more. What was the next step? You're looking for capital, and you hired this firm to make that possible.

05-01:54:23

Peevey:

Yeah, but understand, we were growing the business like crazy at the same time. It was simultaneous. We were getting new customers—new clients, if you will, well, and they're really customers—and not just here in California, but in all these other states in the country. We were a national company in that sense, with offices in Philadelphia, New York, Chicago, Boston, and 300 employees, and we could have probably had 400 employees or 500 employees, probably could have continued to grow like that, and we're trading power and all that.

So, DLJ did a beauty contest, essentially. They put together materials on the company and all that, and distributed them around. And we traveled around doing, it's called road shows, to different places, possible investors: Boston, New York, Chicago, Los Angeles, San Francisco. Was probably one or two other places, I don't remember. I don't remember going in the South. And they would organize these sessions and we would do presentations on the company, and all that. And the presentations were by myself and by Lisa and Jeff. We had another guy, our CFO, David Hardee, but David didn't participate in that particular aspect of it. And after this process went on for several months, and it was taking on a certain sense of urgency, because we were growing so big—this is now, let's just say, February or January of 1999. We kept getting more customers. The sales force kept getting more customers, and our finances kept getting tougher, and we were having a tougher time paying BPA on time, and they were very tolerant. They were very good to work with, but they kept saying, “Mike, you got to send us a check for \$20 million or something”—say, twenty million dollars [laughs], “I mean, that's

what you owe us for the power.” I just made up that number and maybe it was five million, but the point is, it was big numbers. And DLJ lent us ten million dollars, but their interest rates were exorbitant, and the rest, it was using Tucson’s credit, but we were just paying way too much. So we had to try to do something, and we did. We did this road show and everything else.

05-01:57:04

After all that is said and done, it came down to two really very serious pursuers, suitors, if you will. One of them was the company we eventually sold it to, AES [Applied Energy Systems], and we sold the whole company; and the other was TPG, Texas Pacific Group, run by a guy named David Bonderman, very shrewd business people. They hired McKinsey to do due diligence on us. The consulting company came, went through our books and went through everything to make sure we weren’t shysters and phonies and it was real, and all that. They spent quite a bit of money just doing that, but they had the money to spend. That was their business, Texas Pacific Group. And when all was said and done, we had a meeting with them, kind of a climatic meeting. They were headquartered Fort Worth, Texas, and in San Francisco—they had dual headquarters—and Pignatelli and I and Gavin met with them. I think Gavin was there. Jeff Martin was with me, and they said, “We want to make a deal. We want to buy 52 percent of the company; 48 percent would remain in the management ownership and all that. We want to have the majority by 52 percent, with five-member board of directors. We’ll have three; you guys would have two. Management could stay as it is. Mr. Peevey, you run it, and we will put in the capital to grow the business as you plan, suggest can happen, all across the United States.”

All that sounded fine, and Jim and I said to him—Jim in particular, Pignatelli, because you remember, he was representing this relatively small utility company, said, “Our only request is that we can take out 20 percent of the money. In other words, you’re going to pay this much. We want to take 20 percent out for our shareholders. The other 80 percent, we’ll leave it, let it ride”—let it ride, see? “If the business fails, we’re out,” you follow me? “But the 20 percent, we want to take it out.” He says, “I need this for my shareholders and my board at Tucson.” And this Bonderman says, “No, it’s 100 percent. You got to put 100 percent. You got to run the whole thing. You guys are so competent and your business model’s so successful, and you’re off to a great start, and we agree and all that, but that’s not a deal. You got to put in. You got to leave every penny in, let it ride.” And we said, “We’re not going to do it.” We caucused. We said, “We’re not going to do that.” They said, “Well, if you’re not going to do that, we don’t have a deal.” They didn’t budge.

05-02:00:06

Eardley-Pryor:

Tell me about the caucus. What was the discussion like amongst yourselves?

05-02:00:08

Peevey:

Well, the caucus was, “Jesus Christ, here we have this”—there really wasn’t much of a caucus, because Pignatelli said he had to have this. He’d just taken over from a guy named Charlie Bayless a year and a half before at Tucson. He said, “I got to have this. I need the money. I need the money for my own company, and we have other expansion plans in other areas, and so on and so forth, and so, I need that.” I mean, sure, maybe, they maybe would settle 18 percent or something—and that was a deal killer. So that was it, didn’t happen.

05-02:00:47

Eardley-Pryor:

What did David Bonderman think about that?

05-02:00:50

Peevey:

That’s life. This guy took over Continental Airlines at one time. They owned Lands’ End, or no, Ducati Motorcycles, and oh, they had so many clients, Jesus Christ, customers they owned. And they’d buy—what they’d do, buy them, buy companies, fix them up if they were distressed, or new companies like this, build them way up, and then sell them. That was their business, their business model. “Oh,” he said, “no, that’s it. We’re sorry.” I said, “Yeah, I’m sorry, Mr. Bonderman. We’d really like to do this deal. I think it’s a great opportunity.” I wanted the deal, but I couldn’t persuade Pignatelli. It’s his money, not my money, that was in it. You follow me? I mean his company. I just couldn’t do it.

05-02:01:42

Eardley-Pryor:

So you wanted to keep running with New Energy Ventures?

05-02:01:46

Peevey:

Absolutely. Yeah, I saw not only us just growing so much bigger, becoming a national company, which in fact has happened—it’s actually happened, but we’ll get to that in a minute. So, we turned to AES. We didn’t tell AES the deal with Bonderman and TPG was dead. We said, “We’re about to close that deal”—[laugh] there’s always a little guile here in all this—“We’re going to go with someone else unless you up your offer.” And then they did by another five million bucks. They raised the price, and we made the deal with AES.

05-02:02:33

Eardley-Pryor:

Was the need for capital—

05-02:02:35

Peevey:

And they bought the company.

05-02:02:36

Eardley-Pryor:

AES did.

05-02:02:37

Peevey:

One hundred percent of it, bought it, yeah.

05-02:02:39

Eardley-Pryor: Well, that's why I was going to ask: why not try to find another person who was willing to let you keep running it and inject with capital? Was the need for capital so immediate?

05-02:02:45

Peevey: We had been looking for six months or four or five months, and no one else came forth.

05-02:02:51

Eardley-Pryor: So the two options were either sell it, or go with TPG. And TPG, they weren't willing to meet the needs that you had, so it had to be sold?

05-02:02:59

Peevey: Right. That's right.

05-02:03:01

Eardley-Pryor: What were your feelings about that?

05-02:03:03

Peevey: Well, I would have preferred going with TPG. But, at the same time, I was sixty, and I figured, "what the hell," you know? I was going to get a nice little nest egg. They gave me a nice bonus and told me I could stay with them forever—it's a very big company, or it was at the time—and travel the world. They're all over the world. And the guy that ran it was a guy named Dennis Bakke, the CEO. He was the CEO. Roger Sant—who was at that time also, I think, head of the World Wildlife Fund—was the chairman of the board. But the day-to-day operations was a guy named Dennis Bakke. The culture, I didn't like the culture of AES. I thought it was a little nutty.

05-02:03:49

Eardley-Pryor: What do you mean?

05-02:03:51

Peevey: Their view was: every man's a king, and everybody's equal. Well, that's crap, doesn't work in a business. It did for a while for them, but then they fell on very hard times, almost went bankrupt a few years after all this. Anyway, they bought us. They bought us, paid everybody in AES stock, everybody in the company, paid Tucson, and with no strings attached. In other words, you could sell within, I think it was sixty days or something, you could sell all your AES stock if you wanted, and it was at a good price at the time, very good price. This was summer and fall of 1999. I sold everything. I just got the hell totally out. I didn't have any faith in AES management, I really didn't, because every man was a king and all that kind of stuff, and I just—

05-02:04:42

Eardley-Pryor: Tell me more what that means. Unpack that for me. This is Roger Sant's point of view, or this is the CEO?

05-02:04:46

Peevey: No, Dennis Bakke's point of view. Well, I—

05-02:04:53

Eardley-Pryor: I mean, it's a giant company that has done very well.

05-02:04:55

Peevey: Yeah, they were, they were. Their annual report had the names of every employee in it—and I mean from the janitor to the CEO. They never gave orders. They always just said, collectively, "We think so and so." It was a unique and interesting management style.

05-02:05:15

Eardley-Pryor: But you had no faith in it.

05-02:05:16

Peevey: I had no faith in it. Neither did—Mike Ranger and I went, met with them in D.C.—they were headquartered in Arlington—and he couldn't believe it. Ranger was off the investment. He said, "These people are nuts. This is crazy, the way they talk and everything." They had all these little cryptic statements about people, why they worked and all. I can't remember them all now. Any rate, and then, they bought us, and for me, I could have stayed around forever, I guess—they told me that—and travel the world, and go do good things on their behalf, go to Kazakhstan and Peru, and all these places where they wanted to build power plants and all this. I lasted six months and hung it up.

05-02:06:17

Eardley-Pryor: Because of this culture difference?

05-02:06:18

Peevey: Yeah, yeah, I wasn't comfortable, and Lisa bailed, Jeff bailed, most everybody. A few people hung on, and then the stock, which was like at fifty-five dollars a share dropped to ten two years later, and those people that kept their stock just got clobbered. We got out early.

But I'll give you an example of the thinking and why I just, I couldn't take it. I said, "This is not going to work." Edison as part of the divestiture, or getting out of the business after the deregulation in California—had to sell its gas-fired power plants in Southern California, Edison did. PG&E did, in Northern California, got rid of the gas-fired power plants, which they sold at auctions and all that. So there were a couple companies that bought Edison's power plants here in Southern California, AES being a big one, okay? Now, those power plants, their assessed valuation for tax purposes was done by the State Board of Equalization, the tax body, and they leveled a tax each year on the plant. It was worth x minus some depreciation, some formula they had. I don't know what it was—at Edison, we had people that just dealt with that, that kind of issue. So, AES buys these plants. Now, there was a uniformity with the Board of Equalization, the way it figured the value of the plants—so the

PG&E plant in the north was the same as Edison's plant in the south. It was paying the same taxes and all.

But it became a function of local government and the county assessors in the locations how to value the plants. When AES bought it, it went from being the State Board of Equalization to county assessors, local. So, what happened in Ventura County would be different than Santa Barbara County—these are where power plants were—would be different from LA County, be different from Orange County, depending on how the assessors felt about things.

05-02:08:43

Eardley-Pryor: Was that because of the way deregulation had been legislated?

05-02:08:47

Peevey: No, I can't remember the exact reason why or how that decision came to be made. But I know the jurisdiction became that of the counties.

05-02:09:00

Eardley-Pryor: Right around the time that AES purchased a number of these gas plants?

05-02:09:02

Peevey: It happened after the purchase. The assessment and all got transferred to—

05-02:09:10

Eardley-Pryor: The local municipalities could choose.

05-02:09:12

Peevey: Well, no, the counties—each county has an assessor, still does. So you started getting different assessments of value, and the assessment would go up when AES—they paid x for the plant and thought they were going to make money based on x . Now, all of a sudden, the plant is costing them x plus two, or whatever, okay? So, what to do about this?

So they call a meeting, a couple of meetings, and they ask me to come and speak to them, and I talked to them. I said, "What you have to do—let's take LA County, the biggest—you have to hire a lobbyist who's a specialist in this kind of power plants taxation, and they lobby on your behalf to get the rate as low as possible." That's what everybody, not everybody, but people tend to do when you have a big asset, right? You want someone that's looking after your interests, not just a lawyer, but someone who's technically competent. Dennis Bakke says, "We don't do that." "What do you mean you don't do that?" "It's up to each plant manager to do that job."

Well, these guys don't have any training in taxation, and anything else, and I said to myself, "This is fucking nuts. This is nuts. This will not work. They're going to end up getting screwed." And that's exactly what happened. They ended up getting screwed. Their tax rate kept going up every year instead of going down, or staying stable, and it became different rates at different plants. They didn't get how the system works. Now you could say, "Well, they'd

built a successful company.” That’s true. I don’t know how they did it given the example I just gave, if it’s repeated every place else. But, in the experience I had with them, that was it. I said, “Oh no, this is not going to work. I don’t want to be associated with this anymore,” and God, we’d gone to their board of directors, as I said, with Mike Ranger, and he came out of there saying, “Oh, man, Mike, get your money and get the hell out of this thing.”

It was kind of a bittersweet end, the sale of NEV [New Energy Ventures], considering how well it had grown and how fast it had grown, and I was hopeful of creating this national company. I made out financially well, I don’t have any complaints about any of that, and it was a great experience. But, I would have liked to see it go a different way, the ultimate outcome.

05-02:11:45

Eardley-Pryor: Yeah, build the empire.

05-02:11:46

Peevey: AES, a few years later, sold the company to Baltimore Gas and Electric. Didn’t I tell you this already?

05-02:11:55

Eardley-Pryor: Not on camera.

05-02:11:57

Peevey: And, Baltimore Gas and Electric then got acquired by Exelon, which is a big Chicago utility. It or PG&E is the biggest in the country. New Energy Ventures, we got rid of the *V* in the name in ’98. It was just New Energy, because in a way it didn’t need the word “Ventures” in there. “Ventures” suggested it was an investment company and it wasn’t. It was just New Energy, a producer, and consumer, and provider. I’ve been told it’s worth well over two billion dollars today, the company, and it’s the biggest energy service provider, of the services we were providing, anywhere in the United States.

The guy that bought it from AES, who was head of Baltimore Gas and Electric, Mayo Shattuck, came to see me one year when I was at the PUC, said, “I just wanted to meet you, Mr. Peevey, and ask you a few questions about how you were ever able to do this in the environment that we lived in at the time, because you created this remarkable company, and we’re doing very well today,” and blah, blah, blah, blah. We had a lunch and a nice chat and that was that. He wasn’t asking me for anything other than just wanted to meet me. It was kind of nice, a nice feeling.

05-02:13:28

Eardley-Pryor: That is nice. Do you have regrets about the direction it took, not being able to take it as a national company, or maybe not even staying with it?

05-02:13:37

Peevey:

Yes, I just said that. Yes, I would have loved to have stuck with it for another few years and built it into a truly very large, national company with a very sound financial basis, yes. And I think it's possible we could have done that under TPG. It's possible. Other hand, you never know about the future, because what happened two years later, the market cratered in California, it collapsed. It collapsed, the BPA contract was expiring, and the overall market collapsed. A lot of these customers like, well, UC [University of California] is a perfect example. Enron went out of business, and UC was back on its own, had to go back to PG&E, and to Edison, and so forth. Ralphs, I don't know who provides Ralphs's power today. It may be Edison, may be somebody else. And I don't know how TPG would have reacted to the collapse. So its biggest single market, which was California—not the only market, it's continued to do well in other states—but in this market, it collapsed. And I know some of the people that—most all the senior people at New Energy left the company within six months to a year. I stayed six months and left, and they offered me, as I said, good terms if I wanted to stick around and really not do much, other than be a goodwill ambassador, which is not my thing. I mean, I'm happy to spread goodwill, but I want to have [laughs] more incentive. That was it.

05-02:15:14

Eardley-Pryor:

Did you ever think about, once it had sold to either Baltimore or to Exelon, did you ever think about reengaging?

05-02:15:20

Peevey:

No.

05-02:15:21

Eardley-Pryor:

Why not?

05-02:15:22

Peevey:

No, by that time, I was on the PUC. So, we sold the company in the summer of '99, and we all kind of laid fallow, I guess, for a few months. I know I did.

05-02:15:41

Eardley-Pryor:

What did you do with that time?

05-02:15:42

Peevey:

I don't think I did anything, just would go to Sea Ranch, relax, kick back, look at my stock, or whatever, [laughs] follow events, but I wasn't in the business. And then, Jeff and Lisa wanted to create this company, a new company. And one of the things—there so many other pieces of this New Energy thing that I'm not even talking about here that are interesting, but kind of rabbit trails off to the side. But one of the things that we really became very interested in was devising an energy services business. You didn't have the huge capital requirements you did buying power—power is an expensive thing to buy—and providing those services to companies, energy services.

05-02:16:32

Eardley-Pryor: What kind of services?

05-02:16:33

Peevey:

All kinds of things, like we had done at Ralphs, just showing analysis, simple thing, how to use their bills better and everything else, but showing companies how to maximize their purchase of power—buying some power at certain hours rather than other hours—how to run their equipment better. There's a whole slew of things go under the term "energy services," or now we call it "energy efficiency," and we thought that we could do something in that business side. And if we had continued on at New Energy, we wanted to offer that as a viable service. We started to. We started to develop that as a business. We got an investment from Dames and Moore, engineering company, to invest in energy services, and we started a business in that line. But we never got it off the ground by the time we got acquired by AES.

There are two, a couple other interesting things I want to say about all this. I told you the problem we had with Edison and Bryson going after me, saying—

05-02:18:00

Eardley-Pryor: Through Congress, through the US Congress?

05-02:18:01

Peevey:

Yeah, which never came to anything, but, we were, even in the heyday, like in '98 and '99, we were struggling just to—I mean, we always met payroll and everything else, but we were struggling between getting enough income coming in to match what was going out in power purchases—not just to BPA. Now remember, the [BPA] contract, had started to tilt up by that time—but all these other places in the United States. So, I engaged a major law firm, headquartered in San Francisco but all across the United States, Morrison & Foerster. One of their attorneys had been following all these events, with New Energy and with other companies, and was building a business representing new entrants in the marketplace, in the competitive [energy] marketplace. You have companies that hadn't been there before, a lot of them, just like it's going on now with community choice aggregators in Sonoma County and all this. The people had never been in the marketplace. They all need legal services, they all need this, they all need that. People don't realize this, but you got to stock up, staff up on all these things.

A guy named Gordy Erspamer, any rate, we worked together. I had him prepare a potential lawsuit against Edison, for in effect, restraining the trade, and trying to force us out of business, and lobbying against us inappropriately, all this kind of stuff, and he did. And then I had to tell him that now I wanted an LA attorney, a guy named Tom Girardi, who's one of the big public personal injury attorneys in America—former head of the American Trial Lawyers Association, whatever it's called, a lawyer group—to represent us. And we met with Edison—Girardi and myself, and one of Edison's board

members, a guy named Ron Olson. You know the name Munger, Tolles & Olson? He's the Olson. That's Warren buffet's attorney, and Munger is Charlie Munger, Warren Buffet's partner. Maybe he's ninety years old or something. And we had him [Olson] come to Girardi's office and read our pleading, where we're going to ask for hundreds of millions of dollars. We let him read it, because he was very close to [John] Bryson. Ron Olson, he couldn't take it—he could read it—and he's sitting there, and his face is getting redder and redder and redder. [laughs] He's reading this thing, all these charges against Edison to restrain trade, all kinds of stuff. And we had some evidence. Some of this was true. Whether they could collect on it and prove it all in a court of law over years would be very, very difficult.

05-02:21:26

Any rate, to make a long story short, they gave us ten million dollars to basically go away—and that made a big difference for the business, ten million dollars. So, they tried at first to try to get me to take the electric car business, said, "We'll give you our electric car business." They had a fledgling electric car business at the time that Diane [Wittenberg] was involved in, Diane was running, as a matter of fact—Diane Wittenberg—because she was working at Edison still at the time. She was out at corporate communications electric vehicles, and I said, "I don't want the electric car business. I need cash."

Any rate, we met with Bryson, and we worked it out. And it became reasonably—not amicable, but at least satisfactory, and they gave us ten million dollars. And they had all these bullshit reasons they stated for it, but the fact was, it was just a payoff for us to go away, because they didn't want to be sued, and they knew they would lose a lawsuit. But the question was, how bad and how long it would take to lose it? If it goes three years, we could be out of business. You never know these things, versus the bird in the hand—it's always a bird-in-the-hand tune.

The funny part of it was, after we knew we were going to get this settlement and made the deal—ten million bucks—we had a little victory party down at the California Club here, and gave Girardi half a million dollars for just putting his name on the damned thing and participating in a couple meetings—that's all he ever did, never appeared in court, or filed any papers or anything—I told Jeff Martin, I said, "Change this document. Get all the references to Edison out that are peculiar or particular to Edison." You follow me?

05-02:23:18

Eardley-Pryor: Okay.

05-02:23:20

Peevey: "Put PG&E's name in it. Put PG&E's name in it"—because PG&E was guilty of some of the same things, because of incompetence more than anything else. I'll give you an example in a second. And so we did, and I went up and talked

with the president of PG&E, Gordon Smith, said, “Gordon, we’re going to sue you,” and he ended up him giving us four million dollars to go away.

05-02:23:49

Eardley-Pryor: Wow.

05-02:23:49

Peevey: Just to go away. It would have been the same problem as trying to prove the lawsuit against them and everything else. So okay, that was ten million, four million, and I said, “Well, this is a pretty good run, two for two.” I went to San Diego [Gas & Electric] and they told me, “Fuck you.” I asked them for two million bucks. They said, “We’ve never done anything to hurt you,” which was true, they hadn’t—“and this is just bullshit. And if you want to fight about it, Mike, we’ll fight in court.” And so, we just walked away. That was that, so we didn’t get anything out of San Diego. We got, between the two of them, fourteen million dollars. Probably saved the company from a real cash flow challenge at the time, because the money all came in.

05-02:24:33

Eardley-Pryor: That’s a pretty gutsy move to be coming to those guys. I mean, Edison, it sounded like that was happening for sure; PG&E to a less extent. But even to San Diego, if they weren’t doing that work—

05-02:24:43

Peevey: It was total balls out in the Edison case, and we didn’t have a case against San Diego. We did at PG&E, but not four million dollars’ worth. Here’s the kind of things you have: So, all right, this is just an example how they could screw you over though. This was, everybody—listen, you have the Macy’s store in San Francisco, big store, takes up most of the Union Square—

05-02:25:26

Eardley-Pryor: And that was one of your clients?

05-02:25:27

Peevey: Yeah, well, became one of our clients. But when it became a client, they had been served by PG&E, and the store, because it was an amalgam of several stores that were all combined into one over time, different other companies, they had PG&E meters in different places. In other words, it was one store, but there were like six different meters in the store. You follow me? They were judging the electricity use in that portion of it. So, what we would have to do in a store like that: replace the PG&E meter with our meter, for these meters cost a thousand, couple thousand bucks. They’re smart meters. They do all this, tell you all this information. So, to take their meter out, to put your meter in, they had to have a service rep there to unlock it. They had a lock on the meter. So, they had to cut the lock and all that, and we couldn’t cut their lock; they had to do that. So they wouldn’t show up. You’d schedule a meeting two or three times, the guys, they just wouldn’t come. They wouldn’t be there. Now these are just the rank-and-file guys. They’re saying, “Screw

you,” basically, “we’re not going to do it,” and so they didn’t show up. So, we just had it up to here with that. Those were those kind of things.

There was a big department store chain—it’s gone now, in the San Joaquin Valley, and Sacramento—Gottschalks, became our customer. PG&E continued to send them a bill after they became our customer. Okay? Finally after several months of this, the guys from Gottschalks told us, “We’re not paying anybody anything until you guys straighten this out. It’s not our problem. It’s your frigging problems. You and PG&E, you guys figure it out.” That was more just the kind of stupidity that PG&E is engaged in to this day. And little things, I mean—

05-02:27:27

Eardley-Pryor: Do you think that was intentional, or was that just poorly managed?

05-02:27:29

Peevey: I think that was just a pure accident. And their billing department said they can’t switch, “We can’t make the kind of switches Mr. Peevey or New Energy wants. It takes us six months to do this.” That’s just bullshit, it was. If you put someone really pedal to the metal, you could do it a lot quicker. So, we had a case against PG&E, not anything like—it may be worth a million dollars or something, which is not an insignificant sum. But still, remember, we’re running a business with several hundred million dollars in sales, so, a million dollars is not a big amount of money. But any rate, it’s hard cash, and so, we got from those two companies that money, and it made all the difference in the world.

05-02:28:10

Eardley-Pryor: At the time, you needed it.

05-02:28:12

Peevey: At the time, we needed it. And we got some other beefs with Edison, and yelling and screaming matches over things. But they all faded with time and kind of insignificant. The guy’s name from—that I—

05-02:28:26

Eardley-Pryor: The Ralphs guy?

05-02:28:27

Peevey: The Ralphs guy is named Ron Burkle, B-u-r-k-l-e. He’s a billionaire, big buddy of Bill Clinton—flew Clinton around, after Clinton left the presidency, in his plane for years.

05-02:28:44

Eardley-Pryor: I knew it would come back to you. Tell me about that meeting with John Bryson when you had this lawsuit. What was that like for you? Here you are together in a room again.

05-02:28:53

Peevey: Yeah, but with our attorneys and everything else. It was all very polite and formal and—

05-02:28:59

Eardley-Pryor: But five years after he had essentially forced you out of Edison.

05-02:29:02

Peevey: Yeah, yeah.

05-02:29:03

Eardley-Pryor: What was that feeling like, being in that room and in that position for you?

05-02:29:08

Peevey: Well, actually, it to some degree was a feeling of triumph. I was getting my revenge, so to speak, I suppose. I felt good about it. I certainly didn't feel bad about it.

05-02:29:25

Eardley-Pryor: Here you were in a great position of power—

05-02:29:26

Peevey: I didn't feel uncomfortable, yeah. But it was small potatoes for him. He was as gracious, I suppose, as he could be, given the circumstances. There was no gesturing, and yelling, and any of that kind of stuff.

05-02:29:41

Eardley-Pryor: What are some other thoughts you have about New Energy Ventures? Before we wrap things up today, is there anything else you wanted to share about your memories from that, that endeavor?

05-02:29:52

Peevey: It was an incredible ride. It was an incredible experience, '95, '96, '97, '98, '99—five years, so a relatively short period of time. I was on the PUC twelve years, believe it or not. I would have been happy if I had traded five less years at the PUC for five more years at NEV, frankly. Not that I didn't enjoy the PUC—the last few years, I didn't; but before that, I did. It was a lot of creative stuff which we'll be talking about eventually here. But no, we had some wonderful people [at NEV]. We had very driven, committed people. They were great to work with. Some of us, we still chat, talk. There are people all across the country. I run into people once in awhile that say, "Oh, I used to work for you at New Energy Ventures," kind of thing.

What it demonstrated to me, in the most positive way—and there's a lot of negatives that can be associated with this—but the ability of people to be creative and driven and be successful, and be capitalists and be successful at it. And a tremendous appreciation of how hard people work to build a business. I think that, so often—this is, to me, a kind of a sad, more general commentary—the Left in American life and politics just think that there's

always the money there, and there'll always be a business to tax, and everything else. It takes a lot of hard work and ingenuity. And so many people that do well in business become real kind of conservative shits, to be frank. But, a lot of others, it's so much work and so much creativity, and so much drive and enthusiasm, and overcoming self-doubts, and being able to sleep at night is not easy many times. There's a lot of tension, but the rewards, for me at least, were great. There was a very, very rewarding experience. And so, clearly, in some ways, those five years or the latter three of those five years, were some of the most exciting in my life. There's no doubt about it. We were flying all over the United States, making deals here, there, and everywhere, And I was being very—I got a lot of old press clippings—but very well treated in the press, and creative, and all that kind of stuff. And it was rewarding, and it was a lot of fun. I don't know what more to say about it. It was a great, great experience.

05-02:32:58

Eardley-Pryor: That seems like a great point to close this session out. We'll start up again talking about the [California] energy crisis next time.

05-02:33:04

Peevey: The—well—

05-02:33:07

Eardley-Pryor: Or do you want to talk about True Pricing, perhaps?

05-02:33:09

Peevey: Well, we could talk about True Pricing either right now for five minutes, or next time.

05-02:33:16

Eardley-Pryor: Let's do it [next time]. Let's start fresh next time, because True Pricing is where you are pulled from, to work into the governor's office.

05-02:33:24

Peevey: Yeah. Yeah, well, what happened with True Pricing simply is that Jeff and Lisa started to create this company, wanted to create this company—the energy services business veered off into more telecom stuff—and I became the chairman of the board. I was not the CEO, Jeff was. And we were headquartered in Pasadena. It did all right for a couple of years, but it foundered, and fell. Anyway, we'll talk about it the next meetings.

05-02:34:01

Eardley-Pryor: Right. It's been great. Thank you, Mike.

Interview 6: February 1, 2019

06-00:00:01

Eardley-Pryor: I am Roger Eardley-Pryor. We are continuing with session six of an oral history interview with Michael Peevey. Today is February 1, 2019. We are at Mike's home—Mike and Carol's home—in La Cañada Flintridge, down outside of Los Angeles.

Mike, the last time you and I spoke, we were talking about True Pricing, the startup that you did there around 1999. But you'd made mention of something you wanted to revert to and talk about from your time at Edison. What was that?

06-00:00:30

Peevey: Well, it was when I left Edison and the year right afterwards, or two. But when I was at Edison, of course, I left in '93, I was president at the time. But before that, and continuing on during my presidency there, I had a strong interest, early strong interest, in electric vehicles—in electrification of the transportation sector in California and in the United States, frankly. Obviously it's happened in a big way now, but we're talking about, now back twenty-five, almost thirty years ago, twenty-five years ago, anyway. Twenty-six, I guess it is, '93.

06-00:01:14

Eardley-Pryor: Where did your interest in electric vehicles come from?

06-00:01:18

Peevey: That's a very good question. Well, the interest came simply from the fact that I've always had, most of my adult life as far as I can recall, an interest in the environment, and cleaning the environment. And it just seemed to me a very logical progression that we should try to transcend—not transcend, transfer our commitments in the area of transportation in this country, and indeed, ultimately the world, away from the internal combustion engine and the burning petroleum products to a much cleaner fuel, which would be electricity. Then you have to, of course, consider how electricity is generated, created, and all that. But in California, we had reason to think it would be cleaner energy and then ultimately the renewables and all—which has happened now, it's twenty-five years later.

So, toward the end of my three years or nearly three years as president of the Edison Company, I pushed for and helped create, as the co-chair of, an organization called CALSTART, S-T-A-R-T, which exists today, and continues to exist. Its purpose was to foster and promote alternative-fueled vehicles, rather than internal combustion engine. Alternative-fueled vehicles could be hydrogen, could be fuel cells, could be a variety of things, but the principal focus early on was electrical, electric. And of course, people could say, "Well, he has an interest in this: he was at a utility and just sell more

electricity through their process.” But the fact is, I was leaving the utility. Any rate, I became co-chair of CALSTART, and CALSTART was created.

06-00:03:30

Lockheed Corporation used to be a major defense contractor in California. Now it's headquartered outside of Washington, D.C., but it used to be headquartered in Burbank, in Southern California, and it had some old facilities around today's Burbank Airport that it had no use for anymore. There were old manufacturing facilities there that had become dysfunctional. And they gave us—to CALSTART—they gave us one of those buildings for a dollar, to rent the building for a dollar a year. So for a couple of years, the organization called CALSTART, of which I was co-chair, was headquartered there.

Now, the other co-chair was a fellow named Lon, L-o-n, Bell, B-e-l-l, who was the CEO at the time of a company called Amerigon, A-m-e-r-i-g-o-n. But Lon had an excellent technical background, and had helped devise and had patents for various seatbelt and safe-automobile constraints, but was also interested, like me, in electric vehicles. And so we created this and we raised money for it, and we hired a whole bunch of people to work at it. The first executive director was a fellow named Mike Gage, who had been a former member of the California legislature. Then we had a board of directors, and so on. That's how I got to know David Freeman, F-r-e-e-m-a-n, Freeman, David Freeman, who is still around these days and he's in his early nineties. But at that time, he was head of the Sacramento Municipal Utilities District, and he was a big supporter of electric vehicles. And so CALSTART got off to a good start promoting electric vehicles. And Lon Bell and I went, we developed with Amerigon, a prototype car. It was a beautiful little car, electric car, which we unveiled at the Geneva Auto Show in Geneva, Switzerland, in March, I guess it was, 1993, or February, 1993.

06-00:05:50

Any rate, CALSTART has continued all these years. It is mostly a recipient of federal grants today on all kinds of areas. It's beyond electric transportation, to alternative-fueled transportation, and beyond cars to trucks, buses, and so forth. And it's headquartered in Pasadena, California. It's one of those entities that were created that has helped stimulate the development of alternative-fueled vehicles, in this state and in this nation. And it's something that I'm reasonably proud of having been a part of at the inception—seeing the value of creating such a thing, and going ahead, and being the articulator of its goals and purposes and all for its first couple of years.

06-00:06:39

Eardley-Pryor:

So, when you were starting this in the early nineties, who did you go to, to help build this thing up?

06-00:06:45

Peevey:

Well, we went to the utilities because then we thought they would have an interest, and the State of California, the Energy Commission, and a variety of others. But those were the principal ones, and we got grants from them. And then we started getting federal grants, from DARPA, the federal defense agency, who was also interested in the military applications of alternative-fueled vehicles. It's the military today—and people don't realize this perhaps—but the military today has a big interest in solar energy, wind. But they're interested in particularly solar energy because portable solar facilities make for greater mobility than having to lug around oil cans and everything all over the place—in military combat situations, I'm talking about. So—

06-00:07:37

Eardley-Pryor:

Especially supply chains, having to keep the—

06-00:07:39

Peevey:

Yes, a big impact, a positive impact ultimately on supply chains. But any rate, it was the federal government, very interested in this, EPA, federal EPA, Environmental Protection Agency; the state environmental protection agency; the state Energy Commission; and utilities. And some of them there, their interests may be a little more narrow. Although I have to say, at first when I got into this, the then CEO of Edison—I was interested before I became president of Edison, I was executive VP—he told me, “Oh Mike, we've looked at electric cars many times, and they're never going anywhere, never going to amount to anything. There's no life in the batteries.” They were just too short, and all that kind of stuff. Obviously, history's proven Howard—that was Howard Allen—proved Howard Allen wrong. However, it's taken a lot longer than I thought it would, twenty-five years, to get to the space where now, commercially, you can see the future is electric vehicles.

06-00:08:38

Eardley-Pryor:

Aside from Howard's early criticism maybe in the late eighties, early nineties—

06-00:08:44

Peevey:

He didn't try to oppose my interest in this. He just said, “You're wasting your time, but if you want to do it, go ahead,” kind of attitude.

06-00:08:53

Eardley-Pryor:

Well, I'm just thinking about, there's that movie, *Who Killed the Electric Car*, GM's story, I think, around the similar time.

06-00:09:00

Peevey:

Yeah, it was a very similar time and that was the EV-1. I think that film was produced by Ed Begley. I know Ed Begley, Ed Begley, Jr. His father was a famous actor, and all that.

06-00:09:15

Eardley-Pryor: So, I'm wondering what were some of the other challenges that you faced around this time when other people are trying to start cars, but start electric vehicles?

06-00:09:22

Peevey: Well, it was just the same ones that—I mean, here was the problem General Motors had. They did produce a couple thousand EVs—and my coauthor of the book I wrote [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)], Diane Wittenberg, became head of the EV program at Southern California Edison Company, and actually drove an EV for a year or two. And we had at this house—but a few years later, ten years later, when BMW came out with an electric car, their first one, which was conversion of existing frame and chassis—we had an electric vehicle here at the house for three years. We loved it.

The only drawback then, which has now been overcome, is essentially the range anxiety that people have. They're always worried that they can't get far enough. Even now, friends of mine that have Teslas, that's fine driving around Southern California, or the Bay Area. Well, they worry if they go on long trips into the mountain areas, they won't be able to charge, they won't be able to charge. Or they'll be able to charge, but they'll be able to charge their cars at a very, very, very slow pace, if you just plug it into 120 into your house, [laughs] like three miles an hour, kind of. Three or four miles an hour charge, that's awfully slow. You can't do that and drive it from here to Oregon or something. You have to have direct, fast-charging stations, which Tesla has built, and so forth.

But all the challenges that people have talked about in the last ten years about electric vehicles, we saw early on, frankly. And we were committed to overcoming that, but also realized that without significant breakthroughs in the life of batteries, lithium-ion batteries, or whatever—at that time, we didn't know, whatever source the battery may be—that it was going to be a long slog in many cases. But somebody had to step forward and really promote this. And so that's what led to the creation of CALSTART. And it's had a consequential impact on the state here, and on the nation, too. Today, it's a pretty good-size operation, has a lot of federal contracts continuing.

06-00:11:43

Eardley-Pryor: You told a story about, on Earth Day, when you were running for office, giving a talk at one of the community colleges about the end of the combustion engine. This was in 1970.

06-00:11:53

Peevey: I was a little way before my time.

06-00:11:56

Eardley-Pryor: Yes, twenty years later, here you are working on it.

06-00:11:57

Peevey: Yeah, thirty years, yeah, that's right.

06-00:12:00

Eardley-Pryor: So this brings up something that I've been curious about that I think will help set up a lot of what we're going to talk about today, and that's efforts to mitigate climate change, and how to do that through policy mechanisms. But the bigger question for me is, for you, where did your interest and knowledge about climate change come from? When did climate change as an issue first come on your radar?

06-00:12:25

Peevey: Oh, it's a good question. It didn't all just appear all of a sudden as a bolt of lightning. But reading some technical journals and all about electricity future markets, how it's generated and all, and the significant downsides of different generation sources of electricity got me interested in it. At Edison we used coal, out-of-state coal. We generated power, a big power plant in Nevada, and had big interests in a power plant in Four Corners—the four corners being Arizona, New Mexico, Colorado, and Utah, where they all come together. There's several big power plants there that use coal from the Navaho Reservation. And we had a big coal plant outside of Las Vegas at Bullhead City on the Colorado River in Nevada, but right across the border from California, that burned coal—also from the Indian tribes in Arizona, which came via slurry along a 242-mile pipeline that conveyed this coal slurry. That's just a kind of coal dust—not dust, but coal kind of mixed in with water and everything else that comes in. It's dried out, and then, you burn it for a power source.

The biggest concern early on with coal was what it was doing in two major regards: the health of the people that actually mined it—although this kind of mining in the West was surface mining, it wasn't a deep underground mining like West Virginia or Pennsylvania—and its impacts upon them and their health, number one. And number two, the severe environmental consequences of it in the East and in the West. It was air pollution that was very significant from coal. Those people that grew up in the East know how buildings would get over the years, blackened and so forth. You can imagine what that's doing to your lungs, if it's doing it to the buildings. You're breathing all that in. In the West, it was more land-use kind of questions, as massive movements of earth and all that. Environmentally, to recover the coal had other environmental consequences, including water pollution and many other things. But from those things, it leads you to wondering, what was the atmospheric or consequence of burning hydrocarbons generally? Because we realized a long time ago that the weather in a big city is different than it is out in the rural areas. And part of that was caused by what came to be known as the greenhouse effect, where you suppress the ability of light from afar and so forth.

06-00:16:06

So, all those things led one, in a kind of step-by-step way—I think at least it did with me—into an awareness that we, as a race, human race, were having consequences on our environment, not just on water and on air, but overall on the environment in terms of, perhaps, a climate change. There were episodic things that gave hints of this. So it was a process that grew, but it wasn't just one all-of-a-sudden revelation, even. But by the time Al Gore had written his book—and Al Gore did an awful lot to publicize the dangers of climate change.

I think many of us, or some of us, in the energy industries were conscious that a consequence of burning coal and oil and natural gas, along with the burning of petroleum fuels in automobiles and trucks and trains and diesels and all, were, all combined, having some consequences on the climate of the world that was totally unanticipated or didn't exist 100 years prior. And then you started thinking about what can be done about it, and so on and so forth. And that was one of the reasons why the awareness of that, by people at the very top in a utility like Edison under Bill Gould, which is Howard Allen's predecessor, got him so interested in renewable energy. And I think we talked about Gould briefly before—a great man who had a vision of trying to move the country away from coal in favor of less invasive and damaging environmental impact technologies. He'd been a big supporter of nuclear energy as one of those, and there are many people still today that believe that the world, if it doesn't make a bigger commitment worldwide, that nuclear energy will never get to the kind of climate goals that we want, reductions, or not reductions but capping that we set in COP 15 [the fifteenth Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) held in Copenhagen, 2009] and the Paris Accords [a 2016 international agreement within the UNFCCC on reducing greenhouse gas emissions to mitigate climate change], an international treaty started back with Kyoto [Kyoto Protocol, a 1997 agreement committing parties to greenhouse gas reductions], and so forth.

06-00:18:50

Any rate, so, my awareness began, I suppose at Edison. And I became more sensitized when I went in the power business. And by time I got to the [California] Public Utilities Commission, I was quite concerned about climate change, and thought that society, it really had to deal very seriously with it. I have to say, I was pretty much a minority, not of one, but a small handful of people that were aware by 2002, 2003—it's not that long ago really, is it?—of how serious an effect climate could have. And let's face it, here we are in now 2019, and we have a [US] president that is doubtful about the negative impacts of climate change, and an overall society that is hardly, I would say, swept away by the fear of it. Although, that is growing, particularly in a place like California, where we've had these terrible wildfires. But even in the weather—the polar vortex and all that in the Midwest just this past week was the coldest temperatures ever recorded, that we know of, that's ever been

experienced in Chicago and Minnesota and elsewhere in the Midwest. It is increasing people's awareness, as has sea level rise. There's a whole series of things that, at first, seem maybe not connected, or not directly connected, but now seem—I think the awareness has grown tremendously—that they are all connected and we called for awhile “global warming.” Now we just refer to it as climate change.

06-00:20:47

Eardley-Pryor: But that awareness of climate change and particularly global warming sounds like it had percolated for you through the nineties.

06-00:20:53

Peevey: It did.

06-00:20:54

Eardley-Pryor: And maybe Al Gore's *Earth in the Balance* [Al Gore, *Earth in the Balance: Ecology and the Human Spirit* (1992)] was kind of the tipping point for you?

06-00:20:59

Peevey: Well, I wouldn't say it alone was the tipping point, but it certainly brought things into greater focus, because what Gore did by writing that, and then making a film—

06-00:21:19

Eardley-Pryor: And the film came out in 2006, so it was some time.

06-00:21:22

Peevey: It was, but with the book and all—he had started to be a champion of concerns about climate change when he was in the [US] Senate, before he became [US] Vice President. And you were aware of those things and his concerns, and anybody that has any environmental bent, of which I certainly do, is very aware of it. But it didn't seem, at the start, like climate change was as pressing an issue certainly as it is now, or as immediate as it is now, you know. Somebody went, “Okay, we have plenty of time to deal with it, but we've got to save *x* national park from its destruction,” then the priority went to saving the national park. That's changed now, but that's the way it was. But yes, Gore, in this country, did a tremendous amount of good in his publication of his interests and articulation of the dangers of climate change. No doubt about it.

06-00:22:26

Eardley-Pryor: And you were, certainly, from what you say, a minority among people in positions of power, particularly through the energy industry, in realizing this?

06-00:22:33

Peevey: Oh yeah, I mean when I was on the PUC trying to convince some of the CEOs of some energy companies and all this was a real problem, seemed kind of vain. Until one by one, they would start talking more to their technical people and the scientists and engineers and come to the same conclusion. I think it's fair to say, particularly here in California, that the sophistication and concern

was more advanced than it was, maybe, in places other than maybe Harvard and MIT in the Northeast.

06-00:23:08

Eardley-Pryor: Can you help me put a timeframe as to when some of the people within the energy industry that you had spoken with, where their minds began to change?

06-00:23:18

Peevey: The middle of the last decade, early part of that decade.

06-00:23:27

Eardley-Pryor: Say, early 2000 to mid-2000s?

06-00:23:29

Peevey: Yeah, I would say, yes. And it culminated with the passing of the California Global Warming Solutions Act in 2006. I mean, it didn't culminate in terms of public interest. It culminated in terms of awareness by legislators and others of this. That was a big thing in 2006, because California's the first state to do this, by far, and it took a Herculean effort by the legislature, the legislative leadership: Assemblywoman Fran Pavley, the speaker of the Assembly at that time; Fabian Nunez; and the governor at the time, [Arnold] Schwarzenegger, plus many others; but those were some of the particular leaders—and Susan Kennedy, who was the executive secretary and chief of staff of Governor Schwarzenegger—to push the legislature to act on that in 2006.

But the awareness started, I think the more serious awareness started a few years before that—maybe as much as, I won't say a decade, but four or five years before that. There was no one particular event that triggered that, just a growing awareness, scientific journals, reports, and all that. But certainly not the average person, even average informed person, had much knowledge.

06-00:24:49

Eardley-Pryor: Well, we're moving towards the discussions of policy, so maybe this is a good point for us to—

06-00:24:56

Peevey: I'll tell you just a funny brief story, which I don't know if we ought to include in this thing or not, because it's got a little profanity. You know there's a club in San Francisco, well-known speakers' club called the Commonwealth Club, and they, in 2006, gave me an award for climate leadership, or not just climate leader, just environmental leadership, I would say. I got the big curved piece of glass on my desk in the other room there, and they had me speak. They told people to ask questions, and one asked about climate change and how it had become more—the awareness was increasing. So this was after Gore, so to speak, after Gore's *Earth in the Balance*, and all, but—

06-00:25:56

Eardley-Pryor: And after the movie [*An Inconvenient Truth* (2006)], or around the time the movie came out in '06?

06-00:25:58

Peevey:

Yeah, that's right, it was. Because I was in a situation with the former president—or the President pro tem[pore]—of the California State Senate, kind of a legendary character named John Burton. He's still around. He lives in San Francisco and he's in his late eighties now, I guess. And his brother was a famous member of Congress, Phil Burton, who was a great environmentalist. But, any rate, someone asked me about this, and I said, "Let me tell you a story." I said, "I ran into Burton up at"—now this is me at this conference, this evening dinner, actually.

06-00:26:41

Eardley-Pryor:

At the Commonwealth Club.

06-00:26:42

Peevey:

Yeah, right. I said, "Let me put it to you this way." They asked me about climate. I said, "I had this conversation with John Burton, the president of the State Senate. I said, 'Have you read the Gore book, and seen the film, and all?' And he says, 'Yes,' and I said, 'What'd you think?' He says, 'Well, let me give you the bottom line'"—this is Burton, he's a man known for his profanity. He said, "Let me give you the bottom line: Mike, you and I are okay; our kids are probably okay; but our grandkids are fucked." That's what Burton got out of Gore. [laughter]

06-00:27:29

Eardley-Pryor:

That was the distillation of climate change.

06-00:27:31

Peevey:

[laughs] Yeah, all into a sentence, or a couple of sentences with semicolons.

06-00:27:37

Eardley-Pryor:

When you were at this event, the award ceremony at the Commonwealth Club, were you getting pushback around climate change? Is that why this story emerged?

06-00:27:50

Peevey:

Pushback from—?

06-00:27:52

Eardley-Pryor:

I mean, were you asked to come and speak on the issue of climate change, in the light of the legislature passing the—

06-00:27:56

Peevey:

No, no, they gave me an award for championing other things, at the PUC as well. But no, there was not pushback in a negative way, no. There was just more, I guess to some degree, lack of interest, or more just kind of lack of knowledge by people. It's awfully difficult to get your hands and your arms and your mind around something as consequential for the planet as climate change. It truly is. I could just see [US President Donald] Trump right now saying something—maybe he has, maybe he hasn't. But he did in it another context earlier, saying something about this polar vortex—has been minus

fifty in Chicago and all—saying, “What do you mean, climate change? Look, it’s the coldest it’s ever been.” Like, people not understanding that you could have all kinds of episodes, or the episodic responses within a general pattern or a trend or a movement. The earth is getting warmer, there’s no question about it. There can be percolations in variability from year to year. We know CO₂ in the atmosphere is at all-time high. We measure it on the Big Island of Hawaii—which has very clear and unimpeded views of the whole solar system—but we could measure the CO₂ there, and elsewhere in the world. But that’s one that we, in the United States, that the University of California’s part of and—

06-00:29:39

Eardley-Pryor: Yeah, the Keeling Curve comes from that, the measurements at Mauna Loa.

06-00:29:41

Peevey: Yes, it does. And the Salk Institute is involved, from UC San Diego, and all that.

06-00:29:53

Eardley-Pryor: And Scripps [The Scripps Institution of Oceanography].

06-00:29:53

Peevey: And Scripps, yeah, that’s what I meant, and so forth. So, it’s tough for people to get their hands or arms around—the average person—about climate change, because they have more immediate problems. You got a job. You got to make payments. And it seems if, “Well, this is going to happen ten years from now, I’ll worry about it ten years from now.” That tends to be the attitude. People in this state, we’re much better about that. We anticipate and try to deal with things way ahead of time in California, I think, environmentally, at least some things. We haven’t done such a great job in housing, pretty poor, and other things. But anyway, we’re wandering here. Let’s—

06-00:30:41

Eardley-Pryor: Well, yeah, to get back to your point about the enormity of it, there’s an environmental theorist who calls climate change a “hyperobject” [Timothy Morton, *Hyperobjects: Philosophy and Ecology after the End of the World* (University of Minnesota Press, 2013)]—that it’s so big, it’s almost impossible to really wrap your mind in terms of its scale, how it touches everything, and the way it projects back in time and forward in time. It’s hard for the human mind to grab something that powerful.

06-00:31:01

Peevey: I think that’s true. And then, people, you also realize that it’s, for certain places like Canada, at least in the short term, the growing seasons are going to be expanded, which makes a big difference if you’re up in Alberta or Saskatchewan, and the growing season goes another two to three weeks. Because there’s less cold, and the permafrost zone will retreat a bit, which is happening around Churchill [in Manitoba, Canada, along the Hudson Bay]

now where we were last summer—a bit, not radically yet. And there's another whole fear then of what happens when CO2 releases from permafrost.

06-00:31:57

Eardley-Pryor: And methane.

06-00:31:57

Peevey: And that's where you get to the point you're making. Dealing with this, it seems so huge, and so many consequences potentially, that it kind of blows your mind and you go back to more mundane things.

06-00:32:16

Eardley-Pryor: That almost is a good segue for us to start talking about some of these policy issues, and how do you reconcile some of these challenges? The last interview session that we had, we ended around the time period in your life of 1999. You're involved in starting True Pricing, with Jeff Martin, Lisa Bicker, and it's around this time when the energy crisis in California begins to percolate. So, maybe we can transition to start talking about the energy crisis, and move forward into some of the environmental actions that happened in the wake of you getting involved in this issue.

06-00:32:51

Peevey: Well, sure. As I think we explained and talked about last time, I had, after I left Edison, a couple years later created a company called New Energy Ventures, which became New Energy, which became a very successful alternate energy producer and seller of commodity in California, and on the East Coast and elsewhere in the United States. And we sold that company in the summer of 1999 to AES, Applied Energy Systems, and I stayed on until early 2000. And we created a company called True Pricing, which was not a success, but it lasted for a couple of years.

And oh, now, the energy crisis in California, so called, began in 2000. It began in the spring, early summer of 2000, in San Diego. Why San Diego? Because the major utilities in California—PG&E, Edison, and San Diego Gas & Electric—all became affected by what I'm about to describe, but in a different time frame. The first was San Diego, and first was San Diego because it got out from under some state obligations first as a utility.

What happened was that, companies like—and people talk about Enron, and Enron, in a way, is the symbol—but all, a zillion and one companies began to figure out how they could game the new system of energy procurement and sales in California through what was called the Power Exchange, and various other entities, because the utilities had been forced to sell most of their generation in the late 1990s, as part of the deregulation scheme that became law.

06-00:35:21

Eardley-Pryor: Were they forced, or was that just an economic incentive for them?

- 06-00:35:23
Peevey: They were forced.
- 06-00:35:24
Eardley-Pryor: They were forced. I thought it was a way for them to get rid of their debt.
- 06-00:35:27
Peevey: They were forced. They were forced to get out of the generation business, other than the nuclear and the hydro business, because of the belief that we would create a whole bunch of new sellers of electricity and introduce competition into the market, into the wholesale market, and customers would benefit from that.
- 06-00:35:48
Eardley-Pryor: Did the PUC, at the time, were they the ones enforcing the sales?
- 06-00:35:52
Peevey: Yes. Well, it was the PUC, but that program got basically adopted by the legislature in Assembly Bill 1890 by Assemblyman [James L.] Brulte and passed in '96.
- 06-00:36:13
Eardley-Pryor: Now that we're on that, maybe you could frame a little bit about how [California legislated energy deregulation.] You talked briefly about how the energy crisis has its roots in this new energy market that's created in California, the deregulation of the energy market, and that effort really began, you'd made mention of—
- 06-00:36:30
Peevey: Is there a light that flickers in here?
- 06-00:36:31
Eardley-Pryor: This one on the corner, a little bit, but—
- 06-00:36:33
Peevey: Does it bother you?
- 06-00:36:34
Eardley-Pryor: No, it's okay. You're still lit fairly well here.
- 06-00:36:37
Peevey: I'm sorry.
- 06-00:36:37
Eardley-Pryor: No, you're fine. But maybe we could talk a little bit of framing, of a little bit more detail about how this happened. And particularly, I'm thinking Steve Peace's efforts to shape the way that the energy markets were created. You mentioned the Power Exchange that comes out of this. [There's also] CAISO, the California Independent System Operator that comes out of the deregulation; the Electricity Oversight Board that comes out of this. Can you

tell me a little bit about what Steve did to help shape it, Steve Peace's role in shaping what eventually did lead to become the energy crisis?

06-00:37:07

Peevey:

Well, look. This is really funny, because, since I saw you last, on Monday of this week [January 28, 2019], I was on a panel in downtown Los Angeles put on by a group called the Verde—Verde, V-e-r-d-e—Xchange, talking about our energy policies, what's next, or the crisis at PG&E and what does it mean, and so forth. And on the panel with me was Mary Nichols, who is chair of the California Air Resources Board [CARB], and Steve Peace [laughs]—Steve Peace, who came out of hibernation or whatever. He lives in Chula Vista, south of San Diego. Nobody had seen him in quite a few years, and he was as difficult and cantankerous as ever, a very bright guy, very able guy.

But if he sat right here, he would be the first to say to you, “I didn't create the energy crisis. I helped draft the statute. The PUC was the one that came up with the language and the law,” blah, blah, blah, blah, blah, “and all I did was take it and put into a bill form.” Now that's a gross exaggeration. He was very instrumental in the drafting of the legislation, but it did begin with the California Public Utilities Commission. And the California Public Utilities Commission could have done this without a statute, but it chose to—it would be better to have it be done by statute. You get greater consensus in the state.

06-00:38:43

Eardley-Pryor:

Why did Steve Peace take that on?

06-00:38:45

Peevey:

He had a big interest in the issue. He had a big interest in the issue. Other than that, he's a very intellectually stimulated guy. I think he found it an incredible challenge to try to legislate amongst all these different competing interests: enviros, the unions, the government, the utilities, the regulators, the business who wanted competition, believing they would give you cheaper prices, more competition, and so forth. To legislate in this, I think, was an incredible challenge, and he did an incredible job. He came up with the bill that got unanimous approval in both Houses of the legislature, and the support of the then-governor, a Republican named Pete Wilson, is how it all came to be. But, it is—well, let me get back.

Enron and others began to figure out that you could game this system, and it gets complicated to go through all the reasons why they're buying and selling power. They would buy power, move it out of state, and bring it back again with jacked up prices. They had all these slogans: “Fat Boy” and “Ricochet”—these are terms that their traders used moving power around. That was Enron, but it wasn't just Enron. Everybody, all the people in the wholesale markets, participated in the jacking up of prices—and I'm talking about municipal utilities as well as private companies. PG&E had a trading company; they were involved in this. The Los Angeles Department of Water and Power, a public agency, was involved in this. They were all later fined by

FERC—they are still—by the Federal Energy Regulatory Commission, that's FERC. And there're many, many, many other players all around the West that engaged in this. Enron was one, and may had been the intellectual leader, but they weren't the primary offenders, only because I don't think they had the size to be that dominant.

What happened was that the wholesale price of the utilities that they had to pay for electricity—remember now, they had sold off much of their generation, so they were now at the mercy of sellers to meet their load. You follow?

06-00:41:23

Eardley-Pryor: The utilities had sold off their power generation—

06-00:41:26

Peevey: Most of it, not all. Not all.

06-00:41:26

Eardley-Pryor: —and now they just owned the lines?

06-00:41:27

Peevey: Not all.

06-00:41:29

Eardley-Pryor: They just owned mostly the transmission?

06-00:41:30

Peevey: Yes, but they didn't own the power plants, most of them. They had gas-fired plants. That was, at the time and still is, the predominate source of electricity in the State of California, came from burning of natural gas in power plants. That's still the case today—less so than it used to be, because we have more renewables, but it's still the case, and probably will be for another ten or so years. Any rate, these power plants they owned could not—first place, they would only be selling power to themselves. So, there was no reason for them to screw around with the price to charge. You follow me?

06-00:42:13

Eardley-Pryor: Mm-hmm.

06-00:42:13

Peevey: Secondly, the price charged declined over time, because that's the way utility ratemaking is done. It's called a depreciating asset. It's worth \$100 year one, ninety dollars year two, eighty—and you depreciate anything, your car or anything else. So the price that the product was sold for, is reflected to that depreciating asset over time. Do you follow what I'm saying?

06-00:42:37

Eardley-Pryor: Was that engineered into it? Because why would the energy change price?

06-00:42:42

Peevey:

Energy didn't; the value of the utility—this gets complicated. The way they make money is on the value of their plant—I'm trying to explain to you why they didn't have any interest in jacking up the price, when it was owned by the utility. That's all I'm trying to say. The energy or gas price could vary, and the price in the generation would vary, but that didn't go to the utility as a profit. If it went up, they didn't get any of that. It was only the seller to them that got the higher price. Are you following me?

06-00:43:22

Eardley-Pryor:

In order to get their hands on whatever they were creating the energy from? You mean if the price of gas or the price of coal went up and down, that's where the fluctuation happened?

06-00:43:31

Peevey:

Well, it did go up and down to some degree, over many, many years. It always had. But the utility wasn't making money on that. The utility was making money on its capital investment. So once it had the big capital investment—they built this great big power plant worth a billion dollars or so—the next year, it wasn't worth a billion dollars anymore. It was worth \$900 million. This is fictional, but I'm just trying to illustrate what's called depreciated—what they earn on is a “depreciated rate base.” So, it would go down, down, down.

Okay. That market ended, because they no longer owned these power plants. Now they're owned by Enron—except Enron never owned any, actually—but many other companies. And they were buying gas themselves. And then they were able to set the price as whatever the market would bear. Okay?

06-00:44:32

Eardley-Pryor:

That's what would happen through the Power Exchange?

06-00:44:34

Peevey:

Yeah, I'll get to that. So, they wanted the prices to go up, right? There was incentive to go up; they were incentivized to go up, right?

06-00:44:46

Eardley-Pryor:

Yeah, they want to make money.

06-00:44:47

Peevey:

If you're in the market of selling commodity, you would like to see the price of the commodity go up. If you can recoup that—how do I put it? You want to see your involvement in the price go up, so that you could enhance your profits. Right?

06-00:45:08

Eardley-Pryor:

Sure, of course.

06-00:45:09

Peevey: And the idea is, there'd be all these different power plants competing with one another, and therefore, that wouldn't happen.

06-00:45:15

Eardley-Pryor: So, the competition was an idea to drive the price down.

06-00:45:18

Peevey: Well, or at least not have it go up, at least. Well, that didn't work. It didn't happen. They all kind of conspired. They seemed to, all the producers—wasn't just Enron—kind of conspire to fix prices at the California border for the power coming in and so forth. But—

06-00:45:35

Eardley-Pryor: Well, let's pause here; because how? So, you've explained your role in creating New Energy Ventures, that you were able to come into the market and offer a lower rate to long-term contracts, and that's how you were so successful with New Energy. But how was the market that was created in this deregulated space driving up? Why didn't competition create a baseline price?

06-00:45:56

Peevey: That's a very good point. And it didn't because the people conspired, just like you do in oligopolistic industries, to have a price leader, and then they move power around. And that's what happened. It came as a shock to people. It wasn't supposed to operate like that, but that's what started to happen. The traders from company *a* would talk to company *b* to company *c*, and they would conspire. They had signals. There'd be a price leader, maybe one day, and everything just got out of control. It was wild how it got out of control where prices were all of a sudden going up five times what they ever had before. This is so complicated. There's so many pieces to it, but—

06-00:46:53

Eardley-Pryor: But it's important. You're one of the few people that has this direct involvement that can try to explain what happened—and then how did you resolve it.

06-00:47:03

Peevey: Well—

06-00:47:05

Eardley-Pryor: So, let's get back to how this happened. There's conspiracies happening essentially among the major players, these new players, to drive the prices up. That's what happened?

06-00:47:16

Peevey: Yes, and the FERC—this has all been tried in the last ten, fifteen years before. FERC and the state has got back billions of dollars from the price gouging. It was no question it was price gouging.

06-00:47:34

Eardley-Pryor: And the state has since, through FERC, has been able to recoup some of those?

06-00:47:38

Peevey: Yes, but, maybe a fifth of what happened, or a fourth. There's still a couple cases today, still lingering almost twenty years later. Any rate, so that started it.

06-00:47:52

Eardley-Pryor: And why San Diego?

06-00:47:53

Peevey: It started in San Diego. It started in San Diego because, originally, there had been some price controls put on those new power plants. Once the utilities were paid off—San Diego Gas & Electric is paid off—the cap went off, so that the sellers of power to San Diego were free to charge San Diego what they wanted to.

Now, here's what I'm trying to get to. You understand what's going on. You have, for you, for me, you have your retail rates that are set at this price. They're set by the [California] Public Utilities Commission. You could only charge so much. They have to approve your rates, for Edison or PG&E. And PG&E or Edison cannot increase those rates just because they wish to. They have to go to the Public Utilities Commission, put forth a case, explain why it's justified, and so forth.

06-00:49:01

Eardley-Pryor: So those retail rates are capped by the PUC?

06-00:49:03

Peevey: Yes, yes, the retail rates capped by the PUC. But on top of that, you have wholesale rates, right?

06-00:49:09

Eardley-Pryor: And that's the rate that the utilities are buying their power, on the wholesale market, this new exchange?

06-00:49:16

Peevey: That's correct.

06-00:49:16

Eardley-Pryor: And that exchange, it's being manipulated outward?

06-00:49:17

Peevey: Yeah. Now, the way it had been was that much of this power had been produced by the utilities' own generating plants. And they had no interest in screwing around with the price of that, because they wanted to keep it as low as possible because they were getting, from their rate payers, this—

06-00:49:38

Eardley-Pryor: A fixed rate.

06-00:49:40

Peevey: Now, all of a sudden, you have new players. And they don't care about the retail rates down here, which are fixed by the Public Utilities Commission, for utility rate payers or customers, because they want to charge as much as they can to the utility, and maximize their profits. I'm making it simplified, but that's what it comes down to. All right. And that went on, began in San Diego and started to spread.

06-00:50:07

Eardley-Pryor: Well, let me pause you here to make sure I'm understanding it, and then ask a follow-up question related to this. So the retail rates that consumers like me are buying power at, that amount is fixed by the PUC. There's a cap on what a retail rate is or what a consumer buys?

06-00:50:23

Peevey: Well, it's more detailed than that, but that's the idea, yes.

06-00:50:26

Eardley-Pryor: And, through the deregulation and the creation of this new California energy market—the Power Exchange, et cetera, this wholesale market of where the utilities are buying their power from—now, these new privatized companies that are coming in, from Texas and all over the place, they are charging higher rates. The wholesale rate of electricity is much higher, and growing through kind of conspiracies in this market?

06-00:50:47

Peevey: Yes.

06-00:50:48

Eardley-Pryor: So, the utilities are in a bind here, where they're buying power that's much more expensive on the open market, but they can only sell it at a fixed rate because that's the rates.

06-00:50:57

Peevey: You got it.

06-00:50:58

Eardley-Pryor: Okay, so if that's the case, what I don't understand is how is that California consumers saw their prices going up? San Diegans, of my understanding, people in San Diego saw their energy bills raise triple in this time period. If there's a retail rate fixed that the PUC has, how is it that consumers had to pay more?

06-00:51:23

Peevey: The second phase of the program, of AB 1890 and deregulation and all this, once San Diego [Gas & Electric] had paid off whatever other debts it had, it was free. It had freedom to adjust its rates upwards, its retail rates.

- 06-00:51:41
Eardley-Pryor: So, the PUC allowed San Diego Gas & Electric to raise their retail rates?
- 06-00:51:43
Peevey: Essentially, that's correct. Statutorily, that happened, but yes.
- 06-00:51:48
Eardley-Pryor: Whereas PG&E and Edison did not have that same freedom?
- 06-00:51:52
Peevey: Right.
- 06-00:51:55
Eardley-Pryor: So that's why it happened in San Diego first.
- 06-00:51:56
Peevey: But San Diego was still plagued. I can't remember exactly—we could go back and look this up—I can't remember exactly how much freedom San Diego had to set the rates itself. Because they did get in the same bind the other two ultimately got themselves into, in which they had a huge overhang of debt from paying much more for power here [in the wholesale market], and it not being reflected in their retail rates. It was reflected to some degree, but not anywhere near what it should have been.
- 06-00:52:37
Eardley-Pryor: In what the actual costs were?
- 06-00:52:39
Peevey: Correct, and San Diego started screaming about this, in the June, July timeframe in 2000, saying, "We're out from under this deregulation scheme, now we're in it, and everything is going to hell in a handbasket." And they went to the [California] legislature and essentially got a bill passed that only applied to them, that said, "The state will take on the obligation, the State of California, to make you whole, ultimately." I think they gave them within five years, or something like that. I can't remember the detail of it now. They got a statutory protection—you follow what I'm saying?
- 06-00:53:29
Eardley-Pryor: Through Assembly legislation?
- 06-00:53:31
Peevey: Through the legislature, through a bill. I don't remember whose bill it was, but yeah, it was somebody from San Diego.
- 06-00:53:38
Eardley-Pryor: Where the state says, "We will agree to pay this difference."
- 06-00:53:41
Peevey: Yeah, "One way or another, we'll make it up. The PUC will make it up to you," or yes, that's essentially going to be the PUC. Edison had a chance to be part of that, because they said, "Same is going to happen to us." They chose

not to, for reasons that I've never understood. But anyway, it didn't apply to Edison; didn't apply to PG&E either. Instead, the utilities went to the Public Utilities Commission—now we're from June, we're now in September of 2000, okay, and October—and basically said to the PUC, "These wholesale rates are going way up. You've frozen our retail rates. Either adjust our retail rates up to reflect the wholesale rate price, or we want to go buy a whole bunch of power, big volumes of power. We could get it in the Northwest for five cents a kilowatt hour," which seemed like a good deal at the time, a really good deal, "and that will reduce all the volatility and the competition in this market here, because we'll have these set prices we're paying for. It'll dampen all this frenzy at the wholesale level." You follow me? Because there was frenzy, and the Power Exchange was doing ten times more business than it ever thought it was going to do. It was just—it was chaotic. And many of the people there on the Power Exchange Board were some of the same people that were exploiting this situation. It was really a bad situation. Well, the PUC, under my predecessor, basically said—

06-00:55:23

Eardley-Pryor: This is Loretta Lynch?

06-00:55:24

Peevey: Yeah, yes. [She] basically said, "Okay, we'll allow you to do that, but if your guess turns out wrong on the five-cent power, and it comes in much cheaper"—you follow what I'm saying—"then you're going to have to eat the difference. *You* are going to have to eat the difference—not your rate payers, but *you* as a corporation, not your customers, but *you*, Edison." Edison and PG&E said, "We won't do it on that basis. We don't want that kind of exposure." I thought they were penny wise and pound foolish, to use an old phrase, in that decision. It was a very important decision. They chose not to do it. The PUC was not unreasonable in what they asked for at that point.

06-00:56:17

Eardley-Pryor: That was an okay thing that Loretta Lynch and the other PUC members asked?

06-00:56:19

Peevey: I think so. The fact is, the PUC provided very little leadership at all in any of this stuff at that time, which is another story we'll get to, I guess, when we talk about me being on there, because we haven't even got to the PUC and my involvement directly yet.

06-00:56:36

Eardley-Pryor: So, at this time in 2000, between the summer and these rolling blackouts that are moving across, especially San—

06-00:56:43

Peevey: By the end of the year, yeah.

06-00:56:44

Eardley-Pryor: By the end of the year, or through the summer into the fall, then especially in San Diego, the PUC—well, the utilities go and say, “We can solve this crisis by buying more power, from the Northwest or anywhere else, at this fixed rate. And if we do that, we want permission from the PUC to do so.” And the PUC said, “We’ll let you do that, but if it ends up being something where they lose money, the PUC will not support a rate rise.”

06-00:57:12

Peevey: Well, no. [The PUC said,] “If it ends up where you end up paying more for the power than in fact it is listed as selling for—other words, you make a deal for five-and-a-half-cent power, and it turns out after the fact, reviewing it six months or a year later, that you could have got the power for 4.8 cents, you’re going to have to eat the difference.”

06-00:57:36

Eardley-Pryor: I see.

06-00:57:37

Peevey: And the utility said, “Screw that. We’re not doing that.” That was a critical, judgmental error, in my opinion, by the utilities. Critical. But you see—well, all I can say, it was critical. They didn’t know what to do, and they should’ve accepted that risk. And maybe it would have cost them, I don’t know, fifty, a hundred million dollars under the worst circumstances, and they would have protected themselves totally from what was about to happen to them. Well, any rate, they didn’t accept it.

So what happened all fall of 2000 is the prices jumped all around, but the wholesale price was way up here. [*Motions high up with hand.*] Had been here—this the retail price—had been here. [*Motions mid-level with hand.*] Now it’s up here, and I mean, two to three times higher—two or three times. Well, the utilities have an obligation to serve under the law. They had to keep buying power. They’re buying it at this price. They could not afford to do it any longer. They couldn’t afford it. They didn’t have any more money. PG&E and Edison, they’re using up their cash, literally using up their money.

06-00:58:53

Eardley-Pryor: So, they’re spending all their money to buy this wholesale, and they can’t recoup it through the retail sales.

06-00:58:56

Peevey: They can’t recoup it, because the PUC won’t increase the retail rates. They refused. The PUC kept looking for signals from the governor, governor’s office, and the governor’s office didn’t respond.

06-00:59:13

Eardley-Pryor: Paint the picture for me of what’s happening in California for an average person at this time. What are they experiencing as this crisis is happening?

06-00:59:20

Peevey: Well, they're reading about it in the newspaper, but if they're PG&E customers and Edison customers, it's had no impact at all on them, because the rates haven't changed, because the rates are set here, remember? [*Motions mid-level with hand again.*]

06-00:59:31

Eardley-Pryor: So, the average Californian is not experiencing an energy crisis.

06-00:59:35

Peevey: Is not experiencing any price increase.

06-00:59:36

Eardley-Pryor: It's the utilities at this point.

06-00:59:37

Peevey: With some exceptions—San Diego—they're not experiencing any of this.

06-00:59:41

Eardley-Pryor: When did the rolling blackouts begin then? When was it the average Californian did notice that, "My God, we are in a crisis?"

06-00:59:46

Peevey: They started at—I can't remember exactly, January, December, January time. There were not that many rolling blackouts. There were a few. Brownouts is really a better term than blackouts. Blackouts mean everything is gone. Brownouts mean it varies: this neighborhood and then it goes over to that neighborhood, then comes back again, and your power may be dim, but it's not totally out. There's a lot of complications to that. People did feel it, but they didn't feel it as bad.

06-01:00:20

Eardley-Pryor: So it's the utilities that are in crisis.

06-01:00:21

Peevey: This is all laid out in my book [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)], by the way, in that chapter ["The Bride of Frankenstein," pp. 57–77]. But okay, so—

06-01:00:26

Eardley-Pryor: But I thought Gray Davis—you mentioned that the governor did not do anything. I thought he declared an emergency, to allow for funding in 2000.

06-01:00:32

Peevey: Well, that didn't happen until 2001, really. And no, he didn't do anything. He was frozen in place. Because a couple pictures around here—there's one picture with me and he, my wife, we are all talking to some other people—we'll get to that in a minute.

So, the utilities were getting—the two big ones, PG&E and Edison were beginning to feel more and more desperate. Their reserves were going out the

door buying more power, and they weren't getting rate relief. They kept seeking rate relief, and the PUC kept looking to the governor's office to get him to say, "Okay, let's increase the rates to capture this delta," right? And he was not responding. He didn't respond, and people were everywhere getting more and more frustrated, and really, pretty upset.

06-01:01:35

Eardley-Pryor: What's going on in your life at this time? You're trying to get True Pricing off the ground—

06-01:01:39

Peevey: Yeah, that's about it.

06-01:01:40

Eardley-Pryor: —but you have to have understand [the crisis]. I mean, you have these connections in the industry still.

06-01:01:43

Peevey: Oh, I was watching, yeah. Oh no, I was, and talking to people. And Bob Hertzberg, the Speaker of the State Assembly at the time, was talking to me, "Mike, what do we do?" but I said, "Jesus, Bob, it really takes the PUC to"—you know. There was such incredible frustration because they just felt there was no response from the governor. He wouldn't talk to the CEOs of PG&E and Edison. He, Gray Davis, would not talk to them. I don't know what he was thinking, to be very honest. Warren Christopher, who had been US Secretary of State, was on the Edison Board of Directors, had been for years, set up a meeting in Sacramento with a couple of the senior Edison executives and Davis in the fall, late fall of 2000. He went through all this with him and explained Edison's position, because they felt that he didn't understand, he, Davis, didn't understand what was really going on here. And nothing happened. Nothing happened again. So then they all charged off to FERC, including Davis, to the Federal Energy Regulatory Commission. It's the very end of the Clinton administration, and FERC could have capped those wholesale prices. FERC had that authority, you follow me? They could've put—

06-01:03:03

Eardley-Pryor: Within the Power Exchange, FERC could have come in and said, "Here's the set for wholesale prices."

06-01:03:07

Peevey: They could've, yeah, didn't have to even be through the Power Exchange. They could've just, by their own action, just capped the prices so it wasn't \$500 a kilowatt hour, it was only \$100, or \$120 or so. They could have set a variable rate. They could've acted. But the head of the FERC at that time was a guy named Jim Hoecker, a Clinton appointee who believed in free markets. "Well, this is just the operation of the markets."

- 06-01:03:34
Eardley-Pryor: So you don't want to put a price cap on it, because that's government coming in, big government.
- 06-01:03:37
Peevey: Right, exactly. Now this is at the end of the Democratic administration, and they met with Clinton and they met with the Treasury Secretary at the time, Lawrence Summers—who later became president at Harvard and got fired ultimately. And he said, “What do you need us for?”
- He said, “Davis, you could control these things yourself. You have a Public Utilities Commission, increase your retail rates to reflect the increased cost, and then the market will work itself out. Things will stabilize, and that'll be that.”
- 06-01:04:09
Eardley-Pryor: This is from a Clinton administration that's saying, “The era of big government is over.” So, they're not going to act—is what I'm hearing you say?
- 06-01:04:16
Peevey: So they didn't act. So, we're forced back into California.
- 06-01:04:21
Eardley-Pryor: So it's in Davis's hands again.
- 06-01:04:22
Peevey: Yeah, it had always been in Davis's hands, but yeah. But he didn't want it here, I mean. Yes.
- 06-01:04:31
Eardley-Pryor: Sounds like he didn't want to make a decision. He was trying to get the federal government to make it for him.
- 06-01:04:37
Peevey: Yes, of course. But that's the way politicians are, by and large, not all politicians, but “let someone else take the heat,” or “someone else cure this problem for me.”
- What's happening right now with PG&E, somebody at the legislature: “It's too hot to handle.” How many [politicians] you see in the paper, in this *Press Democrat* and everything else, or the legislature from Santa Rosa, “This is too hot to handle. Boy, people hate PG&E.” Well, that's all true. What's [current California governor] Gavin Newsom done? He's let them file bankruptcy. Now, I feel sorry for him because he's brand new. He's only been on the job a month. He's given this mess, on his lap, first day as a governor. It's terrible for him. I have tremendous empathy for him. The guy is not like Jerry Brown and been around for ages, but, in action, said, “We're going to”—we'll finish up this whole thing probably talking about PG&E in a month or so. But where

does all that go? I have no idea where it all goes, and I had been the one that was deeply—okay, any rate, let's move on. So—

06-01:05:40

Eardley-Pryor: So, in the year 2000—

06-01:05:40

Peevey: to get back to 2000, back to 2000. So—

06-01:05:43

Eardley-Pryor: —no one's making a decision.

06-01:05:45

Peevey: Nobody is making a decision.

06-01:05:47

Eardley-Pryor: The PUC is looking to Davis. Davis is looking to someone else

06-01:05:48

Peevey: They tried to get the FERC, they tried to get the Secretary of the Treasury to tell them to do this and that, and it didn't happen. Meanwhile, wholesale prices stayed way up here. There was all kinds of gaming going on in the system. And, as I said, these terms like "Ricochet" and "Fat Boy" and everything else—which, they were just codes for me to tell you, "I'm going to sell you the power, then I'll buy it back from you, and you would charge me 50 percent more, and then we'll split the difference." Those are the kind of things that were going on.

And everybody was involved in this. The Bonneville Power Administration even was, the federal agency, to some extent, was profiting from this. The Department of Water and Power in Los Angeles was profiting from this. I remember the mayor at the time, of Los Angeles, Dick Riordan, calling me—and I wasn't even on the PUC, but I had been a president at Edison. He had asked me to be the head of DWP. I think I told you that before? And I turned him down because I had this company, New Energy, and I was in the throes of that, and I couldn't go be a public servant. I would have a few years later, or maybe even a few years before, but not at that time. "Mike," he said, "what do I do about David Freeman?" David Freeman—who I had told you earlier today was former head of SMUD [Sacramento Municipal Utility District]—he's now head of Los Angeles Department of Water and Power, a municipal utility, city owned.

06-01:07:15

Eardley-Pryor: By that time, 2000, he's now in charge of the largest utility in LA.

06-01:07:20

Peevey: And the only electric utility in Los Angeles, city owned. It's this Department of Water and Power. And Los Angeles was selling power into these markets, too—you sell to Edison, you sell—and he said, "Mike, what are we going to do? David is not charging, basically, all the [market] will bear. And I need the

money for more cops.” He had a very simple view, but, “This is a windfall for the City of Los Angeles. I could use the money, put more cars”—

06-01:07:51

Eardley-Pryor: That’s eight years after the [LA] riots, I mean, they’re still building.

06-01:07:53

Peevey: Oh, he just wanted to have more cops. He had promised to have 10,000 cops or something, policemen. I don’t remember the details, but he wanted more money for cops. He called me a couple of times, and I wasn’t even an official of anything at the time.

06-01:08:05

Eardley-Pryor: So, he was disappointed that Freeman wasn’t making as much money as he could?

06-01:08:10

Peevey: He wasn’t maximizing the return. From the city’s view, I could see maybe if you’re running a city agency or the mayor, you might feel that way.

06-01:08:19

Eardley-Pryor: What did you tell the mayor?

06-01:08:21

Peevey: I said, “Jeez, I can’t solve your problem with David. You got to do that yourself.” He ultimately fired David. It was six months later, but anyway. So all these kind of things were going on—going on, going on, going on. So, I was at a cocktail party in LA, my wife and I, and we run into [then-governor Grey] Davis. And anyway, he starts, “What do we do about this, Mike,” blah, blah, blah, blah, blah. I said, “I’ll send you a memo.” He says, “Here’s my private fax number into my back office, and no one will see it. Just send me what you think.” So I did. I wrote him out three pages, sent it off to him. I’ve still got it around here somewhere. [*See Appendix.*]

06-01:09:07

Eardley-Pryor: What did you suggest?

06-01:09:09

Peevey: I suggested that he has to raise prices. That was the most elemental thing. The PUC had to raise prices.

06-01:09:16

Eardley-Pryor: The retail prices.

06-01:09:17

Peevey: Yeah. And I didn’t hear anything for like six weeks, just quiet. And then his chief of staff calls me, who I’d known for years, Lynn Schenk. Lynn, a woman, Lynn S-c-h-e-n-k, says, “Mike, this is really a terrible, terrible crisis. You’ve got to come up here and help us. You’ve got to come up and work in

the office here and get us out of this kind of mess.” So I did. I ended up going for a couple months.

06-01:09:47

Eardley-Pryor: When did Lynn reach out to you?

06-01:09:49

Peevey: It was in middle of January. I think it was the seventeenth. I could be off slightly on the date, but it was the middle of January. And I did, I went up in a couple days. I said, “I can’t come tomorrow, but I’ll be there in a week or so.” My wife had just gotten elected to the [California] legislature; so actually, I had a place to stay, off and on. So, I spent a couple months up there just working on—not getting paid. They just paid for my airfare and meals, that was it. Everything else—or not meals, just the airfare. I was an unpaid volunteer working in the governor’s office from mid-January—

06-01:10:27

Eardley-Pryor: Of 2001?

06-01:10:28

Peevey: —yeah, mid-January, 2001, for like two and a half months. And then we wrote a report to the governor. David Freeman got in the act. He left DWP [Los Angeles Department of Water and Power] on a leave of absence to help me out, and a fellow named Vikram Budhraj, who had worked with me at Edison, came along to help out. I brought Randy Hardy—he had been former head of the federal Bonneville Power Administration—as a consultant to help us out about how we get more power at better prices out of the Northwest and all this, but—

06-01:11:02

Eardley-Pryor: Was this the team you created?

06-01:11:04

Peevey: Yes.

06-01:11:05

Eardley-Pryor: Or were these more people that Lynn [Schenk] called?

06-01:11:06

Peevey: No, it’s the team I created.

06-01:11:09

Eardley-Pryor: So, Randy Hardy, David Freeman, Vikram Budhraj—and Larry Hamlin, I think you brought, as well.

06-01:11:16

Peevey: Yeah, Larry Hamlin was another one. Larry Hamlin worked at Edison. He knew how to run the power plants. So, there was—

Eardley-Pryor: Well, tell me about this team. Why these guys? What skills did they bring that you thought you needed?

06-01:11:25

Peevey: Well, okay, let's take Hamlin. Hamlin had operated Edison's—he was vice president at Edison. He operated these power plants. One of the things that was going on—why you had these brownouts, to the extent that they did exist—was that power plant *x* all of a sudden would be closed down. And people wanted to know, “Why has it closed down?” And the suspicion was, they closed down to jack up the prices for everything else, so there'd be less supply. You follow me?

06-01:11:55

Eardley-Pryor: Yeah.

06-01:11:56

Peevey: And there was some truth to that, although it was probably greatly magnified. So, I got Hamlin so Hamlin could go check on these plants himself. And he knew the plants—they're either old Edison plants or they're PG&E plants that are the same vintage and all—and I could trust his judgment. He'd be straight. And if someone was bullshitting you, he would sniff it out. Well, the moment he got appointed, that kind of stuff, I won't say it ended, but it was diminished, okay? Because people knew we had somebody who knew what the hell they're doing, rather than just somebody from the staff of the governor's office or the Energy Commission that didn't have the intimate background.

06-01:12:36

Eardley-Pryor: So by you bringing Larry to Sacramento to help you deal with this. Then did new power plants, or existing power plants, start coming back online?

06-01:12:45

Peevey: A bit, yeah. Exactly.

06-01:12:46

Eardley-Pryor: And that was, in part, because Larry was involved?

06-01:12:48

Peevey: Yeah, people knew that because, you know—and God, at the time, Loretta [Lynch] was saying the state ought to own the power plants and everything else, which, that wasn't necessary. About all you had to do was have some police on the spot that could understand power plant operations. Vikram brought in the skill set of being in the power-purchase business, and could help us buy new and more power. That's why.

06-01:13:11

Eardley-Pryor: He understood the exchange.

06-01:13:13

Peevey:

He understood the exchange, very smart guy, and he understood supply and what could be done. Randy Hardy gave us an insight into the Pacific Northwest, and what was available there, and how you'd get best deals, and so forth.

06-01:13:27

Eardley-Pryor:

Did you know Randy from New Energy Ventures?

06-01:13:30

Peevey:

Yes, I did; yes, I did. Randy had been a good supporter of mine at New Energy Ventures. I told you before, when Edison, [John] Bryson, they tried to put the squeeze on us, he didn't go along with that. Of course, why would he? He was the head of it [BPA] when we bought the power from them. So, yes. But that's how we knew each other, so that was that. David Freeman knew the public power agencies in the West. And [President pro tempore of the California State Senate] John Burton wanted Freeman in the act because he was considered a leftie, enviro type; and he wasn't 100 percent sure of me. After all, I had worked for a big corporation—even though we'd known each other for years. So, he wanted to have some sort of safeguard on there, so Freeman was part of the team.

06-01:14:18

Eardley-Pryor:

In a sense, a check from the pure business interest?

06-01:14:21

Peevey:

Right. And then there was a whole bunch of other people, too—but those were the principal ones.

06-01:14:27

Eardley-Pryor:

That was your team in Sacramento.

06-01:14:28

Peevey:

Yeah.

06-01:14:29

Eardley-Pryor:

And you mentioned John Burton was also involved?

06-01:14:32

Peevey:

Well, I just said, he was President of the State Senate.

06-01:14:34

Eardley-Pryor:

So, when you came to Sacramento, it wasn't just working with Gray Davis and his staff. You were also in contact with the legislature?

06-01:14:40

Peevey:

Oh yeah, yes, absolutely. He had me come and address all the senators in private caucus, or all the Democratic senators, and the same in the Assembly, and all that kind of stuff.

- 06-01:14:51
Eardley-Pryor: So, once you get to Sacramento, how'd you hit the ground? What did you decide you need to do first?
- 06-01:14:55
Peevey: But before we get to that, the situation I had described to you, wholesale here retail here, right? [*Motions high, then motions low.*] It got so bad, all the utilities spent so much capital, their money, they couldn't buy any more power. Banks wouldn't extend them money. They wouldn't give them any more loans.
- 06-01:15:21
Eardley-Pryor: Utilities had no credit.
- 06-01:15:23
Peevey: They lost their credit. PG&E is worried about this happening again [today]. But they lost their credit. Without their credit, they can't buy power. People were worried that there wouldn't be enough natural gas, in your house, or in the distribution system, because they couldn't buy it. So, what happened? The state had to step in. The State of California had to step in and buy the power.
- 06-01:15:53
Eardley-Pryor: And this is before you got to Sacramento?
- 06-01:15:55
Peevey: Yeah, it happened about simultaneous to when I got there. That's when they realized, Lynn [Schenk] and the governor realized, they were fucked.
- 06-01:16:06
Eardley-Pryor: So, this was finally Davis acting.
- 06-01:16:08
Peevey: Well, he didn't even act yet; I'm just telling you. But yeah, he acted enough to get the state into buying the power.
- 06-01:16:15
Eardley-Pryor: So, the state essentially began offering loans to the utilities.
- 06-01:16:19
Peevey: And it's called "sleeving," is the term, where you buy the power for me because you have the credit, and give me the power, and I'll buy it back from you. Owes-ies. You follow me?
- 06-01:16:29
Eardley-Pryor: And did the executive office, the governor, have that kind of ability just to go out and buy power in the open market?
- 06-01:16:36
Peevey: Yes, through the Department of Water Resources, which is already in the power business, but on a small scale. So they operate Orville Dam, up in the north of Sacramento—a big, big dam, thousand-megawatt dam, and other

facilities around the state. They were in the power business, but basically for state agencies. But this full faith in credit of the State of California was behind them—

06-01:17:02

Eardley-Pryor: Through the water district.

06-01:17:03

Peevey: —so they could go out and buy power. And you had anybody selling the power who knew that they were dealing with the faith and credit of the State of California, and the state would have to go bankrupt for them not to get paid.

06-01:17:14

Eardley-Pryor: And then, the state at the time had a surplus, did they not?

06-01:17:17

Peevey: Well, it had, at that moment—yes, it did, but it went through it very fast.

06-01:17:22

Eardley-Pryor: In part, by buying this power?

06-01:17:24

Peevey: In part, by buying this power, yes, that's right. So, I mean, here now you have the Department of Water Resources buying all this power, so they had to go out and hire a bunch of consultants. My friend, Vikram, ended up being one of them eventually. But in fact, the guy that's now president of Edison was the head of Navigant Consulting Company—Ron Nichols, his name is—today is president of Southern California Edison. That's not the number one job; it's the number two job. [laughs] Through all people's futures in the power business, one job leads to another one, what have you.

Any rate, so, I arrive up there mid-January, and everything is just, it's all gone to hell in a handbasket, and we're trying to get a handle on things. And, what's the issue that's on PG&E's mind? Filing for bankruptcy—what a surprise. Because they saw themselves—in the first place, they had this big debt, and they got the state buy it. They kind of froze it at a certain level, but, they had other objectives, too. They hated the Public Utilities Commission—PG&E, the senior management, just hated, they hated the way it operated. They didn't like the president [Loretta Lynch], they couldn't work with her. They felt they couldn't work. Any rate, so they ultimately did file bankruptcy a couple months later.

06-01:19:06

Eardley-Pryor: They were floating that among the legislature and the PUC, saying, "This is on our table?"

06-01:19:10

Peevey: And Edison was thinking about it, too, but Edison didn't want to file bankruptcy. Thank God, and they never did. They were right on the edge.

They could have been forced into filing, if some of the creditors they had, had all combined against them. But they didn't want to file, and I give them a lot of credit for that. So I got involved in all—it's way too much detail here, but I mean—

06-01:19:35

Eardley-Pryor: Well, this is the kind of stuff that only you can offer, Mike.

06-01:19:38

Peevey: Yeah, I know. I understand. Any rate—but I mean, some of the detail, just, you can go on and on and on in a rat hole here of detail. But, so, there I was up there with this team, and we were trying to deal with all this stuff. And we were all over the newspapers. The LA newspapers, they had myself and David Freeman's picture, and a guy named Frank Zarb had been the head of the Federal Energy Agency, way back I guess under H. W. Bush. And, oh God, a lot of it just window-dressing stuff, just total window dressing. And we—

06-01:20:16

Eardley-Pryor: At least through the eyes of the newspaper, this was window dressing? What was window dressing?

06-01:20:21

Peevey: No, we retained these different people to quote, give advice. But the advice, it was kind of ignored, and they never did much anyway. That's politics: a lot of stuff goes in, it's just BS, to be frank.

06-01:20:35

Eardley-Pryor: Well, if you were one of these people that's in these rooms, trying to operate, what was it that you were able to do?

06-01:20:42

Peevey: Well, that's a very good question. Able to negotiate some deals, like getting some power plants further constructed, built and up and operating under what terms much quicker, like Edison had a big one in Kern County. Holding the utilities hands, and trying, [laughs] trying to convince [Governor Grey] Davis that you had to do something about this disparity between wholesale and retail. And trying to do something with the legislature, which was running around like chickens without heads, to some extent. "I got to do this, got to do that." Burton kept saying, his slogan was, "I want a dollar for the hotdog. If I sell a hotdog, I want"—it didn't make any sense, but—

06-01:21:46

Eardley-Pryor: What did he mean by that?

06-01:21:47

Peevey: Yeah, that's just what I'm saying. It didn't make—if he was going to give up something to the utilities to help them, he wanted something back, is what he was saying. At one point, he wanted to have the state take over the transmission system. I don't know what would have ever happened in these

parts if that had happened. I don't think they'd be any better maintained than they have been, probably much worse, but who knows? We don't know that.

06-01:22:10

Eardley-Pryor: What would that have done to help resolve the crisis though?

06-01:22:14

Peevey: It would have given the utilities some money for the transmission system. Until you did something with rates, nothing was going to close that gap.

06-01:22:31

Eardley-Pryor: And no one wanted to do that, because that's when you actually dig into the pocketbooks of California consumers.

06-01:22:36

Peevey: Exactly. Exactly, that's why Davis had been the way he had. You could understand his motivation. He wanted us to find some solution to this problem that didn't have pain for the average Joe Doakes. Problem was that he and the people around him—until I got up there and brought these others—didn't have any knowledge about how this system really worked. It's like the blind man with the elephant: you don't know what part of the elephant you're touching, or how big it is. And then you didn't trust people, and nobody trusted anybody else, and by and large, they didn't. And you had like, the mayor of Los Angeles at the time. What the hell's his name now? I'll think of it in a second.

06-01:23:31

Eardley-Pryor: Riordan?

06-01:23:31

Peevey: Yeah, Dick Riordan. He was being rumored that he was going to run against Davis for governor, so, anything that he did was suspicious. You know what I mean? I was able to be, I think, objective up there, and people realized that, but—

06-01:23:49

Eardley-Pryor: And you also were one of the few people that knew the utility industry, and the deregulated industry, because you had this New Energy Ventures experience.

06-01:23:57

Peevey: Yeah, and I had been in both. Yes, I understood both, yeah.

06-01:24:02

Eardley-Pryor: You were positioned just right. Well, tell me about this positioning, too. You'd mentioned Carol [Liu] had just been elected into the California Senate. You—

06-01:24:08

Peevey: Assembly.

06-01:24:10

Eardley-Pryor: Assembly. So, she's up there. Was that helpful for you in terms of understanding where the Assembly's coming from? I mean, you and Carol, you're coming home in the evening in Sacramento.

06-01:24:20

Peevey: Oh, yeah, yeah. But, no. She's never paid mind to—no, not particularly, because she was never involved in the energy side. She always said, "That's up to you, dear." [laughs] "You worry about it. I got enough hells. I'm brand new here. I'm interested in education." She became chair of the higher-ed committee and all that. No, but it helped me indirectly, in dealing with members of the Assembly and everything else, to have my wife as a member of the Democratic majority, there's no question about it. You know what I mean? People were, they didn't yell and scream at me or anything like that—like happened a few years ago with this Jerry Hill guy more recently. But that's ten years later, twelve years later. So, we were up there, and—

06-01:25:06

Eardley-Pryor: So, tell me about your dealings with Gray Davis. You're trying to convince him to push the PUC to raise rates. What was that experience like?

06-01:25:12

Peevey: Well, you just would listen, but then nothing would come. His chief of staff was Lynn Schenk, and she was just a bundle of nerves. The easiest one to deal with was his cabinet secretary at that time, Susan Kennedy, who understood all these things. And all wanted action, but nobody knew exactly how to get him to move. And we had Michael Kahn—whose name is in the paper now, involved in this stuff. He brought it. Michael Kahn, he's an attorney from San Francisco, and we were trying to manage this so that PG&E and Edison didn't go file for bankruptcy. And I met with PG&E's senior, the CEO, couple of times. In fact, we walked all the way around the park twice there—state capital has that big park, it sits in a park—and trying to talk through why, what had to be done. And everybody agreed that the rates would have to be increased. But remember, you had the legislature in the act, and [John] Burton was saying, "God damn it, we're not going to have the poor people pay for this fuck up by the God-damned utilities and state government!" And he had voted for the deregulation bill.

06-01:26:32

Eardley-Pryor: It was unanimous.

06-01:26:34

Peevey: Yeah, it was unanimous. He'd been one of them. He said it was the worst vote he ever made, later on. So after a couple of months, Vikram had to go back to—he had a consulting job. David had to go back to the Department of Water and Power, because he'd taken a leave. And I told the governor I wanted to, I had to go back to my job in Pasadena, which was True Pricing. This was February-March timeframe.

And we'd accomplished some things, like Vikram and David and I came up with this idea to greatly increase energy conservation, by providing incentives to cut retail bills now. Now we're talking about retail customers. We're trying to reduce usage, because at the time, it looked like maybe there wasn't enough power plants—even when you were policing them with Hamlin and all that—to meet demand, and if there wasn't, we ought to get some more built quickly. And another way to deal with that is to dampen the demand for electricity. So we came up with this, what's called the "20/20 Program," which turned out to be a rousing success, that if you reduced your use in the summer months—June, July, August, September—on your PG&E or Edison bill by 20 percent, you would get a rate relief of 20 percent, which really kind of amounted to 40 percent. Because if you reduced your usage by 20 percent, and were given a credit of 20 percent, you see, that's pretty close to 40. You see what I'm saying? And we came up with that program. One third of PG&E and Edison customers did that, retail customers, cutting their bills for the next couple of summers. There were things like that we kept.

But these were working, in a way, around the edges. The big thing was, you had to deal with the differential in price here. And finally, Davis acceded, or conceded. And the PUC, in one fell swoop, increased rates by 30 percent. Well, that's a big increase.

06-01:29:16

Eardley-Pryor: That's a very big increase. When did this happen? Was this before PG&E declared bankruptcy in April of '01?

06-01:29:22

Peevey: No, it was after PG&E declared bankruptcy. PG&E declared bankruptcy in March, I think. I'm pretty sure it was March. It had to be March, because PG&E, their CEO told me, he called me up and said, "Mike, we're going to"—I'd just left. I'd just left the office there, to go back to Pasadena. And he called me up, said, "Mike," he said, "you are our only hope to work something out here, and you left. And we just can't work with the PUC at all. We're going to file bankruptcy," which, that's what he told me.

06-01:30:01

Eardley-Pryor: What did you tell him?

06-01:30:03

Peevey: Well, I told him I was really sorry to hear that, and hoped they could work something out. But I wasn't going to be the one they had to work it out with anymore. And he said, "You're the only one we could talk to in the governor's office. No one else understands any of this stuff." And it was true. So they filed. That panicked Davis, there's no question.

And this will come back to haunt, I think, Gavin Newsom, this current thing [PG&E declaring bankruptcy in January 2019], because it's only going to get worse in terms of impacts, green impacts, lack of new, clean energy, loss of

conservation programs. Well, we could talk about that later, but I mean—maybe we’ll have to have a second session, just a last session to kind of update us on where we are right now. Although, this, it’s a continuing saga. There’s not going to be any, in the next year or two, any end of it, I’m afraid. We got to end this [oral history interview] thing. I’m finite; it’s not. But any rate—

06-01:31:07

Eardley-Pryor: So, the PUC—

06-01:31:08

Peevey: So, PG&E filed for bankruptcy, and Edison was on the cusp of filing for bankruptcy. Edison had the same attitude toward the PUC as PG&E, and there were over three billion dollars differential between the wholesale rates and their retail rates, and they wanted that three billion dollars. They ultimately were able to get a settlement. I’ll talk about that in a second. So, Davis felt he was pushed in the corner. And he told the PUC to increase rates, and it went up by 30 percent.

06-01:31:52

Eardley-Pryor: In one fell swoop, that’s a giant jump.

06-01:31:53

Peevey: In one fell swoop, but here is the thing that very few people even that read about this understand: not only do they go up in one fell swoop—on average 30 percent—but Burton had been yelling and screaming, on impacts on poor people. When I was working in the governor’s office, I have to say, my biggest mistake on that was that we froze retail rates for low-income people. So their rates didn’t go up. The next ten years, their rates didn’t go up.

06-01:32:34

Eardley-Pryor: Why was that a mistake?

06-01:32:36

Peevey: Because then someone else had to pay the difference. It’s always, you can only cut the apple so many ways, right? So low- and moderate-income people, their rates were frozen. So it came up with this, and this was, to some extent—I remember sitting in a meeting, with Burton and myself and some of his staff, and say, “Why don’t you just freeze the low rates then? I said that. My mistake was, I didn’t say, “Sunset it.” “Sunset it” means it’s good for three years or five years, then it’s gone. That didn’t happen for over ten years, as it turned out.

So, what does it mean? So you come up with a tiered system. If you use x amount of power, you pay y rate, right? If you use x plus one, you pay y plus one; x plus two, y plus two. So, this shifted. If you’re going to freeze the bottom rates, okay, then you’re only working with 60 or 50 percent of the total now; but you still got to have a 30-percent rate increase. Well, do the math. That’s now 60-percent rate increase for the higher-income people, right?

That's what happened. Middle-income people and high-income people saw their rates not go up 30 percent, they saw them go up 60, 70 percent. And that created this incredible backlash among voters in people blaming Davis.

06-01:34:15

Eardley-Pryor: That's where the recall comes in?

06-01:34:17

Peevey: Well, he got reelected a year later.

06-01:34:18

Eardley-Pryor: Yeah, so how did that—

06-01:34:19

Peevey: But he ran against a real weak Republican. People had this feeling that they got screwed by Davis. And so, when Schwarzenegger announced—

06-01:34:34

Eardley-Pryor: On *Jay Leno*. [“The Tonight Show with Jay Leno,” on August 6, 2003.]

06-01:34:34

Peevey: —on *Jay Leno* that he was going to run for governor, geez, all of a sudden, here was this big star, flashy guy, a great guy, running. Davis and his wife, and I think a lot of people, blame his recall on the energy crisis. I think it's more complicated than that. I think he was just basically an unpopular governor. I think a lot of things—the economy had turned down at this time a bit, and all that; he was an unpopular governor. But, it [the California energy crisis] was the biggest single factor, there's no question about it. There was just a deep-seated feeling that he wasn't real competent, or he didn't manage things right.

But, you understand what I'm saying, mathematically? How, if you say, “It's going to go up 30 percent,” but you say, “it's only going to apply to half,” then that half is going to have to pay 60 percent, right? That's just arithmetic. That's where that—so, some people couldn't handle a 30-percent rate increase, no. First place, nobody wanted to see a 30-percent rate increase. It's a big jump, as you just said, by and of itself. But on top of that, supposedly it goes up 60 percent, or 70 percent. Then it's a variable, how much you use and other factors go into it. And you could reduce some of it by cutting your own usage at home, and all those kind of things. But it was just incredibly unpopular. And there you go. That's what happened.

So, that kept Edison from going bankrupt. They saw, “Ah, there's light at the end of the tunnel.” Then they sat down—remember I said there was over three billion dollars not collected—and they negotiated a deal with the PUC to give them their three billions dollars back, in future rates.

06-01:36:35

Eardley-Pryor: On top of this 30-to-60-percent rise?

06-01:36:38

Peevey:

Over time. I can't remember how many years it was they got. So they, basically, were largely made whole—you follow me?—without ever going into bankruptcy. Loretta Lynch was so—and I want to talk a little bit about that in a moment, too, come back to talk about the composition of the PUC at the time, remember that. But they [PUC] were so worried after PG&E going bankrupt and having the second-biggest utility in the state—now you got 80 percent of the state, almost, or that would be, in bankruptcy. Because remember, your other goals you want [in the PUC], environmental goals, other things, are going to be crippled—which is going to happen now [in 2019]—by someone being in bankruptcy. And then, the federal judge can decide where you have to cut in revenues, and what the priorities are, who gets paid off first, and all. These are all things that we're going to face right now, but they were back then, too, the same. Now, the causes were different, but the consequences economically for customers and all can be very similar. Are you following me?

So she [Loretta Lynch] carved this deal, her and her general counsel, a guy named Gary Cohen, with Edison and their law firm, Munger, Tolles & Olson, very skilled group of people, to give them their three billion dollars. Well, that's fine. They could have done that. But they made a deal without any public hearings or anything else. They just voted it out.

06-01:38:15

Eardley-Pryor:

Is that legal?

06-01:38:20

Peevey:

Turned out to be legal. My general counsel, my chief of my staff at the PUC, Pete Arth, had been general counsel of the PUC, he said, "It's illegal. You have to have hearings. You have to do this and that." They didn't do any of that, and they had emergency-basis justification, supposedly. I think the vote was six to one in the [California] Supreme Court, that allowed them to do it, I think. It could have been unanimous. TURN [The Utility Reform Network], the consumer group, took it, challenged it to the Supreme Court and lost.

What it did, which again can be relevant today: it showed you the inherent constitutional powers of the PUC, that's it. PUC is in the [California] Constitution. In other words, you can't change the PUC by the legislature just adopting a vote, except with the acknowledgment and understanding and acceptance of the PUC. In other words, they flirt all the way around the edges, but its inherent power comes derived from the Constitution of the State of California.

We had this a few years ago on another issue—which, when we talk about the PUC later today or the next time we meet—about the R&D program, the Energy Commission, and how we approved the continued funding of it, which the legislature had originally done. And the charge was that we were turning ourselves into a taxing agency. Edison took us to court on that, and Edison

had a very good case, actually. Jerry [Brown, California governor] asked me to do what we did approve continued CEC funding. We did, and we won in court.

06-01:40:26

Eardley-Pryor: Because of its constitutionality?

06-01:40:26

Peevey:

Yeah, well, yeah, as long as you can make a connection, however weak sometimes, between benefits to utility customers and the money, then it was okay. Well, there was a benefit, R&D being the benefit, but previously, the legislature had had to do this. Well, the constitution got changed. The State of California, takes a two-thirds vote to increase taxes in the legislature now, didn't used to, and they couldn't get it to extend this program—been around for ten years—couldn't get two-thirds vote. So, then the governor asked me to do it, and we did—Governor [Jerry] Brown did, and we did—and it was upheld in the courts. I mentioned that in the book, too [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)]. You got to read that part of it. But any rate, some of this has come years later. Comes back, you see?

But anyway, so Edison never went into bankruptcy. They got their three billion-plus back and all. PG&E went into bankruptcy—that drug out for another two and a half years. And David [Freeman], Vikram [Budhraj], and I wrote Gray Davis a twenty-seven page memo. An abridged version of it is in the appendix of my book. You could read it in detail. [See Appendix I: *Progress Report on California Electricity Solutions, Submitted to Governor Grey Davis*, by Michael R. Peevey, S. David Freeman, Vikram S. Budhraj, March 2, 2001, in Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017), pp. 159-179.] We were pretty negative about the PUC in it, about its inability to perform longer term, and so on and so forth.

We met with Davis, spent hours with him on this thing. He took copious notes, and nothing ever happened. Again, it was just so typical. He was not a bad guy. He was a good guy, Davis. But he just seemed—he froze and couldn't act. But, my point is that—well, interesting, I always thought that David Freeman or someone, it would get leaked to the newspapers and be a big thing. Never did, all these years, till my book came out. It never saw the light of day, that memo that we sent there. Now, it's really outdated. But it details all the power contracts that we entered into—this is, again, before I went on the PUC—all the power contracts, new ones that we entered into on behalf the State of California. Remember the five cent number I said? Now we're negotiating six months later eight cents, nine cents, paying. And that's how we got out of the energy crisis. We got all kinds of supply.

06-01:43:12

Eardley-Pryor: So you *were* able to go out and get these long-term contracts, but at a higher rate?

06-01:43:15

Peevey: Well, yes, yes, and some were short term; some were long term; some were mixed; some are just for the summer; some are just during the week. You put them all together, there's like building blocks, pieces. But it's all detailed, all that stuff. I put it in there. No one had ever seen this report. Now it's so old that nobody cares about it.

But it's very interesting what we did, operating out of the office in Los Angeles. And this Ron Nichols who, as I said now, was the head of Navigant Consulting in that [time], and he had a big staff helping in this. Vikram was brilliant in this whole area. And Ken Lay, who was the CEO of Enron, came to us a couple of times, wanted us to buy power from him. But we concluded Enron didn't offer us as good a deal as these other people. So we never bought anything from Enron, and we never get any credit for that at all. And people at the time were saying, "Oh"—believe it or not, you go back and read the newspapers concerned with some of it—"the state blew forty billion dollars paying way too much for power." Over the life of these contracts, we *saved* money by doing it, not cost money. That's the truth.

But people have, institutionally, such short memories, it's just unbelievable. People ask me about stuff now going on, and I say, "Well, we went through that ten, twelve years ago," and they just look at you blankly and they have no idea. And the media is the worst of all because none of the same people cover this stuff. So the reporters are just absolutely terr—they try, some of them try, but it's tough. Any rate, these things happened before I went on the PUC.

06-01:45:01

Eardley-Pryor: This is while you were still working on behalf of the governor.

06-01:45:05

Peevey: Yeah, but even after I left being physically in the office up there—a little rabbit warren of an office, in what they call the Horseshoe, that's the nickname for the governor's office space up there—I continued to do work for him, make calls, and that kind of stuff. I just did it from my office in Pasadena at True Pricing.

06-01:45:29

Eardley-Pryor: So, this was again, going out, making these long-term energy contracts on behalf of the state, through the Water Resources—through the Water District? They were the ones that were able—?

06-01:45:40

Peevey: No, Department of Water Resources is a state agency that runs the dams and everything.

06-01:45:46

Eardley-Pryor: So, you're making these energy contracts through that mechanism?

06-01:45:51

Peevey: Yeah.

06-01:45:52

Eardley-Pryor: And the state is then buying that energy, and then giving it back to the utilities.

06-01:45:57

Peevey: Yes.

06-01:45:58

Eardley-Pryor: And that's what helped to flatten out some of these energy needs.

06-01:46:01

Peevey: Yes. You got it. All that, that's all true, yeah. And the state is still, the utilities even today, still paying a little bit of money for all that stuff—not because of us, but because it should never have got in the business in the first place, should never happen. But if going back to the fall of 2000, if they had given some rate relief at the PUC—even not 30 percent, something—and we had moved aggressively, and had people like Hamlin and all working, we probably never would have got to any of these, any crisis and any bankruptcy of PG&E.

Now, I got to say one other thing about PG&E, though. I want to make sure it's on the record here. Because as president of the PUC, I negotiated them getting out of bankruptcy. But this is about why they went into bankruptcy. Now, remember, I said Edison did not go into bankruptcy. They skirted it. They felt like they could have been forced. They persuaded people to hold off, and they'd find a solution, and they did. They ultimately did [find a solution], in part, because PG&E went into bankruptcy. They became a higher priority to keep them from going into bankruptcy—you follow me, politically?

06-01:47:11

Eardley-Pryor: And that's why the PUC and Loretta were able to do this closed session agreement?

06-01:47:14

Peevey: Well, I think so, yeah. Well, I think that's why Loretta did it, because she was in the governor's office and we—"I can't have another second bankruptcy. It's bad enough, the first one." And it was, of course. But it wasn't so much their bankruptcy; it was all the stuff that went on prior to that, and all the rate increase, everything. Every day, this stuff was page one in the *LA Times*.

These last few weeks, every day, there's two or three articles in the *LA Times*—I haven't looked today—but about PG&E [2019 bankruptcy]. This is Southern California, so the *Chronicle* up there in the Bay Area, and do you read any of those papers?

- 06-01:47:49
Eardley-Pryor: There's even in the *Times*, the *New York Times*, which is where I'm usually looking.
- 06-01:47:52
Peevey: Yeah, but I mean, you don't read the Santa Rosa *PD* [*Press Democrat*] every day, or a little local paper?
- 06-01:47:55
Eardley-Pryor: No, just the [*New York*] *Times*, yeah.
- 06-01:47:56
Peevey: But it's a pretty good little paper, actually. The *New York Times* used to own that. Did you know that?
- 06-01:48:00
Eardley-Pryor: No.
- 06-01:48:00
Peevey: They used to own the *PD*, and the *PD* is *Press Democrat*. When I was a kid, I read the *Press Democrat*—carries *New York Times* byline stories, and all. And I think the *New York Times* West Coast edition used to be printed at the *PD* press in Santa Rosa. I'm not sure of that. Anyway—
- 06-01:48:22
Eardley-Pryor: I don't know what they're covering, but even the news feed that I follow—the “California Sun,” that I get emailed to me every morning—in that, PG&E is a regular story, every day.
- 06-01:48:33
Peevey: What is emailed to you?
- 06-01:48:34
Eardley-Pryor: It's called the “California Sun.” A former California writer for the [*New York*] *Times* now has this feed where he just goes out, finds good articles, and then puts it into an email. [<https://www.californiasun.co/>, by Mike McPhate]
- 06-01:48:43
Peevey: Oh, he puts it all together. But it's not called *The Sun*; it's called something else, isn't it?
- 06-01:48:47
Eardley-Pryor: The email that he creates and sends is called the “California Sun.”
- 06-01:48:50
Peevey: Huh, because there's something called CALmatters [<https://calmatters.org/>], that—

06-01:48:53

Eardley-Pryor: Could be separate, I think. This light turning on and off as we're talking about the energy crisis is perfect. [*The bulb in a lamp behind Mr. Peevey began flickering while he discussed the California energy crisis.*]

06-01:48:56

Peevey: Right, I know, it's kind of funny. [laughter]

I was going to say, just for the record and all that, my own view is that PG&E did all this, including going into bankruptcy, for multiple reasons. One of them, they couldn't stand California regulation under my predecessor [Loretta Lynch]. They felt it was irrational, and blah, blah, blah. I think they feel the same way right now about my successor [Michael J. Picker], isn't this funny? This sounds self-promoting, and I don't mean it to sound that way, but these people seemed to trust me, was the bottom line. Even though they may disagree with me, they thought I was honorable, and was a straight shooter, and all that kind of stuff.

But setting that aside, about Loretta [Lynch], in a way—and I'm not trying to rag on her. Her and I did not get along. We did not work well together. We were polar opposites on almost everything, but she was a colleague at one point, and you can't put all the blame of this or that on her—although people tend to do that. They pick out somebody, "It's his fault." Well, the same is like, could blame everything on [Governor Grey] Davis. Well, Davis is not the one that told Enron to try to manipulate the market. That was a decision by Enron's management. He didn't do things to stop it, but—life is more complicated. It always is, right?

I'm roundabout-way saying, my own strong view is that one of the reasons, a very major reason, why PG&E filed for bankruptcy [in April 2001]: they hoped to get out of California jurisdiction for a piece of their business. What do I mean by that? Their biggest asset, and it's true today, is all these hydro plants they have, all these hydro facilities, dams, they have in the Sierras—4,000 megawatts, a lot of power, not quite 4,000. In a good year, and this is going to be a very good year this year, it looks like, with the storm cells, they could produce—25 percent of their power comes from those hydro plants, and you could run them as much as you want or as little as you want, and therefore run them only at peak times, if you chose, when the prices are highest. But the problem for PG&E, if you're following my thinking here in what I said earlier, they have these plants—some are eighty, ninety years old—they're almost totally depreciated. All they could earn on those plants is the non-depreciated rate base. Let's call it "rate base," the value, just call it the "value."

06-01:52:03

So, if you've spent a billion dollars on a plant, and you've had it twenty years and it's now worth, on your books, only \$100 million because the other parts are all depreciated, you've got that depreciated money back. They can only

earn on the \$100 million, not on the billion dollars, you see? Their investment is only \$100 million. Okay, so, their rates, regulated rates, are a hell of a lot lower than what would be the market rates, certainly under deregulation. So, they could charge, even today, they could charge whatever they damned well pleased if they were out from under the Public Utilities Commission and regulation. Are you following me?

06-01:52:46

Eardley-Pryor: I'm not. So, I followed that the power plants, the hydro plants, aren't worth as much, and so, they can't charge as much for this energy that they are able to produce from it.

06-01:53:00

Peevey: They're not worth as much to PG&E under the existing regulatory structure.

06-01:53:06

Eardley-Pryor: What does that have to do—?

06-01:53:06

Peevey: Under the existing regulatory structure, they earn only on the depreciated rate base. That's what the plant is worth, minus depreciation.

06-01:53:16

Eardley-Pryor: So, if they are creating power—and for a year like this, there's plenty of water—so, they can create a lot of power at these peak times, you said. Why does this depreciated value for the plants themselves matter if they can create energy at a high price?

06-01:53:30

Peevey: Because they don't get any money for that energy. They're only earning on the depreciated rate base.

06-01:53:38

Eardley-Pryor: Not for what they can sell it in the market?

06-01:53:41

Peevey: Right. You asked the right question. But, if you can get out from under California regulation, and you get under FERC regulation, then they could charge whatever the market will bear.

06-01:53:59

Eardley-Pryor: So by going into bankruptcy, they were able to skirt PUC regulation.

06-01:54:02

Peevey: They hoped. They hoped they'd come out of bankruptcy with this part of their business regulated by the Federal Energy Regulatory Commission.

06-01:54:12

Eardley-Pryor: And they can then make more money.

06-01:54:14

Peevey: Much more. Now, what they were willing to do to get there was to agree to sell power from those hydro plants to PG&E Corporation at less than the market would bear for a period of time, up to ten years. They thought people would be satisfied with that. You understand me, saying?

06-01:54:39

Eardley-Pryor: That was part of their bankruptcy agreement [in April 2001]?

06-01:54:41

Peevey: Well, they never—

06-01:54:42

Eardley-Pryor: It's what they hoped would be?

06-01:54:44

Peevey: That's what they hoped when they went into bankruptcy, okay? You understand what I'm saying now, though? You following? You following all of this?

06-01:54:51

Eardley-Pryor: I think so. Their idea on going into bankruptcy was that—their hope—that they could then, through FERC and through federal regulation, be able to work a deal where they would make more money off their hydro ownings.

06-01:55:03

Peevey: Yes. That's the essence of it, yes.

06-01:55:07

Eardley-Pryor: So what happened?

06-01:55:07

Peevey: That's not the only reason they went into bankruptcy, but in my opinion, it was a big reason—they wouldn't say that today. And they had actually secured some sort of agreement with a couple of the consumer groups to do something like that in a non-bankruptcy environment, in exchange for some things. I can't remember the details—it was obscure. But any rate, that's what they wanted to do. When I got involved—now we're jumping ahead to me being on the PUC [from 2002 to 2014]—we negotiated a settlement with PG&E that did a couple things. Number one, it kept them under California regulation. They decided they wouldn't try to get under FERC regulation. That was a huge step. It basically froze things the way they were. But that was a huge step for them to concede that.

06-01:56:05

Eardley-Pryor: This is after you're on the PUC, as a part of PG&E's ongoing bankruptcy settlements [from 2001 to 2003]?

06-01:56:10

Peevey: I negotiated the settlement with PG&E under the tutelage of the federal bankruptcy judge in 2003, which was adopted by the PUC on a three-to-two

vote. But it kept them in California jurisdiction and kind of pushed FERC out. Well, how do we push FERC out with security for—we got the acreage, all the lands around their dams, all those dams, ceded to public agencies in the State of California in perpetuity.

06-01:56:47

Eardley-Pryor: So the land that PG&E owned around these hydro plants now is owned by the State of California?

06-01:56:51

Peevey: It's not necessarily owned by the State of California, but California has an easement on it forever, so they [PG&E] can't willingly do whatever they wish anymore. We created something called the California Pacific Coast—I can't remember the exact name now—Pacific Lands and Stewardship Council [The Pacific Forest and Watershed Lands Stewardship Council, or Stewardship Council] was a public entity that, since PG&E came out of bankruptcy, has managed these lands. Some of the lands are given to Indian tribes. Some of the lands are given to universities, like UC. It's got some acreage for forestry research. Some of the lands are given to the local communities. But they all have a stricture that they can't be developed. There are not going to be thousands of houses built, or anything like that, on any of these lands. So, it's a way of foreclosing them ever again trying to be a jailbreak out of California regulation, in my opinion. And I negotiated that. It was the single greatest thing I did in terms of the PG&E bankruptcy.

We also created something called the California Clean Energy Fund to invest fifty million dollars—thirty million from their shareholders, another twenty from investment banks—in clean energy companies headquartered in the PG&E service territory, startup companies, to get over what's called the "Valley of Death." You encourage companies. Somebody, like an Elon Musk would come up with a great idea and they want to make it into a business that looks like a possibly promising business. To this company, Clean Energy Fund, would invest money to get it going.

06-01:58:39

Eardley-Pryor: This is part of PG&E's settlement, bankruptcy settlement?

06-01:58:41

Peevey: Yeah, it was the bankruptcy, the earlier one.

06-01:58:43

Eardley-Pryor: To fund this transition, between the research idea to having a market commodity?

06-01:58:49

Peevey: To jump over what's called the "Valley of Death," which is, you come up with a great idea and you have nobody who'll help you make it into a business. There are very mixed results with this thing. By and large, it hasn't

worked. Most of the companies have failed. But the one sterling success that we invested in early on was Tesla.

06-01:59:12

Eardley-Pryor: Tesla had got funding as a result of this PG&E bankruptcy?

06-01:59:17

Peevey: It wasn't the sole source of funding, but we were an early investor in Tesla before Elon Musk was in Tesla. He was not the founder of Tesla. He came in about two years after it was originally set up. Its first car was a little two-seater sports car, a little electric sports car.

06-01:59:34

Eardley-Pryor: I remember seeing them drive around California. They were sharp looking.

06-01:59:36

Peevey: I drove that car, and all. And that was our first investment—I mean, not the first; one of the first investments was in Tesla. And when the stock went up nine times, we sold our interest, which we shouldn't have done—we should've just kept it—but the idea was have an evergreen fund. In other words, you invest in new companies. If they make money, they go public; make money, you sell your stock; and then have some more money to start investing in other companies; and just keep going like this.

06-02:00:09

Eardley-Pryor: This is part of this green energy fund that you're talking about?

06-02:00:11

Peevey: Yeah, it's called California Clean Energy Fund. You could look it up on the website, but yeah. [<http://calcef.org/>]

06-02:00:15

Eardley-Pryor: And, when you say "we," who makes the decisions about this in where this investment goes? So, the money's coming from PG&E and its shareholders?

06-02:00:20

Peevey: Well, we had had a board of directors, created a board of directors, California Clean Energy Fund, of which I was the chair. [laughs]

06-02:00:26

Eardley-Pryor: So you helped create this thing and then, or also, helped to make the decision about where it got—

06-02:00:28

Peevey: Yeah, people like Ralph Cavanagh of NRDC [Natural Resources Defense Council], and several other people were on the board, yeah, investment fund. Nancy Pfund, that's a woman who has a big fund in San Francisco and all. Yeah, so that was one of the creations, and the other was getting all this land. And the third thing we did was freeze their rate of return on capital and their

investments, for several years going forward, but it was a decent return for them.

So they came out, PG&E came out of bankruptcy in pretty good shape, financially—not perfect, but in pretty good shape. They didn't get what they wanted, in my opinion, which was to have all these hydro assets be—if they had got what they wanted, right now they'd be charging incredible prices for the power coming from those hydro facilities, and it would have been kind of a rip. We stopped that. The biggest single thing was keeping them under California jurisdiction. People don't understand that. Try to explain that to the press, it's really tough. Most of them don't have even the patience you have to try to listen through the steps of this.

06-02:01:44

Eardley-Pryor: Why would PG&E agree to stay within California regulation when they wanted to get out of it?

06-02:01:49

Peevey: Because the bankruptcy had been going on for two years, the state was spending millions of dollars a year fighting them in the courts, and there was no end in sight, no end in sight. And they didn't readily or willingly—the judge, federal judge in Oakland, the bankruptcy judge, had me and Bob Glynn—that was their CEO—meet a couple of times with him, and said, “Can't you guys find a way of working this thing out? And if you can come up with something that seems reasonable, I'll approve it. And then you'll have to still go to the PUC and get its approval.” And Glynn and I then went around, for months, we'd meet. He'd fly down here to meet in the Burbank Airport at Martin Aviation there. He'd fly down in some private plane or something, I guess—he had to, it was a private part of the airport—and I'd meet him there. We'd talk about this. Went on for several months, until we came to an understanding. And then we had hearings on it, the PUC, and then it was ultimately adopted by the commission on a three-to-two vote, at the end of 2003. That's what happened.

06-02:03:06

Eardley-Pryor: And sounds like a pretty good deal for the state

06-02:03:06

Peevey: So that's after I was on the PUC a year and a half, or close to two years. That's jumping ahead of where we are chronologically, but that's that.

06-02:03:18

Eardley-Pryor: Well, let's do take a step back to the energy crisis era and what's going on. A couple of things that I'm wondering about, with regard to these long-term energy purchase contracts that you were able to negotiate with Vikram [Budhraj] and others to help solve the supply issue. The legislature around this time, 2000 to 2001, creates the California Power Authority. Tell me about what this is—and I think David Freeman went on to head it, so he was also

part of your team, helping secure these energy contracts. What was the Power Authority? What was the idea behind it?

06-02:03:53

Peevey:

The idea behind the Power Authority was John Burton. I've mentioned John Burton before. The idea: the state ought to get in the power business; never again we get in this kind of situation; it ought to be in a position to build power plants itself, and to do several other things, energy efficiency programs and all that. And that's what the state ought to do, so we never again go through this trauma. Interesting idea, theoretically. So, the legislature adopted that, created it, governor signed it into law. And David Freeman, who by this time was totally on the outs with Mayor Riordan, I think he would been let go by Riordan—but if he wasn't, he was about to be. Any rate, he left there, DWP, Los Angeles DWP [Department of Water and Power], and became the head of the California Power Authority.

06-02:04:47

Eardley-Pryor:

Was the Authority effective?

06-02:04:48

Peevey:

No.

06-02:04:49

Eardley-Pryor:

Why?

06-02:04:50

Peevey:

It never really got off the ground, for whatever reason. It was a spur-of-the-moment thing created during the height of the energy crisis, and the level of interest in it waned significantly. My dear friends Don Vial and Sunne McPeak were on its board, along with David Freeman and several other people. And it did a few things in energy efficiency. But when Schwarzenegger ran for governor, he said, "When I get to Sacramento, we have too many agencies, and I'll blow up some of these boxes." And the only one he ever really blew up was the Power Authority. He got rid of it. I think that other one, the Energy—whatever—Oversight Board [Electricity Oversight Board], was also, a couple years later, met its demise. It had no function anymore. It didn't have purpose. But that was the role. The Power Authority never amounted to anything, other than, it was useful for a year or two as—I mean frankly, they were all very supportive of me at the PUC, so it meant that the two agencies worked well together, except we really didn't have much to work on. And Burton is kind of mercurial. His interest, I think, waned, and so there was nothing really much happened out of it.

06-02:06:11

Eardley-Pryor:

We've talked and we will talk about the role of coal—

06-02:06:14

Peevey:

That's about all I could say about the Power [Authority]; that is about all there is to say about it. It was one of those boxes—

- 06-02:06:19
Eardley-Pryor: That got blown up.
- 06-02:06:19
Peevey: —that Schwarzenegger said he'd blow up, and he did. I think they had like twelve or twenty employees. It was just a handful of people, but they were in Sacramento.
- 06-02:06:25
Eardley-Pryor: What happened to David Freeman? Where did he go next? What happened with David Freeman's career?
- 06-02:06:30
Peevey: I don't remember where he went to exactly next. Well, he came back to Southern California here, and he went into business—and he was in the, I think the hybrid fuel vehicle business.
- 06-02:07:32
Peevey: No, Riordan was succeeded by Jimmy Hahn, who was the mayor for four years. And Jimmy Hahn ran for reelection, and he was defeated by Antonio Villaraigosa. And Villaraigosa appointed Freeman to head the [Los Angeles] Department of Water and Power again.
- 06-02:08:01
Eardley-Pryor: Oh, he went back to it?
- 06-02:08:04
Peevey: He was an appointment of Antonio Villaraigosa for a few years.
- 06-02:08:07
Eardley-Pryor: Got you. We will talk about the role of coal in power generation in California, and how the ideas about it changed. But, can you tell me a little bit about what role coal plants played in helping secure or fixing the California energy crisis? I mean, coal is such a, is—
- 06-02:08:30
Peevey: Didn't play any role.
- 06-02:08:31
Eardley-Pryor: Oh, it didn't?
- 06-02:08:32
Peevey: It was a supplier. It was a supplier, but PG&E never had any coal plants. I don't think PG&E ever owned a coal plant. They might have had some minor interest in some plant out of state; I don't think it ever did. The big coal plants were owned by Edison and the Los Angeles Department of Water and Power. Los Angeles Department of Water and Power still owns the biggest one, in Utah. And Edison owned, I mentioned earlier, Mohave Power Plant in Nevada, at Bullhead City, Laughlin, Nevada, there where the Colorado comes down where the states meet, Nevada, California, Arizona; and, was a big investor in Four Corners—which were the Arizona Public Service, and New

Mexico Public Service, and I think Tucson Electric, and others—a very big coal plant over there at Four Corners. Those were the big coal plants. There were other coal facilities, too, that provided some power to California through transmission—even, I guess, in Wyoming, the Bridger Plant did, to some extent. But they weren't a factor one way or the other in the energy crisis.

06-02:09:54

Eardley-Pryor: Maybe as a separate question, why are these things all located outside of California? Why are all these coal plants not in the state? Your microphone just dropped a little.

06-02:10:03

Peevey: People were smart enough to realize that, even back thirty, forty years ago—first place, the coal *itself* is out of state.

06-02:10:14

Eardley-Pryor: Well, we're going to pause just a bit. Let me fix that mic.

[break in audio]

Okay, so you were talking about the coal existing out of state.

06-02:10:19

Peevey: Well, first place, coal, there's no coal in California worth a damn, to mine here. There are a few coal plants in California—the coal has been imported—but really not run by utilities. There's been some manufacturing facilities that have used coal to generate electricity for themselves. They're in Stockton, and a couple other places. Secondly, coal is where I just mentioned: it's in Arizona, Utah, and it's in New Mexico, and in Wyoming. Coal was a big investment, in the fifties and the sixties and the seventies, to build new coal plants out of the state, and bring the power to California by wire, that is true. One of the big proposed ones, it's called Kaiparowits, which was fought most effectively by Robert Redford, and successfully. Another one was called Harry Allen Warner Valley in Nevada, that was also fought by a whole host of groups, who were concerned about the environmental impact—not necessarily climate change as much as just the overall degradation of the communities and the air quality and so forth, at the location where they were built. Then, the Department of Water and Power was the biggest investor and built the Intermountain Power Project outside of Provo, Utah. And there are others, but those are some municipal utilities in California that combined to build a couple of coal plants—Reid Gardner and all. Coal has played a significant role for a while as a supplier of electricity to this state. But it was not a factor in any of this deregulation or any of that stuff.

06-02:12:11

Eardley-Pryor: When you're in the "Horseshoe" during the energy crisis up in Sacramento, you made mention, you discussed about what you were doing here within the state, in working with the utilities and people in the PUC, to try to resolve issues. I'm wondering also, what was your relationship and efforts and

discussions with the federal government? So, the Bush administration had just come in, George W. Bush. They have—Cheney has, you know, a Texan [Pat Wood, III] who has strong energy interests and a lot of influence in that world. I'm wondering, what was being done—through your eyes, through the lens that you had in Sacramento—in trying to have the federal government help resolve some of these issues?

06-02:12:49

Peevey:

Well, there was almost zero, because this [James J.] Hoecker, who had been the chair under Clinton, was replaced by a fellow from Mississippi, I guess Bush's first appointment [Curt Hébert, Jr.]. That person's name escapes me at the moment.

06-02:13:05

Eardley-Pryor:

We can fill it in. We can fill it in later.

06-02:13:08

Peevey:

For whatever reasons, little to do with California probably, he didn't last, and George W. Bush then did appoint someone named Pat Wood. Pat Wood became the new FERC head. He was from Texas. He'd been in the Texas regulatory arena, and he did pay attention to California, and he cared about California. And he saw the need—you just couldn't have unfettered competition, no price caps, anything—and he put in price caps. He was effective in helping to cure the energy crisis in California. He was a significant player, wonderful guy.

06-02:13:57

Eardley-Pryor:

Through FERC?

06-02:13:58

Peevey:

Yes. He became head of FERC.

06-02:13:59

Eardley-Pryor:

So FERC eventually did create some sort of caps.

06-02:14:01

Peevey:

Yes, it did—totally different from what it had been under Clinton. That's correct, it was under Dubya [US President George W. Bush]

06-02:14:08

Eardley-Pryor:

I didn't realize that FERC also had a role in resolving the energy crisis in California. It wasn't just the PUC raising rates and fixing that delta between resale, retail and wholesale.

06-02:14:17

Peevey:

Well—no, but remember, remember what I said: there was a delta here, but the delta had no upper limit. It was whatever the market could pay or be charged at any particular moment in time. FERC came in and put a lid on it. So, instead of it going up like this, it was like this [*motions high with hand, then somewhat lower*]. It was still way, big difference here [*motions even*

lower]. But the FERC put a lid on it, and it led a more modified competitive market to exist.

06-02:14:45

Eardley-Pryor: And that, I imagine, is what then allowed the PUC to raise the retail rates, because they knew that there would be a cap on the wholesale.

06-02:14:51

Peevey: Well, they had to raise retail rates in any case, because the companies were headed for bankruptcy and they couldn't pay their bills. But FERC made a big difference; it was a very positive contributor to the ending of the California energy crisis, under the leadership of Pat Wood from Texas, who's still around today.

06-02:15:16

Eardley-Pryor: What were other states, how were—

06-02:15:19

Peevey: Nevada had all the same problems California did, I might add here. It's just so small, but it had pretty much the same challenges.

06-02:15:27

Eardley-Pryor: Well, that's what I was going to ask. Deregulation, California leads the way. But in other states—like Rhode Island, Massachusetts, others followed suit—

06-02:15:34

Peevey: Yeah, but they all—I mean, conditions differ from place to place. Nevada followed California, and got stung in much the same way California did, Nevada, but it's only—put all Nevada's population into Alameda and Contra Costa Counties or something. It's not that big a place, even though it's grown a lot, but it's still very small.

06-02:15:57

Eardley-Pryor: Well, why didn't other states that did deregulate, why did they not experience the same kind of crisis?

06-02:16:01

Peevey: Well, there's different markets, different totally. But believe me, Enron and their propagandists, they wanted to see much the same thing—but the regulation either stayed on in other states more vigorously; there were different conditions in other states, a much more local generation, and much less competition. Now, competition was not embraced as vigorously in much of the country as it was in California, all in one fell swoop. It has been in Texas since, and the Texas record is mixed. They had a couple of big utility there go bankrupt, ten years or so ago. But today, it's a much freer market in Texas than we have here in California, actually.

06-02:16:54

Eardley-Pryor: We're still talking about 2001, so there's a couple questions. I do want to hear about—

06-02:16:58

Peevey: We've got to take a break pretty soon here.

06-02:17:00

Eardley-Pryor: Okay. Well, just to set the table, I definitely want to hear you talk a little bit about the creation of the Loading Order. You mentioned you and Don Vial, and Sunne [McPeak]—

06-02:17:08

Peevey: That came to the—yeah.

06-02:17:09

Eardley-Pryor: So that's around October of 2001, is my understanding. But maybe before we take a break, can you tell me about your memories from 9/11? This is also—September of 2001—is also a pretty traumatic moment for the nation. What was your experience from the September 11 attacks? Where were you? What do you remember?

06-02:17:31

Peevey: I was right in this house when it happened. My older daughter, who had just moved to La Cañada from up on the North Coast, from McKinleyville—you know where that is, up by Eureka?—came running in and said, "Dad, Dad, look what's going on. Look at this. Look at the TV." She lived about a mile from here. And, we did. And obviously, like everyone else, we're stunned, couldn't believe what was going on.

And then everything just froze in the country. For several days, things froze. I know we were supposed to—myself and, I think, Jeff Martin—we were supposed to fly over to Tucson the end of that week—9/11 happened on a Monday or Tuesday, I think, I can't remember which one it was. And we were going over to talk to Tucson [Electric] about some of the programs of True Pricing. I was involved with True Pricing at the time as chairman of the board.

06-02:18:42

Eardley-Pryor: And Tucson [Electric] was pretty influential with New Energy Ventures?

06-02:18:44

Peevey: Yes, it was. And then it invested in True Pricing, too, in a much more modest way—but that's correct, same company, same people. Except my friend, Jim Pignatelli, in the meantime had succeeded Charlie Bayless as the CEO of Tucson [Electric], was now the head man there. And Jim was a dear friend, and very helpful in the funding of, well, originally obviously New Energy Ventures, and then True Pricing. Other than just obviously very saddened and very upset by, 9/11 didn't have any work consequences for me, in any way.

06-02:19:27

Eardley-Pryor: So you've mentioned you were still trying to get True Pricing off the ground, and headed to Tucson to do more development of that with Jeff. Why do you think True Pricing didn't really take off?

06-02:19:40

Peevey:

Well, it was, True Pricing was, it was an attempt to be an energy services company and sell technologies like you have sitting on your laptop there, to companies. Not selling the laptops, but the technology could be shown over that, how to save money with energy services and all. It's always been a tough sell, energy services. Now it's mandated, more or less, in California, but people don't—to do something with energy services, energy conservation, if you will, energy services requires an elaborate kind of working-out efforts with building owners, and managers, and all that kind of stuff—in the office space, I'm talking about. In the industrial space, the companies themselves usually do a pretty good job, like Chevron and all that, they don't need any help. And we just never found the way to hit the winning formula. Maybe we would've, I don't know. I went from there, in 2001, to work with Davis for a couple of months, then went back to True Pricing.

We did have a couple of contracts. We actually had one with PG&E, for some energy service device to help them. But dealing with companies like PG&E, they move so slowly, frankly. It's kind of, ugh, everything's always *mañana*, kind of attitude. But we did, we had that. And we had a technology that we thought would be incredibly popular. Now remember, this is 2001, in the cell phone business, in the cell phone area. At that time, for cell phones, everything depended on where the towers were—and that's still true today, but there are a hell of a lot less towers in 2001. And we came up with this technology and device that would show you which carrier was best, depending on the routes you most commonly drove. I thought it a very revolutionary idea. So, if you normally go San Francisco to Sacramento and back, it would show you that AT&T was better than Verizon, or Alltel, or whoever else there was. There were several different ones. If your route was usually Santa Rosa to Eureka, it would tell you the similar kind of thing. And we thought this would be a great opportunity for companies that sold multiple cell phones, as vendors, to differentiate. So, we had negotiations with Walmart. We thought they would be successful, for Walmart to sell our services, information services.

06-02:22:57

Eardley-Pryor: For Walmart?

06-02:22:58

Peevey:

Walmart stores, in all their stores, all their big stores, where people came in, and they sold—when you go, you used to, in those days, be able to go into Walmart and choose. If you wanted to get a cell phone, you could choose between three or four different vendors. You didn't have to choose one. They ended up going, I think, with Alltel, I think, themselves, and just choosing one. But we never could consummate the deal with Walmart—even though we went to Bentonville [Arkansas] several times, and ate at the old roadhouse that Bill Clinton's picture was in when he was governor, and all that kind of stuff. We were just unsuccessful. And then, I left.

First, I left to go work in the Davis administration for a few months, then I came back there [to True Pricing], and that was the summer, or late spring, summer, and fall of 2001. And I kept getting pulled away by stuff, like State Assembly Speaker Bob Hertzberg and others wanted me to help on the energy crisis, and ultimately others. And then, I had lung cancer. I had to have two thirds of my left lung removed in January of 2002, and that put a nice big hole in doing anything for six or so weeks.

06-02:24:32

Eardley-Pryor: Wow—Mike, wait. So you had lung cancer surgery, and part of your lung removed in early 2002?

06-02:24:38

Peevey: Yeah, I had two thirds of the left lung.

06-02:24:43

Eardley-Pryor: That's a huge moment in your life. When were you told you had massive lung cancer?

06-02:24:49

Peevey: Well, we didn't know until they did exploratory surgery and found out.

06-02:24:52

Eardley-Pryor: Why did you even go in for that, then?

06-02:24:54

Peevey: I went in for it because I—you know what Heart Check America is, all those kind of things? Well, they're still around. You could go and see, your doctor would advise you of this, the X-rays take slices of your heart like this, and look at it, see if you have anything likely to have heart problems. And in taking all those pictures, they also take a picture, they capture like the lower fourth of your left lung because of where your heart is, so you can't avoid it. You follow me?

06-02:25:36

Eardley-Pryor: Yeah, so, you were getting heart images done and then they noticed this bit in your lungs?

06-02:25:41

Peevey: So, the doctor, when I went to get the results of this heart check—he was some guy from South Africa, actually—he was a doctor, not a nurse—said, “I'm not sure what you have. You have something on your lung, I'm not sure what it is. Did you have bronchitis as a kid?” I said, “Yeah, every year.” He said, “Well, it's probably just scar tissue,” he said, “but, I think you ought to talk to your internist and have it checked out.” I talked to my internist; it's right down the street here. At first he was kind of dismissive, “Ah, I don't think it's anything,” but I was more insistent, so he had me see some other pulmonary specialist. And I didn't have any breathing problems or anything like that, and they concluded that I should have exploratory surgery, just to check it out. That's a big step, exploratory surgery. And I did at Huntington

Hospital here in Pasadena—my daughters were there and wife. I went in to have exploratory surgery. They said I'd be out in a couple of hours—five hours, close to six hours later [laughs]—I was still in that night. They took out two thirds, two lobes, really, essentially, of my lung. And I had lung cancer. But it was just on my lung. It had not spread anywhere, not to my lymph nodes or anywhere else, as it turned out.

I had to go through radiation treatment, and all that stuff, for several months thereafter. And I couldn't travel much; my doctor didn't want me to fly in a plane more than an hour. Two months after this happened, I got appointed to the PUC. So, it was, everything all came at once—and I lost all my hair. Oh God. It was the spring of 2002, which is when I went on the PUC. I would have to go up to San Francisco for three or four days, come back; the next week I'd have this treatment—what do you call it, do you know that?

06-02:28:21

Eardley-Pryor: Chemo? [Chemotherapy]

06-02:28:22

Peevey:

Yeah, chemo. I had chemo here in Pasadena. And that would wipe me out for a few days, just the nausea and all the other stuff. They give you anti-nausea stuff, but it would knock you out in the sense of, you just felt weak, and flu-like, and then everything. And I'd be just around here, and then it would go away. And then I'd go to San Francisco—I was not president of the PUC at this time, fortunately, Loretta [Lynch] was, for this—it was the first nine months I was there. Then I'd go off to San Francisco for a few days' meetings, business session, then I'd come back, have another chemo session. I think I had four sessions of chemo. And, as I said, lost my hair, weak, everything else. But I didn't have any traces. Here I am, seventeen years later still alive, so, I didn't have any. I've not had a recurrence yet that we know of. Every ten years, I went and had a CT scan. You get a lot of radiation just from the God-damned CT scan. But in the last couple of years, I've had one every couple of years, and there's been no indication of any further cancer of my lungs. And I guess I'm pretty fortunate, since only like fifteen percent of people that have lung cancer live past more than five years. That's that.

06-02:30:16

Eardley-Pryor: A brush with death like that, and then to have to maintain the chemo and the radiation while you're trying to also build this other, next phase of your work life—what impact did this have on you? What kind of thoughts about mortality, or where you're at in life? And you were only in your early sixties.

06-02:30:35

Peevey:

Right. Well, obviously it has significant impact on your questions about mortality. I don't know. I'm a pretty upbeat person. I figured, well, the best news I had was there was no sign of any cancer anywhere else. The most likely thing is your lymph nodes, and it wasn't in the lymph nodes, and the surgeon had gotten it all. Then there was a reasonable chance that this was an,

in effect, isolated incidence, which it was. And it's an interesting story even how it came about. But any rate, so, after six months or so, by the end of six months, I was pretty much back to what had been. When I came out of the hospital, I couldn't walk. I could barely walk around the property here. I lost a third of my lung capacity. But within six months, I had regained almost all of it. First place, the lung is an expansive organ. And second place, I was in pretty good health when I went in, and so I had pretty good endurance. As I said, I lost all my hair. And the doctor said, "We don't want you flying," worried about contagious diseases more than anything else, I think, on long flights and all that kind of stuff.

06-02:32:07

Eardley-Pryor: Did it affect your sense about what you wanted to do with your time left? Were there those kind of impacts as well? Did it shape your thinking in a different way?

06-02:32:14

Peevey: No, not—well, if they had told me that it had spread to my lymph nodes, I think that the worry level would have been a hell of a lot greater, to be honest. I figured I was going to come out of this. How long, I didn't know, but I figured I'd live for several years, anyway. And plus, then, I had a CAT scan every year for several years, showed no change, or no—yeah, no change, nothing. And I know the next summer, I was concerned enough about my, about my mortality, just my health, that I took my two daughters and myself—when Carol was in the legislature—took them to a week, ten days, in England and all, and Scotland, traveled around just the three of us. It was kind of a bonding thing. But, here we are.

06-02:33:18

Eardley-Pryor: Seems like maybe this is a good point to take a break here.

Interview 7: February 1, 2019

07-00:00:01

Eardley-Pryor: All right, continuing with an oral history with Mike Peevey [at his home in La Cañada Flintridge, California]. Today is February 1, 2019. I am Roger Eardley-Pryor from the Oral History Center at UC Berkeley's Bancroft Library.

Mike, you were just telling the story about the energy crisis, and your then health crisis that happened in the wake of that. The next major event in your life was getting appointed to the PUC [Public Utilities Commission], so—

07-00:00:23

Peevey: Yeah, I don't know if the one thing was the health crisis, but it certainly was significant. Yes, that's all true.

07-00:00:30

Eardley-Pryor: So, tell me about how Gray Davis told you, approached you, for eventually you getting placed by him on the PUC in March 2002.

07-00:00:41

Peevey: Well, what happened was, the previous year, about March 2001, at a meeting in Sacramento with a whole bunch of people, about energy issues out at his house on a Sunday, the governor's house, in Sacramento on the American River, on a Sunday. It must have been thirty staff-people and all who were there. I was one of the people there, and I had made a presentation about something which I mentioned earlier today in our conversation: the 20/20 Plan on conservation and savings and all that. And we talked about several other things. At a break or toward the end of the meeting, I think as we were leaving, Davis followed me out and said, "Let me talk to you for a minute," and off to the side, he said, "Would you consider going on the Public Utilities Commission?" and I told him, "Well, geez, Governor, yes I would, under certain conditions, but," I said, "there's no vacancy or opening or anything there now." And he said, "That's true, but if something turned up?" And I said, "Well, only if I was made the president." I said, "I am not interested in going just to be one of five members. I'd have to be the president."

07-00:02:01

Eardley-Pryor: Why was that for you?

07-00:02:02

Peevey: I wanted to run it! I'm going to just be one of five and go on there under Loretta [Lynch, then-President of the California PUC]? No, that would not work. And so he said, "I understand, I understand," and that was the end of the conversation. And then things went on back to, I'm advising him and Lynn [Schenk] and others on energy stuff—but on a sporadic basis, not on a daily basis like when I was up in the office, or anything like that, for the next—that must have been March or April when this conversation we'd had, so let's just say toward the end of the year [2001]. And then—this all

happened about the same time. I can't remember the exact basis by—it must have been Lynn, his chief of staff, talked to me, but the PUC at that time was composed of five members. Gray Davis had appointed Loretta Lynch, and made her the president—that's the presiding job, president—and a fellow named Carl Wood. Carl Wood was a union guy.

07-00:03:29

Eardley-Pryor: Any relation to the Texan who was in charge of FERC?

07-00:03:32

Peevey: None whatsoever. Wood is a rather common last name, but I knew Carl, had known Carl for years. Carl had represented the union employees at the San Onofre Nuclear Plant of the [Southern California] Edison Company, then he was appointed to the Public Utilities Commission. When Davis was elected, he, I guess, made a commitment to the unions that he would appoint someone to the PUC that they liked, they were comfortable with. There's a group called CUE, C-U-E, Coalition of Union Employees, that represents the union people that work at the utilities, and so he appointed Carl Wood to this job. Carl, I had known at Edison for years. I'd dealt with him for years, a nice guy. I like him. He's kind of a, I guess you'd call him a left-wing or ultra-liberal, whatever. I liked him, but honestly, I never would have thought of him as a member of the Public Utilities Commission.

And so Lynn called me up one day and asked me—this is months before, long before I went on there, yeah, maybe nine months or so—that they were considering appointing Carl, what did I think of it. And I said, well, I thought a better choice would have been someone from the IB, local 1245, the IBEW, a guy named Jack, Jack McNally, who was the head of the local union there. It's a big union. They represent most PG&E employees. I said, "I think he'd be a far better choice for the PUC." "Well, he doesn't want to do it," she said. I said, "Okay, well I've told you what I think," and he didn't, he didn't go on. He may have been asked, McNally, but he didn't want it. So they appointed Carl Wood. So, that's who the PUC was. It was Loretta Lynch and Carl Wood appointed by Gray Davis, and then there were three other members.

07-00:05:43

Eardley-Pryor: That [former California governor] Pete Wilson had put on, before?

07-00:05:45

Peevey: Yes.

07-00:05:46

Eardley-Pryor: So they're Republican appointees.

07-00:05:47

Peevey: Yes. There was—oh God, I got to think for a second to recall all the names.

07-00:06:02

Eardley-Pryor: Well, Richard, I know, was one, because that's who you replaced: Richard Bilas?

07-00:06:06

Peevey: Well, there was Richard Bilas, and a fellow named Joe Neeper from San Diego, and then the fifth one was—God, I can see his face. [Henry Duque]

07-00:06:29

Eardley-Pryor: Well, we can get it; we can fill it in.

07-00:06:32

Peevey: Any rate, those five had been members of the commission throughout Davis's first couple years of his term, through 2000. And I'll never understand to this day why the three Republican members basically accepted—the governor appointed the president [Loretta Lynch], but it always takes three votes to do anything, if you want, or more, but at least three. And those three Republicans kind of went along with her, even though none of them cared for her, to be charitable or kind about it. So, let me see if I get all this right—oh, the third guy was Henry Duque, D-u-q-u-e. That's Duque, Bilas, and I said Neeper, right? Then Neeper's term expired at the end of—God, when did Neeper's term expire? At the end of 2000. And in any case, Bilas—oh, Neeper's term expired, and the governor appointed, a couple months later, Geoffrey Brown.

07-00:08:20

Eardley-Pryor: Is that Jerry's cousin?

07-00:08:21

Peevey: Jerry's cousin, [California governor] Jerry Brown's cousin, Geoffrey Brown. But Geoffrey Brown at that time was public defender, in the City of San Francisco. That's an elected position, public defender, City of San Francisco. His number two person was [California state senator] John Burton's daughter. I can't remember her first name. I don't know what went on exactly. I was never party to any deal between Burton and Gray Davis, but Jeff Brown went on the Public Utilities Commission.

07-00:09:03

Eardley-Pryor: Did that make Burton's daughter now the head of public defense?

07-00:09:07

Peevey: That's why they did it, and Burton's daughter became the public defender in the City of San Francisco, and Jeff went on the PUC—very nice, a good guy, friends of mine today, had no background in this area at all, absolutely none. This is what's so terrible about some of these appointments. Loretta Lynch had no background in energy stuff either.

07-00:09:33

Eardley-Pryor: Well, you paint a picture of Loretta as somebody that was difficult to work with, and even people, others on the PUC, the Republican members, now also have a similar opinion as you. Tell me why. Tell me about who she is—and to

clarify, this is not the same woman who worked in the Clinton [sic; in the Obama] administration as attorney general, different Loretta Lynch.

07-00:09:52

Peevey: Absolutely, oh certainly, no, no, no.

07-00:09:54

Eardley-Pryor: Very different.

07-00:09:55

Peevey: That one was, no, she was in the Obama administration.

07-00:09:58

Eardley-Pryor: I'm sorry, the Obama administration, yes, I'm sorry.

07-00:09:59

Peevey: Loretta Lynch, her name is. Yeah, she was an African American from New York, from Long Island. No, this is Loretta Lynch from California, but she worked—

07-00:10:06

Eardley-Pryor: Tell me about her background. Where is she coming from?

07-00:10:08

Peevey: I don't know her full background, but she had worked for Bill Clinton's campaign for president, and she worked for US Senator, Diane Feinstein. Apparently she worked in some capacity in Gray Davis's campaign.

07-00:10:23

Eardley-Pryor: So she's a political operative. She knows the Democratic political world.

07-00:10:26

Peevey: Yes. I don't know what she did for Gray Davis, but she had a state position under Gray Davis in the Office of Planning and Research. I think she headed the OPR, it's called, Office of Planning and Research, in Sacramento under Gray Davis. The rumor was that he wanted her out of Sacramento, that they didn't get along. I can't vouch for that.

07-00:10:45

Eardley-Pryor: So he made her president of the PUC?

07-00:10:48

Peevey: Yeah. I cannot vouch for all that. My opinion is that Gray Davis had very little knowledge of what the PUC actually did, its responsibilities, or role, and it seemed like a place—you ready? [*Carol Liu enters the room, encouraging a break for lunch.*] Okay, we'll come in in a few minutes.

It seemed like a place, ninety miles from Sacramento, and it was the first year of his term, was not controversial. Everything was going just fine at the PUC, the first year. Any rate, so he appointed her and he appointed Carl Wood. I think he actually appointed her after Carl Wood. He had appointed someone

else named Joe Hiatt—H-i-a-t-t, I think it is—originally, but Hiatt didn't like the job and only stayed six months. He was from Palo Alto, and he quit. And then he appointed Loretta, and made Loretta president. Any rate, so, you had those. Then, Neeper's term was up at the end of 2000, and Jeff Brown was appointed to the PUC. Okay, so that left still Henry Duque and—

07-00:12:00

Eardley-Pryor: Richard Bilas.

07-00:12:01

Peevey: —and Richard Bilas. Bilas, who I had known, he'd been a member of the Energy Commission at one time, and a professor at Cal State, also at the University of Oklahoma, and then came back to California and was professor of economics at CSU Bakersfield. Word came around that Bilas, his term was going to be up in a year or two. His health was bothering and his wife was ill. He lived up at Mendocino, the town of Mendocino on the Mendocino Coast, and he would be okay with getting off the PUC, early, but only if the person he appointed he knew and had some regard for.

07-00:12:59

Eardley-Pryor: Did you know Richard?

07-00:13:00

Peevey: I do, yeah, I knew Richard. I didn't know him real well, but I knew Richard, sure, through my days at CCEEB and all. So, he wanted to meet with me and talk to me about this, if I would be willing to go on the PUC. And I told Lynn [Schenk] I would, under the terms that I had said, the condition that I become the president. And that was agreeable to Gray Davis, although it took eight months after I got there before it actually happened, but that was all right. That was understandable. This was an election year. He was up running for reelection for governor, and he thought he was going to run against [Richard] Riordan, but he ended up running against another guy that had had some other state role, Bill Simon. His father had been treasurer of the United States. Bill Simon turned out to be a very weak candidate and Davis defeated him, but that's getting ahead of the story.

So, Bilas and I had a dear friend named Bill Bagley, who used to be a Republican member of the [California] legislature, and then he was head of the Commodities Future Trading Corporation under President Gerald Ford, then he came back to California, was a senior attorney with a big law firm in San Francisco, Nossaman—I don't remember the whole name—Nossaman and something or other, and Elliott something and Knox. Any rate, Bill had been my assemblyman in Marin County. Even though he's a Republican, we were friendly, and he had supported me when I ran for supervisor. And he became chairman of CCEEB when [George] Deukmejian became governor in California—this was before Pete Wilson—but it only lasted about five months, and Deukmejian appointed Bagley to the Public Utilities Commission. For some reason, Bagley left his law firm to do this, and I set up

a meeting between Bagley and Don Vial. They all worked together. Don was on the PUC; Bagley was on the PUC. Bagley lasted about three years on the PUC. He didn't like the environment. He was much more freewheeling, and everything else.

Any rate, so, he [Bagley] knew about the PUC, knew how it functioned, knew what it did, et cetera, et cetera. And he and I, at his instigation, met at Sea Ranch, at the bar, at the lodge there. He got Bilas to drive down from Mendocino down to Sea Ranch, and he and I drove up from San Rafael where Bagley lives, still does live, and we met there. And to make a long story short, Bilas agreed that he would step down early and retire if I were to be his successor. And he kind of grilled me about my feelings about issues and all that kind of stuff, and said it was a very difficult situation for him there at the PUC and so forth. So, that's how it came to be. So, he agreed to step down if I would be his successor. I, I guess successfully, passed his test. He knew of my background, as an economist and all that; and he was an economist, PhD economist. He stepped down and I took his place, and that was all announced in one fell swoop by the governor.

07-00:16:57

Eardley-Pryor: And that was in March 2002.

07-00:16:59

Peevey: Right, I think. I don't remember the exact date, ninth, I think it was. I had just come out of the hospital six weeks earlier from this lung operation, so, I didn't have great endurance, very frankly. But any rate, that's how he stepped down. So now I went on there [the CPUC] to take his place. And there was Jeff Brown, Loretta Lynch, Carl Wood, and this last Republican, Henry Duque. One of the first people to call me up to congratulate me on going on the PUC was Henry Duque. The day I was appointed, that day, here at the house, the phone rang after several hours, and it was Henry Duque, and he was so happy I was going to be on the PUC with him; he'd look forward to working with me. I had known him from Los Angeles. He had been a senior vice president of California Fed, at that time a large S and L [California Federal Savings and Loan Association], and I was active in the LA business community when I was at Edison, and got to know him and all that. I didn't know him well, but I knew him. I went on the PUC, and he and Jeff Brown and myself basically worked together, for that year when Loretta was still the president.

07-00:18:31

Eardley-Pryor: So the three of you kind of made a little cohort.

07-00:18:34

Peevey: Exactly.

07-00:18:35

Eardley-Pryor: Why did Carl and Loretta go along with one another? What was their point of view that had them aligned?

07-00:18:44

Peevey:

Loretta was very much anti-business—I guess still is—very much. Not just anti-PG&E, anti-business generally. You use the label, I don't know: leftist, liberal, ultra-liberal, whatever—progressive, today. I don't know, any of those terms, I don't want to be the one that picks the exact term for her. Carl was the same way. He had the same political instincts as she did. So they seemed to be natural allies, and they were. They had the same political perspective and outlook. Carl's subsequently run for the [California] legislature a couple of times and lost, and all. Carl and I had some bond, because I had told him my background. My father's a unionist, and Carl was a strong unionist. Carl came from a very left-wing family up in Pittsburgh or someplace back East, Ohio—I don't remember where. And so, on the surface, he and I got along just fine. I liked Carl, socially and all that. He was fine, but we just didn't see eye-to-eye on how to vote. And he always voted with Loretta, I'd say 99 percent of the time. I doubt if they differed at all, but she was clearly the leader, amongst the two.

So I went on the PUC, and Henry Duque supported me, and Jeff Brown, by and large, supported me. Certainly Jeff did on all the energy things before us that first year. And we had some contentious things that we contested where we, the three of us, basically got our way over the chair. That's what happened on certain issues at that time, most of which are probably faded into irrelevance now, but seemed big at the time.

07-00:20:39

Eardley-Pryor:

So that creates the dynamic, at least, when you get onto the PUC—not quite as president yet—but you've created a leadership over these three against the president's—

07-00:20:49

Peevey:

Right, and Gray Davis said to me, he said, "You'll be the president. I want to get through the election before I make an announcement," which is what he did. They basically never made an announcement other than I was becoming the president. And I believe he had his appointment secretary call her and tell her that she'd been demoted. I don't think he ever told her himself. He didn't want to have anything to do with her. He was so angry at her. He felt that she, once she gained power at the PUC, disregarded his concerns repeatedly. And I can't speak to those, that time before I was on the PUC, exactly the inner workings and phone calls and all that. I don't know how all that played out. But he was extremely dissatisfied with her, as was just about everyone else in state government: Phil Angelides, who was treasurer of the state at the time, very upset with her, and on and on and on. So, I walked into, I guess to some extent, a hornet's nest there in a sense. But I was able to provide, even though I wasn't the president, provide some leadership that Duque and Brown responded to particularly on energy matters.

07-00:22:10

Eardley-Pryor:

Let's take a break here.

07-00:22:14

Peevey: Okay.

[Break in audio]

07-00:22:17

Eardley-Pryor: So, Mike, you've been appointed to the PUC by the end of 2002, in December 2002. Gray Davis fulfills his promise to you and puts you as president of the PUC, demotes Loretta Lynch. At this early point on the PUC, what were your visions for what you wanted to accomplish? How did you want to change things? What did you want to do with your new time as leading the PUC?

07-00:22:41

Peevey: Well, there was a couple of things that I wanted to do. The first was, honestly, to restore competence in the PUC as an entity. With all the energy crisis and stuff surrounding that, the general view was that it was a very poorly functioning state agency, and that the leadership of it did not reflect the views of a cross section of Californians, but was very narrow-minded in its approach to things.

07-00:23:36

Eardley-Pryor: So how did you picture being able to restore some of that legitimacy and strength?

07-00:23:40

Peevey: Well, because when you become president, you become the administrative head, too, and the staff reports to you, not to someone else, by and large. And so, you get to have a very significant role, if not the decisive role, pretty much the decisive role in who is the executive director, who's the general counsel, who's the head of the administrative law judges, and so forth.

07-00:24:07

Eardley-Pryor: Did you make some of those changes right away?

07-00:24:09

Peevey: In a couple cases, yes, but, my biggest goal was to try to make the agency function well, work well, and be responsive to, first place, to the governor's office and to Gray Davis, but he was only in office nine months after I became president before he was ousted by the voters, and Schwarzenegger took his place.

Any rate, that was one: the operations of the place, just making it function again, function well, be responsive to a clamor for activities—like building, I just mentioned, a transmission line that had been needed for years called Path 15, connecting Central and Northern California. These kind of things, I was committed to getting done, and getting done as quickly as possible. That was number one.

Number two, part of that restoration of the PUC required getting PG&E out of bankruptcy. You can't have your biggest utility in the state in bankruptcy, and in financial duress and bankruptcy and all the uncertainty that entails, and have a very functioning commission. That's just the way it is. That's number two.

Number three, equally important but longer term, I was absolutely committed personally, and I said this to people at the time and I've said it since, to make the PUC a much greener agency, and that I would do my best. I'd be the greenest president the commission's ever had, and make it as environmentally sensitive as is possible. I think I accomplished that, maybe some duress on occasion, but, those were things I set out to do, and I think that most things that happened subsequently followed from that kind of commitment. When I say "greener," I'm talking about across the board, from energy efficiency to renewable energy, to you name it.

07-00:26:37

Eardley-Pryor:

We're talking about early goals. Were there things that you set off to start with that you feel like you were not able to get done?

07-00:26:48

Peevey:

No. I think I got most of the things I set out to do. My biggest problem is I probably stayed there a couple years too long at the PUC, and you run a little bit out of steam, anybody. Actually, I think it's a good thing in government or anywhere in life that people get recycled every six, eight years in their jobs. I don't think it's good to stay in any one place forever. I just think you get too set in your ways, and the older you get, the more set in your ways you tend to get. I notice from personal experience that, but absent that, most of the things that I think that we set out to do, and it wasn't just me—there were others, and staff and other commissioners—I think we accomplished, by and large, particularly in terms of renewables, and energy efficiency, and in particular, including restoring the agency, but that took a battering after San Bruno, which was this terrible gas explosion in San Bruno in 2010, but we're way before that now. We're talking about 2003, '04, '05, '06.

07-00:27:55

Eardley-Pryor:

Yeah. So in 2003, to get back to that, you mentioned Gray Davis's recall, and his replacement in 2003 in October, by Schwarzenegger to become the next California governor. Why do you think Davis was recalled? In hindsight in all this, why do you think this happened?

07-00:28:14

Peevey:

Well, I think number one, there was general dissatisfaction with his style of governance, honestly. For that, I don't fault him, but I just think that he didn't convey competence, particular competence and leadership in a way that people seemed to want. I think that is true, as a general statement. He's kind of an introvertish personality. He didn't have the outgoing, *bonhomme*, *bon vivant* nature of some others like his successor. Overall, that's just an

impression that I have that maybe many others do not share, I'm not sure, but, then there were also the issues. I think that he was done a very significant harm by the energy crisis. I think that it looked like there was nobody in charge and running things, at the very top, and that's a bad situation in any, any environment: national or state or local government. You have to look like you're on charge and on top of things, even if you're not. You got to make things look like they're all working. That's regarding energy.

07-00:30:00

Eardley-Pryor: And even beyond the perception of being in charge, the consequences of the energy crisis was significant debt on behalf of the state. This is twelve billion dollars we're talking about.

07-00:30:10

Peevey: Oh, more than that. Yeah. That's all true. We're finally out from under it, but it's taken a long time, of all the costs and higher costs, in other words sort of, yeah, but we've talked about this and we'll talk about more aspects of it, I'm sure, but there, that was huge, but it's not the only thing. There was also the vehicle tax increase that was unpopular, and Schwarzenegger, who was running, that was the recall candidate. Well, there were a hundred recall candidates. There was, there was like a hundred.

07-00:30:54

Eardley-Pryor: I remember Gary Coleman ran for governor.

07-00:30:56

Peevey: Yeah, all kinds, there's just amazing number of people on the ballot, including Cruz Bustamante, who had been lieutenant governor at one point. Schwarzenegger was, from the moment he announced on *The Tonight Show with Jay Leno* that he was going to run for governor—which came, I don't know, as just about 99.9 percent of the population total surprise, that he would announce and do it in that manner, but he did, and he's always been a showman, and he knows how to capture a lot of attention, and he did. He announced he was going to run. From that moment on, he has this at least surface warmth and charm, *bonhomme*, all those things that come bubbling out of Schwarzenegger. He generally seems to care, be interested in you as a person, friendly, all those kind of things. I think his affability index and his charm vastly outweighed Davis's. Now, is that enough to get you elected? Probably not. If Davis had had a record of accomplishment, there probably wouldn't have been any recall effort to begin with. Jerry Brown, there was never much talk in trying to recall him. Couple times, people said, "Let's recall Schwarzenegger." Nothing ever came of it, and Schwarzenegger became pretty unpopular during his stay in the governor's office, because of failed tax increases and a variety of other items, but he certainly started out with a bang and was beloved his first couple of years.

07-00:32:42

Eardley-Pryor: Did you agree with the recall?

07-00:32:44

Peevey:

No, I voted against it. Davis had just been reelected the previous year, and it just seemed too much to me. I think, wait another three years and then run, whoever's going to run, and I didn't know Schwarzenegger was going to run. I didn't know any more than anyone else did, but I just thought that it was ill-conceived, but I understand it, let's put it that way.

07-00:33:12

Eardley-Pryor:

So in the wake of Schwarzenegger becoming the new governor, what are some of the issues in the PUC that you're dealing with in those early years?

07-00:33:22

Peevey:

Well, it's things I already mentioned, in terms of the big—the big goals hadn't changed much. There got to be more specificity when—I mean, shortly after he was elected, he asked myself and Susan Kennedy, who is one of my colleagues now, Susan—I mentioned that Gray Davis appointed Susan Kennedy to the PUC in 2003—must be 2003, in January of 2003.

07-00:34:02

Eardley-Pryor:

So you were already president at that point?

07-00:34:04

Peevey:

Yes. Well, I'd become president and then she became a member at the same time.

07-00:34:08

Eardley-Pryor:

Tell me a little bit about Susan. What's she like? Where is she coming from?

07-00:34:13

Peevey:

Well, Susan had been the cabinet secretary for Gray Davis for several years, oh, I guess six years or so, or five years, prior to going on the PUC.

07-00:34:28

Eardley-Pryor:

You'd made mention, in talking about the energy crisis, that there was a lot of chaos in the governor's office. But Susan, you had said, she was the stability.

07-00:34:36

Peevey:

Susan was a, first place, very cool customer. She didn't get rattled. Secondly, she had clear focus on what she wanted to do. Third, she didn't mince words. Fourth, she didn't suffer fools lightly. She was tough and focused and determined. She was wonderful. If you went in to see her, you had to have specific things to talk about, not just shoot the bull kind of thing. She was an excellent, excellent leader, I thought. Well, as cabinet secretary in the Davis administration, that was kind of like herding cats. It wasn't easy, but it was much clearer when she ultimately ended up being executive secretary to Schwarzenegger, several years afterwards, and she showed her ability to run big, complex entities. I've always thought that she's underutilized, that she could run a big company, like PG&E very well. She has executive talents to do so, and she's shown it by being able to, on a day-to-day basis for

Schwarzenegger, really run the state. Many ways, she was the governor in a day-to-day, making sure the laundry is out and everything, kind of role.

07-00:36:00

Eardley-Pryor: This is almost an aside, but in mentioning Susan's executive leadership, today she's having some pretty strong success with Advanced Microgrid Solutions. Is that similar to what you were trying to do with True Pricing? Are they doing similar sort of work as to what you were trying to get off the ground?

07-00:36:17

Peevey: Only in the simplest surface terms, yes, but not really. Hers is really far more advanced and really technology-wise, yes.

07-00:36:29

Eardley-Pryor: So, when Susan joins you on the PUC, how does that change the dynamic of what you were able to accomplish at the PUC? Who did she replace?

07-00:36:41

Peevey: She replaced Henry Duque. See, when I went on there, Duque had not eight months left in his term. He was fine to work with, and he supported me 100 percent. It's almost like, didn't care what it was, he was for me, which is always nice to know, and just a little tidbit of life, but when he finished his term—he had been in state government. He had some other positions earlier, I guess—I don't remember what it was—but he had nine and a half years of state service, and you need ten to get the health coverage, and he wanted the health coverage very bad, state's pretty good health coverage, and I got him a lower-level job at the PUC in telecom for six months, so he could have his ten years, which, I did that because I got, I won't say humanitarian, but I just thought it was the right thing to do and a nice thing to do and he'd always been very loyal to me and all.

07-00:38:03

Eardley-Pryor: That's nice.

07-00:38:05

Peevey: Susan—well, was that the next thing you wanted to ask about?

07-00:38:11

Eardley-Pryor: Yeah. How did things change at the PUC?

07-00:38:13

Peevey: Yeah, well what happened was Susan and I were basically kindred souls, at the PUC. She didn't do much of anything without talking to me, and vice versa. Anything of consequence, we chatted about beforehand, and all that. So, now I had a nice, solid group of people.

07-00:38:47

Eardley-Pryor: And Jeff Brown, Susan, and you were a nice triumvirate.

07-00:38:51

Peevey:

That's right, and she was more political than Duque, and a Democrat and all that, but she was a very, very competent woman, and very good at technology and all. So, yeah, every now and then Jeff Brown would disagree on something, but by and large, we would work things out, if there was a— because there's always staff, and staff always gets entwined in these things, but we would work things out, and no better example than the PG&E bankruptcy settlement, and the support for it. So, the three of us were pretty much a team. I enjoyed both of them very much.

07-00:39:34

Eardley-Pryor:

Great. We'll take a little break. [break in audio] So, one of the things I would like to talk about early in PUC, because you'd made mention of the bankruptcy proceedings and what you were able to accomplish, on behalf of the state, in particular, around land conservation, et cetera.

07-00:39:52

Peevey:

That was a huge issue, and then Schwarzenegger really supported all those lands in the Pacific, in the Sierra Nevada Mountains, that I mentioned, many of them became—McArthur Swamp and the big falls up there, many of these were described as jewels of the whole Sierra Nevada Conservancy, so, I'm most proud of that. At the time there was a good bit of publicity about it. It's been over ten years now.

07-00:40:32

Eardley-Pryor:

That's a really nice accomplishment.

07-00:40:34

Peevey:

It was, and he, Schwarzenegger, was very appreciative.

07-00:40:38

Eardley-Pryor:

One of the things I would like to talk about next is the creation of what you called the Energy Action Plan, which, from my understanding, happened as your first year as president in 2003. What's the background of this? Wasn't there something called a Loading Order, this sort of idea around energy efficiency? Tell me the story about how the Energy Action Plan came to be, and what does it do?

07-00:41:01

Peevey:

Yeah, well, the Energy Action Plan, essentially, it is a statement about what should be the purposes and goals of the state and the various state energy agencies, that's what it is. That's the Energy Action Plan. The Loading Order is in effect a piece in the Energy Action Plan, and Loading Order just means priorities. You could say "priority list, Loading Order," it's the same thing, essentially. The Loading Order and the Energy Action Plan were developed by a whole host of people, but the driving people for it were myself; Don Vial, who is the former president of the PUC and a dear personal friend, and on the California Power Authority Board; and Sunne McPeak, who at that time was a supervisor. I believe she was supervisor in Contra Costa County, county

supervisor, elected by the people and all, but she left that county job and became head of a business advocacy group called the Bay Area Council, and she had a very strong interest in energy efficiency, and had, apparently for years, I mean years going back into the eighties when I was not involved in any of this kind of stuff.

I was living in Southern California at the time, but I had first met her earlier, in that we'd taken a trip to Europe with one of these CFEE trips. She went on one of those trips, and we became friends, close friends, and then I moved to Southern California, but we had a strong vision of the importance of, energy efficiency should lead the way. In other words, that's the same thing that Amory Lovins had talked about, "negawatts" and all that, is that the first thing you should do, in any kind of planning for an energy future, is try to get as much efficiency as you can out of the existing system, and then enhance that system through technological and institutional improvements over time beyond that. That's the essential idea behind energy efficiency, and that's the essential idea behind the Loading Order, was simply that the first thing you ought to do is focus on getting the most you can out of your existing system, and make it run as efficient as possible, and make it more efficient, and the first item in a loading order or a priority list meeting state energy needs should be energy efficiency, and all its permutations. After that should come renewables, and transmission, and only at the end, if you still need power, should come new generation, like gas-fired power plants.

07-00:44:29

Now that was something that she believed in, I believed in, and the former president of the PUC and my dear personal friend, Don Vial, believed in, and one afternoon, we all got together at her offices in San Francisco, the Bay Area Council, and charted all this out on a whiteboard, and that became known as the Loading Order, and as I said, it started not with building a new power plant to meet your electricity needs, but trying to get as much as you can out of it, and now, energy efficiency had come and gone as a priority item in California over the years. It was a big thing in the seventies, then it dropped off in the eighties when oil prices dropped sharply and it seemed less necessary, then it came back again. There was ebbs and flows of it, well chronicled by Ralph Cavanagh of the NRDC, in many permutations up in the—but that was energy efficiency, so, then taking that and putting it all into an overall context led to the Energy Action Plan, which was, we should do all these things, and we should do this one first, this one second, this one third, and this one fourth, and that Energy Action Plan was adopted as state policy by the PUC, by the California Energy Commission, and by the California Power Authority, and so, it became the guiding—and this is early in the Schwarzenegger administration too—guiding light for policy matters to the outside world, not just these regulatory agencies and I think it's stayed very well over the test of time.

07-00:46:33

Well, that's all I'd say about it at the moment other than—oh, here's an illustration of our impact. When we first said, the state first said, "Energy efficiency should be priority number one," again, in all its permutations—that's including, for example, today, using batteries to back up solar and wind, that would be using to some degree energy efficiency technology to do so—many people were very skeptical of this, and I'm not talking about just business people, academics, and all that. "Well, we all agree that it's nice thing to do, but we're not sure we can get very far with it, and do we want to put all our eggs in that basket?" were the kind of things you heard. Chevron was a critic at that time, early on, the oil company. Today, it advertises energy efficiency should be number one priority. So that shows you how times have changed, and that's true for a lot of businesses today. Now I'm not saying it's solely due to our work. There's many more complications to that. The economics of it make it clear, too, that sometimes it's the cheapest thing to do by far. I think I told you before, but I had this thing with Schwarzenegger. Didn't I tell you the story about—if not, we'll do it when we get to him—about peakers and meeting load, and all that stuff? Well, he and I had a discussion about this that all worked out very well, and my whole arguments were in favor of energy efficiency. Basically—well, I'll just tell you now, how to be more efficient.

07-00:48:18

Eardley-Pryor: Yeah, what's the story?

07-00:48:19

Peevey:

In, I think it was the summer of 2005, the state had a massive heat wave. It lasted two weeks, basically all over the state, very unusual, north and south, and it lasted into the nights, evenings, and the capacitors and other things, and electrical system, like particularly in Northern California, are built to shed heat when the temperature drops, and therefore keep the system functioning better, longer, more securely. Well if you don't have any heat drop in the evening, you got real problems with that, right, and that's what happened, so there were transformers blowing, all kinds of stuff going on, lots of power failures.

So, Edison, according to the governor's office, John Bryson told Schwarzenegger at some event that "we could solve this problem by the following year, if we build"—this is Edison now, Edison's service territory—"if we build ten new peaker plants, peaker power plants"—they're gas-fired plants, usually. They're not solar or wind. They have to be available at any time, but as the name suggests, "peaker" means they run only at peak times—"if we could only get a bunch of these built, we won't have any problem," because the big fear, was that with a real hot summer that there'd be power failures and there wouldn't be enough replacement power, and you couldn't keep the whole system going, or you'd have episodic brownouts and blackouts, all these kind of things, and so forth.

07-00:50:12

So, he asked me to come up to—Susan Kennedy is now working for him, so, that was the summer, 2005, and she's now his executive secretary, and I go up there with a couple other people, and they asked me about all this stuff. Schwarzenegger says, "I think Bryson's right and we ought to build ten peaker plants, like seventy megawatts apiece, fifty to seventy megawatts," and I just, I was chagrined, and I said, "We don't have to do that," and he said, "Well what do we mean, 'we don't have to do that?' We got to do that. I can't, we can't go through another year what we just went through. If we had another one, I'm going to be up for reelection next year and I don't want that." That's pretty emphatic. "Mike, it's an election year, you understand, next year," and I said, "Well look. Here's what I think we could do. This is now just talking about Edison's service territory. Let's build five peakers, not ten, and we'll get the other five, the megawatts saved, out of energy efficiency." "Well how you going to do that?" "Well we're going to ramp up Edison's"—they already had a good energy efficiency system—"we're going to ramp it up. We're going to ramp it up, make it even bigger than it already is, at one tenth the cost of building five peaker plants," and he said, "We can do that?" and I said, "Yes, we could do that if we decide today that's what we want to do," and that's what we did.

07-00:51:54

Eardley-Pryor: How do you do that?

07-00:51:55

Peevey:

And, you greatly enhance the—let's take this house, the perfect example. We have air conditioning in this house. Now, you would never know today, got the heat on, but it's a big old house. It's fairly cool as homes go because the ceilings are high and all, but we have a demand response program that they hooked up outside on the air conditioner, that Edison pays us \$200 a year for the right to turn off our air conditioner for a certain number of minutes every hour during peak demand periods. Okay? It just so, you think you had the air on; all of a sudden it'd be off. If it's a hundred degrees outside, you know it's because Edison's turning it off; there's nothing wrong with the system. You greatly expand that program all over the God-blessed place. You get really aggressive about it, and really pitch it, and you can get those kinds of reduction that would save five power plants, and guess what? We did it, and they did it. They had to be prompted, urged, almost finagled, and plummeted, but Edison did it. Within a year, they got the savings, about 150 megawatts or so that you would get from five thirty-megawatt programs. That's what they originally had wanted to put in.

07-00:53:31

Eardley-Pryor: So you were able to create these incentives?

07-00:53:34

Peevey:

Well, you expand the program. It cost very little to go out, put those kind of things on all the air conditioners around and everything, and that was just one;

that's just the best example I could give of things that were done, and we got all that done. Of course, in the next summer, there was no heat wave like there had been the previous, and then they did build four little peaker plants, so well they got their part of what they wanted to do too, which their engineers are more secure about that than they are about the demand response programs, energy efficiency programs.

07-00:54:10

Eardley-Pryor: With energy efficiency, the way that you make Edison abide by that is through the PUC? Is it PUC mechanisms that say, "You need to install these pieces to create more efficiency, these, whatever the technologies are outside someone's home"?

07-00:54:24

Peevey: Yeah, we expect you to be able to get this kind of load reduction in the peak months, in a July of next year, yeah. They did it. They did it, and PG&E would do it too if you ordered them to do it, but they respond more slowly. We had to order Edison too, but it was more of a perfunctory thing with Edison. Once we said, "This is what we're going to do, we want to do this," they pretty much did it. Anyway, so that was kind of a competition in a way with Schwarzenegger but no, at the end of the conversation, he goes, "Mike, you know this is all politics, you understand, but I am running for reelection next year, and I can't look like I'm not responsive." A reasonable response. I found him to be easy to work with and desirable to work with. He asked questions. He'd be interested in things, but once he'd make some sort of decision, he'd say, "Now you go ahead and do it, Peevey, and if you have any problems, let me know; otherwise, I just expect these things to happen." He was very good to work for in that way. He was good at delegation. Now, he's aided by the fact that he had a real sharpie in Susan Kennedy, who made sure that things that were delegated got done, rather than just delegated out the door and forgotten about.

07-00:55:46

Eardley-Pryor: So, the efficiency aspects through the Energy Action Plan: you'd made mention that it also required the other California energy agencies. The Energy Commission, the Air Resources Board, the State Water Resources, Independent System Operator, all these energy principals were a part of this as well?

07-00:56:05

Peevey: Well, there was a group called the Energy Principals.

07-00:56:08

Eardley-Pryor: Tell me about them.

07-00:56:08

Peevey: They weren't just part of that. Overall, we talked about all kinds of things. We met regularly.

07-00:56:15

Eardley-Pryor: Did the Energy Principals—was that something that met before your time on the PUC, or is that something you implemented?

07-00:56:21

Peevey: No, I didn't implement it in the sense that. I think it became generally accepted we ought to do something like that, have everybody meet and talk, because what had happened in several past administrations, these agencies didn't talk with one another. One of the things that, frankly, I insisted on is that our agencies cooperate one with the other, and it was, frankly, aided and abetted by the fact that I was in my sixties, and at the PUC, Mary Nichols was a little bit younger than me, but she was chair of the Air Resources Board, a very important energy agency, although its name is Air Resources, and Bill Keese, who was a carryover from the Pete Wilson days, was the head of the California Energy Commission, and we all, we liked one another and were able to work well together, and Keese was similar to my age, and our egos, we left them largely at the door. We weren't thirty-five years old, striving to get ahead kind of thing, which is fine, but sometimes, you get into all kinds of conflicts with it, and we worked basically well together, so much so that when Jerry Brown became governor, he kept the same mechanism, Energy Principals, going. So it all worked very well in that regard under Schwarzenegger.

07-00:57:57

Eardley-Pryor: Energy Principals, sounds like it's important having them work together so well.

07-00:58:02

Peevey: Well, we talked about all kinds of things; it wasn't just energy efficiency or the Loading Order.

07-00:58:09

Eardley-Pryor: Like what?

07-00:58:10

Peevey: Just the usual gab would be the start of a meeting, but then you'd talk about, how is PG&E doing on *x*, or how they're doing on *y*. I wish we'd spent more time talking about how they're doing on their safety program for the fires, but that was not—I was going to say, but it would be a terrible pun: it was not a burning issue in 2005 and '06, but should have been, but it wasn't. So, we would work on all: reviewing how they're doing their renewable centers; listening to them; have them come sometimes and talk about what do they see as the challenges facing the state; all those kind of things. It was the idea for the people, the leadership of the principal agencies to get together and be able to let down their hair in some fashion amongst each other.

07-00:59:08

Eardley-Pryor: Sounds like a smart idea.

07-00:59:10

Peevey: Oh yeah, Jerry Brown kept it going.

07-00:59:12

Eardley-Pryor: I've read Daniel Farber—who's the faculty director at Berkeley's Center for Law, Energy, and the Environment—who said, "Yeah, the energy sector is so fragmented in California, it's a good idea to have California governance include the Energy Principal sessions."

07-00:59:27

Peevey: Oh, absolutely. He's absolutely right.

07-00:59:29

Eardley-Pryor: But I've also seen critics, like there's a San Diego attorney, Michael [pronounces as Ag-wire] Aguirre, I believe is—?

07-00:59:35

Peevey: No, [pronounces as A-gary] Aguirre.

07-00:59:35

Eardley-Pryor: —Aguirre, who sued the PUC over issues I think we'll probably get to later. But his critique of the Energy Principals is, the public doesn't have a role to participate. What do you think about that accusation or those kind of ideas?

07-00:59:52

Peevey: Well, the public has plenty of opportunities to participate in all the public hearings and processes of the PUC and the Air Board and the Energy Commission and everything else. These government agencies have to function, and they have to be able to work together, and it's not an attempt to necessarily exclude people as much as it is finding we have commonalities, finding an avenue and a means to express them. He's just wrong. People who talk like that usually are worried that somehow their business well-being or otherwise is going to be negatively affected or what have you. This guy's sued PG&E over their programs, one of them like in energy efficiency or so where they don't get enough money, to do what they think they ought to do. There's so many things interwoven here with these advocacy groups and what their self-interest is, that you have to be very leery of them, honestly. Not to say that some are very well motivated.

07-01:01:11

Eardley-Pryor: Something the Energy Principals worked really well together, from speaking briefly with Mary Nichols, for example, in preparation for our discussion, was something she said or she was really proud of in working with you was the Renewables Portfolio Standard, the RPS. Tell me a little bit about what that is, and how [it relates to] your work with the Energy Principals.

07-01:01:33

Peevey: Well, again, those are just words, but that's basically the targets for the state in the renewables area. We set that—we want to do so much solar, so much wind, so much fuel cells, so much biomass, et cetera—and tried to work

together in a cooperative fashion among the various agencies to try to achieve that, and the PUC played such a critical role because it has to provide the okay for the utilities to finance much of these kind of things.

07-01:02:04

Eardley-Pryor: Tell me about that, because that's where I don't understand. What role does the PUC and the other Energy Principals have in implementing the Renewables Portfolio Standard?

07-01:02:12

Peevey: Okay, so we say, "PG&E, by 2020, 25 percent of your electrical generation has to be renewables"—now we're saying this in 2015, not today, okay—"and you go out and get that. Feel free, do it as economically and as effective a way as you can, but you'll be able to cover your costs in rates, what rate payers pay." So they have incentive to do that, both, well, because the government agencies want it, and because it's environmentally sound, so, that's how the idea behind all this works.

07-01:03:08

Eardley-Pryor: So, to let me express what I'm hearing you say, and tell me if I'm right. The PUC allows the utilities to charge certain rates in order to meet the requirement of whatever the renewable needs to be.

07-01:03:22

Peevey: Yeah, except it's more like [the PUC] orders, [laughs] than allows.

07-01:03:27

Eardley-Pryor: So, the PUC says to the utilities, "You need to have"—let's say for example—"20 percent of your renewables by the year 2010. We don't care how you do it; you just need to do this." That's the order the PUC gives?

07-01:03:40

Peevey: Well, no, that makes it too simple. "And we expect you to be able to do this within certain parameters, and you have to have so much solar, or within some brackets, so much solar, so much wind, so much biomass." You just don't say, "Go out," and you know, it's a fare-thee-well. Then we also reserve the right, the PUC does, to monitor and review their costs and how they spend their money to do that, so it's not throwaway. You got to have policing, and—

07-01:04:15

Eardley-Pryor: Accountability.

07-01:04:16

Peevey: —it's called enforcement. And what we used to call energy—there's three or four letters, including compliance, and the compliance means, are you complying with what we've set for you as a goal, and there can be fines, and there have been fines for not doing certain things well, and so forth. That's how you effectuate that.

07-01:04:44

Eardley-Pryor: The PUC is a pretty powerful agency.

07-01:04:46

Peevey: I think we've stipulated that. It has a tremendous amount of authority. Some would say, "It has the right to tax," which is terrible.

07-01:04:54

Eardley-Pryor: What do you mean?

07-01:04:56

Peevey: That it can raise money from rate payers for purposes that maybe not everyone would agree with.

07-01:05:02

Eardley-Pryor: That's the critique. How do you respond to say that it's not an agency that's able to do that?

07-01:05:12

Peevey: Well, it is an agency that is able to do that. The question is, and this comes down to individual judgment, I suppose, but there's a consensus seemingly in this state that these things are in the public interest, but that's what it comes down to, who defines the public interest, and there's all kinds of controversy over that. I went through this before, but when I was talking about the powers of the PUC and the inherent powers as the courts have found, that when the ten-year authorization for the PUC to provide monies to the California Energy Commission for its research and development program expired, now it would take a two-thirds vote to get it through the legislature to reauthorize it or start it again. The sponsors, including the governor's office, couldn't get the two-thirds vote. They'd get a majority, but they couldn't get two-thirds vote; that's mostly because the minority were Republicans that didn't want to vote for this stuff. A few did, but most didn't.

That's what it comes down to, and then, so the PUC said, "Well we have that inherent power to raise that money ourselves; we don't need the legislature to do this or okay this," and that is what the Court of Appeals upheld, that it did have that authority. Some people would say, and I have to say even myself, that that's fairly close to the right to tax. You're taking money from everybody that pays their Edison bill or PG&E bill and setting aside maybe only ten cents a month or something, but some amount for this purpose, and I don't agree with that purpose, and why do you get to spend my money that way? I didn't vote for this. These are the arguments about it being a tax, because it applies to everyone.

07-01:07:11

Eardley-Pryor: Well then tell me about why you think it should be. Why should there be that ability within the PUC, because that is a lot of power. In a sense, the Republicans would say, "This is government choosing winners, picking winners."

07-01:07:22

Peevey: It is.

07-01:07:23

Eardley-Pryor: Why should that be a thing? Why should that be something the PUC can do?

07-01:07:26

Peevey: This comes down to value judgments, doesn't it, but it's whether you believe in the greater good, in my opinion, for the greater number, and if you believe that we should deemphasize fossil fuels in favor of renewables, and some would say, "This is absolutely critical to dealing with climate, changes in climate," then this is the only way to do it. You have to have everybody in it. You can't say, "Well, I'll put in two cents, but not ten cents." That's the argument, and look, the voters in California in 2010 decided to keep the Global Warming Solutions Act that had been passed by the legislature in 2006, and then were several Texas oil companies that sell power or gasoline in California, Tesoro and Valero, as well as the Koch interest, K-o-c-h, fought this and trying to get voters to repeal, or a bit more technically correct, suspend its application till unemployment levels dropped to a certain level.

That was opposed by voters, by a team led by—the guy's face is everywhere about impeaching Trump—Tom Steyer, who is co-chair of the campaign, the No Campaign, turned this thing down, along with George Shultz, the Republican former secretary of state and all that who's at Stanford, and Steyer raised most of the money and the thing was defeated. Sixty-two percent of California voters said, "No, we're not repealing this. We like this goal and this purpose and all that." That's how you ultimately, some of these things make a decision, right? Jerry Brown used the legislature to pass a tax increase in gasoline, and several groups petitioned it, put it on the ballot to repeal the effort. Two months ago, they lost. Voters turned them down.

07-01:09:43

Eardley-Pryor: So that happens at the state level—the recall is an example of that in its own way, and all the propositions in California—but the PUC is a different animal. If it has the right to tax, and to do things that we could say are in the public interest, like Green in California, that might be an economic interest of the utilities who think coal, and gas, and all these things are cheaper anyways, but where is the public able to shape the PUC's decision making to pick winners and losers, the same way that it is in the proposition context, that the public can vote? Where does that happen within the PUC realm?

07-01:10:26

Peevey: Doesn't exist. It only exists indirectly by the kind of people you elect to office, starting with the governor, or starting with the president. People elected a president now that wants to repeal a lot of the environmental legislation, and I would say progress, that were made under Clinton and particularly Obama and all, and even under President George W. Bush, want to repeal that. Well, those of us that are very upset and angry about this, we don't have much in the

short-term way of affecting his choices to be head of the Environmental Protection Agency, and on and on and on, right? So you have to wait until the next election to try to turn some of these things around. I'm afraid it's the same here.

07-01:11:13

Eardley-Pryor: The same with the PUC, because it's the governor who gets to appoint. That makes sense. Tell me; I'm thinking about a specific example that the PUC is making choices kind of telling the utilities how they should run their business, and I'm thinking about, in 2004, San Diego Gas & Electric wants to sell off the Escondido Power Plant, and there's an agreement that says, "The PUC allows that to move forward, but only if San Diego has to purchase energy from the Otay Mesa Power Plant." What goes into a decision-making process of something like that? It sounds like the PUC is kind of coming in and saying, "Here's how you need to run your business."

07-01:11:58

Peevey: Yeah. That's pretty true.

07-01:11:59

Eardley-Pryor: So, what goes into a decision-making process of that for this regulatory body?

07-01:12:05

Peevey: Well, it's a regulatory body who's trying to act in what it feels is the public interest. There you are, and I think within some reason that that's okay. This is why you have, at the PUC—it's probably overdone, but at the PUC, you have a whole advocacy process, and a resolution process, where most everything of consequence has to go through some sort of decision-making process in front of the public, where they can participate in proceedings that would make a determination like the one you just stated, with input, and hearings, and then ultimately a vote of the Public Utilities Commission. That's the way we do this indirect method, is the way that we, in the United States, have come to make a tremendous amount of decisions, not just in this state, but every state.

07-01:13:19

Eardley-Pryor: If you could change aspects of that system, what would you change?

07-01:13:24

Peevey: I wouldn't change the basics of the system. I would maybe dither with some, who gets to participate, under what circumstances, what's the test for true interest in this so that it's not just—the problem we have, to some degree, I don't have anymore, but at the PUC, is that the PUC provides what's called intervenor compensation, which pays people to come, if they're qualified and pass certain tests, come and make money off of involving themselves in these different issues that come before the PUC.

07-01:14:10

Eardley-Pryor: Almost like a consultant?

07-01:14:11

Peevey:

Well, but they're not, because they're usually adversarial, and I think that process can get abused where people are adversarial only because they want to get the monies, the fees, but that's true for a lot of lawyers and a lot of courts, I guess, but within limits, I think it's a good system. It gives an airing of the issues. So if something is totally non-controversial, you're not going to have anybody showing up to talk about anything. Well that's almost true. You always get some people, even the lowest city council would come there to complain about a dog, or some other thing, but most of the time, they all work pretty well together. You have the same thing at a much higher level at the Public Utilities Commission with parties having a right to come and object to, or participate in these hearings in the process, but it's just a lot of work to do that. You just don't come in—I mean, people do come, put a picket line outside, yell and scream for a couple hours and leave. That doesn't seem to have much impact, but more thoughtful contributions, and there's a whole, the California Public Utilities Bar, lawyers, that do practice before the PUC that make worthwhile contributions, by and large.

07-01:15:36

Eardley-Pryor:

I'd love to steer a little bit back towards the greening that you were able to accomplish through the PUC. And what I'd love to hear you talk a little bit about is the implementation of smart metering, in California.

07-01:15:47

Peevey:

No, that didn't come until later, chronologically.

07-01:15:51

Eardley-Pryor:

Well, I guess what I'm thinking about is, you had made mention of a visit to Italy in 2004—

07-01:15:56

Peevey:

Yeah, yeah, I know where you're—

07-01:15:56

Eardley-Pryor:

So, that seems—

07-01:15:59

Peevey:

Okay, all right, that was the start. Here was the thing. One of these CFEE trips, we went to Italy to look at the utility system there, how it was operating, what could we learn things from it, and so forth. Learned there they have a big problem sometimes with lack of reliability of the system; they have a big problem with theft of electricity—it can be stolen, just rerouting wires and all—and the ability to measure environmental impacts and usage all requires a meter. It's the electric meter now, improved over the old analog meter that just kind of spun around slowly like this—told you how much power was being used, that's all it told you—is that it was our joint interest, ours and theirs, to have products that are two-way, that could read what's being used, and compile all that, and be able to send signals back to the user about doing

certain things, just like a reverse 911 phone or something would ultimately be. You know what I'm talking about?

07-01:17:26

Eardley-Pryor: [Yes]. I understand being able to get real-time readings of energy being used, but what's being sent back, just that, just the exact amount of energy that's moving through?

07-01:17:40

Peevey: No, it was more than that. First, we could send back any kind of messages you wanted to send, like, "From 10:00 to 12:00 tomorrow, the heat is supposed to reach 107 degrees, and we urge you to recycle your this or that, or cut down on this or that, for that period of time." You could send those kind of messages, at a real time, right?

07-01:18:07

Eardley-Pryor: Is that what helps enable greater efficiencies?

07-01:18:10

Peevey: That would do that, yes, and you, now, I don't know, do you have utility service? I mean, a separate bill comes to you?

07-01:18:22

Eardley-Pryor: I pay through PG&E, for Sonoma Clean Energy.

07-01:18:23

Peevey: Yeah, I know, but I mean, do you get a PG&E bill?

07-01:18:27

Eardley-Pryor: Yes.

07-01:18:28

Peevey: Okay. You ought to be able to know how you're using your electricity, and how you compare with your neighbors, and whether there's leakage or excess in your system. As an example, and a little earlier time, but what we were able to do when I was at New Energy for Ralphs grocery chain, a big grocery chain here in Southern California, is show them, by their smart meters—we got them all smart meters—they had 240 stores, let's say 250 stores—every one, how much electricity they were using not only by minute, by hour, and so forth, but by which appliances, which lights, which room, so forth.

07-01:19:30

Eardley-Pryor: So you had already had some, and you'd made mention of this, you'd already had some experience in what smart metering could do in 1999.

07-01:19:36

Peevey: Yes, I had, yes.

07-01:19:38

Eardley-Pryor: What did you learn in Italy then?

07-01:19:40

Peevey:

What we got out of Italy was simply that they're doing it. They're putting in smart meters to thirty million customers. That's a lot of meters. They're motivated in part by theft, part by other considerations, okay, including wanting to be more efficient. I came back here and said, "Why aren't we doing this here in California? Why do we go all the way to Italy to see this? We ought to be able to do the same thing." On top of that, IBM was the system integrator for this.

07-01:20:13

Eardley-Pryor:

In Italy?

07-01:20:13

Peevey:

IBM, American company.

07-01:20:15

Eardley-Pryor:

Well, they were the ones that were implementing it in Italy?

07-01:20:17

Peevey:

Yes, for the Italians. And a company called Echelon in San Jose was making one of the critical chips, goes into the computer for all this.

07-01:20:32

Eardley-Pryor:

So it was California companies that were be able to implement this—

07-01:20:34

Peevey:

Well, one.

07-01:20:35

Eardley-Pryor:

Or at least one of them?

07-01:20:36

Peevey:

Actually, I think IBM's Silicon Valley Division was the one too. But any rate, why aren't we doing this in California? So, first reaction of the utilities to me was, "Well our system is just as good or so," and then, we'd talk about that for awhile, "Well, maybe not." So we all went back to Italy a second time, myself with a couple utility execs, to talk to the people there, and PG&E and Edison came back convinced that they could improve their system with smart meters.

07-01:21:13

Eardley-Pryor:

So, was the PUC involved in helping create that, or was it just creating an opportunity for those dialogues to happen, in these trips to happen?

07-01:21:20

Peevey:

We ended up having proceedings to get the facts, and then decided that, yes, Edison is allowed to spend up to seven hundred and forty million dollars on smart meters in their service territory, and please come back with a plan, and we did the same thing with Edison and San Diego.

07-01:21:50

Eardley-Pryor: So, your role, what I'm hearing is, not only introducing this to the utilities and saying, "This is something that could be done for efficiency and for better knowledge and control of your business," but the PUC's role was essentially enabling the rate to be assessed, for allowing the utilities to charge for it?

07-01:22:09

Peevey: The answer is yes. We were the leader. We stimulated this. Edison was very reluctant to do it at first: "Well, we have all this information ourselves; we don't need you to tell us how to get more information," and people tend to get that way when, come to things like this, but they eventually agreed.

07-01:22:27

Eardley-Pryor: Another thing on the docket of time in PUC that leads to a greater greening is a PUC resolution to eventually disallow coal plants in California, around 2005, and I have the name Julie Fitch as involved in some of that. Who is Julie and what is this decision that happens?

07-01:22:46

Peevey: Well, it's not quite the way you stated it. But Julie Fitch was my energy advisor when I was a commissioner, when I was president of the PUC, for a few years. A very bright young lady from the Bay Area who was my environmental advisor, my energy-environmental advisor.

07-01:23:01

Eardley-Pryor: How did you find her to come be a part of things?

07-01:23:03

Peevey: Well, she had worked for my predecessor, Bilas, and I just kept her on. Basically, when you go into a job midterm like this, you just inherit the staff until you start making changes. So all the staff that I had there were people that had worked for Richard Bilas before me. Not unusual, that's just the way it goes. So she was one of them, and we had a similar value system. We hit it off, in terms of the care about the environment and so forth.

07-01:23:37

Eardley-Pryor: So what was the decision that helped make it difficult for coal plants to come back to California that she was involved in with you?

07-01:23:46

Peevey: It was simply—remember, I said earlier, there are no consequential coal plants in California, never have been. Yeah, a little bit of coal gets burned for industrial purposes a few places, and maybe a little bit up in the Suisun Delta area—that's, the power that's consumed by PG&E. It's 1 percent or less of the total consumed in Californians, so, but, there's a lot of coal that comes to California by wire. Now what do I mean by that? Means that there's coal plants outside the state, of which I mentioned several in past points of this conversation, and then the pollution, most of the pollution stays at the site where it's generated, and the coal comes via wire.

So, we have coal, but it's by wire, and Southern California in particular was that way for quite a while. Well, basically, we didn't say "close down" any plants; we said that, in future, that essentially, any new generation, any new generating unit had to meet certain air quality standards, performance standards that only brand-new natural gas facilities could meet—these are conventional power plants—and that, at the time, coal could not meet them. So, coal was precluded from any new plants being built outside the state and sending the power to California, not by saying, "We don't want coal," but by setting a standard of performance that it couldn't meet. If you did the former, you'd be violating the Interstate Commerce Clause of the US Constitution, but doing the latter, you're protecting the environment of the state in which you're in. There's a total difference in terms of legal status.

07-01:25:52

Eardley-Pryor: So, through the PUC, you're able to regulate what energy is coming in from out of state?

07-01:25:59

Peevey: By setting a standard, the answer is yes. But it has to be a standard that has some basis for it environmentally and health-wise. You can't just say, "Well, we don't want coal because it's not green, because it's brown or black." It has to be a rationale and something that's thoughtful about it. It's not something you just do willy-nilly.

07-01:26:27

Eardley-Pryor: And the basis was, essentially, we think coal is not good for the environment, and so we don't want California energy fueled by it?

07-01:26:37

Peevey: And it adds to global warming.

07-01:26:40

Eardley-Pryor: So there was a global warming argument as a part of this standard that was set?

07-01:26:43

Peevey: Yes it was, but this is 2005 now. Yes, remember we talked earlier, and I said my interest in global warming goes back earlier than that, and Al Gore goes back earlier than that. But, yes, this was a very practical application using a performance standard. The key word is performance standards, words, are not just, I don't want coal here, or I don't want nuclear here, or something. You can't do it on that basis. You have to have some logical reasonable basis for denying something.

07-01:27:14

Eardley-Pryor: It shows the influence of California as an energy market to be able to shape how energy outside the state is even going to be developed, and that's essentially what this order does. It's shaping the way that energy is produced outside the State of California.

07-01:27:31

Peevey:

Well, to the extent that that energy produced outside the State of California—the owners of whatever energy, that is—want to send it to California, yes, that’s true. But, they have other markets too, remember that. But yeah, that’s the way, that’s the application, that’s the way it works.

07-01:27:53

Eardley-Pryor:

That’s big. That’s influential.

07-01:27:55

Peevey:

Well, it has been consequential. Now, I have to say, next time you look at your PG&E bill, look at the back of one of the pages. I think it shows where PG&E gets its power from, all these different sources, and one of them says “indeterminate.” Now what that means is simply the following: You have this big network of transmission lines throughout the West; let’s take it from Pacific Northwest, from Wyoming and Montana. There’s some coal that gets shipped around the West. It’s very tough to ensure that every last little bit of electricity that comes to California, every kilowatt, there’s no coal in it. You basically can’t, that’s why it’s called indeterminate. So, we still may get a little bit of coal imported, not by deliberate action, but by accident.

07-01:29:02

Eardley-Pryor:

Because of networks?

07-01:29:04

Peevey:

Yeah, because of the nature of the networks, that’s right.

07-01:29:07

Eardley-Pryor:

I have a note that in December of 2005 Susan Kennedy departs the PUC to join Governor Schwarzenegger’s staff, [as] chief of staff. How did her absence at the PUC change the things you were able to do there? What was the consequence of her leaving the PUC?

07-01:29:26

Peevey:

Well, Susan, I said earlier, Susan and I were just a great team. I was crazy about the woman. I loved working with her. She could be difficult at times, and I’m sure I can be, too, but we just had a great relationship. We had a similar value system. We looked out on things the same way. Neither one of us tolerated a lot of bullshit. We cut through all the bureaucratic crap as much as we could, and losing her was a big loss in that regard.

07-01:29:57

Eardley-Pryor:

So, what changed in the wake of that absence at the PUC?

07-01:30:00

Peevey:

Nothing drastic, but some things took longer to get done, and there wasn’t any intensity of feeling perhaps on certain things that there had been when she was there. She would take on some cause, and that cause or that issue, because of her energy and drive, would move it a lot further, faster than somebody else doing it. That’s just the nature of these entities like we had at the PUC: five-

member governing board, staffs beneath it that tended to respond to you as commissioner wanting to do *x* or *y*.

07-01:30:47

Eardley-Pryor: This makes me also wonder how long Loretta Lynch and Carl Wood remained on the PUC.

07-01:30:53

Peevey: Oh, they stayed, I guess, to 2004. I'd have to see a little table now to remember who succeeded who exactly, what date.

07-01:31:10

Eardley-Pryor: Once they decided to [depart], once their term ended and they were no longer on the PUC, what changed upon their absence? What was the consequence of them leaving the PUC and you were still president? How did things change once they were off?

07-01:31:31

Peevey: Well, I think it's fair to say the commission operated a little more smoothly, honestly. Carl used to, he had a certain kind of stock speech he gave on many things he disagreed with, and there were many things he disagreed with, with the majority, and read the same kind of remarks over and over, over again, dissent, which I said, "Carl, you don't have to read all that. Just file the dissent." "Oh no, I want to read it." You know, one of those. A lot of those, those are little things. The thing, it just became more efficient, from my perspective, now maybe not from others' perspective, that would be fair.

07-01:32:11

Eardley-Pryor: Another major initiative to talk about is the Million Solar Roofs Program. Tell me a little bit about that background. It was an effort that was legislature-oriented that failed, but it ended up happening. So, tell me the story of the Million Solar Roofs Program.

07-01:32:30

Peevey: Well, Schwarzenegger was the father of the Million Solar Roofs. When I first met him in his office shortly after becoming governor, he said a couple of things. The first time I met him is that picture over here. I met him once at a wedding down here, but that was the first time I ever had a real chance to chat. He said he was very concerned about air quality in California when he moved here. He couldn't stand it, coming from Austria which is in the mountains, and it was all so clear there and all that, then he said, "I want to be a very renewables-pro commissioner, and I want to put a million solar roofs on homes in California, homes and businesses," and I told him I thought that was great, but we have to have a program and devise a program to do it and all, and he said, "Well that's part of your job," [laughs] but that was his commitment, and we came up with the program to do it, the PUC, of which I'm extremely proud, the staff, and we've achieved it.

07-01:33:57

Eardley-Pryor: Tell me how. How did you make it possible?

07-01:34:00

Peevey:

Well, we provided a subsidy to people who would, through their utilities, who would put solar on their roofs, and it was a declining block subsidy. That means like, for every kilowatt you put up on the roof there collecting electricity—the kilowatt’s just a measurement, a kilowatt hour—you got paid so much—these are not real numbers, but just to give you the impression—ten cents a kilowatt hour year one, nine cents year two, eight cents year three, seven cents, so forth. Except that’s what the manufacturer of the solar panels had to contend with, which made them more efficient. So, you understand? You’re giving incentives that are ever-declining for people to put solar on their roof, and for manufacturers to respond. That stimulated a much more efficient industry.

07-01:35:07

Eardley-Pryor: Why is it important for it to decline? Why is it important for that not to decline?

07-01:35:16

Peevey:

It’s an indirect way of making them more efficient, that’s what they’ll tell you. That’s what Lyndon Rive, who’s the head of SolarCity (now part of Tesla), told me. He said, “You did more for solar industry than anybody else in the country, Mike, because you came up with an economic incentive mechanism, declining block grants, rates, that stimulated us to be more efficient. We got good money the first year, pretty good money the second year, and not quite so good third year, and so on and so forth, but to continue to earn that money, with our new products and all, we had to get ever more efficient, that’s what it comes down to, essentially,” and they did, and they’ve absorbed all that, which was over a billion dollars in costs over time, or will, or either 100 percent of what the Million Solar Roofs’ goal was, or we’re almost there with the construction of the remaining part right now, and everybody is pretty pleased with that, and it made the industry overall much more efficient, the solar manufacturers, whether they’re in the US or in China, more efficient, and it stimulated the solar industry in California in a pretty dramatic way.

07-01:36:34

Eardley-Pryor: Yeah, it sounds like you incentivized the renewable energy producers and manufacturers to create a better business model.

07-01:36:42

Peevey:

That’s right.

07-01:36:43

Eardley-Pryor: Where did this idea come from? Why not do something like what the Europeans are doing, the feed-in tariff method?

07-01:36:48

Peevey:

Because—you already alluded to it indirectly, the problem with the feed-in tariff. If you're getting the same amount in year three as year one, you wouldn't be having any improvement in efficiency, in all likelihood, because there'd be no incentive to improve your efficiency. Other words, I'll give you a dollar this year, but I tell you, next year, you're only going to get nine-tenths, but I want the same thing from you. You're going to bust your ass to make sure the nine is worth as much to you as the ten was the previous year. That's human nature, and so forth. You could get to a point of no return, obviously, but you incentivize behavior by providing declining block incentives. Now, I guess you could flip it on its head and say, "The more you do, the more incentives you'll get," and that might work, too, but that costs you more. You want something that reduces the state cost, and lets the benefits go to the consumer.

07-01:37:43

Eardley-Pryor:

Tell me about the development for that. So, now that you've explained the big picture for what happened and why it happened, tell me a little bit about how you came to realize that this is the way we're going to go. Were you looking at other models? Did you look at Germany?

07-01:37:57

Peevey:

Yes, yes, I went to Germany, and I went to Spain—a guest of the Spanish government, I might add. They invited me there because they thought we, really, myself and our general counsel at the time and some other people, because we had some knowledge that we might impart to them, and I thought, boy, they're really messed up in the way they're going about doing this. This is Spain, but they were copying the German model, which is, give an incentive, and then give it for thirty years at the same price. Well, what the Germans have found out is they get so damned much solar on buildings there now that the cost is prohibitive, and their rates are too high. We're trying to avoid that in California by this declining block system. The Italians copied the Germans, and so did the Spanish, and all three of them have serious problems now, financial problems, in the energy sector for the companies, and more importantly, for the consumers paying more, and they could've avoided this with a declining block incentive. Look, the declining block incentive is not a new idea. It's well known in economics and many other things; it just was new to this industry in this application. I didn't do anything radically different that I hadn't learned in graduate school or some other application like that.

07-01:39:29

Eardley-Pryor:

I'm thinking, too, the governor turns to you and says, "Mike, I want to do the Million Solar Roofs, so, make it happen."

07-01:39:36

Peevey:

Yeah, he didn't tell me the exact way to do it. He would've probably been happier than hell if we just copied Austria and Germany, but he didn't have enough knowledge—or if he did, he didn't get into it to say, "Copy what the

Germans do.” And some people would say, “He’s the kind of personality would say that.” He didn’t say anything like that at all. He said, “Just find the best way to do it, and let me know if you can do it, and how soon it’ll take you to get it going.” And I said, “Give me ninety days.” I got back to him within sixty rather than ninety. He said we could do it, and then we had to approve at the PUC. We had a vote and we got three votes for it. Jeff Brown, my dear friend, voted against it. He said, “It’s too expensive, going to cost a billion and a half dollars,” or some money like that. But we had a brand-new commissioner who came to her first meeting, and she voted for it. She took Susan’s place, and that’s how it happened.

07-01:40:30

Eardley-Pryor: That’s how it was able to get passed through the PUC?

07-01:40:32

Peevey: Yeah, and the other brand-new commissioner, a guy named John Bohn, he didn’t vote. He just abstained. So we still needed three votes. And the woman’s name was—who’s a Cal grad, and used to be on the Federal Communications Commission—Rachel Chong, C-h-o-n-g, Chong. She’s a resident of San Francisco. She voted. She said, “I’m pleased at my first meeting to vote for this big solar program,” and she did. So, we lost Jeff Brown but we got Rachel. And Rachel and I became good friends over time. She usually supported me in things—not always, but usually. Any kind of function like this, when you have a commission form of government, you have shifting alliances sometimes, or friendships on coalitions over particular issues, but we all worked pretty well together all the time I was at the PUC, after the first two years. I always had a majority, at least.

07-01:41:37

Eardley-Pryor: Was that something because you arranged for that by working together with each other before a vote happened? Is that part of it, wrangling people?

07-01:41:46

Peevey: You know, that is what happened. But it was largely done by the staffs working cooperatively together. I look back on my time there, I had obvious weaknesses as a leader. I wasn’t collegial enough with people on a regular, ongoing basis. That was made more complicated, honestly, with the fact I live here in Southern California. If you spend every day of the week at the PUC, it’s a hell of a lot easier than when you’re up there three or four days, and then the next week, you’re staying down here. I had an office here in downtown Los Angeles, so I would go to there. When I wasn’t in San Francisco, I’d be in Los Angeles, so I always had all the same equipment to get in touch with people—the PCs, and everything else, the conference calls and all that, and videotaping. We had everything. But not in person. Well, it’s nice when you work in person. You can walk down the hall and just say, “Joe, can you help me?” or “Let’s talk about this or that,” and you have the contact with the staff the same way. A weakness I had was being an absentee commissioner, and there was no simple answer to that. Now, all the commissioners live in

Northern California. I think that's too bad, because 60 percent of the population lives here in the south, and we're not—this is true about state government generally—not as well represented as we could be, in my opinion.

07-01:43:19

Eardley-Pryor: Back to the California Solar Initiative—what the Million Solar Roofs became known as. The decision to make the declining block-incentive piece of it: did you see that in another industrial model, and say, “This is how we want to apply this to renewables”? I'm wondering, where did this come from?

07-01:43:43

Peevey: Essentially, yeah. Well, I had some very good staff, Julie Fitch was one, but two, she worked on this too, and Jeanne Clinton, but oh, there's—it's in acknowledgements in my book—the third woman, Molly Sterkel. She was a whiz at this kind of stuff. There's lots of literature written about incentives, and not just in solar, I mean just across the board, what are successful ones, what are less successful ones. This applies down to how you pay people; there's piece rates. There's so many different kinds of incentives, good and bad. But this one, they all—and these are all women, I might add—they all came to me and said, “This is what we think is the best.” And we talked about it for awhile, and I said, “I agree with you,” and that was that. And then I got my colleagues to agree.

07-01:44:50

Eardley-Pryor: That's great. I love that women had such a major role in helping shape it.

07-01:44:53

Peevey: Well, but my history with women, in working, has been, by and large, pretty positive. I didn't get along with Loretta Lynch, and there've been a couple others in my life I haven't got along with at all. But mostly, I've got along with very well, people like Susan Kennedy, Lisa Bicker. These people are champions. We worked very, very well together. And I was happy to delegate to them, and my chief of staff at the PUC: a woman, Carol Brown—no relation to Jeff Brown, but just another Brown. There's a lot of Browns, like a lot of Woods. No, I've always been very pro-woman.

07-01:45:32

Eardley-Pryor: Sunne McPeak, actually, whenever I spoke with her, said the same thing about you: that you have always worked really well with women, respected their ability to be leaders.

07-01:45:42

Peevey: Well, it's very true. She certainly is a tremendous leader, very effective woman. And I got her a job. That's further along, but CETF, California Emerging Technology Fund—what does CETF stand for now? Anyway, that's what she heads, today.

07-01:46:07

Eardley-Pryor: Is it the Emerging Technology Foundation, maybe?

07-01:46:10

Peevey:

No, Fund. She heads that. I hired her away from the Schwarzenegger administration. What happened was that she had been a supervisor in Contra Costa County, then she headed up this Bay Area Council, did a very good job—it's a business group for the Bay Area, kind of a super chamber of commerce for the nine-county Bay Area—and then, she was approached by someone on behalf of Arnold, a guy named George Kieffer. I think he may not be anymore, but he was chair of the Board of Regents of the University of California for awhile, any rate, and I think Schwarzenegger's wife's personal attorney. I can't remember all these details of these things, but she was approached, and asked to be the secretary of the state Business, Transportation and Housing Agency. It's a cabinet position in the governor's—you can't get much higher than being the governor, close to but it's in Sacramento, and she was that for a few years, but when Susan Kennedy went to Sacramento to be his chief of staff, boy, the warning lights went on for me. Both of these women are so strong-willed, self-confident, and able, that there's going to be clashes, I knew it. I just knew it, and of course there were, and whatever, and Sunne decided she wanted to get out of there and get back to the Bay Area to work and all that, and we had created this California Emerging Technology Fund.

07-01:48:09

Eardley-Pryor:

Through the PUC?

07-01:48:10

Peevey:

Yes, yeah, I'll tell you that story if you're interested. That's a telecom matter, nothing to do with energy. So I asked her if she wanted to come back and do this job, be the head of it. Because I became chairman of the board, so I kept some of these darned things as out-of-the-office things—like the California Clean Energy Fund, the same kind of thing. I would be the nominal head, because you always have a staff that's running it, and she accepted. And she's had that job for ten years, or eight years, whatever it is.

07-01:48:48

Eardley-Pryor:

Well, one of the things Sunne noted about you is your respect and relationships in working with women in power, and that many men of your generation do not have that ability. She asked a very good question that she didn't know the answer to: where does that come from for you? Where does it come from, this sense of, that unlike a lot of other men in your generation, to have the respect for women in positions of power?

07-01:49:18

Peevey:

You asked me this once before, didn't you? I don't really know the answer to that question. I think you asked me this when we were talking about my childhood. Maybe it was, in part, being raised only by my mother. But that doesn't explain it, I don't think, because I had an abusive stepfather and I never saw my father. I told you all this. Maybe it was the fact, when I went to work for the federal government, my first boss was a woman, or second boss

was a woman—I had respect for her and liked her. But, that sounds too simple. I think maybe it's more primitive than that. Maybe I just like women.

I don't know the answer to that, but I've found that, by and large, my working relationship with women has been very, very good. I look upon people, if they're doing their job, as equals, not any superiority. And I'm not a sexist. I'm not saying I'm not aware of the sexual nature of life or of women and don't see attractive women and unattractive women and all that. But I'm not absorbed by it or anything like that. I'm just not. It's all it is. I like to be around strong women, independent women. And my wife's an independent person. She has her own career, and she does her own thing. Sunne McPeak's that kind of person. Susan Kennedy's that kind of person, an extremist, almost. I don't know. I can't go any further than that. I wish I could, but, well why? I don't need to have an explanation. I am what I am.

07-01:51:12

Eardley-Pryor:

Something else that happens in mid-2006, in September, is the Global Warming Solution Act, which you've made mention of. The AB 32 gets passed through the legislature and pushed out at big signing events with Governor Schwarzenegger. Tell me about how that moved forward. What was going on in your world—your working world through the PUC—as this was trying to get moved through the legislature? What role did you have through the PUC?

07-01:51:38

Peevey:

Well, we weren't the lead. I was very supportive of it, and worked with Mary Nichols and others on this, but we weren't the lead. It was Fran Pavley, the legislator, was the lead at the beginning, and then the person that rescued her bacon on this thing was the speaker of the Assembly, Fabian Nunez, who's a friend, and then of course, Schwarzenegger and Susan Kennedy played a huge role in its enactment.

07-01:52:13

Eardley-Pryor:

How?

07-01:52:14

Peevey:

Because, if you're smart in the legislature, you don't draft bills and send them to the governor's office just to get them vetoed. You work with the governor's office, so if you can get the votes to pass it, you're going to get the bill signed. And that's what the sponsors did. And they worked with Fabian in particular and Fran, worked with her, and they drafted a bill that everybody could be comfortable with, but we [at the PUC] had a peripheral role. We were supportive. We used to talk about it, and all that, but I didn't do anything special or in particular in favor of it, other than just being supportive.

07-01:52:56

Eardley-Pryor:

Something else that happens around 2006—I've heard you mention it as a misstep—is the California Institute of Climate Studies. [It was] one of these

pieces that the PUC is trying to create, using some sort of funding mechanism to create some sort of entity that you think is for the public good. Tell me about what this was, and why did you call it a misstep?

07-01:53:20

Peevey:

Well, what happened in 2006 on this—Jesus Christ, is it that far back? You had asked me earlier about when did climate change and all come to the fore in my mind and everything else, and I said it was before then. Well, certainly, it was at full fruition by 2006, or 2005. And I felt that there's a lot more the state can do in a more concentrated, organized way, to deal with climate change, and that there ought to be monies to do so. The problem with that is that the state was still in very difficult financial straits, and there wasn't millions of dollars around to do major climate work, either at the [California] Air [Resources] Board or the [California Natural] Resources Agency or wherever. So, working with other—with myself being the spark, I guess—I came up with this idea that we should create an institute on climate change in the State of California, funded by the customers of the utilities.

07-01:54:53

Eardley-Pryor:

So the PUC would be able to charge a rate increase to fuel the climate research?

07-01:54:58

Peevey:

Exactly. And the way that works is, the utilities contribute to some and then they get the money reimbursed. Essentially, that's what it was. And it ought to be a multiyear program to deal with climate change, and it ought to be funded at fifty to sixty million dollars a year.

07-01:55:21

Eardley-Pryor:

Substantial.

07-01:55:23

Peevey:

And that it should be at the University of California as a public institution, with the exact form, or where it would be, to be determined by some governing board. But it'd probably be at Berkeley or UCLA, or maybe San Diego. But all the campuses would play some role in it, and so on and so forth. And it would be chaired—I think I had it down, either the PUC would chair it or the Air Board would chair it—I can't remember right now. And it would be composed of several people from different academic backgrounds, as well as a couple business people, and environmentalists.

07-01:56:15

Eardley-Pryor:

I can tell you as a historian of environmental issues, this sounds like it'd be amazing. So, why was it a misstep?

07-01:56:23

Peevey:

Here was the part that was a misstep: So, we created it. We voted it. We voted for it at the PUC to do this, start the following year, with collecting money, create this institute, and the people at Berkeley, I mean in Oakland, the UC

president's office thought this was fantastic, Carl—was it Blumstein—can't remember his name—and all, this would be wonderful. The misstep was that this was not, and it was not the first time, is that, the general feeling about me, and particularly in a year like 2006, I guess maybe I was too big for my britches, I was too damned expansive, I was too aggressive trying to do too many things, and expanding my power base and authority. I'm not saying everybody felt that way, but certainly some did.

07-01:57:28

Eardley-Pryor: What quarters are addressing these issues at you?

07-01:57:32

Peevey: Well, in this particular one, it was some of the legislative staff.

07-01:57:40

Eardley-Pryor: Within the PUC?

07-01:57:41

Peevey: No, legislative staff in the legislature, particularly a guy named Kip Lipper, who's indexed in my book, a very bright, able guy; chief environmental expert for the state Senate, had been for years, still is, right this moment; and a very strong environmentalist. But his rationale on some of these things was, "This is the prerogative of the legislature: executive branch of government carries out laws, not creates them, or proposes; that's for the legislative branch." Well, that's a gross exaggeration, in my opinion, of how things really work. But that was his stance, and he managed to first, just kill this. Okay?

07-01:58:55

Eardley-Pryor: The research institute?

07-01:58:56

Peevey: Yes, but it became clear there was enough interest in doing it, okay, that they had to pass something like it—similar, let's say a cousin to it, or a brother. So the legislature did, taking the PUC president out of any leadership role; still had some nominal role, and the money would still be there, and it would be more directed—I can't remember. I think he had the Air Board in charge of it. I don't remember the specific details. Any rate, it got to the governor's desk and Schwarzenegger said, basically, "Screw it, I'm not signing this." He said not to me, to the legislature, to the Senate, "I'm not signing this. I've been screwed over by Don Perata"—that was the name of the guy that was the speaker pro tem of the Senate at the time—"enough times this year and I'm not doing it." And he said, "Susan, you tell Mike that I'm just not going to do this and give Perata this big win for himself and all that." So they killed it.

Now, my misstep: I should have met with Lipper and I should have met with Perata, and we should have worked all this out early on before we had a vote at the PUC to adopt it, and then their egos would have been assuaged, and it would have gone ahead. And that was my ego and my, "I'm big enough, I could just get this done on my own." It's the same way that Fessler had—one

of my predecessors at the PUC—the whole deregulation thing. Almost all that could've been done by the PUC, didn't have to be done by the legislature, the bill we talked about earlier today. He was smart enough or someone counseled him or whatever, that he still said, "We want the legislature to do this. It's our program, but we want the legislature to do this." And of course, Steve Peace tweaked it, and tweaked it, and tweaked it, and tweaked it. So, it lost some semblance to what the PUC had, but it was basically the same thing. That was the smarter route.

I couldn't stand Kip Lipper. I thought he was just a terrible pain in the ass, and I just said, "Fuck it." I mean, I didn't deliberately take him on, but I just figured this is such an important issue, we should just do it this way. And I lost. It was my misstep. Didn't have to happen. Now, has it made any difference long term? Probably not, because you know the UC system is, amongst other things, it's so Goddamned resourceful. Almost every campus has an institute of the environment dealing with climate change. LBL [Lawrence Berkeley National Laboratories] spends half its budget on climate change, even though that's a national lab, but in cooperation with Cal. The Lawrence Livermore Lab does the same thing. You've got fuel cell centers at UC Irvine. UC Davis has an Energy Efficiency Institute now, and all this other stuff. UCLA has got a big institute of the environment. San Diego does, too. Irvine does. I thought they should be better coordinated through the [UC] Office of the President, which they loved, the president's office loved, right? [laughs]

07-02:02:23

Eardley-Pryor: I'm sure they loved the idea of sixty million dollars as well.

07-02:02:26

Peevey: Of course, of course. Anyway, that's the misstep.

07-02:02:29

Eardley-Pryor: Well, what did you learn from that? Did it change the way you moved forward in wake of 2006, with this issue, or with other issues?

07-02:02:37

Peevey: It made one much more conscious of how to move forward, yes, yes it did.

07-02:02:42

Eardley-Pryor: Can you think of an example?

07-02:02:43

Peevey: No, not right off the top of my head, but I will. In some ways, the thing I got most out of it is just stay away from the frigging legislature. They're just a pain in the ass, because they met on everything. And after 2010, and the San Bruno accident and all that, Jesus, the legislature became just a terrible pain in the ass for me and everything else, and a lot of enthusiasm kind of waned. And they didn't do any real harm, but they—I mean, that Jerry Hill guy, the

state senator from San Bruno? Just negative shit all the time, you know? There you are.

Now they're ragging at the PUC again, blaming Picker, my successor—it's been four years since I've been there—going to, you're not doing this; you're not doing that right. I could see, just so many ways, I see a replay of what happened the last time with [PG&E's] bankruptcy. First, you blame the company, and then you start blaming the institutions that regulate the company. And there's no way the PUC, for example, no way that it, without hiring another hundred or 200 people, can be a safety enforcement agency for all the transmission lines in the state that go through forests. There's too much of it, way too much, too big. It's overwhelming. You have to rely on the utilities to do this and you got to kick—PG&E has to really be kicked in the ass bad, and get rid of some of its management and all. But, they could do what San Diego did, which is insulate the God-damned lines, and put in new poles, put in metal poles instead of wood poles, and all these things that reduce the fire risk drastically. San Diego did it after the big fire they had in 2007, which, Northern Californians smugly said, "Well, that's a Southern California problem. We don't have those kind of problems." [laughs]

Let's keep on our own outline, but the fact is that there's enough responsibility to go all around here. Look what's going to happen there in Santa Rosa, the Tubbs Fire. Now, PG&E has been exonerated from that. They said it wasn't the cause. But that same area burned forty years earlier, and the wind seems to hit a certain kind of mixture over there in Calistoga or Knights Valley and comes blowing over, and Jesus Christ, I don't know what the hell you do. The people can rebuild. It would be nice if they could all rebuild to the highest new standard, but people can't afford that, so what do you do? What do you do? You live in a \$300,000 home in—what's the name, Potter? What was the name of the neighborhood there?

07-02:05:26

Eardley-Pryor: Stony Hill, or —?

07-02:05:27

Peevey: No, no. Fountaingrove, and down below, the one that burned, the 500 homes in Santa Rosa. Okay, so your \$300,000 home that was built in 1960. Now, you could replace that home—there's so many new materials you could put on the house that would greatly reduce the risk of fire, right? But you can't afford it. So you're happy just to have your old home back. You can't afford it and your insurance won't cover the new stuff; they'll only do replacement value. So what the fuck do you do? What does a community do?

07-02:06:01

Eardley-Pryor: Is there a role for government to be shaping this? Is the legislature coming in—

07-02:06:05

Peevey:

Well, yeah, but where's the money going to come from? So let's say, I'm telling you now, "Okay, Mister Eardley-Pryor, you could rebuild at the same location, but here are the conditions you have to meet: it's going to cost you \$50,000 more than your insurance will pay for," and you don't have that \$50,000. What do you do, move away? Move to Windsor? These are very practical problems for local government. I have sympathy for people that have to deal with these: city managers and representatives.

On the other hand, the standards have to get better. You can't allow Paradise to be rebuilt with [only] one road in and one road out, and the same crappy housing kind of buildings that they had. One of the things that's really ironic up there is, all the fast food places that had been newly built in Paradise, they were in one location as you went into town. They didn't get any fire damage. They got smoke damage, they didn't get any fire, because they were all insulated and built to withstand the kind of fires you have today, versus the other stuff goes back forty years, they're wiped. But you can't make everybody build to the standard of McDonald's, believe it or not. These are tricky public policy issues for people, very tricky.

07-02:07:25

Eardley-Pryor:

Climate change is a game changer, that's for sure. Let's take a little break here, Mike.

07-02:07:28

Peevey:

It has all those kind of implications, so many, so many. Yes, all right.

[Break in audio]

07-02:07:39

Eardley-Pryor:

So, Mike, I have a note here to ask about telecommunications, because that's another aspect that the PUC is in charge of regulating, not just the energy world.

07-02:07:48

Peevey:

Correct.

07-02:07:49

Eardley-Pryor:

I put down 2007 as my point, in part because that's when the first iPhone comes out. So, what was it that the PUC is charged with doing in terms of telecommunications? And how did that change with the rise of cell phones and smart phones?

07-02:08:04

Peevey:

Well, what the PUC historically has done is regulate telecommunications like energy, that it sets rates, safety, service—there's not much safety worry there, but service, those are all the functions of the Public Utilities Commission historically in terms of the telephone industry. What has happened though, of course, in the telephone industry in the last twenty years, there's been truly

radical change to the whole structure of the industry. It used to be that the industry was Mom and Pop at home with a—when I was a kid, we had, we used to call it a “party line.” That’s long gone. And, the cell phones and other technological changes, including Facebook and Twitter and all this stuff, they just drastically changed the nature of the industry.

07-02:09:03

Eardley-Pryor: How did that change the way the regulation happens?

07-02:09:05

Peevey: Well, it changed the way regulation worked in the sense that the PUC has largely backed out of the day-to-day—and payphones used to be a big thing. We used to have a whole group of people worrying about payphones and all that kind of stuff, a handful of people at the PUC. All that, what’s happened is that basically, the PUC has got away from the regulation, other than for safety or a convenience, and decent service. You take complaints to the PUC about the service, but that’s it. We don’t regulate the rates at all, of cell phones, or even the basic services is barely regulated at all. Now, that industry’s been changing so rapidly. What happened ten years ago, twelve years ago was—you have to go back. There used to be AT&T. When you were a kid, there was AT&T, right?

07-02:10:09

Eardley-Pryor: Yeah.

07-02:10:10

Peevey: AT&T was all over the United States, basically. There were two phone companies, basically, thirty years ago. There was Verizon—or before Verizon, and whatever it was called before Verizon, I can’t remember—and AT&T. And then, Judge Greene, in a memorable case, federal case, broke up AT&T into a whole bunch of pieces, into what’s called regional Bells. The one in California was PT&T, Pacific Telephone and Telegraph; the Southwest Bell in Texas, Oklahoma, Arkansas, and so forth; and then there was Midwest Bell, and on and on and on.

07-02:10:51

Eardley-Pryor: Cincinnati Bell, where I grew up, was the spin-off.

07-02:10:56

Peevey: There were all these Bell companies. What happened, Pacific Telephone and Telegraph changed their name to Pacific Bell, which was simpler. They built the ballpark—

07-02:11:07

Eardley-Pryor: Pac Bell Stadium.

07-02:11:08

Peevey: Yeah, that’s right, it was Pac Bell Stadium. It’s AT&T Stadium now.

07-02:11:12

Eardley-Pryor: I think it might even change this year again.

07-02:11:15

Peevey: Well, to what?

07-02:11:16

Eardley-Pryor: I don't know. I don't remember. [Oracle Park]

07-02:11:17

Peevey: No kidding. But, any rate, so they built that. That was twenty years ago. It was twenty years ago. It opened in the year 2000, Pac Bell Park. And you had these other Bell companies, and they were all—as I said, the PUC regulatory authority over them was diminished by that fact that there wasn't really much need for it, over the rates and all that business. There are still little bits and pieces, but not much.

So, Southwest Bell was headed by a guy named Ed Whitacre, and Ed was a hell of a guy. His father had been the head of the Brotherhood of Locomotive Trainmen or Enginemen, or some big union railroad job. And Ed was from San Antonio, one of those guys, good-old-boy type, but he was smart as a whip, just a façade. Any rate, he wanted to reestablish AT&T as a company, Ed Whitacre did, and he proposed, as one of the first steps, to buy Pac Bell—to merge Southwest Bell with Pac Bell, but with him the surviving dog, of course, and move the headquarters to Texas, originally to San Antonio, then to Dallas. They did. So, he came to see me, and—

07-02:12:48

Eardley-Pryor: In your role as PUC president?

07-02:12:50

Peevey: As the PUC president. And an issue for us for the previous couple of years is, what do you do about service, particularly Internet service, for the lower-income people, and non-English speaking people, and disabled people? So he came to see me, because he had been told that I wanted his company to contribute monies to create an entity that would provide that kind of service to low-income people. And he came to see me and in his Texas drawl said, "Mike," he said, "you don't have to do this this way. We'll do it on our own. That's what we did in Texas." And I told him, "We're not Texas. This is California, Ed." I liked Ed, but he was—any rate, to make a long story short, they contributed forty-five million dollars to create the California Emerging Technology Fund, whose sole job and purpose is to expand Internet reach to low-income people, non-English speaking people, and disabled people. It was funded with forty-five million dollars from Whitacre's company. And then, not too much longer after that, Verizon came and wanted to acquire what had been General Telephone in California, a smaller company than AT&T, but still had served Long Beach and other places.

07-02:14:29

Eardley-Pryor: And to do that, they need PUC approval?

07-02:14:31

Peevey:

In both cases, you need PUC approval. And a good guy ran MCI [Telecommunications] here—he lives down here, not too far from here, name of Tim McCollam—and, well anyway, we went through the same dog-and-pony show about why they ought to be doing something more. And they pitched in fifteen million dollars to this effort of forty-five million, which made sixty million dollars to create the California Emerging Technology Fund, and that's how it came to be.

Then the question is, who's to run it, and who's to chair it, and all? And this took PUC approval to do all these things, as part of the merger, see. AT&T got to acquire—or Southwest Bell, excuse me, got to acquire Pacific Bell. But I left out a funny little part: The Pac Bell Ballpark became known as SBC Park for a couple of years. See, every time they change the corporate name, they change the name of the ballpark, so it went from Pac Bell Park to SBC Park, after SBC acquired Pac Bell. They have themselves, they acquired Southwest Bell, I believe, that's in that whole southern part of the United States, and then they changed names again when they acquired the old AT&T. There was not much left of AT&T. It was a long-distance company. They acquired it, and they kept the name AT&T. They wanted that because they thought it was the best-known name, so that's how all that went about, and then SBC Park became AT&T Park. So, this guy Whitacre reassembled most of the old AT&T company. You follow me? It's rather amazing, with little different functions and all that, and now they own DirecTV. And their CEO, Randall Stephenson, he used to come out and see me quite a bit. He's the CEO. They moved the headquarters to Dallas from San Antonio and all that. That's how that came to be, then the same thing happened to MCI, and all that.

07-02:16:34

So, then the question: we got this entity, and they're going to support this California Emerging Technology Fund, and then who should run it? And I knew that Sunne was not real happy working as Secretary of Business, Transportation, and Housing in the Schwarzenegger administration, because her and Susan Kennedy, the chief of staff of Schwarzenegger, just are too alike in certain ways, personality and everything else. There was going to be a clash there. And when there's going to be a clash in those kind of situations, almost invariably the person that wins that struggle is the one that has the proximity to the boss. And the proximity to the boss means Susan was twenty feet from Schwarzenegger when he was in the office, or thirty feet, and Sunne McPeak was six blocks away. All Susan had to do was just stick her head in his office. Susan had to make an appointment.

Anyway, that's how—so we had a little search committee, then we appointed a board of directors. MCI was on it. AT&T was on it. They could nominate

people to be on the board of CETF, and they did. And we had a little search committee, and I think we unanimously chose Sunne to run it. And that's how she came to run it. Now she's been doing it for ten years and does a whale of a job.

07-02:17:57

Eardley-Pryor: That's a great story.

07-02:17:58

Peevey: So that's how all that came about, and they've done some truly remarkable things. I'm not involved with them anymore. I was chair of that until I left the PUC and then I got out of that, like a lot of other things. And that's the full story there.

07-02:18:21

Eardley-Pryor: Well, to get us back to this issue of telecommunications, so, what I'm hearing from you is that, in the early 2000s, the PUC just kind of stepped away from maybe even being able to regulate?

07-02:18:33

Peevey: Well, we didn't have much ability anymore, that's right.

07-02:18:36

Eardley-Pryor: Because it's, at that point, it's all interstate?

07-02:18:40

Peevey: Essentially, yes. But beyond that, the technology was changing and evolving so fast, there's no way the regulation could keep up with it, to be very frank. The old die-hards don't want to believe that, but that's the truth. That whole industry is in a radical transformation. The employee growth opportunities in some of those companies have been decimated. The unions have been greatly weakened. All those kind of things have happened, and there just wasn't much at all, other than for safety and for some customer service things. I mean, they don't want to be on the bad side of the PUC, because [the PUC can] ream them in the paper and you could still fine them for poor customer service. But it's not the old, overarching economic regulation that it was earlier. Okay?

07-02:19:28

Eardley-Pryor: Through some of these mechanisms, the PUC is able to create and encourage tech development or research. Like you've mentioned the Emerging Technology Fund; you've talked about the Clean Energy Fund, this Institute for Climate Solutions that you were trying to create through the UCs—

07-02:19:42

Peevey: Didn't I also incidentally talk about the creation of the Energy Efficiency Institute at UC Davis?

07-02:19:48

Eardley-Pryor: Yeah, that's essentially part of what the Institute for Climate Solutions kind of spun off into, is that right?

07-02:19:55

Peevey: Well, no—

07-02:19:56

Eardley-Pryor: Well, then no. Then do tell.

07-02:19:57

Peevey: No, no, with Ralph Cavanagh and all that, we put up this money and had a chili cook-off to see what—

07-02:20:08

Eardley-Pryor: I don't remember hearing about it.

07-02:20:09

Peevey: That also—well, it happened out of the California Clean Energy Fund. I was the chair of the board there—this is going to be brief—and Ralph Cavanagh, who's a member—did you ever talk to him on the phone?

07-02:20:27

Eardley-Pryor: No.

07-02:20:27

Peevey: He's from the NRDC [Natural Resources Defense Council]. He's a real thinker, a very good guy. His wife's a law professor at Stanford. Any rate, he said, "We ought to do more for energy efficiency." You know, we talked about—"make it more institutionalized, more part of the process, and why don't we give out a challenge grant of a million dollars to a university, in Northern California"—because coming out of that fund, it had to be some connection to Northern California, the Clean Energy Fund, because it came out of the PG&E money—"that would concentrate on energy efficiency?"

So, we did. We put out a challenge grant of a million dollars for a university that would create an energy and efficiency center. At the time, we're not an institute. You learn the pecking order at universities. "Institutes" are better than "Centers," higher up the pecking order and all that, and they've changed their name now. They're now an institute. I guess the Regents or somebody has to approve that, but it must be a very nominal act on the Regents part. How could they ever know what's going on, that kind of detail? But any case, so we did, and there were three bidders for it: Stanford, UC Davis, and UC Berkeley. And we ended up selecting UC Davis as the best, even though at Berkeley, Dan Kammen articulated and made the cause—you know who he is, right—for Berkeley. But they're in so many different things, and UC Davis really was the little engine that could. They ran so hard, worked so hard at it, and so it ended up going to UC Davis, our million dollars. And that recruited Edison, PG&E, Chevron—and in fact, the last CEO of Chevron before the current one was a graduate of UC Davis—and several others, Goldman Sachs and other people, Walmart at one point, all underwrote this Institute for Energy Efficiency at UC Davis, of which I chaired the advisory committee, too, for quite awhile. Now, I'm a board member, or an advisory committee

member, but I'm not the chair of it, or any direct connection like that. Well, I do have the advisory role—and it's a wonderful institute at UC Davis. We're all very proud of it. Frankly, they worked harder than Cal in going after it and probably would have done a better job, because they're a little more up by the bootstraps and gutsy and less enamored with their past position in life, that kind of thing. Anyway, that's an interesting thing.

07-02:23:14

Eardley-Pryor: What's the chili cook-off challenge? What was this you mentioned?

07-02:23:17

Peevey: We said, "You could get a million dollars if you'd set up a center. One of you three, we'll give you"—

07-02:23:25

Eardley-Pryor: Oh, that was the cook-off was to see which of the universities would pony up for that, work hard for it.

07-02:23:28

Peevey: Right. And what happened is that, even though myself and Art Rosenfeld both had strong attachments to Berkeley—Art Rosenfeld used to be a well-known professor at Berkeley; he died a year or so ago; he's a former physicist, expert in energy efficiency and all—we ended up voting for UC Davis because they made the better presentation, and showed us more resources. So, they ended up getting the award.

07-02:23:56

Eardley-Pryor: With some of these mechanisms that you create and create opportunity through—essentially, PUC funding in some ways, or at least negotiations—there's an opportunity to test risky technology that the market might not bear. But this is what allows for those kind of things to get tested, these sort of mechanisms we're talking about. Two of them I'd love to hear you talk about is fuel cells—and the sort of hydrogen boom that was happening in the early 2000s, whether we were going to convert to a hydrogen economy, what are we going to do with it—and also carbon capture and storage technologies. Are there any stories you have around fuel cells or carbon capture and storage?

07-02:24:38

Peevey: Is there any what?

07-02:24:39

Eardley-Pryor: Stories, any things that you can remember being involved with.

07-02:24:43

Peevey: Well, carbon capture and storage is far and away the bigger issue. The question is, if we're going to continue to burn oil or gas in power plants, then one of the ways to handle it is sequester it under the soil. Either you let it go in the atmosphere or you sequester it under the soil. Going in the atmosphere creates greenhouse gases, which creates an umbrella effect on the earth.

Putting it underground is safer; however, think of the huge job of putting all this stuff underground. I mean, it's—

07-02:25:13

Eardley-Pryor: And storing it in perpetuity.

07-02:25:14

Peevey: Yeah, in perpetuity, well, or at least a long time. Nothing is in perpetuity, I guess, but the end of the earth, but even that. So, there was, for awhile, considerable interest in the early part of the Obama administration in carbon capture and storage. And it got serious attention by a lot of people as one way of dealing with reducing greenhouse gases in the here and now, right now. Instead of chucking the power plant, find a way to sequester it, and we know how to sequester. We've done it. We've done it in the Sahara. The British and Norwegians have done it off Norway and the North Sea. And there's a couple other places in the world it's being done, or will be done. And it's done in West Texas to some degree right now, but for other reasons: they pump a lot of this stuff in to get more oil out. But it has the same consequence—it goes under. But no one ever dramatically—there was a company in Boston that wanted to get into this business. And they met—we actually had a meeting once I arranged with Governor Brown, to brief him on this. But nothing ever came of it. The company didn't have the resources, the finances to go forward, and things just petered out. So we didn't play any role, other than you would have had—if there was a formal worthwhile project—that you would have had, at least in my [PUC] office, support for it. But nothing ever came, so the PUC never did anything. I think it's too bad, but that's just the way it was.

07-02:27:01

Eardley-Pryor: I have some sort of note about a pilot project for carbon capture and storage?

07-02:27:05

Peevey: Well, we wanted to do one in Kern County.

07-02:27:06

Eardley-Pryor: Okay, that's the one that's in Bakersfield?

07-02:27:07

Peevey: That was the idea. I don't mean that we wanted to do it; I wanted to see something *like* that happen. But yes, that was the idea, try to do a pilot in Kern County.

07-02:27:16

Eardley-Pryor: But this Boston company, their funding fell through? The Boston company, they weren't able to move forward?

07-02:27:21

Peevey: There was a company, well, it was near Boston, I think—I don't think it was Boston—but they never had any funding, that I know of. Nothing ever came of it. That's the bottom line. And Kern County, it made some sense to try to

do this. It has a lot of reservoirs underground and all that. That's the one. And what was the other one you asked about?

07-02:27:44

Eardley-Pryor: Fuel cells. Anything with regard to fuel cells and hydrogen technology?

07-02:27:47

Peevey: Well, the state law required some effort to stimulate fuel cells, and there was a program that the PUC had developed that got the utilities to help underwrite some of the costs of fuel cells, and we did it down here at Cal Tech. I remember speaking at a project in Cal Tech, that Edison put in—I think it was Edison must have put it in—and there were a couple of other projects like that. But fuel cells have never, much to my frustration and others—because I mean, I like to bet on a whole bunch of horses in the technology race, not just one or two. And I'm going to get to storage in a second. But, yes, there's fuel cells. I'm not up on it as much as I'd like to be, but I don't think it's as technically proficient in doing the job as much as people hope for, and the costs are too high. That's what I gather, but I'm not—there's 100, 200 megawatts of it around the state. Now, what we're left with—what'd I say, fuel cells?

07-02:29:00

Eardley-Pryor: Storage, you mentioned.

07-02:29:02

Peevey: Storage. The PUC, in my last year, or the year and a half before my retirement, one of my colleagues—and I applaud her for this, Carla Peterman, who's just left the commission at the end of last year—pushed like hell and got through. And this is how the PUC affects policy and it is, I won't call it social engineering, just engineering. Let's put it that way: decision making. The PUC said that the utilities are required to put in over a thousand megawatts of energy storage by early this next decade, and they've been eagerly working on that. And PG&E—I don't know how the bankruptcy now is going to affect this—but they had shown a real willingness to do this and create one of the biggest, if not the biggest, energy storage projects in the nation. It was basically—let's say you have a whole bunch of megawatts of solar energy, then you would have this battery storage. But I'm not talking about little batteries. I'm talking about great big batteries that would back up that system during peak hours or during the shoulder times, being like from 5:00 to 7:00 or 8:00 at night when demand is high. Your demand is highest now at that time of day, or night. By 5:30, it's dark outside now; in summertime, it's light until 8:00. So, that [energy storage project] would fill in and provide the electricity for that period of time. They're going ahead with that, and I think that program is one the PUC can be proud of.

Now that, again, I don't want to call it social engineering, but I would say it's inducement and definitely state planning to effectuate change. That's what we did with solar, with the incentive program, and other things. So, I am for that.

You could say, “Well, you’re not a free marketer, not a believer in let the devil [decide], let them all fight it out and see.” Well, it’s never been that way in the United States, never been that way. Government. Government has always stepped in. We used to have an oil depletion allowance of 27 and a half percent. It means you could write off 27 and a half percent of your investment just like that, and even though you made a profit on it, and you get no taxes on it. There are all kinds of things the government has done certainly to stimulate nuclear energy, with the Price-Anderson Act limiting liability. All these kind of things that have gone on for years and years. All we’ve done in our state is try—and it’s a big state, forty million people or so—to stimulate new technological development in these areas. And my interest has been for environmental reasons to reduce greenhouse gases, and to make this still an inhabitable planet fifty or a hundred years from now.

07-02:31:49

Eardley-Pryor:

It’s pretty important. I want to ask you about some of the complications in making a PUC decision, all the different factors that are coming in—the environmental, as you mentioned, the social, the political, the economic. And maybe a way to do that is to talk about the decision at the end of 2010, around the Oakley Natural Gas Plant in East Contra Costa County. Initially, the PUC denied PG&E back earlier in 2010, saying, “We don’t need this new plant.” But this is also, contextually, in the wake of the [2008] financial crisis, in the midst of the Great Recession, the attempt to recover the economy at that time. How did those broader contextual issues influence decision-making within the PUC? And maybe use the Oakley Natural Gas Plant. What were some of these issues that were at stake?

07-02:32:46

Peevey:

Well, in the case of Oakley, it’s a little simpler than that. But opinions differed as to whether you’d need another power plant, and if so, at that location or nearby there. There would be a natural gas plant. There’s no question about it. It is very fair to say that opinions differed. The communities there wanted that power plant, not just the little town of Oakley, but the whole surrounding area. The Congress members and all that kind of stuff wanted this economic development, because it’d create, during its construction, a couple thousand building-trades jobs. The governor, Jerry Brown, was running for office at that time to be governor against Meg Whitman. This is not his second term; this is his first time—the second time around, the first time. And he had made a commitment to the building-trades unions to see if that plant couldn’t be built. And of course, the commitment meant that the PUC would have to be the one to say that “it shall be built,” or give an okay to be built, within the law and all that kind of stuff. And that’s often the way these things—I mean, not often, but sometimes the way these things happen. The executive says, “I’m all for that. Now, how do we make it happen? Oh, we get the PUC to do it.” That kind of thing.

07-02:34:27

Well the problem was that we did vote for it. The PUC did vote, twice, to do Oakley, although there was tremendous opposition within the commission and amongst the commissioners. But I felt, honestly, this is one of those cases where my loyalty was evident to the governor. There had been a commitment to build it, and we ought to honor the commitment, and we tried. But the courts turned it down, said the environmental impact analysis was inadequate and so on and so forth. And PG&E would not have owned the plant; someone else would have owned the plant, another company. And it just kind of petered out. After being rebuffed the second time, everybody just threw in the towel and gave up.

So it was another case of engineering by the PUC, in a somewhat different context. However, this was something that, it was marginal as to whether it was needed or not. As it turned out, it was not needed, but it wasn't clear going in that that was the case. But on top of that, you had the political considerations, and actually, I think within a political year, or gubernatorial election, and commitments that had been rendered. And I thought, everything else being equal, if there was a case for it, they had to be honored. And that certainly, I think, was the governor's view.

07-02:36:09

Eardley-Pryor: It is interesting just to think about the different layers of decision-making happening there. It was the political influence; there's the economic influence; the environmental issues. They're all coming together across the board through the PUC's decision-making.

07-02:36:20

Peevey: In that case, it certainly was, that's right.

07-02:36:23

Eardley-Pryor: But eventually, the plant never was—

07-02:36:24

Peevey: It was never built.

07-02:36:26

Eardley-Pryor: Other interests took over, made that decision.

Let's transition to talk about a difficult subject, I would say, and that's the San Bruno gas explosion that happens on September 9, 2010. This thirty-inch, huge, pretty big natural gas pipe exploded in the Crestwood neighborhood, lit it on fire. Eight people were killed, scores were injured, almost forty homes destroyed in the fire. What happened with this event? How did it come on your radar, how did you learn about it? And then, what were the consequences in the wake of the event itself?

07-02:37:08

Peevey:

Some of the consequences are lasting to this day. I heard about it—and you hear these things in pieces—but I heard about it when I was in San Diego giving a speech. I heard there had been this accident. At first, we thought it was a plane crash, that crashed into the site, this residential area, because the airport is just right there, SFO. And then it turned out, no, it was a natural gas explosion, in a pipe that had been installed in 1958—'58, improperly installed in 1958. Didn't know at the time; obviously, it would have been inspected. It was devastating, the area there that was damaged. It's lucky only eight people lost their lives. But one of the people that lost their lives was a woman that worked at the PUC. Not only did she work at the PUC, she worked in the gas part of the PUC. Talk about ironies of ironies, you know?

07-02:38:31

Eardley-Pryor:

Yeah, that brings it home.

07-02:38:32

Peevey:

Oh, it just created a very—people were just really down at the PUC for a bit about that. And there was a big funeral for her that we all went to, out in Saint Cecilia's Catholic Church at Sixteenth and Vicente, I guess it is, in San Francisco. And frankly, it shook me up. Because even though the pipe had been installed in 1958 and I was in high school—college, I guess, in 1958—you know, nobody was around. There's no records on all the pipe's history. Shouldn't have happened, it's that simple, should not have happened. It should have been a better inspection, by PG&E, and better maintenance. Now just recently, PG&E's been fined by the commission for lying on some of these pipe inspections. That's just in the last few weeks, so it makes you very uneasy about the company.

07-02:39:41

So, my reaction. Once you kind of came down from just, "Okay, what's next here," we commissioned an independent group to look at all the causes and effects of this thing. And it was chaired by Larry Vanderhoef, who was the retired chancellor of UC Davis; and there was a union guy on it from the electrical workers union in Southern California; Paula Rosput [Reynolds], who used to work at PG&E, a well-known energy expert from Seattle, or Bremerton, I guess; a professor from Berkeley whose name escapes me at the moment; and the former head of the Sacramento Municipal Utility District. And they spent six months, and we paid for this, to work on all that. They spent six months and issued a report that basically said, "PG&E was at fault. It should have been checked out. It should've been inspected more thoroughly"—blah, blah, blah, blah, blah. But they also chided the PUC and said our enforcement of safety regulations, in this instance and in many others in the gas side of the business, was too much by the book and not innovative enough and all. And it was, I think, a fair criticism of government—not just government, most peoples in their lives, we get into just doing things almost by rote, the same thing over and over and over again. You ever watch a pilot walk around a plane, looking before they get on the plane? The pilot's looking

at the tires and everything, and it's so perfunctory. You just kind of wonder, what would it take for him to notice something different, or her to notice something different?

07-02:41:46

I felt that, to some extent. That we had let down our responsibility of public trust by not being—I don't know what we could have done, really, other than demand records, early on. We didn't know any—maybe somebody at PG&E knew. But in '58? What was this, is this 2010? How many years is that, forty-two? What kind of records even existed about that? The installation, all that kind of stuff was done in a different era, different time. Could we ever have figured out there was a real danger in that ground at that spot? Probably, maybe. There had been some earth movement there. There also had been some construction there, long after '58, and that could have damaged the pipe. It's possible that some construction equipment hit the pipe and did further damage. The pipe was substandard to begin with. That, we know. We didn't know it at the time, of course, but we found out.

Anyway, it shook up the commission. And then we, as often happens in these things, got a new director of safety, brought him in, a retired Marine colonel: Jack Hagan. He was a by-the-book Marine kind of guy. Marine Corps has its anniversary November 11 of every year—this was created in 1781 or something—and he came in one time, and there were hardly any former Marines that were in the PUC, just a different culture, different time and everything else. He had a ceremony with his Marine sword, and a Marine Corps hymn and all this. And I said to myself, "This is not cutting it in San Francisco. These people don't give a shit, or they're negative." But, any rate, we changed the [PUC] culture, tried to, to some extent.

07-02:44:00

This thing, the federal government got involved. They blamed the PUC, in part, for not being active enough on inspections. Well, you know, we don't have enough inspectors—just like this right now with the fires: they got nineteen, twenty people. How can you keep up on top of everything that's going on with PG&E and its transmission system with nineteen or twenty people? You can't. You need a lot more. But any rate, and it gave this guy—was a member of the [California] Assembly at the time—Jerry Hill, gave him something to yell about. And that's exactly what he's been doing ever since. He's not entirely wrong about PG&E, culturally. I happen to agree with him, but I can't stand him as a person. I think he's just a cheap-shot artist, just piles on at every occasion he can, at government. What happened was, he came to a hearing, a public hearing, and lambasted the staff of the PUC in a public hearing that I was chairing. And I said, in front of a hundred and so people, "You cannot come here and talk like that, Assemblyman Hill. You cannot come here and insult the people. You're insulting, rude," and blah, blah, blah. I really told him off, and he's never forgiven me for it, never forgiven me for

it. But my people all loved it. I mean, they're telling him, too, basically, he was terrible. But it probably didn't serve me very well, put it that way.

07-02:45:33

Eardley-Pryor: He's remained a pretty vocal critic of the PUC.

07-02:45:37

Peevey: Yeah, and of course, at PG&E first. But, yes. And he's unceasing in his critical comments. Put a mic in front of him, he's going to say something, and it's almost always negative. He loves to see his name in the paper. At that time, he was running in the primary against a fellow member of the Assembly. I think her name was Sally Lieber, who was in the adjoining district. They were both in the Assembly; they were running for the Senate. It wasn't at all clear he was going to win, and he ended up winning, and this thing probably helped him significantly.

07-02:46:18

Eardley-Pryor: So, what were some of the changes? You mentioned the cultural change that you tried to implement at the PUC in the wake of the San Bruno explosion and these investigations, the internal and the federal.

07-02:46:28

Peevey: Just to be more active and try to initiate safety measures rather than just react-by-the-book kind of thing. And be more, not more sensitive, be more knowledgeable of all the latest trends in technology and development. This is where government has a real problem. It's very tough. You'd be surprised how little money goes into safety, by and large, by government agencies. We had to go to the legislature every year to get appropriations, and a lot of times, the Department of Finance, first, which works for the governor, they just red pencil or blue pencil out certain requests that you make. The PUC used to make requests all the time when I was there—and I'm sure it still does—for more money for safety than was given either by the governor's office or the Department of Finance, or the legislature. Cut, kind of attitude, there. I never did master the cleverest way to get around that, until you have an accident like this, all of a sudden.

It was like the [recent California] fires: now you want to have 100, 200 inspectors. Well, that won't happen. The PUC cannot accommodate that in a snap of a finger like that. The people aren't available. I'm deeply concerned about these fires, and what do you do for 2019 and all this? And I don't have an answer. I really don't have an answer, other than more staff. Yes, more staff, the best new technologies you could possibly employ. But those all cost money, and people don't want to spend the money. You get into these binds.

07-02:48:18

Eardley-Pryor: When I think about your career or your time at the PUC, from your presidency in '03 through the time you retire in 2014, there seems to be almost a shift that happens in the wake of the San Bruno event, in terms of what you can

accomplish, what can be done through the PUC. There's all this amazing implementation and change and partnering with the governor's office before San Bruno, especially around efficiency and climate issues. What changed after the San Bruno event, in terms of what you could accomplish at the PUC?

07-02:48:51

Peevey:

Well, I think the agency, to some extent, and myself, to some extent, felt a little beleaguered after that, and more defensive. Before, it didn't feel defensive. So I would say that was a very big factor, almost like a black cloud that, to some extent, hung over the commission. But I don't think that's true on a day-to-day basis. I think that people still continued to do what they had been doing, and working hard and all that. But some of the desire for innovation and leadership declined. Of course, it probably declined with me, too.

I had actually thought of leaving the commission. In 2011, we had our, basically—I guess it was 2011—we had our 100th year anniversary at the PUC. That's when we had Kevin Starr come and speak. We had a big dinner in San Francisco, at the Merchandise Exchange up on the top floor, 300 people. Willie Brown was the emcee of that. Willie Brown and myself were the emcees, because I did much of the speaking, introducing all the former commissioners that came. And there was a big crowd, all that kind of stuff. Some politicians came. This was after San Bruno, but I thought it up before all that. And I had Kevin Starr, a good speaker, and he gave a history of the commission and how it had related with state government overall and all. And I had thought, for several months if not a year before that time, after that event is over with and everything is kind of closed up about it, it would be a good time to leave the commission. I'd have to leave in the middle of the term, but I was willing to do that. I had other possibilities to do things, go on corporate boards and stuff. People would make hints about, "Gee, you ever leave here, we'd love to have you work with us," all those kind of things. And I could have done something of that type. But frankly, both the governor and his staff asked me to stay. "Stay, Mike, stay," and—

07-02:51:28

Eardley-Pryor: When Jerry [Brown] got elected in 20—

07-02:51:29

Peevey: Huh?

07-02:51:30

Eardley-Pryor: You're talking about when Jerry got elected in 2011?

07-02:51:33

Peevey: Yeah, well, he was elected in 2010. So—

07-02:51:36

Eardley-Pryor: But became governor in 2011.

07-02:51:36

Peevey:

This is the spring of the following year. And Carol's still in the legislature and was all the way through 2016. But the [Brown] administration made it clear they wanted me to stay on the PUC, that's the bottom line. As a matter of fact, in 2014, Jerry asked me to stay on the PUC for another term, just as recently as—which I had zero interest in doing, after catching a lot of shit. “God no, I want out of this.”

07-02:52:05

Eardley-Pryor:

But Jerry wanted you to stay?

07-02:52:07

Peevey:

He asked me to stay. Him and I spent forty-five minutes to an hour in his office in Sacramento, just kicking around and stuff. He'd talked about his family, and his ranch up in Colusa, and he was very charming and very friendly and warm. And when I said, “No, I want to get out,” he said, “Let's put this decision off till October.” And remember, the election was in November. By the time October rolled around, there had been more circumstantial shit, newspaper stuff, stupid stuff—we'll get into this the next session. But with that, he, I think, came to the same conclusion I did. It was just time for me to go, which I did.

07-02:52:55

Eardley-Pryor:

When Jerry came in, he appoints a few new people. He appoints three new people onto the PUC in 2011. How did that change operations there? How did that change things for your work?

07-02:53:07

Peevey:

Well, he appointed—Mark Ferron was the third appointee; Mike Florio; and Catherine Sandoval. He let Timothy Alan Simon go, and John Bohn go. Those two had been appointed by Schwarzenegger. Timothy Alan Simon is an African American guy who was a delight to work with, eventually. At first, we didn't get along—and the same with John Bohn, who is a liberal kind of Republican business man, went to Stanford, same age as me. The year he graduated from Stanford, he was, as I said jokingly more than once, “John was the student body president and graduating June '59, from Stanford; I was in the school play and graduated June '59, from Cal.” I don't know. Florio came in as quote, the big consumer advocate, but that was a mischaracterization. He was a thoughtful consumer advocate, I would put it, very thoughtful. And we worked quite well together. Sandoval was a teacher of law at Santa Clara University and had a series of other kinds of jobs. She had been a Rhodes Scholar, a very bright woman, incessant talker, and she just didn't fit in at the PUC. That was not the job for her, honestly. I don't know what was, but that was not it. Florio did a good job, in my opinion. And, who else was there then? You're right about those two replacements. Any rate, that was that.

07-02:55:09

Eardley-Pryor:

Maybe could you talk a little bit about consumer advocacy groups. You've talked about TURN [The Utility Reform Network] and some of these other

consumer advocacy organizations. What was the relationship like working with them? Did they serve an important purpose? What's the best way to have them be a part of decision-making? What do you think about that whole scene, as a part of how the PUC operates and how California politics function?

07-02:55:43

Peevey:

Maybe it's a good time to stop now; we can talk about this in the next session. I have views on that, yes, I do. But, is this a good time to break, or when is?

07-02:55:54

Eardley-Pryor:

Yeah, this could be. So we'll talk, we'll move into the post-2011 period in our next session. Thanks, Mike.

Interview 8: March 1, 2019

08-00:00:01

Eardley-Pryor: Today is March 1, 2019. I am Roger Eardley-Pryor from the Oral History Center at the Bancroft Library. We are continuing in the final session of Michael Peevey's oral history [at his house in Sea Ranch, California]. Mike, it's great to see you again.

08-00:00:14

Peevey: Good to see you, Roger.

08-00:00:15

Eardley-Pryor: This is, I believe, session eight for us today. Session eight, or seven?

08-00:00:20

Peevey: Eight, yeah, that's right.

08-00:00:22

Eardley-Pryor: So Mike, last time you and I spoke, we had covered a number of the experiences you had on the PUC, and one of the major issues that came up that we did not talk about is the San Onofre Nuclear Plant and the decision to shut that down. One of the ways I'd like to get into that discussion is talking about the triple crisis on March 11, 2011 at Fukushima [The triple crisis in Fukushima, Japan included an earthquake, a tsunami, and a nuclear meltdown.]. How do you remember hearing about that event, and how did that shape your thinking in terms of nuclear power on the California Coast?

08-00:00:54

Peevey: Well, let's try to break this apart, suss it out a bit. I don't know how I first heard about it, I guess it was in the media. It was an extremely dramatic event, but you have to understand, it wasn't a failure of nuclear technology; it was a failure of the positioning of the plant, putting it at the location that it was placed. So, what happened was this huge tidal wave came in and swept the—over 20,000 lives were lost there, in that whole area of Japan. Whole villages were just totally wiped out to sea. I can't remember how high the tidal wave was, but it was like 100 feet or something. It was massive. Largely, in effect, it swamped the nuclear plant, too, which probably should never have been built that low to the ground, at that location. Because it's true, we know geologically and all, we know that there have been other tidal waves of that size on Japan. But nothing had happened in hundreds of years, hundreds of years. So you could understand engineers and others saying, "This is a safe spot."

Well, it turned out not to be a safe spot, and it was a tremendous accident and crisis. Because the nuclear crisis didn't happen immediately. What happened, the plant, the facility largely, there—I think there were four reactors there. Three of them got swamped, and nuclear waste and emissions happened. And that's not like what happened in the first twenty-four hours of the accident. There were close to 20,000 or so people were killed, swept away. Homes,

villages were just wiped out and swept to sea. The flotsam and jetsam from there showed up on the California coast years later, a year later and all that kind of thing. But what happened was that, then, there was this: releases of radioactivity, which became very, very serious. It showed us, again, the challenge of nuclear energy, and it's the following: that in its normal operation, it's a very safe technology, and it operates very—there's no greenhouse gas emissions. It's very clean. That's in the daily operation of the facility and the plant. But you could have these catastrophic accidents.

This was a tidal action and all, a tsunami in Japan. But we'd had Three Mile Island in the United States, which was a significant nuclear accident. As it turned out, it didn't do any damage to people particularly, because emissions did not occur there at Three Mile Island in Pennsylvania. But we had Chernobyl in Russia, which was a disaster; it's a lingering disaster today. Now, the reactor designs and everything else were significantly different in Russia. They didn't have a containment vessel, and all that kind of thing, like we have in California.

08-00:04:10

But [Fukushima] did, it gave me and many others pause again about nuclear. Tiny chance of an accident, very tiny, but can be catastrophic. That's the conclusion. And that's what Angela Merkel concluded in Germany. She decided to close nuclear plants in Germany after this, which totally screwed up Germany's attempt to reduce CO2 emissions overall for climate change, because then they had to rely on coal, and they built some new coal stuff to replace the nuclear stuff. It was, in my opinion, not a rational decision by the Germans. It was their decision of course, it's their country, but it was not rational. But it made you think anew about all of these things.

Now, let me just say about California, we had two nuclear plants in California at that time that were in operation. Well, one was temporarily closed, ended up being permanently closed, San Onofre. The other was PG&E's at Diablo Canyon. PG&E's at Diablo Canyon sits up high above the water level, and the characteristics of tsunami would not be the same in California, and at the height level. That plant, in my opinion, is not particularly threatened at all by a tsunami. But I'm not a geologist and an engineer; I can't say that with certainty.

08-00:05:44

Eardley-Pryor: It is built on a fault line, isn't it?

08-00:05:46

Peevey: The fault line, that's different though. We're talking about a tsunami here. Yes, you could have—

08-00:05:50

Eardley-Pryor: Talking about catastrophe.

08-00:05:51

Peevey:

You could have, yes. It is built near a fault line, that is true. How big that could be, that's another matter and everything else. It certainly gives you pause about that plant going forward. If that's your point, yes, I would agree with that. San Onofre was a different question whatsoever. San Onofre was not kept—it was, at the time that Fukushima happened, it had been closed temporarily, but it ended up being closed permanently by the operator. Southern California Edison Company chose to close that plant a year later.

What happened at San Onofre is not connected in any way to Fukushima. San Onofre was a dispute between Mitsubishi Company, which was redoing portions of the plant at the request of Edison, and was their contractor. And the two of them [Mitsubishi and Edison] got in a big dispute over who's to blame. And the whole thing, frankly, got screwed up. Edison decided to close the plant in, I think it was June of 2014, was the date.

08-00:07:00

Eardley-Pryor:

It was closed, it was temporarily closed, during the Fukushima issue?

08-00:07:05

Peevey:

I believe it was. My memory may be a little hazy on that, but whether it was or not, once it closed, it never reopened, and it didn't close because of Fukushima. There was no connection between that and San Onofre's closure. But what Fukushima did was alert, again, to your consciousness, this problem with nuclear power. There's a couple of problems. One of them is what you do with the long-term waste. But putting that aside for the moment, the other one is a tiny chance of an accident, but can be catastrophic. How do you deal with that?

Now this is a critically important issue because today, as we talk about dealing with climate change and having alternative energy sources and all that, there can very well be—and in much of the world, people believe there is—a role for nuclear, because it's carbon free and all that. And that's not the case here in the United States. We've pretty much cold stopped any new nuclear plants, but the tradeoffs here get very tricky. But the Chinese are building nuclear plants, the Indians are building nuclear plants, and other countries continue to build nuclear plants, because they believe that overall, in the main, they will help. You can't meet the climate goals set in the Paris Accord and you can't meet the climate goals of a country without having some nuclear—that's the belief of some. I don't think that's true here in the United States. Fortunately, we have many other alternative sources and all that.

08-00:08:45

Eardley-Pryor:

Let me pause you on that. So, you don't think that nuclear should be a part of California energy profile in moving forward to deal with climate change?

08-00:08:57

Peevey:

That's correct. Here's the point though: we don't have any nuclear anymore in California. We have one plant that generates electricity from nuclear energy in California. It's Diablo Canyon owned by PG&E, slated to be closed in 2025, by the company choice. [The PG&E] Company worked out an agreement with their unions; with the NRDC (the National Resources Defense Council) and others, the community in San Luis Obispo, to close that plant 2025. Why did they do that? To continue operating that plant, they had to get a new license at the NRC, the Federal Nuclear Regulatory Commission, for another twenty or so years. They thought it was going to be tricky, and they agreed to replace all the power that Diablo Canyon generated with renewable energy, plus energy efficiency programs, and all that; so there'd be no increase in emissions that would come from alternate [carbon] fuels like natural gas if the plant was closed.

So, that's what happened; so, that plant is going to be closed. Now, the latest thing with PG&E going into bankruptcy, which was just announced two months ago, may screw that all up. We don't know the consequence of that yet. That's a brand-new subject, and by the time, it'll probably, may or may not be resolved by the time this oral history becomes a volume in a library. But that's a very challenging, interesting question. Maybe we come back to it a little later, perhaps.

So the other nuclear plant was San Onofre, and Edison, Southern California Edison, the principal operator—not the only owner, but the principal operator of San Onofre—decided to close that plant in 2014, I believe it was, for a reason that had nothing to do with Fukushima, again, but due to the fact that they sued Mitsubishi. They lost in an international tribunal on their lawsuit against Mitsubishi as to who was at fault for the screw-up. But, when they had to replace the generator and some of the other equipment there, they didn't get it right. And frankly, it's cost them a lot of money, billions.

08-00:11:09

Eardley-Pryor:

Yeah, the steam generator tubes was the Mitsubishi issue. I want to come back and keep asking you about this issue with nuclear; because in the seventies, when dealing with the energy crisis then, you were very much thinking that nuclear should be a part of the California energy profile. What changed between the 1970s and the 2010s that you no longer think this, especially with climate change as a new energy issue?

08-00:11:32

Peevey:

Yeah, well, it's tricky, because I understand that. And I just—I, personally—it's a personal decision that we don't need nuclear energy in California's future to meet our climate goals. It's that simple. It's low-risk, but could-be-catastrophic consequences. I don't think—and then you have the waste issue, which is not yet resolved at the federal level. I think it's just, we don't have to go that route. Let's just avoid it. It's very expensive, too. So, all those things.

In the seventies, we had no idea that solar and wind and other renewable energy resources could ever become as extensive as they are and as cheap as they have become. And if we'd known that in the seventies, maybe we'd had a different view then. Nuclear was a very attractive option for many people in the seventies. And in the earlier time, the sixties and the fifties, it was going to be so cheap—"it didn't have to be metered," and all this kind of malarkey that people would say at the time. But the fact of the matter is that it was a nice big generation. And replacing Diablo Canyon, which provides electricity twenty-four hours a day, seven days a week, with solar and wind without adequate other technologies like battery storage, it's going to be a huge challenge to get it done by 2025—that's only six years from now—and that's what PG&E's pledged to do. But now with them going into bankruptcy, I'm very nervous that that will happen. And it's got no attention yet in the media. You haven't seen a word about it in any of that stuff. But the press will eventually turn and ask about this.

08-00:13:34

Eardley-Pryor:

I want to ask about the 1980s, too, while you're at Edison. What was the thinking at the Edison Company at the time about the role of nuclear in their energy profile?

08-00:13:44

Peevey:

Edison was the principal owner and operator of San Onofre, also has and still has an interest in the Palo Verde nuclear facility in Arizona. There's three big, big units there. Take San Onofre and increase it by 50 percent and you have that at Palo Verde nuclear plant in Arizona. Edison is a minority owner of those facilities there. The principal owner/operator—although there's many, many parties that are part of it—is the Arizona Public Service Company out of Phoenix.

For a variety of reasons, we had decided at Edison not to pursue any more nuclear energy. One of them was cost. It was too damned expensive. Two was, I think there was a feeling of some of us, this nagging feeling that, while it's in everyday operation, it's very safe and clean, that you could have something really go wrong; and then, as a manager of a big company, you worry about the costs or implications, too. So it was that, and then the question of the waste. Because what are you going to do with the waste? We still haven't resolved that in this society. [The waste] was going to go into Nevada. It was going to be 100 miles north of Las Vegas, at Yucca Mountain. Well, that's never happened. We haven't made a long-term decision on how to dispose of the waste.

So, all those things nag at you, and the company—and I think we talked about this earlier, but the company made a decision under the leadership of Bill Gould, which I described in my book, *California Goes Green* [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)]. He made a decision to put his emphasis on

renewable energy, and that's one of the reasons why I profiled him in the book. Because he was a visionary, and a leader, and a great man, and very few did this in the industry, all across the United States. Nobody has his vision, in my opinion. There may have been someone else, but not many. And so we made the corporate decision to go a different route. It wasn't going to be large nuclear plants or great big gas-fired plants anymore. It was a very good decision. I think it's shown the test of time now.

08-00:16:02

Eardley-Pryor:

With San Onofre, once we get into the 2010s, they start dealing with this challenge—with Mitsubishi's supposed fix on their steam-generating units—and that struggle and the lawsuit that moved forward with that, which eventually rose up to the Senate. Barbara Boxer, California's U.S. Senator, was the chairman of the Senate Environment Public Works Committee. She was calling for criminal investigations over this issue. Was the PUC pulled into any of this once this starting getting into federal territory?

08-00:16:34

Peevey:

No, not really, and thank God we weren't. [laughs] She pretty much went on her own, and I'm not sure what kind of support she had from others. But she'd always been—I think it's fair to say—anti-nuclear in attitude and behavior. But, a lot of people are anti-nuclear who are environmental. And the challenge is, to be a true environmentalist, you have to look at all the alternative resources and see that there are roles for them. Bill Gates talks about a cheaper, newer, cleaner—not cleaner, but cheaper and newer, safe nuclear plants that are on a smaller scale. These things all should be considered, particularly as we deal with the issue of climate change. It's difficult to see—well, that's a topic for another date, another time perhaps, but how are we ever going to achieve our climate goals for the world, not just California, for the world, without either having some nuclear or some other major technological changes and breakthroughs on CO2 emissions? It's just very, very tough to see how you're going to do that. I was just reading an article this morning on this very topic. We're talking about putting sulfur in the skies to—

08-00:17:53

Eardley-Pryor:

Geoengineering.

08-00:17:54

Peevey:

—that, yeah. And negative emissions. Now, some of that, these things all will work. But will they work on the scale you need, and do you want to put sulfur in the sky? I don't think so. But there are other things. There are what's called carbon capture and storage where you put it underground, which I've always been very interested in. I thought it was the answer, and it should have been in the Clinton administration, the Bush administration, the Obama administration, to deal with coal earlier on, to talk about taking the CO2 emissions from coal and sequestering it underground.

08-00:18:31

Eardley-Pryor: Well, talk briefly about this please.

08-00:18:31

Peevey: But nobody wanted to do that. And the cost, the cost seemed too high.

08-00:18:36

Eardley-Pryor: Well, there was that proposed project in Kern County that some Boston organization, or near Boston, was going to fund, but it fell through. Why was that never pursued further? Was it because of cost, or were there [other] issues?

08-00:18:49

Peevey: It was because of cost. And I think it was just, professionally, at the US Department of Energy, no high priority was put on carbon capture and storage. And I think people felt that, not only was it costly, but you'd have to be digging holes all over the place sequestering this. You don't just dig a hole in the ground and stick some stuff in it. You have to do a lot of geologic work to this, and you have to know what you're doing. You can't have it put in here, and fifty miles away come back up again. These are complicated issues, which, when we talk about some of these buzzword things like "Green New Deal" and all that, people just talk about something as if it could be done in a second, if you'd just put your mind to it. Well, it takes a hell of a lot more work than that.

And they can make the contrast with World War II and how we mobilized the country. Yeah, but we mobilized the country doing things that we already knew how to do, which was make tanks; big, big planes; make submarines; make ships. We know how to do all this, manufacture all these things. That's one thing. Dealing with science is a lot more complicated, on the scale that seems to be required. Or the idea of, in ten years, making every home in America energy efficient—it's just a pipe dream. It can't be done. You don't have the workforce; you don't have anything. You could train people to do these things, yes you can; but it's going to take a lot longer than that. That's why, on the bigger topic of climate and what can you do, I think we really have to be insistent that we do as much as we can, and as effective a way as possible; but also realize we have to adapt to some climate change. Hopefully it's not as drastic as we worry about.

08-00:20:51

Eardley-Pryor: Getting back to San Onofre towards the end of 2013. This decision and the debate between Edison and Mitsubishi and who's going to pay the cost on this, these issues are bubbling up and become contentious. When does the PUC get involved in this discussion? What do you remember?

08-00:21:13

Peevey: Well, it gets involved because the plant is closed, and someone's buying the replacement power; so you got a company that is getting a return on the plant that it's built. It's getting an investment. That's the way utilities make money:

on capital investments. They get a return that depreciates over time. Do you understand what I'm saying?

08-00:21:37

Eardley-Pryor: As part of the rate fees, earlier, to allow for the purchase of capital investment?

08-00:21:42

Peevey: Yeah, correct. So, the Public Utilities Commission has the fundamental responsibility. "Okay, this plant is closed. Who's going to bear—why are people continuing? Why are customers of Edison continuing to pay for this? What are your plans? When do you plan to be back in operation?" That's a very legitimate question to ask them, which we asked repeatedly. In addition, you have the challenge that, since the plant is closed, they have to buy power from—which is mostly natural gas—from generators in Southern California/ And why should their customers pay for that? And how much should they pay? And what's a fair resolution?

So, the PUC started a proceeding on San Onofre to look at all these issues. This is before they ever [mentioned closing the plant permanently.] Meanwhile, they are—they, Edison and their senior management—are talking with Mitsubishi, and they're arguing and fighting about who's responsible. But Edison did not come forth and say, "We're going to close the plant." They didn't say that, all the way through 2013 and all the way to June of 2014. That's when they made the public announcement, June, 2014, that they were going to close the plant, with a phone call to me and a phone call to the governor. But prior to that, it wasn't clear. Although, obviously, the more passage of time, the more doubtful we all became as to whether they were ever going to reopen, and why were they waiting around, and all that. But that's what went on with it. The PUC, we started a proceeding looking into the issues surrounding San Onofre and Mitsubishi, although we don't regulate Mitsubishi, but, is Edison being reasonable? Do they really have a case against Mitsubishi? Does Mitsubishi have a case against Edison, which, they are each accusing the other of malfeasance and bad business practices? And all that kind of thing. And so, as the regulator, the public entity, it's our responsibility to try to sort all this out in terms of what's best for the Edison customer.

08-00:23:51

Eardley-Pryor: What were your interests? What did you want to see happen?

08-00:23:54

Peevey: Well, I just wanted to find the answer to that question right there. That's all. It's not complicated. I was hoping that San Onofre would be able to operate again, come up and operate. Because you see, we talk about climate here. When Edison closed that plant, CO2 emissions in Southern California went up 20 percent. That's a big number. That's totally opposite of what you want to go, right? We're talking about reducing worldwide emissions of CO2. Instead,

it went up 20 percent, 8 percent of the statewide basis—8 to 10 percent of the state as a whole, just because that plant was operating 2,200 megawatts, seven days a week, twenty-four hours a day, seven days a week. Takes an awful lot of windmills, an awful lot of solar collectors, to make up for that power—which is the same challenge we’re talking about PG&E a minute ago in terms of Diablo Canyon, how you make that all up. So, in the normal course of events, we want to see that plant back and operating. Never happened, of course.

08-00:25:07

Eardley-Pryor: So, they call you. I think I have in my record that was in June 2013, is when the call came in to say, “We’re closing it”—Edison calls you and says, “we’re closing the plant; we’re going to seek damages from Mitsubishi.”

08-00:25:20

Peevey: Yeah, I thought it was 2014, but it’s either 2013 or 2014; I can’t remember now.

08-00:25:24

Eardley-Pryor: So, then my understanding is that PUC is considering whether to order a multi-million refund—

08-00:25:31

Peevey: Twenty-thirteen, it was 2013.

08-00:25:33

Eardley-Pryor: —whether to order a multi-million-dollar refund to Edison customers. And eventually, the PUC reaches a settlement with Edison about what that amount would be for this refund.

08-00:25:46

Peevey: Correct.

08-00:25:47

Eardley-Pryor: Tell me about the decision-making and how that process happened, because this eventually becomes a point of contention.

08-00:25:53

Peevey: Right. Well, the process is, the commission first decides to look into the facts and investigate this, and it opens what’s called a proceeding. Let’s just say, we’ll call it the San Onofre Proceeding. An administrative law judge is appointed to oversee this effort—that’s a career civil servant at the PUC—and a commissioner or two, depending on the severity of the issue and all, are appointed to oversee the whole functioning of it: the administrative law judge, the proceedings, the witnesses, all that kind of stuff.

08-00:26:33

Eardley-Pryor: Let me ask you more about that. So, who does the appointing for the administrative law judge? Who makes that decision about the appointment?

And for this particular case, who were the commissioners that were involved in overseeing it?

08-00:26:46

Peevey:

Well, in the normal course of events, the administrative law judge to oversee that is chosen by the chief administrative law judge. There is a chief administrative law judge. After consultation with his or her colleagues—at that time it was a woman named Karen Clopton, C-l-o-p-t-o-n, who was the chief administrative law judge, an African-American woman who I was responsible for having appointed as the chief administrative law judge a few years earlier. Then, the commissioners decide amongst themselves, usually with the president having the biggest say, as to what commissioner will have that responsibility. And I suggested and he agreed, Michael Florio, formerly with a consumer group called TURN [The Utility Reform Network], would be the presiding commissioner on the San Onofre case. I didn't think it was appropriate for me because I had worked at Edison. Even though I thought I could be absolutely objective about it, other people would say, "Well, he's not going to be objective," and all that. So that's how that came about. So, Florio became the presiding commissioner.

08-00:28:10

Eardley-Pryor: Over the issue on San Onofre?

08-00:28:11

Peevey:

Yes.

08-00:28:12

Eardley-Pryor: So, tell me how things proceeded moving forward. How was the settlement reached? What was the decision? How did the decision get made?

08-00:28:20

Peevey:

Well, we're missing something here, missing a piece of it here, the way it happened, just in the mechanics of it. Edison announced they were going to close the plant, the PUC set up a proceeding, and after the various parties participated in the proceeding—the consumer groups, environmental groups, Edison, citizen groups from the area in San Diego and so forth—because San Onofre is in the border of Orange County and San Diego County, actually, there was a lot of interest in what would happen here by people in that area as well as all these other groups. And the PUC had a proceeding, and the parties went back and forth, back and forth, back and forth. They finally, the principal ones, came to some settlement of the issue.

08-00:29:22

Eardley-Pryor: What role do those public hearings—and especially for groups like TURN, which Florio had led—what role do they play in helping the settlement?

08-00:29:32

Peevey:

Yeah. He didn't, Florio didn't lead TURN. He was one of their principal advocates, but he was not the head of it. It was a guy named Mark Toney who was the head of it.

08-00:29:41

Eardley-Pryor:

Okay. But he's associated, he came—

08-00:29:43

Peevey:

Oh yes, yes, yes. He was the principal advocate [for TURN] before the PUC on a whole host of issues, yes.

08-00:29:48

Eardley-Pryor:

And so what role do these consumer advocacy group—or other people that are interested in the area, you said, of Southern California—what role do they play in helping shape the direction of the settlement?

08-00:30:00

Peevey:

Well, it depends on the quality of their work. It's that simple. Some of the consumer groups, a group like TURN, usually puts on what I would say is a competent case. Not necessarily a winning case, but competent. They'll make competent arguments, cross-examine Edison witnesses in this case, and so on and so forth, and then make a recommendation to the administrative law judge. And there's proceedings going on and cross-examination and hearings over a period of months, can even go on years—but this going over period of months, and back and forth. And depending on the quality of the participants, hopefully, you hope that the administrative law judge will weigh the testimony accordingly and give due weight and consideration to those things that are raised.

You can't predetermine that. That has to be a process, just like in any court of law, in a sense. It's like a court of law in that regard, and there were some very competent people there. There was a group; it was represented by John Geesman from Citizens for Nuclear Responsibility—I can't remember its exact name—but who used to be executive director of the California Energy Commission, he was a member of the Energy Commission. And he represented that [group], it was an antinuclear group, but he represented them in that Edison San Onofre proceeding. And he was very able and knew the industry very well. So, you got all these different people, and then you got people from San Diego that are participating—many times, yelling and screaming, frankly—but also making a contribution. So, you had a range of participation.

08-00:31:46

Eardley-Pryor:

What do you remember from those proceedings in how they shaped the decision of the settlement?

08-00:31:53

Peevey:

Well, what happened is that they seemed to shape the settlement, and things were agreed on. But then there were this other factor which involved me, which was the so-called private—and I was not the presiding commissioner on this thing, I was not, in this proceeding—but I suppose, which is true, I had met with an Edison senior officer, Stephen Pickett, in Poland, earlier in 2013, it would have been.

08-00:32:28

Eardley-Pryor:

Was this a CFEE trip?

08-00:32:29

Peevey:

Yes, yes it was. Yes, and we were there looking at the—we won't go into the details of why we were in Poland, looking into all the problems the Poles have with their energy problems. They wanted Californians to come and help them, and they're largely 90 percent dependent on coal, c-o-a-l, coal. Not clean. Their plants were old, many of them built by Russian technology, and not necessarily bad; but they couldn't ramp them up and down, and then they started getting all this surplus other energy from Germany. They had a lot of problems and they thought that maybe we could shed some light on some of those problems. But there wasn't a hell of a lot, frankly, that Californians could teach them. It was just the terrain and environment so different from our own here in California.

But, any case, during the time there, Mister Pickett and myself had a conversation about what if—underscore “if”—if San Onofre were closed, what would be a fair outcome, in terms of who bore what costs, customers versus Edison shareholders, and so forth. And it was he and I and a guy named Ed Randolph—who was at that time the head of the energy division of the Public Utilities Commission, still is—had late nights conversation about this. And I outlined what I thought would be a fair outcome—let's put it that way—to him, and he took notes, copious notes, which he shared with me, and I kept a copy of the notes. And he went back and undoubtedly reported to the senior management, Edison management, if we closed the plant, this is the kind of thing Peevey would support. And he couldn't say everyone else would support it, or whatever the outcome would be—and it was apparently not met with enthusiasm by his colleagues, at least some of his colleagues, senior colleagues, at the Edison Company. I don't know the inner workings of what went on there, who said what to whom and all that kind of business. I can't tell you, because I'm not a party to any of that. But in any case—

08-00:35:00

Eardley-Pryor:

How do you know that they didn't receive that well?

08-00:35:05

Peevey:

How do I know they didn't receive it well? Because, when they decided to close the plant later that year, June of that year, 2013, then there was a proceeding of the PUC, and they, what they articulated at that proceeding,

when Florio was chairing and all, was decidedly less than what I had described that I would support, okay? And the most fascinating thing was, they ultimately were able to come to an agreement with TURN and some of the other groups at a cost decidedly less for Edison than what I thought Edison should pay or bear, and that's been documented since then. [John] Geesman and others pointed it out to the legislature, and it's been in the press, and all that—not very much attention in the press, I might add, frustrating to me. But that's what happened. And besides, Mister Pickett didn't seem to be anywhere apparent in this proceeding anymore; so, something had gone awry, is my only conclusion, internally at Edison Company with his representation. Now that's not to say that he was endorsing what I had said. But as I said, I'm not privy to the inner workings of the company. I hadn't been there in twenty years, and so I don't know what actually transpired. But all we know is that the settlement they made—

08-00:36:48

Eardley-Pryor: That Florio oversaw.

08-00:36:51

Peevey: —well, he and an administrative law judge, and all that—was less than what I had said I thought would be a fair outcome. No one would dispute that today. Then the whole thing got knocked into a cocked hat and got retried a second time. And Edison, the second time—[which was] caused by some attorneys in San Diego, a fellow named Aguirre and others—let's just say they drove up the price in a second settlement that was becoming the permanent settlement for Edison. And even that was not as good a deal for customers as what I had suggested I was comfortable with. Now, all I can say is what I was comfortable with at the time, not what would be the outcome. There was a whole proceeding and a policy-means to arrive at it, and maybe what I had said early on was not as reasonable as what the ultimate outcome would be. People could obviously conclude that. But anyway, that's what happened.

08-00:37:58

Eardley-Pryor: So, just to restate what I think I'm hearing: you're on a CFEE trip like you've been doing for decades, and on this trip, you met with representative Mister Pickett from Edison, and another person who worked with you at the PUC, in charge of the energy division. And you said, "Here's what I think the settlement could be, and I would be in support of that." And it was a better deal for California consumers—for customers, Edison customers—than what ultimately the proceedings the next year settled on.

08-00:38:34

Peevey: That's correct.

08-00:38:35

Eardley-Pryor: And then even, it was retried—and this retrial, I think, happened much later, 2018 even, right?

08-00:38:41

Peevey: No, it was before that, 2017; but anyway, yeah.

08-00:38:45

Eardley-Pryor: The retrial to redo the settlement also was not as good of a deal for the customers as what you had said before.

08-00:38:54

Peevey: Yeah, but that's an opinion. That's my opinion. I would argue that. I mean, a wag could say, "Geez, hell, Peevey, how come you were able to work out something in a weekend in Poland that turned out to be better for rate-payers than the so-called consumer group, after six months of back and forth, the proceedings couldn't get?" Anybody who's reading this or listening can draw their own conclusions as to that, but that's the way it was.

08-00:39:38

Eardley-Pryor: Well, then explain to me—what I don't understand then is, why were these accusations of ex parte meetings leveled at you, and these emails that were eventually seized?

08-00:39:47

Peevey: They were leveled because the person [Michael Aguirre of Aguirre & Severson law firm] that was doing most of the leveling was a former city attorney in San Diego, because he made it look like there was a cooked-up deal. But number one, there was never any deal. I wasn't in a place to make a deal, and I wouldn't have been inclined to do so in any case. And all I did is lay out what I thought would be a fair outcome, which is what I did. But it played well to say there was a deal, to increase the pressure to get more concessions from Edison in any proceeding. That's the way the system tends to work, when you get in the press and there's a lot of newspaper stories and all that.

Now, the ex parte: there was nothing wrong with having ex parte conversations. They happen all the time. The responsibility of having them though, of reporting that, it's reportable. Under PUC rules, it's a reportable event in a proceeding before it. So, Mister Pickett's responsibility was to report the conversation and the substance of it, not every detail, but the substance of it, to the PUC within a couple weeks after, or thirty days after it had occurred. That never happened, and the PUC ultimately fined Edison—I think it was fifteen million dollars—for not reporting that. And Edison claimed that it wasn't a reportable event because there was no proceeding that was—well, they hadn't made a decision to close the plant or any of that kind of stuff. Well, they lost and all that because it got in the newspaper, became a big issue in the newspapers in Southern California, or San Diego largely. But that was the gist of it.

08-00:41:51

But I want to be very clear, anybody that is ever looking at this: there's nothing wrong with having ex parte communications, as long as they're

reported, and they have to be reported to the PUC. And this would have been one of those cases, and was one of those cases. And the requirement for reporting is not on the PUC commissioner, because that would just be reporting to yourself. It's on the party that initiated the discussions or was participating in the discussions, if it's an applicant before the Public Utilities Commission, which a utility is. So, it was their responsibility, and that was all determined. They were fined for it, and that's all ancient history now.

08-00:42:37

Eardley-Pryor: Once the decision for the settlement was reached with Florio and the administrative law judge, does that then come up to the five-person commission decision?

08-00:42:47

Peevey: Yes. Yes, and I think we adopted it either at the last meeting or next to last meeting of my term there, in 2014. It was either November or December of 2014, that decision was adopted. It was reopened later, but the decision was adopted, yes.

08-00:43:14

Eardley-Pryor: And what did you think about the settlement?

08-00:43:18

Peevey: Well, I didn't think it was as good as what I thought it could have been, but I was on my way out, and it wasn't my case, and that was that. I was most interested in the question of how this played out in terms of the environment and climate change, honestly. And I wanted to see Edison support efforts—principally at UCLA, although could be elsewhere, too—to deal with the impacts of climate change in Southern California. And there was some language at my urging put in the decision providing that.

08-00:44:05

Eardley-Pryor: So, some of the settlement money—the monies from that settlement, and the utility rate increase—would be funneled into research at UCLA?

08-00:44:13

Peevey: Mm-hmm, [yes]. Research and—well, essentially research, but some of it's applied. Some of it is more theoretical research, as to how to reduce that—remember when I said [there was a] 20 percent increase in greenhouse gas emissions coming about because of the closure of San Onofre? My focus, as I went out the door into retirement, was I was trying to do something that I thought was environmentally sound for Southern California. This was a serious problem, and I didn't think Edison was acting as responsibly as they could in dealing with it, and taking ownership and acceptance of the fact that they're—they owned and operated the plant and they closed it. They had their dispute with Mitsubishi, and that was not resolved at that time, but they should be doing more. They should be more proactive in terms of dealing with climate change than they were. That was my concern.

- 08-00:45:20
Eardley-Pryor: Just because we're on the topic, let's just continue and finish it. When does this issue—with the emails being released and the accusations of ex parte meetings—when does all that come? Is that in the wake of the settlement, which happens in 20—
- 08-00:45:35
Peevey: Well, the adopted settlement happened, I said, at the very end of 2014.
- 08-00:45:45
Eardley-Pryor: Mm, and you retire in December of 2014.
- 08-00:45:48
Peevey: That's correct.
- 08-00:45:48
Eardley-Pryor: So when did these emails come out and all these accusations?
- 08-00:45:51
Peevey: In 2015.
- 08-00:45:53
Eardley-Pryor: After you've left the PUC?
- 08-00:45:54
Peevey: Yes.
- 08-00:45:54
Eardley-Pryor: I see. I see. Do you want to talk about that now, or do you want to talk about it chronologically?
- 08-00:46:00
Peevey: Oh, I don't care, whatever you think is best.
- 08-00:46:03
Eardley-Pryor: We're on the topic; let's just continue with it. So, at that point, you had retired from the PUC. What was your experience when all of a sudden, these lawsuits start coming forward, and investigations got launched?
- 08-00:46:14
Peevey: Well, there were no lawsuits, but investigations. Well, I was being investigated before I left the PUC for being too—these are not my words, but “being too friendly with PG&E.”
- 08-00:46:39
Eardley-Pryor: Around San Bruno?
- 08-00:46:40
Peevey: Well, not around San—that's what got everybody interested in. But it was just that I was just “too friendly with PG&E,” which is frankly inaccurate. But I could understand why the press and all thought that was exciting, because there had been this disclosure of some internal PG&E memos. And one of

them—there was this guy, their lobbyist at the PUC, a fellow named Brian Cherry, who'd written a memo inside the company to the higher-ups, that he had had dinner with me up here in Sea Ranch over—we'd had a couple of nice bottles of Pinot Noir, and talked about a whole host of things. And he enumerated those things in his internal memo.

08-00:47:39

PG&E now, PG&E had made this email and a whole bunch of other emails by Mister Cherry open to public scrutiny, which I'm not sure they had to do, but they did. And so the things that he said in the email—I referred to the one about a couple of nice bottles of Pinot Noir. I have to say, this all happened right here at Sea Ranch. And it's funnier than hell, because there was, it was an event that—my wife and I ran into this guy up at Gualala, the town up the road here, at the supermarket. And I'd never seen him around here before and asked him what he was doing here. And he said he just recently got married and he was up here with his wife at her parents' home at Sea Ranch, and he didn't know anybody, and all. And so one thing led to another, I said, "Why don't you come over and have a drink, come over to the house and have a drink?" And the drink extended into dinner, and some wine, and that was that. I didn't think anything more of it. And then I did.

I know I remember giving him a little lecture about why I thought PG&E could be a better corporate citizen, because that spring—I think we talked about this once before, didn't we? But that spring of, this was 2010—that spring, they had spent forty-six million dollars trying to amend the California Constitution. Didn't we go through, this PG&E [attempt] to amend it, to protect themselves from what they considered efforts to take them over at different locales by the municipal utilities. And they had a big fight up in Yolo County against SMUD [Sacramento Municipal Utility District]. SMUD decided they—that's the Sacramento Municipal Utility District; it's a public entity—they decided they wanted to expand. And responding to popular demand—I don't know how popular the demand was—but they wanted to expand into Yolo County, which is an adjoining county to Sacramento County/ And they had a big vote in the county, and PG&E won the vote, and people said, "No, they don't want SMUD here, they'll stay with PG&E." But it was a reasonably close vote, and PG&E spent an awful lot of money defeating that, and they didn't want to do that anymore. So they thought they would amend the state constitution to give them—they and other utilities, private utilities—greater protections against municipalization efforts in the future.

08-00:50:21

The other utilities didn't support them. They were all alone. They spent forty-six million dollars—or even more, but they reported spending forty-six million dollars—and the voters turned them down. They turned them down by a bigger margin in their service territory than they did in Southern California—kind of an interesting fact about their popularity, even back then,

this is 2010. It's before San Bruno. This was before all this other stuff, the fires or anything else. Not a popular company in many respects—maybe no utility is, because you provide a basic service and people are always a little uncomfortable with that, and you have to take their service and all that stuff. Any rate, that was the—

08-00:51:05

Eardley-Pryor: So you talked about that at dinner?

08-00:51:07

Peevey: Oh yeah, yeah, and told him I thought they got to do something to be more publicly—a better public image, let's put it that way. But it was one of these free-ranging conversations where we're friendly. Any rate, that came out. And those references to two bottles of Pinot make me laugh, because I'm the one that provided the Pinot. [laughs] They're a good wine, but they were not the top of the line stuff. But any case, that became kind of notorious. Now, how did we stray all the way to that from—?

08-00:51:47

Eardley-Pryor: Well, I think in my mind, I was thinking that the San Onofre issue with ex parte was the reason how the emails came out. But the emails were a part of an investigation dealing with San Bruno—

08-00:51:58

Peevey: Well, it started that way. Nothing ever came of it, but it started that way. I mean—

08-00:52:03

Eardley-Pryor: And the ex parte, that—

08-00:52:05

Peevey: It started that way with the attorney general of the State of California, and her assistant up in Sacramento, in the fall of 2014, or late summer, early fall of 2014. And it led to—in I guess November, it was toward the end of 2014—seizing the computers and cell phones of myself at the PUC, and five other people at the PUC: the general counsel, the executive director, and a couple other people. I can't remember who all now.

08-00:52:44

Eardley-Pryor: The attorney general's office came in and seized—?

08-00:52:47

Peevey: Yeah, yeah. Yes.

08-00:52:49

Eardley-Pryor: What was that like?

08-00:52:50

Peevey: Well, I wasn't even there when it happened—I was up in Bakersfield, at some PUC hearing—but it's very unpleasant. All of a sudden now, you got one part

of state government looking at another part of state government, and here you are. And I was getting ready to leave in another month, and it was all kind of—it wasn't fun, let's put it that way. It was not. But that happened, and that was that.

08-00:53:17

Eardley-Pryor: This was while Kamala Harris was the attorney general of California.

08-00:53:21

Peevey: That's correct.

08-00:53:22

Eardley-Pryor: What was your relationship with Kamala?

08-00:53:24

Peevey: I had none. I had met her once or twice, but I had no relationship at all.

08-00:53:30

Eardley-Pryor: So, what was the fallout that happened in the wake of the investigation and the seizures that happened at the PUC?

08-00:53:38

Peevey: Well, I left them six weeks or so later, retired; so, I don't really know. I'm sure it created a certain amount of disturbance within the staff and the commission. But, I was out of there and it didn't affect me directly in that regard anymore. They had taken my PC [personal computer], my work PC.

08-00:53:58

Eardley-Pryor: Did they also come to your home?

08-00:54:00

Peevey: Later, we'll get to that later. Didn't have anything to do with PG&E.

08-00:54:05

Eardley-Pryor: Okay. What was that about then?

08-00:54:07

Peevey: It appeared to be about—actually that's not 100 percent clear, now that I really try to reflect on it. Any rate, I'm not 100 percent sure on that, so I have to be careful what I say here, in a sense. They came to my house in January of 2015, late January in 2015, when my wife and I were in South America on a holiday—not a CFEE trip, just on a holiday, our own. We're in the Amazon, the upper reaches of the Amazon River, on a Cal Berkeley trip, and they came to my house while we were gone. And my daughter, who lived in La Cañada where the house is, they got in touch with her. I can't remember exactly how they got in touch with her, but they did. I had no idea of this. I didn't know about this for several days, because you couldn't reach us in the Amazon. There was no way of communication. And they came and went through a bunch of stuff, took my home computer, too, and my diaries or books, your

calendars for a few years—and they came across these notes from this Polish meeting with Mister Pickett.

Now, why did I have these notes? I had these notes because, I was keeping them because I was thinking, at that time, “I may very well”—so it was an interesting—I didn’t know what the outcome was going to be. We’d already made the decision of San Onofre, but it could always be reopened, which is what happened, and I should keep these notes just as historical. So I kept them, and they discovered them, and that became a big news story. So, this is the so-called private deal, but there was no deal, as I already explained. And if there had been, it was better off than what ultimately prevailed for customers, and so forth. So, that was that. That was that. So, that’s how that came to be. And the issue there was the charge that ex parte rules were being violated. Well, it’s true, the ex parte rules were being violated, because Edison hadn’t reported the ex parte rule.

08-00:57:00

Eardley-Pryor: And they were punished for it.

08-00:57:02

Peevey: They were punished for it, yes.

08-00:57:04

Eardley-Pryor: What was the experience like of having the PUC and your home searched? I’m just wondering, as a person going through that, as your daughter having experienced it, what was that like?

08-00:57:12

Peevey: Extremely unpleasant. Extremely unpleasant. What else can I say?

08-00:57:18

Eardley-Pryor: And then, the media circus around it. I’m just wondering how that impacted you, or your family relationships.

08-00:57:25

Peevey: Well, the best thing, [laughs] it spurred me on to write a book, let’s put it that way, because I came up to this place we have up here in Northern California at Sonoma Coast, and started that spring, actually, writing. I found writing a book was very therapeutic. And I decided I wasn’t going to write just—the book is not about me. I didn’t write an autobiography. I wanted to write a book that covered the period of time not only when I was on the PUC, but even before that, in terms of development of energy policy and green policy in California, hence the book, *California Goes Green* [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)]. And I convinced a friend of mine, Diane Wittenberg, who was then head of the state park and rec Commission of the State of California, as a part-time job, to be coauthor. And I started writing the draft of that book, and I spent weeks at a time up here, where I would just sit down like at 10:00

in the morning and try to write for several hours and do research, and write again, and talk to people and all.

So, it was very therapeutic, and that helped me a lot dealing with a very unpleasant time, which was early 2015. Because what happened was, I retired December 31, 2014. In 2015, some people—principally my two dear friends, decided, and they had many other people supporting them—but two dear friends decided that there should be a recognition dinner for me and the years I was at the PUC.

08-00:59:19

Eardley-Pryor: Who were the dear friends?

08-00:59:20

Peevey: Susan Kennedy, who used to be a commissioner with me and then became chief of staff of Arnold Schwarzenegger as governor; and Don Solem, who was a public affairs political consultant in San Francisco who, we'd been friends since the sixties, and he's very sadly passed away since then. And they, and with many others, organized a big dinner in recognition of me in San Francisco in mid-February at the—Merchants Exchange is the building, the top floor, and it was a wonderful dinner. Willie Brown was the master of ceremonies, and all these other public officials appeared, the head of the Air Board, and the head of the Energy Commission, all these others, and they had panels, and it was just a very, very nice tribute. And then I ended up speaking at the end, of course. And it was 300 people or so, close to 300 people, I think, showed up at this thing. It was a wonderful event. But some of these people from San Diego, like ten or so, showed up outside, picketed and yelled, but there was no consequence.

08-01:00:46

Eardley-Pryor: What was it that they were yelling, picketing about?

08-01:00:49

Peevey: This ex parte stuff you're just talking about. But it didn't have any consequence in terms of the success of the dinner or anything else. But they made a big stink, and the accusation was that I was violating—and was too close to Edison—we were violating the ex parte rules. As I said, that was absolutely untrue, and it's all been since determined to be not only untrue but that I broke no law and everything else. That's all been clarified, but for a period, they made a nice stink at the time.

And what happened was, the dinner ended up with like \$30,000 net. In other words, after all expenses were paid, there was like \$30,000 left over. It's a little bit more, I think, thirty-two or thirty-three. I can't remember the exact number. And I had originally said that all that money would go to the Goldman School of Public Policy at UC Berkeley, because I was on the board of advisors at the Goldman School. And there were other friends of mine who

said, “No, no, don’t give all the money to the Goldman School. Give it to the Alumni Association, or to help kids, or some other things.” And any rate—

08-01:02:24

Eardley-Pryor: Why did you choose Goldman?

08-01:02:25

Peevey: Because I was on the board of advisors at Goldman School, and it’s a public policy school, and this was public policy. And I thought it was—I, in the first place, didn’t know how much it was going to be. We didn’t know it was going to be 30,000. It could have been 5,000. In fact, I thought it’d be somewhere, five, \$10,000. That’s a nice amount, but it’s not particularly huge or anything like that. Turned out to be 30,000. That’s a bigger number. But then you’re locked in; you already made the announcement, and we had, in the invitation, it said something like, “Any extra proceeds from this dinner will go to the Goldman School.” So, that was that.

08-01:03:09

Eardley-Pryor: So, what happened in the wake of what sounds like a wonderful event?

08-01:03:13

Peevey: Yeah, well, it was a wonderful event, and the head of the Goldman School attended.

08-01:03:20

Eardley-Pryor: Henry Brady?

08-01:03:21

Peevey: Henry Brady, he was there, and I think a couple other people, I think, from the staff, too. But, then the guy at the *San Francisco Chronicle*—which is, to be charitable, it’s kind of yellow journalism—they had a big thing out of this, and “Why should Peevey be honored?” This kind of stuff: “he’s under investigation.” Well, investigation never came to anything, but it made him nervous, Brady. He called me up, said, “Mike, I really I don’t think we ought to take this money from you”—I said, “Okay”—“and maybe you ought to just take a leave of absence from the board for a few months till things calm down.”

08-01:04:14

Eardley-Pryor: He asked you to step down?

08-01:04:15

Peevey: He asked me to take a leave of absence for four months. I said to myself, “This is horse shit. Honestly, take a leave of absence?” I said, “Never mind that Henry, I’ll just quit,” and I sent him an email and quit. That was that.

08-01:04:33

Eardley-Pryor: How did he respond?

08-01:04:37

Peevey:

Well, he accepted it, obviously. That's what he wanted to happen; he was able to tell people that happened. The way he responded I thought showed kind of a naïveté about dealing with the media and everything, because he kept this story going, should have been just a one-day story. It went on two or three days in the paper. Let's just say that he corresponded with me afterwards in a very positive way, about me, the way he portrayed me. And I don't want to say any more than that, because he did write me. It was a personal letter he wrote, not email or anything. But I was angry. I was angry about this. I figured that he should have stood up, said, "To hell with all that stuff. I don't care what they said about you. You've been a board member for six, seven years, and you've always been very supportive of the Goldman School and of the university," and blah, blah, blah, blah. He should have stuck with me. He didn't, and it became obvious because it got in the newspapers that he didn't. And so, that was that.

08-01:05:57

Eardley-Pryor:

Amid this media storm, one of the critiques that I saw come up around this, that I think tipped some of where Henry Brady was feeling pressure, was that a former PUC chief law judge, a guy named David Gamson, was also very critical of you publicly. What was your relationship with Gamson? What was his beef?

08-01:06:25

Peevey:

Well, he wasn't chief. He was at one point an acting chief administrative law judge. He's since retired, I believe, from the PUC. I never had much of a relationship with Gamson, to be very frank, at the PUC. These are the kind of things, life's ironies, and both humor and sometimes anger you feel. He liked to say—you've heard this phrase before in other contexts—that at the Goldman School, you learned to "talk truth to power." You've heard the expression, "talk truth to power"? Well, if I represented power at the PUC, and he represented truth, he never came to me and talked to me about it at all. So, I just thought, "Gee, this is a real cheap shot, but he'd written a correspondence about me to Brady, which Brady put in the press, which, I thought, was an egregious act on his part. There was no reason to do that. All that did was give another story in the newspaper—you see what I'm saying? And, Brady should have handled this much differently. It showed to me, for the guy that's head of a public policy school, he wasn't as swift as he could have been, in my view. But who am I to speak? I wasn't doing so great in the press myself.

Gamson had almost zero to do with me at the PUC. He was administrative law judge, and a couple of times, he had decisions to make where I was the presiding commissioner. I don't think we ever had any consequential disagreements, and he pretty much went along with what I thought ought to be done, or I agreed with him. But we never had any disagreements, and I never felt once a truth to power conversation. But, any rate, that's what that was all about.

08-01:08:28

Eardley-Pryor: How did the investigation and this media circus that's going on, how did that impact Carol's experience in the Senate? She's still serving her time as a senator. Did this spill over? Did issues in your public life and your policy life—

08-01:08:46

Peevey: Well, you'd have to ask her, but I don't believe it had any significant consequence at all on her. We've led independent lives in that sense professionally, and she'd never been active in the energy arena because I was at the PUC, and she figured that she ought to just stay away from that. And her love was education, and prenatal care, and all, and so, I don't really believe it had any negative consequences. You couldn't tell it by the friends. Her friends in the legislature, many of them who were mostly women, who became my friends, it never seemed to have an impact whatsoever at all.

08-01:09:27

Eardley-Pryor: That's good.

08-01:09:29

Peevey: Or they all believed me, let's put it that way. And there wasn't much to believe, in a way, because nothing ever came out of all this yelling and screaming. I had to hire an attorney, to kind of look after—you never knew at the start where this could go, but I've never heard anything more about it. I've never been, appeared before the attorney general, or the assistant attorney general, never been asked to, never been asked any questions along that line or anything like that.

08-01:10:00

Eardley-Pryor: So the investigation just dissipated?

08-01:10:03

Peevey: Yeah, and then the statute of limitations runs out, and all that, so, nothing ever—

08-01:10:09

Eardley-Pryor: There are a number of—

08-01:10:10

Peevey: Was very regrettable though. It was painful. It was a painful period, early 2015 and on in 2015. But the best therapy I had was sitting down and doing something that occupied my time, writing a book and talking to people about it, and doing the planning, and all that. And a book is—any book—is a challenge to write. It takes a lot of effort. It's not just the first thing, you sit down and write a few sentences. You got to think about sequencing, chapters, paragraphs, not para—but chapters, and the story you want to tell and how it all flows.

Then you have to commence doing it, and that's only the first part of writing a book. There are a zillion and one other things to do that goes with that,

everything from the footnotes to the indexes, and then we had to get an editor to help us to make sure that the style was the same throughout, because Diane wrote pieces of it. She wrote most; she wrote more of the stuff about electric vehicles, and air quality than I did. I wrote most of the energy stuff, and all the stuff about the PUC and all that, and then, how do you integrate all this together and have so that the reader doesn't feel like it's herky-jerky in reading? It took a lot of time, and a good bit of thought, and some good advice from people. And, as I said, we hired an editor, used to be the head of books at the *LA Times*, and that part all worked out well. But, it was damned therapeutic.

08-01:11:52

Eardley-Pryor: Would you do it again?

08-01:11:54

Peevey: Do what?

08-01:11:55

Eardley-Pryor: A book? Have you thought about—

08-01:11:57

Peevey: You mean to write another book?

08-01:11:59

Eardley-Pryor: Yeah.

08-01:12:02

Peevey: Possibly, although I am now, I'm eighty-one, and your energy level isn't quite so. And the desire and the need, I don't have that drive, need, as much. I've written a couple editorials, that I try to get published, and without any success, about China, China and the US on climate, and on electric vehicle development, and solar, and all this kind of stuff, coal, passing the baton. The theme being simply that China is going to surpass us in many of these areas, but that we could remain the R and D hub, California. Because we put a lot of money, a lot of effort, and a lot of time, and a lot of very bright people in at the Air Board and at other agencies, the Energy Commission, and the PUC, and that we can continue to have that role, and it can be a symbiotic and positive relationship for the world. That kind of thing.

08-01:13:02

Eardley-Pryor: To pass the baton in general.

08-01:13:03

Peevey: Yeah, but we are passing the baton. They're already the world's biggest car market. They're going to be the world's biggest car market already for electric vehicles, and they've decided that sometime in the next decade, that the only cars to be sold there are going to have to be electric, maybe hydrogen, too, but not internal combustion engine, and General Motors sells more cars than China does in the United States, right now, makes more cars, and sells. So General Motors is going to have to build electric cars everywhere, and

because that's their biggest market. So, the stuff the EPA talks about and Trump talks about, about cutting emission standards—all this stuff back, the world's marketplace is going to determine, and Europeans and all. The future, it's going to be electric vehicles, and hydrogen vehicles, and it's not going to be internal combustion engines. And it's too bad, Mister President, but we're not going that way. Same way with coal: nobody wants to build any more coal in the United States, never mind California, never wanted to build it, and there isn't anything. They're being closed down. Technology's changing. China's pointing the way. They're the biggest developer of solar energy, they're the biggest developer of wind power. But a lot of it has come from—the institutional knowledge and other stuff—has come from this state [California].

So, I hope we're not going to run out of time here on this stuff.

08-01:14:36

Eardley-Pryor: I think we're okay. There's a number of issues that happen, in fact, during your time at the PUC that I want to talk about.

08-01:14:42

Peevey: Yeah, I know.

08-01:14:43

Eardley-Pryor: So, let's just take a quick break, then we'll continue.

08-01:14:48

Peevey: Okay.

[Break in audio]

08-01:14:51

Eardley-Pryor: So, Mike, we've talked about post-retirement stuff already, but there's issues I think of from your time on the PUC I'd still love to address. And one of those is the PUC's decision to regulate ride-sharing companies, like Uber and Lyft. I don't quite understand why that was under the regulatory arm of the PUC.

08-01:15:13

Peevey: Well, the PUC regulates the chauffeur-driven cars; and theoretically, we regulate the taxis at the airports, and limousines.

08-01:15:27

Eardley-Pryor: What do you mean, "theoretically"?

08-01:15:28

Peevey: Well, it's difficult for the PUC, a San Francisco agency, to be doing a great job at the San Diego Airport, that's all I mean. But we do have that; you do have a regulatory responsibility. The limousines are regulated by the PUC. You see, the next time you see a limousine, look and you'll see, down in the lower-left corner, there's a TCP number, or a number on it. That's a PUC number. If it doesn't have it, it's a gypsy, that's not regulated. That's what goes on.

- 08-01:16:04
Eardley-Pryor: Why would the PUC have responsibilities for limousines and taxis at the airport, and not, let's say, buses or light rail?
- 08-01:16:15
Peevey: Well, it does have light rail.
- 08-01:16:16
Eardley-Pryor: Oh, it does?
- 08-01:16:17
Peevey: Does have light rail, and buses are a part of interstate commerce that's regulated by the feds. We do regulate, we regulate BART, for safety, not rates. We regulate light rail all over. We have to permit. When there's a new light rail system built, we have to okay it, have to okay the safety of it, where it goes, and everything else. Now the PUC's had that responsibility for a long time.
- 08-01:16:45
Eardley-Pryor: But not rates?
- 08-01:16:47
Peevey: Not rates.
- 08-01:16:48
Eardley-Pryor: Why?
- 08-01:16:50
Peevey: Well, frankly, I can't remember why. It's been so long, it's faded into memory, but I think that's some compromise that was worked out where the local governments—because these are all local government functions, BART, or the City of San Jose, or what have you set the rates, so, it would be a huge undertaking to do the rates too. But, we used to do airlines in California. We used to do dump trucks in California. And before Southwest, there was an airline called PSA [Pacific Southwest Airlines]. It was a very popular, successful airline that flew within the state, jet planes and everything. We regulated them, and then eventually, they got out of all that when the federal government changed all the laws about this stuff. Any rate, that's neither here nor there about Uber and Lyft, but—
- 08-01:17:48
Eardley-Pryor: So, Uber and Lyft falls into the PUC jurisdiction, because they're a taxi or a limo service?
- 08-01:17:54
Peevey: Yeah, in our view, they fall within. This has been substantiated, but, here was the question. Along comes this new technology to some extent, clever, new idea, this guy, what's his name, first head of Uber—he's gone now, Kalanick—to provide this service where you—you know how it operates: an individual's car. Now you're providing basically an Internet service. Really,

it's revolutionary in the sense of being more consumer friendly and a real threat to taxis, right, I mean, big, big threat to taxis, which, this was a slow-moving, unchanging industry all over I guess the nation, but certainly in this state—

08-01:18:56

Eardley-Pryor: Well, who regulates taxis then, and why wouldn't they regulate Uber and Lyft?

08-01:19:00

Peevey: Well, to some extent, the PUC does have some very modest regulation of taxis, but it's basically local governments that regulate taxis. And that's just, it's just, these things develop over time in a certain way, and the rates are set in San Francisco and Los Angeles by a taxi commission.

08-01:19:22

Eardley-Pryor: Well, I guess, why wouldn't the City of San Francisco, that regulates taxi services, regulate ride services?

08-01:19:30

Peevey: They could've. They could've. They perhaps could've, could've made a case for that, but what happened was that this technology started with Uber, then there was a couple of accidents, and it came to our attention, and we thought that we had to step in and regulate here, that there was too big a risk to public safety, injuries and deaths—there actually was a death or two—and so forth, and so there as a proper role for the PUC to regulate. Then the question is, do you regulate with a light hand, or a heavy hand, and what's the terms and conditions? Uber was the big one. Lyft came along after Uber, but Uber was the big one, and well, they didn't like this idea at all, and boy, their CEO, he's gone now, but he was a very outspoken and some would say a very obnoxious kind of guy, and he came to see me.

08-01:20:27

Eardley-Pryor: What was your take?

08-01:20:28

Peevey: Well, he wasn't very pleasant, but you know, didn't mean a hell of a lot to me one way or another. I thought we should have some regulation of this ride-sharing operation, and we did. We came up with it. Now, we did it, and basically justified it by doing that. You say, "Yes, this business can exist, and it's going to be regulation, but it's a fair and reasonable new business, right?" Taxi companies and others wanted to just have the police put Uber out of business, keep giving them tickets and all this kind of stuff, and just make it so unpleasant that they wouldn't operate, at least in the City of San Francisco—that was the attitude—and in Los Angeles and all. So, we stepped in, and we came up with regulation, and there's been books written on this subject about Uber, and we were the first in the nation to do this.

08-01:21:34

Eardley-Pryor: Tell me about how that happened. So, I have a note that in 2012, the PUC sent Lyft or Uber, one of them, a cease and desist letter for operating without the PUC's authority, but I also have a note that it wasn't until much later, in 2014, when the PUC puts other kinds of regulations on.

08-01:21:58

Peevey: Yeah, but we let them, between 2012 and 2014, operate. That was, see, that's kind of a threat. It's, say, "Come under our wing, because if you don't, we're going to do this to you, and we have the authority," and which they would say, "No, you don't," but that led to them coming and talking to us, Lyft and Uber, but particularly Uber and a couple of others too. There're a few other companies that have gone by the wayside that wanted to get in this business. Uber was the big one, the giant. They somehow had got the most money invested in them, some venture capitalist and all that.

08-01:22:33

Eardley-Pryor: So what was your thinking about how to regulate them, and what needed regulation?

08-01:22:38

Peevey: What needed regulation was all the things that you would think of. I mean, the vehicles—

08-01:22:44

Eardley-Pryor: Rates?

08-01:22:45

Peevey: Well, not rates, pretty much, but anything else, the safety and security of the vehicle, and the safety and security of the drivers, no police records, no drinking and driving, and all those kind of things, and that's what we came up with, and we were the first in the country to do so, and this just gave them justification to exist, and find a way, with it regulated, to do this in the State of California. That was a big thing, and boy, the taxi companies were very unhappy about this in San Francisco. Elsewhere, the attitudes were not necessarily the same, but I remember twice, they, at noontime, ringing our office building, which takes up just about a whole block in San Francisco, with taxi cabs going around and around, like fifty or sixty or eighty cabs, honking, and honking, and making noise, trying to be kind of intimidating, and some of the staff, of course, wanted to make our regulations even tougher than they were, but I thought it was important to get some regulation started. This was a breakthrough in service to people. Uber existed. I first heard about Uber from—my daughter in San Francisco told me about it. If you stay out too late, you have too much to drink, you could call them at midnight. I never even heard of it before, and six months later, there was this cease and desist order for them and all, and they were totally unregulated.

Well they loved that and the other thing we set was the insurance, how much insurance they have to cover, because think about this. California is

fifteen/thirty, that's the minimum policy insurance. Now you're a commercial operator. You're driving, and your passenger in the backseat is injured or killed. That policy is totally inadequate to pay the death benefits, let alone anything else. So, we moved into this space and occupied it, for Uber and for Lyft and others, and I think it was a great public service we did, and it's been copied in a lot of places all across the United States, but it's also been fought in many places by the taxi industry who didn't want to see any of this, including Los Angeles, and we had big hearings. God, the head of the New York taxi group came out here to tell us how to do our business. It was just rather amazing.

08-01:25:30

Eardley-Pryor: What do you remember from it?

08-01:25:32

Peevey: Well, I remember all the cabs around the building and all the honking, everything else, but I think eventually, people came to understand, okay, this makes sense, what they're doing makes sense, and I can't speak what the last couple of years have happened at the PUC. I think my approach was a lighter touch than what some of the staff wanted, and there may be some that have gone backwards there. I have that feeling just from people mentioned in newspaper stories, but I can't speak to that with any certainty, but I think that we did a significant public service here, and groups like the Institute of Transportation Studies at UC Davis and elsewhere, all very supportive of us moving into this space and providing reasonable regulation, so that a new technology can be developed, or used—the technology has existed for awhile, but can be used, and, do you have an Uber account?

08-01:26:41

Eardley-Pryor: Yeah, of course. Yeah, I use it.

08-01:26:44

Peevey: So you use it on your cell phone?

08-01:26:46

Eardley-Pryor: Yeah!

08-01:26:46

Peevey: Yeah, it's very convenient, right? Do they have enough, in Santa Rosa, enough cars and everything?

08-01:26:51

Eardley-Pryor: I don't use it as much in Santa Rosa. I used it a lot in Philadelphia, when I was in the city. But yeah, it's changed the way that we got around, made it much more peaceful. It made it much more fun to go out, too.

08-01:27:04

Peevey: But the cab company, after saying they'd all be put out of business, they all seem, and most of them seem to be around, and some of them became more agile in using this equipment themselves.

08-01:27:16

Eardley-Pryor: Yeah, the cab companies' online apps have gotten better because of Uber.

08-01:27:22

Peevey: They didn't have any online apps at all ten years ago.

08-01:27:25

Eardley-Pryor: So, this is a pioneering space. How did you shape your thinking around how to regulate that? This is a new thing. You hadn't had to deal with this before. It's a new technology.

08-01:27:35

Peevey: Yeah, but I've been in regulation, I had some idea about how to do that. But I also had some people on the staff that were very keen on being part of something new here, and there was a woman in particular, named—God, what the hell was her name now—Marzia, M-a-r-z-i-a, Zafar, Z-a-f-a-r. She was a refugee from Afghanistan, believe it or not, and worked at San Diego Gas & Electric at one point, and she was on the staff, and really helped myself and others, couple of lawyers and all, develop a whole rationale for how to do this, that I think did a very good job.

08-01:28:30

Eardley-Pryor: There anything else you want to say about the regulation of Uber and Lyft?

08-01:28:33

Peevey: No—I know, I just think it was precedent setting, and one of those things that I was proud of doing. And I realized it is disruptive to the existing industries, but sometimes you have to be disruptive. That's how change occurs. Doesn't just happen because we all smile at each other. Someone has to be a prod, and this is what goes on in this country. What's so great about America is that we accept the role of new technology, new technological developments, and try not to freeze everything in the way they were, or have been, and you have to do that with some skill, some greatness, and not throw the baby out with the bathwater, but the same time, we have to be open to new technologies, and that's what Microsoft and Facebook and Twitter and all these all represent, honestly. There's a lot of bad things about them, let's face it, Facebook and all, but we're better off with it than without it, put it that way, in my opinion.

08-01:29:36

Eardley-Pryor: Another topic that I'm curious to hear you talk about is—around the similar time, around 2012, 2013—the California drought is getting increasingly worse, and becoming more and more serious. I have a note from my talk with Carol Brown that you had tried to unify the system in which water is regulated in the state, and that became very difficult. I'm wondering if you can talk about the relationship between water and energy in California, how these things play off of one another. Why would we think that these are interconnected here?

08-01:30:13

Peevey:

Well, a couple of reasons, but the simplest is, first you have to understand the structure of the industries. We don't have the time to get into that in any detail, but I'd say this: that electricity, 75 to 80 percent of electricity in California is provided by investor-owned companies, and you need a regulation of them. And they're big companies, the Edisons and the PG&Es and all that. Seventy-five to 80 percent of water, 85 percent, is not provided by privately owned companies. It's provided by municipal companies or state agencies. That's an almost flip opposite. That's number one, just to understand.

Number two, close to 20 percent of all the electricity used in California is used moving water around, moving water around, not just the massive movement of it from—and also generating some electricity. The massive state water project from the north to Southern California, the amount of electricity used pumping that water up over the Tehachapis in Southern California is gigantic. But it's true all over the state, tremendous amount is used. So, there is a clear link between energy and water. Energy, you can't have the water without the energy, and yet, water also produces energy, at dams, although nowhere near as much as it uses. So, that's just by way of background.

The problem is that, because so much of the water industry is these huge entities like Metropolitan Water District of Southern California, which spans a twenty-one million population in all of Southern California—it's the wholesale water agency for the—we don't regulate that. We don't have anything to do with it. It's that it's very difficult for the PUC to regulate. What we regulate is the smaller water companies. San Jose Water Company happens to be one. There's American Water Company. There's a whole bunch of small water companies.

What I wanted to do, and it's been a backwater and very little attention paid to it at the PUC, what I wanted to do is the PUC has a water division, forty, thirty, forty, fifty people maybe, regulating these smaller companies. They're decent-sized companies by any other standard, but by utility standards, they're not. They're small, and it's been kind of a backwater [division of the PUC]. Carol Brown was my chief of staff and was knowledgeable in this area. I wanted to consolidate some of this, not the regulation, but some of the water companies. We have 1,000 water companies in the State of California, some tiny little things. Right here, where we're sitting right now, we have the Sea Ranch Water Company. It's got 1,500 customers. That's the number of homes in Sea Ranch. It's regulated by the PUC, believe it or not.

08-01:33:46

Eardley-Pryor:

Because they're a private entity?

08-01:33:47

Peevey:

Because they're a private entity, regulated by the PUC. It's crazy, and there's some special thing where I can rule or hear without having any—I'm not

ruling in my self interest because there's 1,500 of us and so forth, but that's, we should be consolidating a lot of these little water entities into some bigger entities for economic reasons. It makes it just more efficient, and that's obvious, and I got almost nowhere trying to do this at the PUC. We got some consolidation, but nothing, just the bureaucracy within the—I didn't pay enough attention to it. That's probably number one reason, and number two is that the bureaucracy in the PUC was comfortable the way they were doing things.

So, you have, there's a water company whose name escapes right now, but they serve Larchfield, the area, and Santa Rosa, the northwestern part of—when you go River Road, when you get to 101, that's Larchfield, that area there, and then they also serve properties, the same water company, in Sacramento, and elsewhere in the state. Every one of these are treated as little fiefdoms under a regulation rather than all of them consolidated into one—you follow what I mean—for rate setting purposes, for customers, and I tried to change that, and I didn't succeed by the time I left. It was still the way it was, and the staff and everything, "Well, we always done it." That's the old bureaucratic argument and dodge: "We always done it this way. Why do we want to change?"

08-01:35:36

Eardley-Pryor: I would certainly think that getting water to customers in Santa Rosa would be a totally different experience of getting water to customers in Sacramento. So, because those experiences would be different, I would imagine the rates would be different.

08-01:35:51

Peevey: Well they are.

08-01:35:52

Eardley-Pryor: Is that why it became so difficult to unify this into a single entity?

08-01:35:53

Peevey: Yeah, yeah, yeah, and that's exactly the argument why they don't want to change anything. But the fact would be, they're served by the same company. See, now here's the dilemma you have in that. In Larchfield outside of Santa Rosa, you may have 2,000 customers. The same company in Sacramento has 40,000 customers. So you're right that the costs are different, but shouldn't the 2,000 benefit by being part of the 40,000, therefore making it 42,000, and have lower rates, or do you have the rates that are all whacky because they're not uniform? What we have in utility, electric and gas regulation is, used to be called a postage stamp rate. The example has always been the post office. That means, whether you send a letter from Sea Ranch to Gualala, costs you forty-nine cents, right? You send it from Sea Ranch to Boston, it's forty-nine cents. We've socialized the rate. That's what I wanted to do for these water companies that had disparate locations. Now, I got nowhere doing that.

08-01:37:10

Eardley-Pryor: Both the PUC staff and the water companies themselves, I imagine, were the resistance.

08-01:37:17

Peevey: Yes, that's true, but the water companies would have, some of them would've, they would have accepted. But they had to have the PUC prodding them to do it, and there's an argument against. You already laid it out, the gist of it. But I thought it made sense. Anyway, I never succeeded.

08-01:37:41

Eardley-Pryor: During this time, I remember there was consideration of desalination plants getting built, which I imagine would be private entities doing this. Did that come onto your radar at all at the PUC, places like in Monterey and Carmel?

08-01:37:57

Peevey: It did and I think there was one done in Orange County. But I never spent any time on it, really. Never.

08-01:38:09

Eardley-Pryor: Another issue I'd love to hear your thoughts on at the PUC was, in March of 2014, you drafted the PUC ruling to keep net metering rates across California in force for twenty years. Could you talk a little bit about what metering is, and why you think it's important to have a long-term plan for it for it in California?

08-01:38:29

Peevey: Net metering is simply a way of stimulating—it's, again, it's more relevant then than it is right this minute, because costs come down. It's a way of stimulating solar energy, rooftop development of solar energy.

08-01:38:48

Eardley-Pryor: How does it work?

08-01:38:49

Peevey: It works as follows: I put solar on this house. If the system is sized above the usage in this house, what happens with the excess there? Goes back to the utility, under net metering, and that reduces my overall bill to almost nothing. See, you still, even if you have solar in the roof, you still have to pay some other minor charges to PG&E or so, for other costs that you're incurring, but I would get a credit. I'd get a credit on my bill for the excess that I provide, in a week, a day, or a month, or a year, to the utility of solar. You're with me, right?

08-01:39:43

Eardley-Pryor: So, you are putting solar on your house, and you're putting excess energy that those panels are creating back into the system.

08-01:39:51

Peevey: When that happens. It doesn't happen all the time. It often doesn't happen at all.

08-01:39:55

Eardley-Pryor: But when it does happen, on a superhot summer day—

08-01:39:58

Peevey: I get a credit. I get a credit.

08-01:39:59

Eardley-Pryor: You would get credit for that energy being put it back in.

08-01:40:02

Peevey: Yes, and that's what's called "net." So, what's net metering? It's not gross metering. It's the net, after everything has been added and subtracted. Why is it subtracted? It's subtracted to stimulating—you're putting solar on your roof because you think, "Well, I'll get a credit for it which will reduce my overall costs," right? And that's the premise. So, that was why we pushed net metering. And the number one advocate is a state senator now from Berkeley, Nancy Skinner. She used to be in the State Assembly, and her and I worked together on this thing. She was a big advocate of doing just that.

That's what net metering is. It's been very successful in further promoting solar—much to the utilities' chagrin, because they didn't like this. But it's a misunderstanding to think it's universal. Most homes, or many, many homes you put solar on, that just doesn't apply at all. May apply on a hot summer afternoon, but it doesn't apply on a weekly or monthly basis. Most homes, the roof will not handle as much solar panel that you need to provide electricity to that house and still have a surplus. I have solar in my home in La Cañada, that's the way it is. I still have to pay Edison quite a bit for electricity because my solar panels only provide us half the electricity we use. People say, "Oh, yeah, it's 100 percent." No, it's not 100 percent.

In addition to all the other problems, that's the problem with solar: if you don't have a south-facing roof, the panels don't get direct sunlight in the wintertime. You understand what I'm saying? If it's north facing, you're in trouble, so, you get reflected glow. So you got all that. But net metering was a way of trying to further stimulate the growth of the solar industry for residences in particular, and it's worked very well.

08-01:42:14

Eardley-Pryor: Why did you choose the twenty-year time frame? Why was that an important thing to have a long-term policy here?

08-01:42:20

Peevey: Well, it could have been eighteen years, could've been twenty-four years, could've been fourteen years. You wanted—

08-01:42:25

Eardley-Pryor: Why did you choose twenty?

08-01:42:26

Peevey: You wanted to have a long enough period of time so that people had security, in that what they put on their roof, they were going to be getting this return for it, as a homeowner—and we're talking about homeowners here now. We're not talking about Joe's Hamburger Stand.

08-01:42:46

Eardley-Pryor: It's a twenty-year investment, is what you're saying.

08-01:42:48

Peevey: Yeah. Yeah, so when you decide, "I think I want to go solar," and the contractor comes out, and starts penciling things out for you, they can tell you, "Well, over this lifetime, it's going to be this and that." That's why it is. If you said "two years," you'd say, "Geez, why do I"—now twenty years may be a little liberal. Maybe ten would have been fine. But this, again, goes back a few years. Now, the cost of solar panels and everything have come down so much.

08-01:43:22

Eardley-Pryor: And this was in 2014.

08-01:43:23

Peevey: Yeah. Net energy metering is a lot less critical or important to the solar industry than it was a few years ago. It's that simple. It helped to get the industry off the ground. It's like these incentives that I explained to you when we adopted the solar energy at the PUC—the declining block incentives—so that every year, there was less of incentive on it, but there was still some incentive, and that spurred on technological improvements that the solar industry would tell you occurred. Well, net energy metering is another example. We're trying to find clever ways of stimulating a technology through rates that otherwise people hadn't thought of. Now, it's adopted in a lot of places in the United States.

08-01:44:13

Eardley-Pryor: Did you see other models for it? Or was this something you came out of—

08-01:44:17

Peevey: No, it wasn't me. A lot of economists saw it, and all that. Yeah. I just decided, like several other things, "That's a great idea, let's apply it here." And a lot of times, you get, "that's a great idea," but that's where it ends; this is a wall here. Nobody understands, you could make it work over here.

08-01:44:37

Eardley-Pryor: How much would you say the CFEE trips helped shape some of your adaptation of these ideas to California?

08-01:44:44

Peevey:

Very useful in many respects. God, we learned so much about what not to do in solar with the feed-in tariffs by looking at Germany, Italy, and Spain. Oh God, and Germany has a real mess now! They've got the highest damn residential rates in Europe just about, and here they sit next to France at 80 percent nuclear. And rates are, for the homeowner, half the rates in France that there are in Germany, because they misapplied what is called a feed-in tariff in Germany, where you get it at a set price for twenty or thirty years, you see.

08-01:45:23

Eardley-Pryor:

Net metering, in some ways, it's —

08-01:45:25

Peevey:

Yeah, no, but it's different. No, but then it—

08-01:45:27

Eardley-Pryor:

There's a long-term rate.

08-01:45:29

Peevey:

Yeah, but it's not so much the rate; it's whatever the utility has set as the rate, or what the PUC's allowed the utility to charge as the rate at a top tier. See, we have this tier instruction that can be changed, it's going to change over time. It's not going to be the same for twenty years like a feed-in tariff is in Germany, or thirty years in Germany. Germany did a wonderful thing for stimulating solar on residence, even on barns and everything, but they're paying a hell of a price now. We talked about Germany just in terms of nuclear. Now they're going to close down their coal plants, and best of luck that they can get all this stuff in the next ten years, I hope they can. But I would have phased out the—they haven't closed all the nuclear plants. They're able to phase out the nuclear while the new technology comes in. You never can balance the things perfectly, but you try to move things along so that the substitute is here when the other one goes down.

08-01:46:39

Eardley-Pryor:

I also want to ask you, with regard to the PUC, the role that you played in helping diversify the staff at the PUC, and why you felt that was important. What role did you play?

08-01:46:49

Peevey:

Well, I guess the role I played was the bloody cheerleader, that's the best—but my efforts in diversity were greater outside the PUC than in the PUC.

08-01:47:09

Eardley-Pryor:

What do you mean?

08-01:47:10

Peevey:

Getting the utilities to spend more and more money on minority and women-owned businesses, that was a huge thing that we did, dramatic change in California. We would increase the spend of the utilities a billion dollars more a year, every year for several years. A lot of this stuff has dropped off now

that I'm no longer there. But we could urge, mandate, require the utilities to spend more money on—what they spend, we have a better mix of African American, Hispanic, Asian, whatever businesses, women's businesses, and we did. There are few things I'm more proud of than that effort, that I really led, helped tremendously by this same woman I mentioned before, Marzia Zafar, in the context of Uber and Lyft. But also I had a kindred spirit in Timothy Alan Simon, who was a commissioner appointed by Schwarzenegger. [Simon] is an African American from San Francisco, and the two of us worked in tandem extremely well on expanding diversity in the utility spin.

08-01:48:50

Eardley-Pryor: How does that work?

08-01:48:51

Peevey:

They're contracting out business. So, all the products they buy and everything else, we said, "We expect you to reach these goals year after year after year going up, until it gets more or less approximate to the proportionately to the state population," or that kind of thing. And they all did, they all did. PG&E did a very good job on this. Edison did a very good job. Sempra did a very good—they all did a good job. But it was because we used the bloody pulpit.

We had hearings every single year on the subject, and they all had to come in, the CEOs, and say what they were doing, and how they were doing compared to the year before. And they all, they competed. They began to compete with each other. And it wasn't just the energy companies. We also had the phone companies. AT&T did a great job in this area. The woman that's now—there is now a woman, an African American named Cynthia Marshall, that is head of the Dallas Mavericks basketball team. She's the chair. She used to be AT&T representative here in California at the PUC, then she went to North Carolina. Now, she got all the way to AT&T headquartered in Dallas, and then went from them to work for Mark Cuban, head of the basketball team. She's a marvelous woman—I used to love working with her—an African American woman, grew up in the ghetto in Richmond, and worked her way on up, obviously.

08-01:50:31

Eardley-Pryor: Richmond, California?

08-01:50:34

Peevey:

Yeah, Richmond, California, in the projects in Richmond, California. Then, she went to Berkeley. But any case, we did a marvelous job on diversity. I think it's fallen by the wayside.

The biggest tribute I ever got was, there used to be an African American economic empowerment group, the Black Economic Council, headed by a guy named Len Canty, C-a-n-t-y. I always made an effort to go to—I have more goddamn awards from minority groups than you never imagined, and you saw them in La Cañada and everything. But I was their champion. They all felt

very, very strongly about this. But he [Len Canty] had me come and speak to their group one time at Oakland, and he introduced me and he said, “And Mike Peevey is the first black president of the Public Utilities Commission.” Then I get up and I said, “Len, I just want to correct you on one thing. I was not the first black president. There was another guy named Leonard Grimes, under Jerry Brown—back, early Jerry Brown—that was African American, from Los Angeles.” So when I finished my speech and he got back up to handle the questions, he said, “I’m repeating what I said. You were the first black president of”— [laughs] He meant it just the way that he said it.

08-01:52:28

Eardley-Pryor: Why was this something important to you? Where did you get the drive for this?

08-01:52:35

Peevey: I’ve asked myself that question. I think it’s, in part, one’s upbringing—the deep sense of fairness, and a real feeling against injustice, racially and otherwise. And, well, I could make jokes and all that about a very strong commitment to racial equality, and anger about injustice and prejudice, that I’ve felt much of my life. I think, as a young kid participating in the March on Washington and Martin Luther King in 1963—I was not a young kid, I had just start working professional for the federal government—and picketing on behalf of the Congress of Racial Equality, all those car dealers in Washington, D.C., in black neighborhoods that had all white sales people.

We’ve come a long ways in this country, and have a long ways to go, but we’ve come a long way. But I just, I’ve had a very strong feeling about it. I guess you could say, “Well, you married a non-Caucasian.” It’s true. My wife’s non-Caucasian, but this precedes her by a long time. My first wife was part American Indian, and I didn’t marry her because she was part American Indian. [laughs] But I don’t know. I’ve always had a strong feeling in this regard. That’s the bottom line. When I was a union official, the same way, yeah. And I wrote about—when I was at the Institute of Industrial Relations at Cal, I wrote a book on the Philadelphia Plan, and these other efforts to integrate the building trades unions with more African Americans and all.

So, it’s something that runs deep in me, and it’s been there as long as I can recall, and I can’t say there’s any specific cause. I think it was the household I was raised in, I think. Although, my God, my mother and father were very socially liberal, left, really far left, [but] my stepfather was prejudiced. He used to make cracks about African Americans and everything else, but it never affected me. Maybe that’s because I didn’t care for him, but in many ways, never affected me, in a prejudicial way, to want to emulate any of that. It was just the opposite.

08-01:55:43

Eardley-Pryor: Tell me, if you would, about your memories from your retirement. This is December 31, in 2014, was your retirement date. But the last meeting you had

at the PUC seemed like a pretty neat event. Can you tell me a little bit about that event?

08-01:55:58

Peevey:

Well, we invited a lot of—people came that wanted to express their support and appreciation for what they saw as my twelve years at the Public Utilities Commission. And it was a big range of people—all the way from union officials and representatives of minority groups to the environmental community, to business leaders, and to people like Gavin Wolfe, [whom] you mentioned, investment-banker types. I think people felt gratitude, deep gratitude, that I'd come along and became president of the PUC, and restored it to what many thought was its rightful place in the state government, rather than an agency that was out of control. The feeling under my predecessor was that the commission was out of control, and didn't know what it was doing, and was anti-business on top of everything else. And I'm not anti-business. I've never been anti-business. I think the way you get things, you usually get a lot more with trying to enlist people in a common cause and working together than you do just with the whip. And so, there was a lot of that.

Also, the unions—not just the ones that work at PG&E—but the building trades, other unions, have all liked me. And I guess you'd say that I've always been a pro-union person. That's not as popular to say today as it was in the sixties. There's an old saying: "the apple doesn't fall far from the tree." I think the fact that my father and my stepfather were active union supporters and officials and all probably had something to do with that—the fact that I got a master's degree at Cal with a specialty in labor economics and went to work in the Labor Department and came back, worked at the AFL-CIO for California for seven years. I've always had an affinity with working people, and I always got along well with them. And that was just the way it is. That's one of the things I was most appreciative of at the last meeting of the commission in December 2014. But then some of the same people showed up two months later at the dinner for me, [laughs] the same kind of stuff.

But I had, as a—and this reflects the labor feeling, I guess, and bond, basically—people knew, the utilities knew that they better not contract out work to non-union companies, and all that kind of stuff, when Peevey's around. "Peevey's here. He's a supporter within the rules and the regulation of the law of the unions," and all that kind of stuff. At one point, Edison wanted to, toward my latter years, wanted to contract out a whole bunch of the phone operation, where you send it overseas. It used to drive me nuts, because for other companies sometimes you couldn't understand the people, and all that kind of stuff. And we just said, "No. Yeah, you're not doing that. You're not going to do that." Legally, I couldn't stop them from doing it. They had a right to contract, but there's ways of letting your dislike affect—they wanted to be your friend. They want you to like them, and all that kind of stuff. So, that's that part of it. Anyway, that was that.

08-02:00:23

Eardley-Pryor: It sounds like it was a nice way to conclude your last meeting.

08-02:00:27

Peevey: It was. It was a very nice way. And at the very end, at the very end, after it was all over—and God, there were some people there that wanted to testify on this or that, and they’re all mad because the thing went on all morning. We broke for lunch, and people were still saying, “Peevey’s a great guy.” That’s essentially what it came down to.

08-02:00:53

Eardley-Pryor: This is in the midst of media controversy, as well.

08-02:00:57

Peevey: Yeah, well, yeah, just at the very beginning of it. People didn’t care about that stuff. I think it’s also a reflection—well, it was only the beginning. The worst came later on, in the first few months of 2015. But, in terms of attention and this kind of negative stuff like you already alluded to—with [Henry] Brady making public this stupid comment from this ALJ [associate law judge]—that was totally unnecessary and just insulting really.

This thing [at my final PUC meeting] went on like from 10:00 to 12:00. We had letters of support from Gray Davis, and from this person and that person, Schwarzenegger, Brown. It was, just every conceivable entity, more or less, got up and said some nice things. I don’t remember TURN saying anything nice, but most everyone else did. But I ended it. I told the PR department that I wanted to play the song, “It’s a Wonderful World.” You know the tune, by Louis Armstrong? That’s the way we concluded the meeting, playing “It’s a Wonderful World,” because that, that song, in a sense, kind of sums up my philosophy of life.

08-02:02:47

Eardley-Pryor: Tell me more.

08-02:02:48

Peevey: Well, I just mean that, when it’s all said and done, people are decent people. Life can be good. You got to make the most of it. You got to try to treat people with warmth, kindness, and understanding. You got to try to have, not always easy, have humility, and caring, and those things will stand you in pretty good stead, by and large, as you go through, and try to do. In some ways, it’s very Christian, “do unto others what should be done to you” and all. And I would say that that comes as close to my general perspective on life and human beings and interactions and love and all, as anything.

There’s a lot of things you could point to, but I love the song, Sinatra’s “My Way,” and the many ways that defines me in a lot of things I’ve done in life. I’ve done it my way. But then, a lot of other people are that way too. Hell, Trump’s that way. [laughs] I shudder at the thought, but it’s true. But he certainly does it his way, there’s no question about that. So that’s not enough.

But these other things, and just the appeal to the better side of all of us, we all have it. Let's try to articulate it and make it—just try to emulate that as much as you can in life. That's what I would say.

08-02:04:49

Eardley-Pryor:

You talked about writing the book, the experience of writing *California Goes Green* with Diane [Michael R. Peevey and Diane O. Wittenberg, *California Goes Green: A Roadmap to Climate Leadership* (2017)] as a respite for you, and as a part of your retirement experience. Is there anything else you wanted to share about the experience of writing that book?

08-02:05:07

Peevey:

Well, no, the writing of the book, it was a great experience, by and large, the writing of it. Again, I explained—by that I mean, some of the frustration is the stuff that comes right after that, and all the details and everything you have to pull together and all that. But it was kind of liberating, writing it, and I enjoyed that part of it. And that's why—but the other piece about writing it that was rewarding was the response of so many people to wanting to publicize it or do things with it. For example, we kicked off the book in September 2017, with a book party that Willie Brown put on in San Francisco. We had like 100 people came, and we sold like 100 books.

That was a nice kickoff, and we did a similar thing in Sacramento with some people there—not as well known as Willie Brown—but a couple of co-chairs, Bob White from California Strategies, marvelous man, sponsored this, and UCLA, the Luskin Institute, which is the equivalent of the Goldman School but it's in Los Angeles. Like the Goldman School was funded initially by Goldman, Richard Goldman; the Luskin School was, same kind of thing at UCLA—you know, get big chunk of money, built a public policy school there. And they did a dinner, buffet dinner, and had Diane [Wittenberg] and myself come and speak. And they had a couple other people on a panel respond. It was a very, very classy operation that they put their stamp on.

My frustration was that, see, the Goldman School didn't do something like that for me. If they had handled that episode all better, they could have easily done it. It's a proper thing for them to do. I was a board member for years, gave them money for years. And I bought Carol and my names on Builders of Berkeley there at the Doe Library. In those etched-in names, you'll find Carol Liu and Michael Peevey there because we both created chairs—mine in economics, hers in education—at the University of California. You would have thought the university could have done something, a little recognition, if UCLA could do it, and UC Davis could do it, right? Where I'm on the Luskin School advisory board. And the same at Davis, I was head of their Energy and Efficiency Institute. I was the chair of the board of advisors there, and I continue to do work with Davis.

Interestingly, the Armenian ambassador to the United States put on a book party for us at the Armenian Embassy in Washington, DC. They had joined the Under group [the Under2 Coalition, a global collective of subnational state and regional governments committed to keeping global temperature rises to under 2°C in line with the 2016 Paris Agreement] that Jerry Brown was co-chair of to keep Celsius increase “Under Two” by 2020—as we already said, unlikely to happen. And I couldn’t go to the thing [in Washington DC] because I got sicker than a dog the few days beforehand, but Diane went and all. There was a whole bunch of things like that, friends in Los Angeles, putting on parties.

08-02:09:04

Eardley-Pryor: What was that experience like?

08-02:09:05

Peevey: It’s very rewarding. It’s very rewarding that people actually care about what you’ve said, what you’ve written, think you have something to contribute, and something to say. That was personally very rewarding and a lot of fun.

The biggest frustration of the book is that its popularity—we only sold a couple of thousand copies; that’s a decent amount, but not a success by any means—the interest in that book outside of California is a lot less than I thought it’d be. And I’ve reflected on that, and other people have, too—that there’s a lot of resentment about California elsewhere in other states. “California is too smug, California is too this, California is too that, California is too much a leader,” all these kind of things, in the environment and everything else. And you know, it’s true. It varies. And it doesn’t necessarily happen in New England; I’m not talking about New England, or Oregon, or Washington. But, in a lot of the Midwest and a lot of the South, there’s an anti—not just Texas—but an anti-California thing. That was the biggest frustration to me. I thought that because we had in the book at the last chapter, the eight things others can do to emulate some of this, that there’d be more interest in that than there’s been. And actually, there hasn’t been that kind of interest.

The other, the second one is, I learned a lot about the academic world. This is not Russia; it’s not China; you don’t just have “prescribed readings” for Environment 100-A. And I was hoping that Environmental and Econ professors all around the state, CSU and UC, would just lap up this book, and have their students all take it. And there’s been very little of that, a lot less than I thought there would be.

Now, that’s all changed in the academic world in the sense that, they can go read it someplace else. The professor can say, “Oh, you’re interested in the chapter on the energy crisis? Well here, here’s page thirty-six to forty-nine out of so-and-so’s book,” all that kind of stuff. But that part had been frustrating

about writing the book. I was hoping it would have bigger impact than it's had, let's put it that way.

08-02:11:44

Eardley-Pryor: One of the big messages I took, the thesis that I really took from it, you outlined really well in the final chapter, the epilogue, about the importance of bipartisanship, in order to get things done. That's part of why California had been so successful, especially under Schwarzenegger, is the bipartisan nature of pushing these policies forward. Are there other messages that you want people to take from the book?

08-02:12:15

Peevey: Well, you hit on perhaps one of the single most important ones. But what makes Californians successes in this is not just that—

08-02:12:33

Eardley-Pryor: The bipartisanship.

08-02:12:34

Peevey: Yeah, it's not just that though. There's cross currents and feedback loop here on everything. But it's very strong educational institutions, the University of California being the primary one, but hardly the only one; the Stanfords, the USCs, the Cal Techs, as well as the CSU system, which turns out more engineers at San Jose State every year than is turned out at Berkeley. Did you know that?

08-02:12:59

Eardley-Pryor: Yes.

08-02:13:01

Peevey: It's all that. And that is a big, big thing, because one reinforces the other. And the national labs. We're very fortunate we have Lawrence Livermore [National Laboratory] and Lawrence—up on the hill—

08-02:13:15

Eardley-Pryor: Berkeley Labs, the Lawrence Berkeley National Laboratory.

08-02:13:15

Peevey: —Lawrence Berkeley. And JPL, Jet Propulsion Lab, which is not just to send people to Mars, and they do all kinds of other stuff. These are all California institutions. That is a tremendous strength, the education system, the bipartisanship.

But they reinforce one another in a very significant way: there is the emphasis in state government on an educated civil servant class. The salaries are not nearly as good as I think they ought to be in government, but you have a lot of professionalism—particularly at a place like the California Air Resources Board, technical competence, to go up against Volkswagen and win the big victory over it on cheating on emissions standards and all that. That's technical competence. Now, how many states can do that? California is forty

million people. We could have big budgets and finance some of this stuff. Those are all factors.

At the end of the day, it's the people of the state that support this, by healthy majorities. When the oil companies tried to overturn Assemblywoman [Frances J. "Fran"] Pavley's climate change legislation, Valero and Tesoro—those are out-of-state oil companies; they spent tens of millions of dollars. They were defeated roundly. They only got 38 percent of the vote, even though it was 2010, economic times were not—we're just coming out of the Great Recession, and those times were still very tough. And their argument was, "Don't tamper, don't screw up the economy," blah, blah. They lost big time. So, people of California did that.

08-02:15:08

Eardley-Pryor:

So, of the things you were just mentioning, bipartisanship isn't unique to California. But the university system and the national labs that are here, and the culture of Californians themselves, is very much a California thing. How then could the lessons of California be applied elsewhere? Could they be?

08-02:15:29

Peevey:

Well, you don't have to—you come up with eight; you don't have to choose all eight. Having a better university and have a better civil service system, have less spoil system, have a professional class, are all things that Ohio can do as easily as California. And maybe Ohio does. Ohio is not a backward place, really. It's not. I mean—

08-02:15:54

Eardley-Pryor:

It's not progressively liberal, I would say.

08-02:15:55

Peevey:

No, no, no, but it's not, but—or North Carolina can do. I think North Carolina could be a tremendous asset and has a great university system—not just Duke, but North Carolina University and all that. And it seems to fall short by small margins all the time, on some of these things. Even Texas, I think Texas is going to change in a positive way, is already changing in a positive way. We'll see.

The one thing that is not so easy to replace, though, is the attitude of the people here [in California]. And there's a greater environmental consciousness here than most any place else—not than Vermont, or Maine, perhaps, or Massachusetts, but they're all more or less equivalents, or British Columbia for that matter. But it's not universal at all.

08-02:16:53

Eardley-Pryor:

I would like us to think about legacy issues, and talk about them. In thinking back across your entire life, not just the role you played at the PUC, but thinking of your life experiences, what are some of the things you're most proud of?

08-02:17:14

Peevey:

Well, it's tough to—you have to pick each episode perhaps by itself, but I'm not sure I want to get into all that right now. But, I would say that the things that I'm most proud of that I've done—on a business basis or community basis—are things like what we've talked about already: about diversity, about pushing green technologies, not just solar, but wind too, and hydrogen. I suppose that the one thing that I would put my finger on is elusive, but overall, is being open to new ideas, and new ways of doing things—looking at things in a new light, not getting locked in to the way things, just because they've been done this way, they have to stay that way. I've never bought into that. I've always been a bit of a rebel in that regard, and I don't regret that at all. It's probably cost me a few times, but in the end, you make your own bed, you have to sleep in it. And I think that on a personal basis, I think I've been a good father and I've raised good kids—and been generous, but not just giving, you know? I don't have a lot of regrets, to be honest. I've got some, but nothing overwhelming.

08-02:19:32

Eardley-Pryor:

That was going to be my next question. What things do you wish would have gone differently?

08-02:19:39

Peevey:

Well, I pondered that. I don't know. I don't know what would have happened to me if I—I'm not necessarily saying, as I look back, that I would want it differently. At the time, it was a real heartbreak not to get elected to the State Senate. I would have had a career in politics, perhaps, in California. I don't know where that would have ended. I may have the personality type that is not—I'm not Joe Biden or something that people just kind of feel, "Well, he's a great guy," kind of thing. So I don't know where all that would have ended, but I would have liked to see. That was a big fork in the road. I would have liked to. I look back, I think about that.

The other is that I would have liked to have been the CEO of the Edison Company, not just its president, I would have liked to been the CEO. I think that I would have made a consequential difference with the state of California if I had that job. I think I would have been able to, by force of personality and I hope of logic, prevent the energy crisis from happening. I think that would have been a great achievement for the state. But, it didn't happen.

Other than that? Hell, I wish I hadn't had a bottle of wine with some guy up here! But, Jesus, anybody that knows me knows that's all bullshit. They don't care. So, those are things I wish had been different, yeah.

08-02:21:37

Eardley-Pryor:

With regard to—

08-02:21:38

Peevey:

I mean, you always wish, I suppose, never want to have a second marriage if you don't have to. But, I've been extremely happy with my second marriage. It was the right one, and the first one should never have happened, probably. But still, you still put that down as, I wish it hadn't come to that, let's put it that way.

08-02:22:05

Eardley-Pryor:

With regard to the PUC, what do you think are some of the most important policies and initiatives that you championed? You mentioned diversity. But, what about some of the other specific policies that you pushed that you think have a more lasting legacy?

08-02:22:19

Peevey:

Well, certainly the solar initiative is the overwhelming one, and that energy metering was a step in that overall thing, the pushing of renewables, generally. Making the PUC—trying to make the PUC—more of a state, not just an agency, but a pro-public policy agency. But, that's a struggle because it lapses back into older ways of doing things—unfortunately, I think it already has, to some extent. And I hear that all the time from people. But some of that is just bullshit flattery of me, “Oh Mike, we miss you so,” that kind of stuff. Okay, great. That, across the board, being open to new ideas at the PUC, new challenges and new changes, just by and large, and green energy. By and large, restoring the most—in some ways, almost equally important—restoring faith and confidence in the regulatory process was something I did in the first several years. Now, the last couple of years after San Bruno, it wasn't so great.

But, it's so important that people—I'm not talking about the average person, because they don't follow this stuff in that kind of detail—but that people have confidence in the regulatory process, confidence in the functioning of government. And we've lost so much of that in this country, unfortunately, with the current incumbent in Washington, DC. It challenges everything. Everything is bad that doesn't suit his purposes. It's very bad for the country, very, very hurtful, longer term. How can you get young people to want to be part of a process that is so sullied in some ways? It's important that people believe that their government is trying to do the right thing and trying to work in their interests, even if it fails—and it often fails. But it's there, and their interests it's trying to replicate. It's so damned important.

I think we have that in California. I think there's more confidence in the state government than there is, by far, in the national government. I hope that's the case. I hope that's maintained. I think Jerry Brown did a good bit to restore a lot of that. I tried to do that in the regulatory arena. I think we did, working with the Energy Commission and the CARB, the C-A-R-B [California Air Resources Board]. We made people who are decision makers, all over government and in the private sector, feel that competency was in charge, that things being done were intelligent and thought out, even if they didn't agree

with them, and that there was a high level of competent behavior by government officials.

08-02:25:45

Eardley-Pryor: You and Carol have both led lives that spent many years in public service, dedicated to public service. And I'm wondering, what are some of the biggest lessons learned, or some of the wisdom you've accumulated that you would share to future leaders? What would you tell future leaders, that you have learned from your vast experience from your life?

08-02:26:07

Peevey: Well, what I would tell younger people is to set a goal. Set goals for yourself, and have confidence in working toward their goals—that the institutions around you are good, and will be helpful, and can help you achieve those things that you set out to do. And that you keep public service in mind—that, as others have said, Bobby Kennedy and others: “there's no higher calling than public service.” And that you try to lead your life in a way that is consistent with your view of public service and the greater good. Bobby Kennedy, by the way, was my idol. He presented the best in life with all its imperfections.

08-02:27:25

Eardley-Pryor: For some final thoughts, I would be fascinated to hear what you think the future of California will be, especially the future of the utilities with regard to climate change. What do you see as the future for what California will deal with and how things will play out?

08-02:27:43

Peevey: Oh boy, that's a very tough question. I suppose there are a lot of pieces to this. I think that we will, California, will continue to be what it is today: on the forefront of leadership on dealing with climate change. And where the utilities fit into this? In some ways, it's probably kind of irrelevant. Because in the years that I've been involved in energy, the utilities have undergone tremendous change, from the role forty years ago to their roles today. They've become ever less consequential, honestly, in public policy.

08-02:28:31

Eardley-Pryor: Will that trend continue?

08-02:28:32

Peevey: Yes, it probably will. The utilities when—let's say in 1969, or a little earlier, '65—they were, the energy utilities, were the generator and the provider of electricity, by and large. You know this. I mean, they did everything. They manufactured it; they moved it; they stored it; they delivered it. All that has steadily eroded. And that will probably continue now with these community choice aggregations, aggregators and all that. That'll probably continue. Not to say that there's still not money to be made for the utilities by providing—just being wires companies. But that has undergone a very significant change and will probably continue. I think that the role of

government, of state government, may intensify in terms of directing the utilities, even further than it has today. But, we'll have to see. But the utilities are a mixed bag, just because there can be many other players. You have these community choice aggregators and others, and municipal utilities.

But the bigger question of how California deals with climate is, it's going to have to be forced to accept the need for adaptability, that we can do an awful lot to become more mindful of living within our means, living a more sustainable life—which means not 600-horsepower cars, and all that, but they're still making these cars. When I say “live within our means,” I mean live as a more hospitable community in terms of the environment. And what does that mean? It means not sprawl everywhere. It means more urbanization. It means more social interactions with people. It means more satisfaction with cultural pursuits, rather than just material goods and wealth creation. That's kind of a vision I have for a better society.

08-02:31:24

California, I think, has as good a chance, if not better, of meeting this than most any place else in the world, perhaps—maybe not anywhere in the world, maybe a New Zealand or so can do better. But, I think California can move in that direction, and will move in that direction. How successful, I don't know. But that is a very worthwhile thing to attempt to do.

We have this incredible mosaic in California, an ethnic mix in California, a majority-minority state. That's Hawaii, too, incidentally. And the learning to cope effectively with the different cultures, the different aspirations, is a huge ongoing challenge, but one that we're mastering in California. I think California has done an incredible job, by and large, in this regard. And I think that that will continue, and it may intensify. It may not, but it will continue and most satisfactorily.

And we have a huge job—I think new Governor Newsom is right about this—about school education, particularly for lower-income people, the children of lower-income people, and immigrants and all. We just have to put more and more resources into all that. I think we will. I certainly hope we will. These are all things that are worthy of people's time and attention here in this state.

08-02:33:30

Eardley-Pryor:

Is there anything else you wanted to share as a part your oral history, in conclusion?

08-02:33:37

Peevey:

There were one or two other thoughts, but now they've escaped my mind for the moment. No, I would just say, I've been fortunate. I've been fortunate to be a Californian, and I think Californians are fortunate. It's been a great place to grow up. It's been a great place to work, and it's been a great place to serve people. It's been a great place in a most physical way—the beauty of all that. It's an astounding place. I think it speaks well of the future for the country that

we're doing what we're doing here in this state, across all kinds of currents. And I hope that the rest of the nation can learn and benefit from some of this. And without sounding chauvinistic about California, I think we have a lot to contribute to the wellbeing of our overall community, and what I mean by community, I mean this nation and even beyond.

08-02:34:56

Eardley-Pryor: I'd like to say it's been great interviewing you, as well. It's been a real pleasure. Thank you for sharing your story.

08-02:35:03

Peevey: Oh, okay. All right.

[End of Interview]

Appendix I

Fax from Michael Peevey to Governor Grey Davis regarding the California energy crisis

December 18, 2000

To: File
Re: Electricity Crisis

1. Brief History

AB1890 was signed by Governor Wilson in August 1996 after passing both houses unanimously. It was a "utility bill," providing full recovery of their "stranded costs." A rate freeze was put in the bill to give the utilities protection against regulatory changes without legislative assent.

For the first few years AB1890 had little negative impact, though the competitive market it was supposed to foster was less than robust (the PX, which was a utility creation, thwarted meaningful price competition). Nonetheless, large electricity users, such as Ralphs, Tamco Steel, Macy's, the City of San Jose, etc., saw major savings (Ralphs alone saved \$6 million the first year).

Of course, in May-June 2000 everything changed. With growing demand, no new instate supply and a decline in imports, prices rose dramatically, aided significantly by generator gaming of the ISO-PX.

2. Present Situation

The extreme increase in prices evident last summer has not abated. In fact, it has worsened as gas prices rose sharply this fall, exacerbated by S.C. Gas and PG&E storing too little gas this past summer. Regulatory inaction over the past several months has meant that a window of opportunity has been forever lost. The utilities, with their "under collections" exceeding \$8 billion and lenders leery of providing them more loans, are on the verge of filing for bankruptcy protection.

3. What to Do

The following would be an integrated program of public appeal, regulatory relief, litigation, and legislation:

1. Governor goes on statewide TV, proclaims this is an inherited crisis, that it will require everyone chipping in to help, etc. Then specific plans to deal with the crisis are given.

2. The specifics:

- a.) The utilities agree to "eat" \$1.5 to \$2 billion of their "under collections." These monies will be subrogated to the State of California to be recovered by litigation and subsequently given to rate payers.
- b.) The utilities are facing bankruptcy. To avoid such an outcome they need a 20% rate increase, to come in two tranches, one now, the second in the spring. (In this regard it should be noted SDG&E received a 10% rate increase in Assemblywoman Susan Davis' bill of last summer).

Further, the PUC needs to immediately reverse its Post Transition Ratemaking decision in order to give lenders some assurance they will be repaid.

- c.) The State sues the out-of-state electric generators for \$2 billion for collusion and conscious parallelism, citing California's Cartwright Act's "unfair trade practices" (Business & Professional Code Section 16720) and the States' Unfair Competition Law (Business & Professional Code Section 17200). (The case of generator withholding of capacity to drive up prices may be based, in part, on the study of this subject by MIT Economics Professor Paul Jaskow). There is precedent for such action. In the 1950's and 1960's former Attorney General and later Governor Pat Brown fought with considerable success the Texas-based gas pipeline companies in the regulatory and court arenas for years.

Since a significant part of the present crisis is caused by sky-high gas prices, the State could pursue litigation here too. For example, there is no logical explanation for why gas is priced \$7 per 1 million BTU's at Tucson, Arizona, and three to four times this amount at the California-Arizona border. Some light is shed when it is recognized that El Paso owns Cal Energy (a major QF) and thereby benefits significantly as a generator-gas supplier by high prices. Further, El Paso's merger with Coastal is pending before the FTC and Coastal is a QF owner. Also, such major owners of generation as Duke and Reliant have gas supply affiliates.

- d.) Reform the way business is conducted by revamping the ISO so members represent solely the public interest; alter the PX's ill-devised Dutch Auction method of pricing; give utilities greater flexibility in contracting for new supply; force the utilities to forego the sale of their remaining power plants; allow utilities, under strict conditions, to build and operate a few new power plants; and create a regional entity (Arizona, Nevada, Oregon, Washington and California) to deal with regionwide energy issues in a cooperate way.

4. Alternative

An alternative approach would be to let the utilities file for bankruptcy, thereby shifting all responsibility for subsequent actions, such as rate increases, upon the federal courts. (Rate increases would be highly likely since under FERC's "filed rate doctrine" utilities have a right to recover their "under collections".) Such an approach would engender very negative feelings within the business community, as well as anger the labor unions, particularly those who represent utility workers and who would feel their collectively bargained agreements were in jeopardy. Moreover, it could create a negative national image of California.

Appendix II

Text of farewell speech by Gavin H. Wolfe at Michael Peevey's final meeting as President of the California Public Utilities Commission, December 18, 2014

Thank you President Peevey.

My name is Gavin Wolfe. I am a Managing Director at Merrill Lynch in NY; I have spent my entire professional career working in investment banking serving the needs of the energy and power sector, principally the regulated utility sector.

I am here today to speak on behalf of the Financial Community – rating agency analysts, research analysts, buy-side and institutional investors who are constantly making investment decisions based on the relative investment prospects and regulatory constructs of one utility vs another.

Over the past 25 years, I have advised dozens of utilities on the most cost-effective means to access the capital markets to finance the rebuilding and replacement of our nations outdated and aging infrastructure.

I have witnessed the impact on utilities' credit ratings and customer rates resulting from well-designed and consistently applied regulation overseen by experienced regulators.

I have also witnessed the damage inflicted on those very same utility credit ratings and customer rates resulting from poorly conceived and inconsistently applied regulation.

And make no mistake, there is a difference.

I appreciate your allowing me to speak today. My purpose is to insure that your forward thinking and enlightened energy policy leadership and regulatory oversight and record as president of the CPUC is properly framed and remembered.

If you will allow me, I would like to share a couple of memories from the not so distant past as California lead the country by deregulating its power markets. These policies created enormous price volatility and uncertainty and were further compounded by regulators who were ill prepared to handle the immediate needs of the regulated utilities.

In December 2000, S&P stated, "The outlook for credit quality of the California utilities remains negative reflecting the highly politicized and unstable regulatory environment in California." Similarly, during that same month, an equities analyst at Credit Suisse noted that "Edison Intl's outlook remains murky and the political hyperbole surrounding California's electricity prices creates substantial uncertainty."

As you will recall, California energy policy and regulation reached its low point in April 2001 when Pacific Gas & Electric filed for bankruptcy protection in what was then the largest utility bankruptcy filing in history.

It was at that point that Regulatory Research Associates, an independent research organization lowered its regulatory assessment of the CPUC to “Below Average 3”, one of its lowest regulatory ratings afforded to public utility commissions in the country.

Mr. Peevey, you were appointed to the CPUC in March 2002 and were appointed as its President in late 2002. I recall meeting with you early in your first term and listening to what seemed then to be a very ambitious set of energy policy objectives:

- Increasing use of renewables, including meaningful solar initiatives
- Energy efficiency incentives; and
- Greenhouse gas emissions reductions and climate change policy.

In addition, I was struck by your recognition that access to and cost of capital for regulated utilities were directly related to their financial health and investor’s perception as to their state of regulation.

As we sit here today at the completion of your 2nd term:

- The California utilities are well poised to achieve and possibly surpass your 33% renewable portfolio standard by 2020;
- Energy efficiency incentives, while criticized, have worked as designed; and
- With the Governor and Legislatures help, AB32 has led the country in making concrete reductions in greenhouse gas emissions.

The priorities you established set the California utilities on a path to financial recovery - repairing their balance sheets and credit quality. Cost of capital for these companies has never been lower.

Lastly, and perhaps most importantly, the progressive and forward looking regulatory mechanisms you established restored regulatory certainty and financial stability to the CA utilities and have been leading examples of regulatory best practices emulated by utility commissions around the country.

As a consequence of the transparent regulatory mechanisms you established, bulge bracket Wall Street research firms recently stated, and I quote:

- Wells Fargo stated - “We consider California’s regulatory framework – which includes decoupling and separate proceedings for cost of capital and revenue requirement determinations – to be one of the better ones in the nation. We view the CPUC as a constructive regulatory body as evidenced by GRC outcomes that afford the state’s utilities with an ability to earn reasonable ROEs.”;
- Merrill Lynch stated - “We use a premium P/E multiple in our valuation of California utilities given the constructive regulatory mechanisms in California, above average normalized earnings and rate base growth”;

- And lastly, Regulatory Research Associates, the same organization I noted earlier which ranked California utility regulation among the lowest and least reliable in the country in 2001...today, ranks the CPUC among the highest and most constructive in the country;

Mike, I want to thank you for your public service. You have spent a career serving others.

Critics will say what they will, but from the financial community's perspective, there is no doubt that you are leaving the CPUC, its utilities, customers, and the environment in far better shape today than when you joined. You have restored the credit worthiness and credibility of the regulated utility sector in California as well as the reputation of the regulatory body that oversees it.

Gavin H. Wolfe

Managing Director, Merrill Lynch

Appendix III

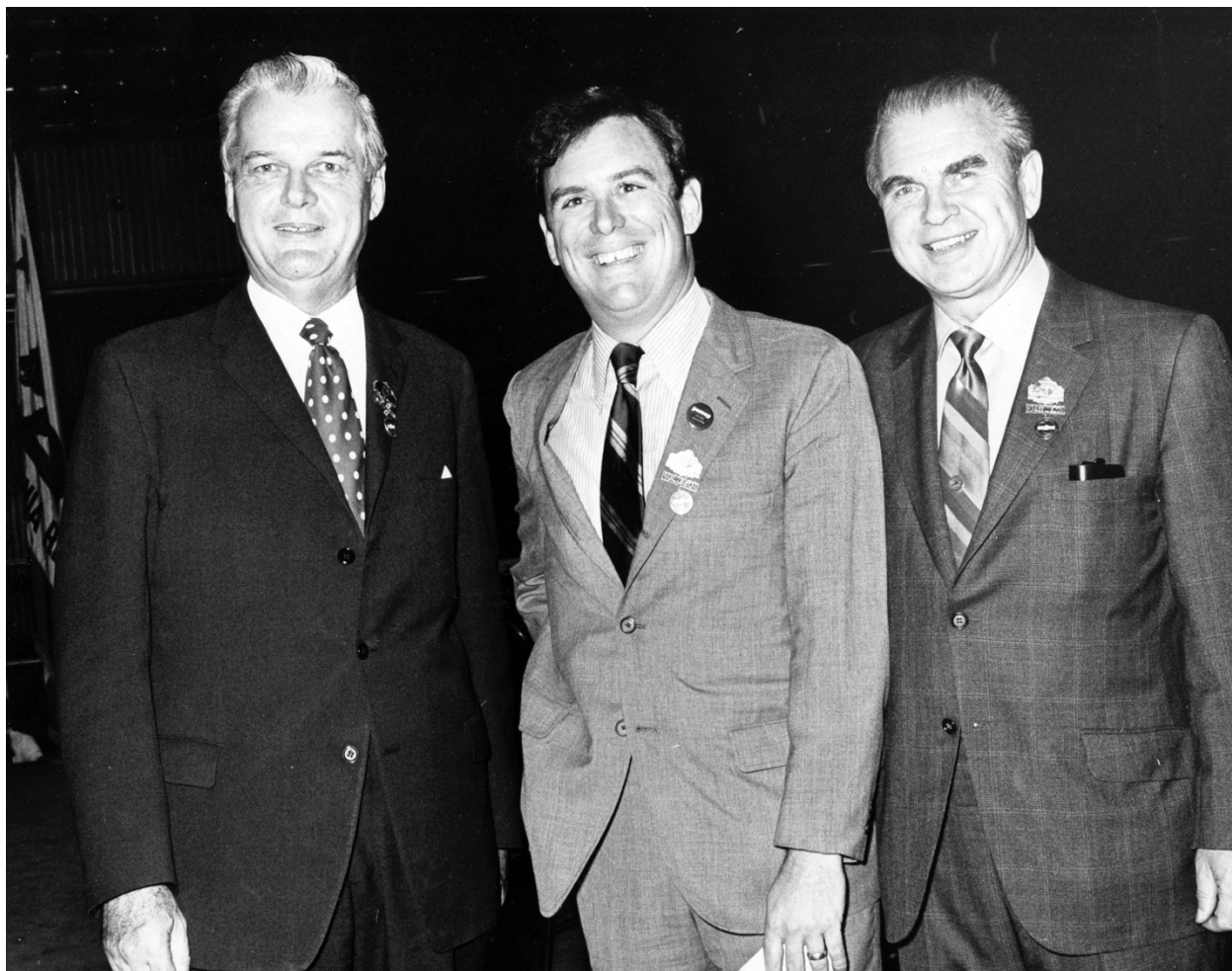
Photos shared courtesy of Michael Peevey, 1944–2016



Michael Peevey, age 6, with his mother, Miriam, 1944.



Michael Peevey marching just behind Cesar Chavez (front left) and Walter Reuther (front, second from left), with Paul Schrade (in back wearing glasses) and Larry Itliong (front, second from right), headed to the mayor of Delano's home, December 1965.



John F. Henning, executive secretary-treasurer (left), Michael Peevey, and Albin J. Gruhn, president of the California Labor Federation, 1970.



From left to right: California State Assembly Speaker Leo McCarthy, Michael Peevey, California Governor Ronald Reagan, and California State Senator Arlen Gregorio at the signing of the Economic Impact Report bill, 1974.



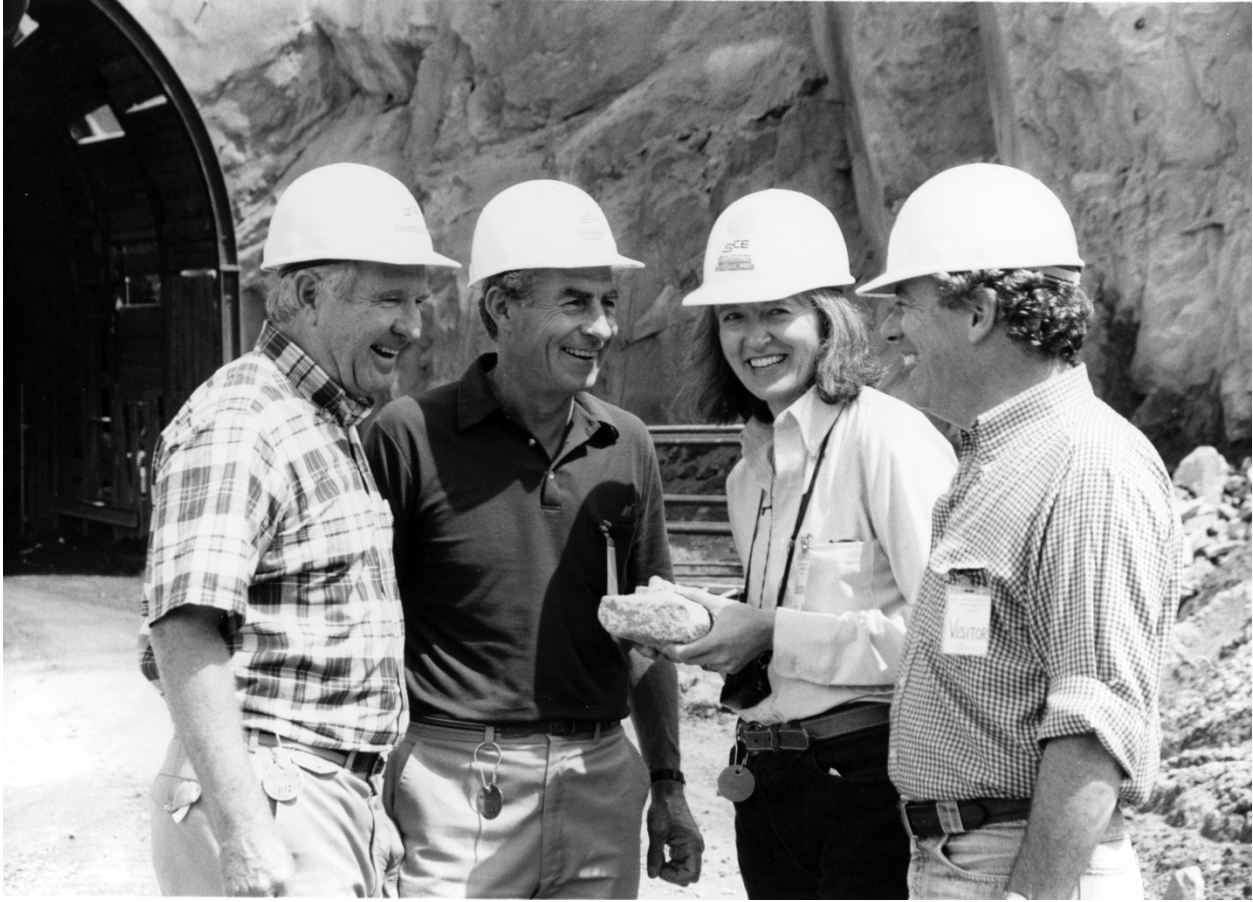
Michael Peevey with daughters Darcie and Maria, stepson Jared, and wife Carol Liu, rafting the Truckee River, 1979.



Michael Peevey presenting former California Governor Pat Brown and Bernice Brown with a poster of the governor jumping from a tree into the Stanislaw River, 1981.
Photo by Barry Levine.



From left to right: Bill Robertson, executive secretary-treasurer, Los Angeles AFL-CIO; Howard P. Allen, chairman and CEO of Southern California Edison Company; Abba Eban, former minister of Foreign Affairs for the State of Israel; and Michael Peevey, November 1982.



From left to right: Glenn Bjorklund, vice president, Southern California Edison Company; Donald Vial, California Public Utility commissioner; Pricilla Grew, PhD; and Michael Peevey at Balsam Meadows hydroelectric project site visit, 1984.



Carol Liu and Michael Peevey at Southern California Edison Company holiday dinner, 1984.



Carol Liu, Michael Peevey, and Willie L. Brown, Jr. in Los Angeles, 1988.



Michael Peevey and Carol Liu at home in La Cañada Flintridge, 2000.



Michael Peevey and California Governor Grey Davis confer in Los Angeles during the California energy crisis, 2001. Photo by Barry Levin.



To Michael Peevey,

With appreciation and respect,

best wishes

Arnold Schwarzenegger

California Governor Arnold Schwarzenegger and staff meet with Michael Peevey, then-president of the California Public Utility Commission, October 2003.



Michael Peevey (center) with staff of the California Public Utility Commission, 2008.



Michael Peevey opening Nelson Mandela's former cell on Robben Island, November 2016.

Regarding the above image, Mr. Peevey explained: "I have visited South Africa twice. Once with a group organized by the California Foundation on the Environment and the Economy; once on a trip sponsored by the California Alumni Association. On the first visit, in 2007, the group visited Robben Island, the prison near Cape Town where Nelson Mandela was lodged for 17 years. We saw the enclosed yard where he and other prisoners broke big rocks into small ones all day. We also visited his cell, a narrow, tiny room where he slept on a floor mat. In 2016, I again visited Robben Island. When in the prison yard and looking at the row of small windows overlooking it, I said to one of the former prisoners now conducting prison tours, 'That's Mandela's old cell up there, I believe.' He said yes, asked how I knew, and I explained my prior visit. A few minutes later, the group entered the upstairs corridor and stopped outside Mandela's cell. The tour guide handed me the key and suggested I open the cell door, which I did. I felt strongly emotional opening the door of the cell where Mandela, a most courageous man of peace and reconciliation, had spent so many years. I was very moved, touched, and humbled. I treasure the photograph of my opening the cell door."