



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking on the
Commission's Own Motion to Adopt New
Safety and Reliability Regulations for Natural
Gas Transmission and Distribution Pipelines
and Related Ratemaking Mechanisms.

Rulemaking 11-02-019

(February 24, 2010)

**Opening Comments From the Black Economic Council, the Latino Business Chamber of
Greater LA and the National Asian American Coalition**

Faith Bautista, President
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May 25, 2011

**BEFORE THE PUBLIC UTILITIES COMMISSION
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(February 24, 2010)

**Opening Comments From the Black Economic Council, the Latino Business Chamber of
Greater LA and the National Asian American Coalition In Support of Cost Sharing**

*“The primary cause of the gas explosion and primary beneficiary of a safe gas transmission system is PG&E. Therefore, they should bear a disproportionately large share of the costs.” –
Len Canty, Chair, Black Economic Council*

These opening comments by intervenors are restricted at this time to the Proposed Decision’s comments that PG&E’s plan “must include a cost sharing proposal between ratepayers and shareholders.” (PD at 23).

The three parties, the Black Economic Council, the Latino Business Chamber of Greater LA and the National Asian American Coalition have been active in the non-technology aspects of this proceeding and would be more active on technological matters if, as they have previously requested, this Commission had created “up front funding” for community groups to secure appropriate technological expertise.¹

The three minority/small business parties herein are in a unique position to comment on the PD’s proposed cost sharing proposal between ratepayers and shareholders. This is because they

¹ The three parties herein assume that their intervenor status has been granted but note that although their intervention was granted in the OIR on diversity (R. 09-07-027), it is presently being disputed by ALJ Darling in the Edison rate case (A. 10-11-015). A motion for review has been submitted for a hearing before the Assigned Commissioner Simon and/or the entire Commission on this issue.

conducted the only public survey on cost sharing as it relates to this proceeding. At the request of ALJ Bushey, this survey of 190 ratepayers in San Mateo and Santa Clara counties is part of the record herein. (See attached Exhibit A, dated April 4th to this Commission in preparation for the April 5th gas explosion hearings.).

A key question in the survey that is relevant to this proceeding and the PD on cost sharing is that when the 190 ratepayers were asked “who should pay the cost for making sure that no gas explosions happen again,” 72% said PG&E shareholders and/or PG&E top executives should assume the costs. (34% said PG&E shareholders should assume the costs and 38% said PG&E top executives should share the costs).²

Only six percent (6%), or less than one in sixteen ratepayers said that ratepayers should assume the costs. Please note, however, that 22% said that it should be paid for by a combination of PG&E, shareholders and ratepayers.

Subsequent to this survey, we have contacted PG&E and the PUC to urge if this survey sample size is not considered adequate, or the questions improperly worded or biased, that an additional survey should be conducted. To date, no such interest in an additional survey has been suggested by either the PUC or PG&E.

Based upon the apparently uncontested ratepayer survey that is part of the record herein, we urge this Commission as part of its decision to require that:

- At least 50% of the costs be borne exclusively by the shareholders;
- A minimum of 75% be borne by a combination of shareholders and/or executives; and
- The remaining 25% should be borne by the ratepayers, but only if this Commission finds that PG&E is fully transparent, cooperative and effective in addressing all of the

² The shareholder/senior executive balance is demonstrated in the case of departing CEO Peter Darbee’s \$34.8 million severance package approved by the PG&E board, but subsequently, apparently due to public outcry, absorbed solely by the shareholders rather than the ratepayers.

underlying problems and in ensuring responsibility for full and active consumer education and preparedness.³

In developing the outlines of this cost sharing plan, we would urge the PUC to create internal incentives for PG&E to meet the highest standards of cooperation, transparency and effectiveness by allowing additional amounts above the 25% to be borne by the rate payers.

Similarly the CPUC should create additional criteria that if not fully met by PG&E could require, in increments, the entire financial burden to be borne by the shareholders and/or executives.

Additional Ratepayer Survey on Cost Sharing Burden

If PG&E in any way objects or demurs to the validity of the above consumer survey of ratepayers, we urge that this Commission order PG&E to conduct, with input from the Public Advisors office and participating consumer parties, a larger survey of one thousand ratepayers (1,000) throughout PG&E's service area. The costs of the survey to be borne solely by PG&E shareholders.

The three parties herein also renew their request that this Commission and/or PG&E commit to a One Million Dollar Community Expertise Upfront Funding that will allow groups such as the BEC, NAAC and LBC to more actively participate in the technology provisions of this OIR.

Respectfully submitted,

/s/ Len Canty

Len Canty, Chairman
Black Economic Council

/s/ Jorge Corralejo

Jorge Corralejo, Chairman
Latino Business Chamber of Greater Los Angeles

/s/ Faith Bautista

Faith Bautista, President and CEO,
National Asian American Coalition

/s/Robert Gnaizda

Robert Gnaizda, Of Counsel (with assistance from Aaron Lewis)

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CERTIFICATE OF SERVICE

I, Dyana Polk, am 18 years of age or older and a non-party to the within proceeding.

I hereby certify that I have this day served a copy of

**Opening Comments From the Black Economic Council, the Latino Business Chamber of
Greater LA and the National Asian American Coalition**

on all known parties to Rulemaking 11-02-019 by transmitting an e-mail message with the document attached to each party named in the official service list and by faxing or mailing a properly addressed copy by first-class mail with postage prepaid to those whose e-mail address is not available.

I certify that the foregoing is true and correct.

Executed in San Bruno, California on May 25, 2011.

/s/ Dyana Polk
Dyana Polk

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Exhibit A

April 4th, 2011

Commissioner Mike Florio
President Michael Peevey
Commissioner Mark Ferron
Commissioner Catherine
Sandoval
Commissioner Timothy
Simon

***Updated Ratepayer Survey for April 5th Gas Explosion
Hearings: 190 Ratepayers***

Dear Commissioner Florio, President Peevey, and Commissioners Ferron, Sandoval and Simon,

On April 1st, we provided you with the survey results from 130 ratepayers primarily from San Mateo County.

In order to ensure an update for the hearing on April 5th, we are providing you with the results of 60 additional surveys of ratepayers conducted at our Milpitas, Santa Clara office. The updated results are consistent with the data conducted by our San Bruno office.

Considering the size of the total sample of 190 ratepayers residing primarily in San Mateo and Santa Clara counties, it should be noted that this survey sample size is more than eight times the size of the last PG&E survey on pipeline hazards. According to the Wall Street Journal of March 3rd, PG&E, in 2010, conducted, through the use of a highly professional firm, a brief survey of 15,302 families living or working near pipelines, including several hundred in San Bruno. According to the Wall Street

Journal, “two months later, a total of twenty (20) questionnaires had been returned”

and “only three (3) said they had received pipeline information in the previous two

years.”

Comprehensive Survey Results

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 should 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. The CPUC has previously recommended a rate increase in gas. When asked whether PG&E should receive a rate increase before it fixes all of its gas transmission problems, 88% said only after PG&E fixes all its gas problems.¹

As previously stated in our April 1st ratepayer report to you, the Japanese nuclear disaster should be a warning sign that extraordinary efforts may be needed to ensure that the ratepayers are well prepared, well educated and well trained to prevent another San Bruno disaster. This should include the creation of a number of safety nets. The ratepayers surveyed and our organization have urged that PG&E engage in an extensive community education and create a local Emergency Gas Pipeline Corps.

We look forward to meeting all of you at a joint session with PG&E.

Sincerely,

Faith Bautista

SURVEY

Community Advice to PG&E and the Governor on the Gas Pipeline Explosion in San Bruno: Making Sure It Never Happens Again

This survey is being conducted by three nonprofit groups that will be advising the California government (California Public Utilities Commission) on what to do to make sure the San Bruno gas pipeline disaster does not happen again. We will be providing this information to Governor Brown, his utility commissioners and to the CEO of PG&E.

1. The California Public Utilities Commission will be holding a public hearing on the gas explosion at the San Bruno Senior Citizen Center (1555 Crystal Springs Rd.) on Tuesday, April 5th from 5:00 pm to 10:00pm. Would you attend a meeting with the Governor's commissioners?

a) Yes

b) No

2. Some want to punish PG&E and some think it would be better to first fix the problem.

Do you believe that the government should focus mainly on:

a) Punishing PG&E and its top executives

b) Fixing the problem so it will not happen again

3. If the cost of making sure that no gas explosion ever happens again is one thousand dollars per family, who do you think should pay the costs?

a) PG&E's shareholders

b) PG&E's top executives

c) Consumers or ratepayers

d) A combination of a., b. and c.

e) No opinion

4. *The consumer groups conducting this survey have urged the government to require PG&E to train and pay for local residents in each community to manually turn off the gas lines within ten minutes if a problem occurs. Would you favor the training of skilled workers in your community, including those who are unemployed, to be able to respond to an emergency within ten minutes?*

a) Yes

b) No

5. *The California Public Utilities Commission is planning on having a number of public hearings to secure community advice. Do you believe that the CEO of PG&E should be required to attend these meetings and answer questions?*

a) Yes

b) No

6. *One of the nonprofit groups conducting this survey has its national headquarters in San Bruno. Would you like to attend a meeting with PG&E and state government representatives at their San Bruno headquarters (1758 El Camino Real) either the day before the hearing, Monday, April 4th from 6:00 pm to 7:30 pm or on Tuesday, April 5th at 4:30 pm just before the public hearings begin to learn more about the gas pipeline public hearings?*

a) Yes

b) No

c) No Opinion

7. *PG&E is proposing a rate increase for homeowners' gas bills. Do you believe that PG&E's rate increase should be stopped until PG&E fixes all of its gas transmission problems?*

a) Yes

b) No

c) No Opinion

8. *Because California has such a high unemployment rate, more than 100,000 PG&E customers have had their utility services cut off by PG&E last year. Should PG&E fix all of its gas transmission problems before it is allowed to cut off service to unemployed and low-income families?*

- a) Yes
- b) No
- c) No opinion

9. Do you live in:

- a) San Mateo County
- b) Bay Area
- c) California