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Sent: 9/1/2011 3:39:25 PM

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Subject: Updated Ratepayer Position on Who Should Bear the Cost of the Much Needed Safety Upgrades to PG&E's Gas Pipelines

Updated Ratepayer Position on Who Should Bear the Cost of the Much Needed Safety Upgrades to PG&E's Gas Pipelines

To ALJ Bushey, Commissioner Florio, and DRA:

The Black Economic Council, the Latino Business Chamber of Greater Los Angeles and the National Asian American Coalition write to you as the Joint Parties who have party status in the ongoing San Bruno gas explosion case R.11-02-019 as part of the record in the case filed on February 24, 2011. The survey by the National Asian American Coalition of 200 San Mateo and Santa Clara residents was put into the record as to who should bear the costs of upgrades in safety of PG&E's gas pipelines. The results indicated that 61% of the ratepayers surveyed believed that the cost

should be borne exclusively by PG&E's shareholders and top executives. 38% said that it should be borne jointly by PG&E and the ratepayers. 1% said that it should be borne by the ratepayers.

Subsequent to the survey, we requested of PG&E whether it wished to do an updated survey, including if it felt necessary to survey a larger sample. At the time of the request, PG&E indicated no interest in doing so.

Updated Survey

In light of PG&E's filing of August 26th, in which all costs commencing in 2012 of upgrading gas pipelines will be borne by the ratepayers, we believe this Commission may wish to do its own independent survey of ratepayer preferences. This should include who should bear the costs (shareholders, top executives, ratepayers or some combination thereof) and in what percentage.

Such a survey is essential since there is likely to be a ratepayer revolt, given the past history at PG&E, in the absence of a deep understanding of ratepayer concerns, preferences and willingness to bear the cost of a massive upgrade. It should be noted that the Joint Parties strongly support this massive safety upgrade, but wish to ensure that it is consistent with ratepayer concerns. (It appears that it is not financially feasible for PG&E to attract sufficient capital for major safety upgrades in the amount sought).

The polling expert we used for developing our brief survey, which is attached, has agreed to provide a limited number of pro bono hours to help the CPUC and/or PG&E design the appropriate polling mechanism to enable the Commission to more effectively determine ratepayer preferences. The National Asian American Coalition, the Latino Business Chamber of Greater Los Angeles and the Black Economic Council are prepared to participate. Based on initial conversations with our polling expert, we would suggest a sample size of 500 and no more than eight questions in order to enable this Commission to more accurately determine ratepayer preferences and possible concerns.

It should be noted that in past filings in this case, the Joint Parties have indicated that they believe the ratepayer position on this matter would be influenced not just by safety issues. Instead, our discussion with ratepayers indicated that their preferences would depend in significant part on whether or not PG&E became a future leader in corporate responsibility. Therefore, some questions relating to this might also be appropriate.

May we please hear from you within two weeks on whether we can be of assistance? We are also prepared, if there is no willingness to conduct a survey, to conduct on our own an additional revised survey. This revised survey would be based in part upon the proposed two billion dollar rate increase that will be borne by the ratepayers and the recent findings of the National Transportation Safety Board, relating to both assignment of fault and safety efforts necessary in the future.

We have not yet reviewed the filings of So Cal Gas and SDG&E on this matter.

Most respectfully submitted,

Faith Bautista, National Asian American Council

Len Canty, Black Economic Council

Jorge Corralejo, Latino Business Chamber of Greater Los Angeles

Robert Gnaizda, Of Counsel