

Docket:	A.12-11-009
Exhibit No.:	JP-1
ALJ:	Pulsifer
Witness:	Faith Bautista

**OPENING TESTIMONY OF FAITH BAUTISTA,
CEO OF THE NATIONAL ASIAN AMERICAN
COALITION, ON BEHALF OF THE JOINT
PARTIES**

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Background of the Joint Parties

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

A1: Faith Bautista

President and CEO, National Asian American Coalition

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Q2: Please describe your backgrounds.

A2: I am the President and CEO of the National Asian American Coalition and am working closely with our partner in this and many other cases, the Ecumenical Center for Black Church Studies and its Executive Director Pastor Mark Whitlock.

Pastor Mark Whitlock is also the Executive Director of the Cecil Murray Center for Community Engagement, President of the Nehemiah Ministry for the fifth district which covers California and thirteen other states west of the Mississippi. Pastor Whitlock is also the International Director for Corporate Partnerships for 8,000 AME Churches worldwide, including 5,000 in the United States. Pastor Whitlock is also the pastor of the largest Black Church in Orange County, COR AME Church, former Executive Director of the FAME Assistance Corporation, First AME Church's non-profit corporation, and a longtime member of the Southern California Edison's Consumer Advisory Council.

We advocate for a broad range of Asian American and other minority empowerment issues. These include, a) small business and technical assistance; b) the foreclosure crisis; c) new homeownership opportunities; d) greater diversity and employment for Asian Americans and other minorities, including at senior management; e) effective consumer financial literacy and education and f) effective utility and financial industry community outreach and education that is culturally sensitive and, where appropriate, multilingual.

I served for six years (until 2012) on the California Public Utilities Commission's Low Income Oversight Board advocating for greater outreach and education to underserved communities with particular reference to an area of my expertise, Southeast Asian Americans. This includes Cambodian Americans, Laotian Americans, Hmong Americans, Burmese

Americans, major pockets of Chinese Americans, Korean Americans and Vietnamese Americans, as well as Pacific Islanders.

I am presently a member of the CPUC's Supplier Diversity Council. I am a former member of the Sempra Consumer Advisory Council and a former member of the Office of Thrift Supervision's Minority Depository Institutions Advisory Committee.

The NAAC has three offices in the Bay Area (Daly City, San Jose, Hercules/Contra Costa County) and one in Fresno. We also have a major service office in San Diego and a D.C. regulatory and congressional liaison office across from the White House.

Since the foreclosure crisis and the recession began, we have served over 9,000 homeowners in distress. We are also a leading non-profit in developing underserved Asian American and other minority educational programs related to low and moderate income families. We frequently testify before the CPUC, including at the annual GO 156 *en banc* proceedings, on behalf of small minority owned businesses. Our organization has, over the last four years, been involved in nearly twenty CPUC cases where we have intervened on a broad range of issues, including a) community education and outreach to underserved communities; b) small business technical assistance; c) a broad range of diversity issues; d) telecommunications issues and mergers; e) energy issues, including nuclear and f) potential job creation.

Our organization is active before the Legislature in educating legislators on the special and unique needs of our nation's largest pan Asian American community, the more than six million Asian Americans who reside in California. This includes the largest number of Burmese Americans, Cambodian Americans, Laotian Americans, Hmong Americans, Vietnamese Americans, Korean Americans, Chinese Americans, Indian Americans, Japanese Americans and Filipino Americans in the nation. Many consider the NAAC a unique Asian American organization because we are a pan-Asian American organization that also works closely with the Black and Latino communities, including the Ecumenical Center for Black Church Studies and their statewide Black pastor membership.

Q3: What about the diversity, if any, of your Board?

A3: Our organization's Board of Directors reflects the minority population of California and

is far more representative of our state's population than the boards of any utility or any of the fifty-three Fortune 500 corporations headquartered in California. It may also be broader than most of the intervenors in this case. Our eight member Board of Directors includes leaders from the Japanese, Chinese, Korean and Filipino American communities, as well as leadership from the Black and Latino communities. (We are presently in discussions to add a leading Vietnamese American to our Board.)

The NAAC also hosts a twice weekly primetime national TV show entitled, "Asian News in America" that reaches 1.3 million Asian Americans weekly. The program highlights issues that affect the interests of the estimated twenty million Asian Americans and two million Asian American-owned businesses in our nation. Many California and national legislators, as well as state and federal regulators, have appeared on our show in efforts to effectively reach out to our community.

As part of our diversity of outreach, we also work closely with twenty-four other Asian American media, including the only independent Chinese American non-profit radio station in the nation, Sound of Hope Radio, which has an audience of 650,000 in the PG&E service area. For further information on our organization's activities, please see our March 2013 Quarterly Newsletter and our May monthly update, attached as Appendix A.

Q4: What is the main issue that the NAAC is focusing on in the pending PG&E GRC?

A4: Our organization, along with the Ecumenical Center for Black Church Studies, is focusing on an issue that no other party has fully addressed: the role of consumer education and outreach to underserved communities, particularly new immigrant communities with language barriers and the heavily unemployed Black and Latino communities. This is particularly important during the recession since there has been an estimated 50% increase in the number of families eligible for CARE, ESA and FERA programs. In particular, we note that the Black community, with a more than 30% real unemployment rate and declining wages for most Blacks who are employed, has not been effectively served by present consumer education and outreach programs.

Q5: What actions have you taken on this?

A5: When I was on the LIOB (Low Income Oversight Board) for six years through to 2012, our organization with the assistance of Commissioner Timothy Simon, raised the issue frequently. Recently, our organization held meetings with Sempra and Edison, along with leadership from the Cambodian, Laotian, Burmese and Chinese American communities. And, on May 8th of this year, based on our legal team's analysis of the PG&E, SDG&E and Edison CARE/ESA/FERA programs, submitted a critical analysis, plus future recommendations, to the LIOB, the affected utilities (including PG&E, Edison and Sempra) and all the commissioners.

Q6: What actions have you taken with PG&E and in the General Rate Case in this matter?

A6: Our organization, perhaps more than any other Asian American organization, has urged PG&E, as well as the other utilities, to focus more of their consumer education and outreach efforts on those eligible for CARE, ESA and FERA, including those that have not yet been effectively reached. Similarly, we have urged consumer education and outreach to these communities by Edison and SDG&E, as well as PG&E, relating to nuclear energy.

In addition, during my time on the LIOB, and through to the present, the NAAC has urged far, far more funding for consumer outreach and education directed to underserved communities (including in the area of our special expertise, underserved Asian Americans) and to the increasingly ignored and unemployed Black population represented by the Ecumenical Center for Black Church Studies.

Q7: What are the terms of the proposed settlement with PG&E on this issue?

A7: Given the failure of the Commission in the Edison and Sempra GRCs to effectively address the issue of underfunding of and lack of focus on underserved Asian Americans, Blacks and Latinos, we have reached an agreement in principle with PG&E that could be an important first step, and I emphasize *first* step, toward insuring a fully educated and involved Asian American, Black and Latino ratepayer communities. This includes at least 45% of annual Customer Care Targeted Residential Rate Education and Outreach funding focused on

underserved minority communities from Blacks to Latinos to Asian Americans in an amount up to \$8.4 million over the GRC cycle.

Q8: Are there any other factors that affected your decision to reach an agreement in principle with PG&E on this issue?

A8: Yes. Due to the complexity and difficulty of all the issues in the GRC, key advocates, who we greatly respect, have intervened in this case and, based on their recent past intervention, have decided not to focus on this consumer education and outreach issue of vital importance to more than six million Asian Americans and the grossly unemployed and underemployed Black and Latino communities. Further, the Commission has declined to give significant weight to the testimony of the Asian American community or other minorities on a broad range of other issues we have raised in the Edison and Sempra cases. In particular, these two decisions, including the more than 1,000 page decision in the Sempra case, make no substantive mention of the underserved Asian American, Black or Latino communities.

Q9: Are there other issues that you have sought to address with PG&E that are part of your proposed settlement?

A9: Yes. Based upon the direction of the Commission and many of the key intervenors, we have determined to seek other more productive options on our issues that are more voluntary and consistent with Commission decisions. For example, the great success of the GO 156 diversity program is based on voluntary efforts of the utilities often after meeting with and working with affected minority constituencies.

As a result, as to diversity issues, which have not been raised in previous GRCs by any other intervenors, PG&E has agreed to meet with the NAAC and the Ecumenical Center for Black Church Studies, and any other interested community of color advocate, on all diversity issues within sixty days after the annual *en banc* diversity hearings. At the *en banc* hearings, we will be providing testimony that will seek to work together with PG&E and other utilities on cooperative methods to achieve GO 156 goals and others diversity issues raised by the CPUC. That is, we have accepted the strong signals from the Commission that voluntary mechanisms and cooperative efforts may be the best way to maximize future diversity goals. That is why the

NAAC, in conjunction with the California Black Chamber of Congress, the Ecumenical Center for Black Church Studies and TELACU Millennium, raised key diversity issues on May 10th, 2013 at the Supplier Diversity Council meeting. (I am a newly appointed member.) We will subsequently be following up with the commissioners on the matters raised at the Diversity Council meeting and will also be raising this at the upcoming October *en banc* diversity proceeding.

Q10: Are there other issues contained in your proposed settlement?

A10: The Joint Parties believe that the integrity of the chief auditing firm for PG&E and other utilities depends upon full independence from management. Further, the Joint Parties are of the view that the auditor of the utility should not be the subject of major criticism by its primary federal oversight regulator, the Public Company Accounting Oversight Board (PCAOB).

Since PG&E's auditor has been subject to much criticism by the PCAOB, as have the auditors for Sempra and Edison, we will continue to work closely with the PCAOB on various remedies. (The Big 4 CPA firm "oligopoly" has audited all major utilities over the last fifty years.) However, since the CPUC deferred taking any action regarding our OII seeking possible changes in auditors, the Joint Parties have had to rethink our present strategy before the CPUC. This is especially the case since the Commission in the Edison case did not address the issue to our satisfaction, nor did the decision in the Sempra case.

Q11: Specifically, what actions have you taken with regard to auditing issues?

A11: Firstly, the Joint Parties will be working with PG&E, as the proposed settlement sets forth, on efforts to hire minority CPA firms for auditing work. And, most importantly, PG&E has agreed prior to its 2017 GRC to put out for bid its overall auditing function. The Joint Parties hope that a non-Big 4 firm, not subject to PCAOB criticism, will be the successful bidder.

Q12: Are there any other issues contained in your proposed settlement?

A12: Yes. The Joint Parties are perplexed that the ALJs in the recently concluded Edison and Sempra cases were not hospitable to the NAAC's offering of evidence and testimony relating to

the impact of high level unemployment rates, high levels of underemployment and declining earnings by those who live from paycheck to paycheck on rate increases.

Q13: What actions have you taken?

A13: The Joint Parties will continue to advocate in all future rate cases (once we receive a positive signal from the Commission and/or if there is legislation to that effect), that the economic circumstances of low income families and those who live from paycheck to paycheck (estimated 90% of Black families) should be highly relevant in GRC cases and will, where possible, raise such issues with the CPUC commissioners and the utilities.

As a first step, our agreement in principle with PG&E is that prior to the 2017 filing of their next GRC, PG&E will meet with minority organizations, particularly the NAAC, the Ecumenical Center for Black Church Studies and other parties supporting this agreement in principle, to discuss the future of any proposed rate increase or lack thereof in the context of updated economic and employment data.

Q14: Do you wish to add anything else to your testimony at this time?

A14: I have discussed my testimony with the Chinese American Institute for Empowerment, the National Hmong American Farmers, the Burmese American Institute for Corporate Responsibility and the Ecumenical Center for Black Church Studies. All concur.

Q15: Have you provided the Commission with your proposed settlement with PG&E?

A15: Concurrent with the submission of this testimony, PG&E, the Ecumenical Center for Black Church Studies and the NAAC have provided notice of the proposed settlement under Commission Rule 12.1. The Ecumenical Center for Black Church Studies and the NAAC, as well as the other expected signatories, such as the Chinese American Institute for Empowerment, the National Hmong American Farmers and the Burmese American Institute for Corporate Responsibility, welcome comments and input from other intervenors.