

Docket:	R.11-02-019
Exhibit No.:	
ALJ:	Bushey
Witness:	Len Canty Faith Bautista Jorge Corralejo

**REPLY TESTIMONY OF JOINT PARTIES'  
EXPERTS LEN CANTY, JORGE CORRALEJO  
AND FAITH BAUTISTA**

Faith Bautista, President,  
National Asian American Coalition

Jorge Corralejo, Chairman and President,  
Latino Business Chamber of Greater Los  
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February 28, 2012

**Q1: Please state your name and address for the record.**

**A1:** Len Canty

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Jorge Corralejo

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Faith Bautista

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1758 El Camino Real  
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**Q2: Please explain why your reply testimony is joint.**

**A2:** As with the initial testimony, all three experts have interrelated expertise relating to small business issues, much of which overlap, including technical assistance and capacity building. We all have interrelated expertise relating to minority and small business issues, much of which overlap. We all also have overlapping expertise regarding a wide range of consumer and low-income issues covered in this proceeding. We are the Joint Parties herein to avoid duplication and unnecessary overlap. We adopt by reference our qualifications and backgrounds submitted with our original testimony.

**Q3: Do you have any recommendations regarding the testimony submitted in this case by the Division of Ratepayer Advocates (DRA)?**

**A3:** Yes. The Joint Parties generally understand that DRA has technical expertise in the areas addressed in this proceeding. DRA has many technical recommendations and analyses <sup>1</sup> that the Joint Parties do not currently have the capacity to address, given that the Joint Parties do not, at this time, have the funds to hire an expert to fully analyze the filings in this proceeding. This was the subject of the Joint Parties' Motion to Create a Ratepayer Confidence Fund, which was denied in this proceeding.

Our concern, which we expressed both prior to the hearings in San Bruno in April and continuously thereafter, is that this issue cannot simply be categorized as a technical issue. As an analogy, during WWII, both Franklin Delano Roosevelt and Winston Churchill understood that effectively addressing the fear and concerns of the people was as important as fighting a successful military campaign. Similar to those morale campaigns during WWII, a large part of addressing these gas safety issues is raising the confidence of the ratepayers in San Bruno and its surrounding areas.

Therefore, we will continue to raise the failure of these proceedings to reflect the fact that the vast majority of ratepayers in San Bruno remain confused and angry about the gas pipeline explosion. Further, within PG&E's entire service area, the community lacks confidence in both PG&E and its regulator, the CPUC. This must be addressed as quickly as possible by effective

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<sup>1</sup> Please see the Executive Summary of DRA in this proceeding, in which DRA delves into numerous technical issues, including the pipeline modernization and implementation plan, valve automation, interim safety enhancement measures, the pipeline records integration program, and other matters.

community-led education and outreach programs in which a key component are the efforts at the highest levels of leadership of PG&E.

**Q4: Do you have any recommendations regarding the testimony submitted in this case by the City of San Bruno?**

**A4:** Yes. In its submitted testimony, the City of San Bruno rightly indicated that PG&E must give further consideration to efforts to communicate effectively. Particularly, the City of San Bruno recommended that:

“Because numerous uncertainties affecting the details of implementation [of the PSEP] currently exist, effective communication by both PG&E and by the CPUC will be needed so governmental officials and the people whose interests they represent can understand project status, any changes to the initial plan and their justification, and resulting improvements in safety performance. Effective communication here implies providing information in a form so the various interest groups, including municipalities and counties, can understand the impact on their specific interests as the Plan is implemented.”<sup>2</sup>

The Joint Parties believe this type of effective communication should be personally led by the CEO of PG&E, Anthony Early, much as he has led the recent discussions on the appropriate level of fines.<sup>3</sup>

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<sup>2</sup> Prepared Direct Testimony of Paul Wood On Behalf of the City of San Bruno, p. 10.

<sup>3</sup> See Mark Chediak, *PG&E CEO Says Big Blast Fine Would Threaten Financial Viability*, Bloomberg News, Feb. 23, 2012, (available at: <http://www.bloomberg.com/news/2012-02-24/pg-e-ceo-says-big-blast-fine-would-threaten-financial-viability.html>).

**Q5: In its testimony, the City of San Bruno addresses communication and how the city would know that the PSEP Plan has been effectively implemented. <sup>4</sup> Do you have further suggestions on how the ratepayers within the city could be informed of the PSEP plan and have restored confidence in the safeguards of their city and PG&E?**

**A5:** Yes. Large corporations must work with community groups to restore faith in the institution and to disseminate information. PG&E cannot thrive and possibly cannot continue to exist as a private company unless it eventually has the full confidence of the vast majority of its ratepayers. No upgrades in safety will make any difference if PG&E does not have ratepayer confidence.

On February 24<sup>th</sup>, in response to CEO Anthony Earley's February 23 public efforts and statements to limit the dollar amount of the fine, <sup>5</sup> the Joint Parties sent him a letter setting forth an example of what a beleaguered CEO can do to restore the public confidence. We specifically cited in our letter the successful efforts of Chrysler's CEO, Lee A. Iacocca, in restoring public confidence. For example, we attached Iacocca's "Thank You, America" full page ad that demonstrated what effective education and communication with the public can do to restore confidence. There are many applicable analogies between the Chrysler case and the PG&E case.

**Q6: The City of San Bruno indicated, "Identifying means for PG&E management both to evaluate the effective of these changes and to communicate process and performance improvement information will represent a large step in restoring**

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<sup>4</sup> Prepared Direct Testimony of Paul Wood On Behalf of the City of San Bruno, p. 10.

<sup>5</sup> *Id.*

**public confidence.”<sup>6</sup> What early and specific actions do you think the CPUC should take regarding restoring public confidence?**

**A6:** There should be a public hearing within 60 days to provide Mr. Earley an opportunity to present his position and help restore confidence in PG&E. He would be subject to cross examination by all parties. Lee A. Iacocca never hid behind his public relations team.

**Q7: Do you have any recommendations regarding the testimony submitted in this case by The Utility Reform Network (TURN)?**

**A7:** The Joint Parties generally support TURN’s analysis in the testimony of Tom Long which indicates PG&E should not be allowed to recover costs resulting from PG&E errors or omissions,<sup>7</sup> PG&E should have the burden of proof in this matter,<sup>8</sup> ratepayers should not pay a second time for work that was not initially done right,<sup>9</sup> ratepayers should not pay again for work they previously funded and was not performed,<sup>10</sup> and that PG&E should not be allowed to profit off work to achieve a safe system.<sup>11</sup>

The Joint Parties emphatically support these arguments and analysis, and have recommended that a minimum of 75% of the cost of safety upgrades be borne by a combination

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<sup>6</sup> Prepared Direct Testimony of Paul Wood On Behalf of the City of San Bruno, p. 9.

<sup>7</sup> Prepared Testimony of Thomas J. Long on Cost Responsibility Issues, p. 2.

<sup>8</sup> *Id.* at 5.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 6.

<sup>11</sup> *Id.*

of shareholders and/or executives. However, the Joint Parties do recommend that the remaining 25% of the cost should be borne by ratepayers simply because the Joint Parties recognize that this type of massive undertaking may not be possible without a small amount of ratepayer funds. However, as noted in both our May 25, 2011 filing and our initial testimony in this matter, ratepayers should only bear this 25% burden if the Commission finds that PG&E is fully transparent, cooperative, and effective in addressing all of the underlying problems and in ensuring responsibility for full and active consumer education and preparedness.

Most respectfully submitted,

Len Canty

Faith Bautista

Jorge Corralejo