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Subject:

APA Community Groups Weigh In On Massive Proposed Fine Against PG&E

By Evan Motoshige
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Even as the California Public Utility Commission (CPUC) proposes the largest fine in state history against **Pacific Gas & Electric (PG&E)** for the San Bruno pipe explosion of 2010, a number of Asian community groups are calling on the regulatory body to take a more measured approach.

The Asian American groups from both Northern and Southern California represent two sides: business trade associations that are concerned with the state's economic health generally and minority subcontracting opportunities specifically, as well as community groups who count on PG&E's partnership and support in carrying out their social services and community building activities.

In July of this year, CPUC staff recommended a penalty of \$2.25 billion that could end up being more than \$4 billion when all costs are added up, according to PG&E. That would make it 40 times larger than the previous record penalty for a similar tragedy. The largest safety-related fine ever issued by the CPUC was a \$38 million penalty against PG&E for the pipeline explosion in Rancho Cordova that occurred in 2008. The largest penalty under national pipeline laws was \$101.5 million for the affected El Paso area in New Mexico, also in 2008.

In a joint press release issued last month, the Asian Pacific Islander American Public Affairs Association (APAPA), Asian Business Association (ABA), and Asian American Business Women Association (AABWA) warned the penalty is so large, that it "will do more harm than good, and will negatively impact the state and local economy in the long run."

The statement points out that PG&E contracted \$290 million worth of business with Asian Pacific American-owned enterprises in 2012, with \$2 billion in business contracts overall to diverse suppliers last year.

"PG&E would be forced to scale back capital improvement and infrastructure investments due to increased costs associated with raising the money to fund these investments," stated Dennis Huang, Executive Director of the Asian Business Association. "This would create a domino effect costing individual workers, contractors, minority owned vendors and diverse suppliers."

Some groups also challenged the validity of the fine.

The original explosion took place in San Bruno on September 9, 2010 and was caused by a ruptured 54-year-old pipe line. The explosion and fire destroyed 38 homes and killed eight people.

Since then, the CPUC has engaged in an internal debate over the appropriate penalties, with a division director being forced out after he proposed that money from the PG&E fines all go towards upgrades and repairs to improve public safety.

With the new proposal increasing the penalty up to \$4 billion, large amounts will be allocated to the state's general fund instead of PG&E infrastructure.

"As a consumer, I don't know how they derived that number and despite the financial position of PG&E how could they pay?" asked Michael Chan of Asian INC, a non-profit that specializes in business development and economic development in the Asian American community.

"I appreciate the idea of a penalty and anything that makes sure this does not happen again. How can PG&E pay without affecting everybody?" said Phillip Nguyen of the Southeast Asian Community Center.

Nguyen pointed out how PG&E has supported community efforts by offering lower rates to low income households and hosting fundraisers for the elderly and the youth in the Asian community.

Kim-Yen Huynh, Founder and President of the Asian American Business Women Association summed up her feelings that while she supports the need to penalize PG&E, the newest proposal goes too far beyond that.

"The desire to punish PG&E is shared by everyone in California – and the company should be heavily penalized to ensure behavioral change," wrote Huynh in a letter to the CPUC, "but the rest of California cannot be made to suffer in PUC staff's misguided attempt to punish the company as severely as possible."

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