

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

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

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National Asian American Coalition

Jorge Corralejo, Chairman and President,
Latino Business Chamber of Greater Los
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Procedural History

The original deadline for testimony in this proceeding set forth in the Amended Scoping Memo and Ruling was January 31, 2012. Pursuant to Rule 11.6 of the CPUC's Rules of Practice and Procedure, the Joint Parties submitted a motion for extension of time to Administrative Law Judge Bushey and Commissioner Florio on January 31, 2012. On February 3, 2012 an extension was subsequently granted and notice was given to all parties. Pursuant to Rule 11.6, the Joint Parties have submitted this testimony within the extended deadline of February 8, 2012.

Background of the Joint Parties

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

A1: Len Canty

Chair, Black Economic Council
484 Lake Park Avenue, Suite #338
Oakland, CA 94610

Jorge Corralejo

Chair, Latino Business Chamber of Greater Los Angeles
634 S. Spring Street, Suite 600
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Faith Bautista

President and CEO, National Asian American Coalition
1758 El Camino Real
San Bruno, CA 94066

Q2: Please explain why your expert testimony is joint.

A2: All three of us are prepared to be independently cross-examined relating to any of the testimony herein unless specifically designated otherwise. 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.

Q3: Please describe your backgrounds.

A3: Len Canty: I am the Chairman of the Black Economic Council (BEC). Perhaps more than any other Black business organization in California, we conduct a wide range of technical assistance and capacity building programs participated in by many of the utilities. We receive continual input from the Black small business community relating to the availability of contracts and PUC utility procedures pursuant thereto. We are also one of the leading Black advocacy voices for the nation's 40 million Blacks, including the almost three million in California. As a result, we are in constant contact with a wide range of Black and other minority, consumer and community groups on issues affecting ratepayers in rate proceedings, including low-income issues, since I previously served on the Low Income Oversight Board. The headquarters of the Black Economic Council is in Oakland, which is squarely within PG&E's service territory.

Jorge Corralejo: I have been involved in small business issues for 27 years in California, including two decades as the key representative regarding utility issues for the Latino Business Association and since late 2008 in my capacity as the Chair of the Latino Business Chamber of Greater Los Angeles (LBC-GLA). We directly or

indirectly serve 500,000 Latino owned businesses, 98% of whom qualify as small businesses. With this large base, we have an intimate understanding of the needs of both ratepayers and small Latino businesses.

The LBC-GLA is one of the nation's most respected minority small business institutions and the largest Latino chamber in California. For example, in June 2010, President Obama invited us to a private meeting with his most senior officials on the affairs of the Latino community. We were the only Latino business chamber invited.

We have a close relationship with the media in our community; LBC-GLA has weekly contact with the major Latino newspapers read by a sizeable portion of Sempra's Latino ratepayers. We have published almost two dozen articles relating to the Latino community, including low-income community, with the Los Angeles Business Journal, La Opinión, the nation's largest Spanish daily, and a broad range of local Latino weeklies read by a large percentage of SDG&E's & SoCalGas Latino population.

Faith Bautista: I am the President and CEO of the National Asian American Coalition, formerly Mabuhay Alliance. We advocate for a broad range of small Asian American businesses through technical assistance and capacity building programs. I am presently on the CPUC's Low Income Oversight Board, am a former member of the Sempra Consumer Advisory Council and the federal Office of Thrift Supervision's Minority Depository Institutions Advisory Committee. My organization is one of the more influential Asian American organizations relating to the Asian American consumers' and ratepayers' needs throughout California. My organization has

conducted surveys relating to ratepayers in general, has daily outreach with Asian American ratepayer homeowners (having served over 5,000 California homeowners in distress in 2010) and has met with officials from Edison, Sempra and PG&E recently on key consumer/ratepayer and low-income issues. Our organization also hosts a twice weekly prime time TV program entitled “Asian News in America.” It highlights key issues affecting both small business and consumer issues among our nation’s estimated 18 million Asian Americans and two million small Asian American owned businesses.

Most importantly, the headquarters of NAAC is located in San Bruno. With the exception of the City of San Bruno itself, we are the only intervenors in this case that have deep roots within the community most affected by the explosion that instigated this rulemaking. Indeed, we are the only nonprofit intervenors who live and work in the community where this explosion occurred. Thus, given our extensive local grassroots outreach efforts and programs, we have the most intimate understanding of the needs of the ratepayers in this community.

Current Ratepayer Attitudes

Q4: How has Main Street reacted to these proceedings?

A4: This proceeding has evolved into a highly technical and specialized matter. Although we understand the necessity of the testimony and filings regarding testing of pressure in various pipelines, we want to urge the Commission not to let these technical issues overshadow the needs of the ratepayers. The average ratepayer cannot possibly begin to

understand the intricacies of this case.

Indeed, 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 recently denied Joint Parties' Motion to Create a Ratepayer Confidence Fund. Interested parties who have no significant expertise in this area cannot fully participate in these proceedings beyond contributions to explain the ratepayer perspective.

We believe that although the Commission is firmly committed to the goal of ensuring this type of explosion “never happens again,” due to the technical nature of the proceeding, the Commission has lost touch with the needs of the ordinary ratepayers in this matter. In our experience, the ratepayers want to know—in understandable language and not technical jargon—that this will never happen again, that changes that have been made, how these changes affect gas safety in the future, and who will pay for these changes.

Q5: What are the current attitudes of Main Street in regards to the gas pipeline explosion?

A5: The public has a very low level of trust both in PG&E and the CPUC. There is a general sense that both PG&E and the CPUC “fell asleep at the wheel” and the ratepayers are the ones left to pick up the pieces. Rather than looking forward to possible remedies, ratepayers in the area are still haunted by the events of September 9, 2010.

The Joint Parties collaborated with the National Hispanic Organization of Real Estate

Associates (NHORA) to conduct a survey of 190 ratepayers on the gas pipeline explosion. We collaborated with NHORA precisely because the gas explosion affected the real estate market in San Bruno —one and a half years after the explosion, home prices in San Bruno remain depressed due to fears about gas safety.

Q6: Is the Commission aware of this survey?

A6: The Commission is absolutely aware of the survey. Not only did we inform every single Commissioner of the survey and its results, but we have also attached it to our May 25, 2011 comments in this proceeding and referenced it in our April 8, 2011 filing, which was accepted into evidence and addressed the public participation hearing held in this proceeding. As such, it is already part of the record in this case and we will not exhaustively examine it.

Q7: What were the results of this survey?

A7: As Faith Bautista indicated in her April 4, 2010 letter to all the Commissioners:

1. When asked whether the CPUC should punish PG&E or fix the problem first, 85% said to fix the problem first so that it will not happen again.
2. When asked who should pay the cost for making sure that no gas explosions happen again, 34% said PG&E shareholders should pay the costs, 38% said PG&E top executives should pay the costs and only 6% said ratepayers/consumers should pay the costs. Approximately 22% said it should be paid for by a combination of PG&E shareholders, top executives, and ratepayers.
3. When asked whether the CPUC and/or Governor Brown should require PG&E to

train local skilled residents in the community to manually turn off the gas lines to avert future explosions, 90% said yes and 10% opposed the creation of a local Emergency Gas Pipeline Corps.

4. When asked whether PG&E should receive a rate increase before it fixes all of its gas transmission problems, 88% said PG&E should receive a rate increase only after it addresses its gas problems.

Q8: What is your perspective on whether PG&E should receive a rate increase in relation to its timeline to fix its gas transmission safety issues?

A8: As noted in our April 8, 2011 filing, the Joint Parties support a proposal to cease all rate increases until all gas safety issues have been remedied.

Q9: What is your perspective on who should bear the costs of the gas safety upgrades?

A9: The Joint Parties recognize the reality of the situation in that the shareholders cannot shoulder the burden of all of the gas safety upgrades without ratepayer support. However, the proportion of who bears the burden of the costs should not fall heavily on the ratepayers. The Joint Parties recommend that PG&E shareholders shoulder at least 50% of the monetary burden of upgrading the gas safety pipelines. We further recommend that a minimum of 75% of the cost of safety upgrades be borne by a combination of shareholders and/or executives. Lastly, we recommend that the remaining 25% of the cost should be borne by the ratepayers, but only if, as noted in our May 25, 2011 filing, this 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.

This is also consistent with the recent request for an OIR filed by the Joint Parties on January 23, 2012, to investigate the auditing practices of the so-called independent auditors of the utility financial data submitted to the CPUC. As indicated in the front page article of the San Francisco Chronicle on January 13, 2012, “State Calls PG&E Lawbreaker: Utility Diverted Safety Funds Into Profit,” the public perception of PG&E is that some funds devoted to safety were funneled to executive bonuses instead. Whether or not this is true, the public is extremely wary and distrustful of PG&E. The Joint Parties believe that PG&E must take drastic steps to regain the public’s confidence, including remedying any potential auditing issues, but also actively outreaching to and interacting with local communities. This outreach should go beyond mere public relations, but address the heart of the community’s concerns: the safety of themselves and their families.

Community Education & Preparedness

Q10: What is the importance of community education in this case?

A10: As noted earlier in our testimony, these proceedings have become too highly technical for the average ratepayer to understand and follow. Given our testimony as to the attitudes of the ratepayers about this proceedings and the gas pipeline explosion in general, comprehensive consumer education is necessary, with a specialized focus on minority communities. All the upgrades in the world are useless to the ratepayers if they have no

understanding of the changes made and have a restored confidence in the safety of themselves and their families.

However, we want to be careful to note that our endorsement of comprehensive community education does not indicate that we support general public relations campaigns on behalf of the utilities. We support clear education programs based on understanding the upgrades to the gas safety system and how to interact with it in the event of another emergency. In this sense, the outreach campaign we endorse is based both in education and preparedness. This type of outreach will not only instill public confidence in their avenues in the event of another emergency, but will also lend further confidence into the decision in this case.

Q11: How does community education intersect with the goal of community preparedness?

A11: As we recommended in our April 8, 2011, filing, the Joint Parties urge the creation of a locally-trained Emergency Gas Transmission Corps of local residents who would be trained by an expert to respond immediately to gas pipeline emergencies until an expert can arrive. This proposal is put forth to address the 90 minute delay of the response crews to the San Bruno explosion. With a group of trained first responders on the ground, the response times would be cut drastically and immense damage could be curtailed.

As we suggested in our April 8, 2011, filing, given the high unemployment and underemployment rates in California due to the Great Recession, these Emergency Gas Transmission Corps could be recruited from the unemployed population. This would simultaneously create jobs and ensure ratepayer safety.

Q12: Do you have any recommendation on how to conduct the recommended community education and preparedness campaign?

A12: As we have made clear in the low-income assistance cases currently before this Commission (A.11-05-017 et al.), we believe that the best method for conducting community outreach is when utility companies collaborate with trusted local community based organizations (CBOs). Due diligence should be conducted by the utilities on any CBO they plan to work with in specific communities.

Our organizations have conducted outreach on utility issues in many different methods, including mass outreach at our annual economic development conference with 500 attendees, outreach by phone, door-to-door, and small events in each of the identified cities. We found that door-to-door outreach is the most effective method in the hard-to-reach populations.

The utilities should also consult with CBOs to ascertain what the prominent minority and ethnic media publications they should advertise in. There has been little consistency with

ethnic media outreach and this method must be further utilized in order to make information available to hard to reach ratepayers.

Most respectfully submitted,

Len Canty

Faith Bautista

Jorge Corralejo