

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



FILED
10-23-15
04:59 PM

Application of Pacific Gas and Electric
Company for Authority, Among Other Things,
to Increase Rates and Charges for Electric and
Gas Service Effective on January 1, 2017.
(U 39 M)

Application No. 15-09-001

(Filed September 01, 2015)

**PREHEARING CONFERENCE STATEMENT OF
THE NATIONAL DIVERSITY COALITION**

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LATINO CHAMBER OF COMMERCE

October 23, 2015

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I. INTRODUCTION

Pursuant to Rule 7.2(a) of the Commission’s Rules of Practice and Procedure and the *Administrative Law Judge’s Ruling Setting Prehearing Conference* of October 13, 2015, the National Diversity Coalition¹ (“NDC”) submits this joint prehearing conference statement in preparation for the prehearing conference (PHC) scheduled for October 29, 2015.

In response to the 2017 GRC application by Pacific Gas and Electric Company² (“PG&E”), the NDC filed a protest on October 5, 2015, in which we raised concerns relating to safety reforms and the related issue of executive compensation, public participation, education and outreach, diversity in procurement and employment, factoring economic circumstances into rate calculations, and proposed reductions in customer service. In this prehearing conference

¹ National Diversity Coalition members include the National Asian American Coalition (NAAC), African American Economic Justice Organization, Asian Journal, Chinese American Institute for Empowerment, Christ Our Redeemer AME Church, COR Community Development Corporation, Ecumenical Center for Black Church Studies, Jesse Miranda Center for Hispanic Leadership, Los Angeles Latino Chamber of Commerce, Latino Coalition for Community Leadership, Macedonia Community Development Corporation, MAAC Project, National Hispanic Christian Leadership Conference, OASIS Center International, Orange County Interdenominational Alliance, and Templo Calvario CDC. Please note, in prior proceedings before this Commission, NDC members have appeared under the name “Joint Minority Parties”.

² *Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2017 (U 39 M), (9/1/2015) (Application).*

statement, the NDC requests that these issues be included within the scope of issues to be examined in the course of this proceeding.

II. Issues

A. Safety and Compensation Reform

The NDC acknowledges that PG&E has made efforts to improve the safety of their operations, but believes it is necessary for the Commission and Intervenors to closely scrutinize the effectiveness and efficiency of these efforts. It is also appropriate for PG&E to take further measures to ensure the safe and efficient operation of their facilities and services. The scope of these proceedings should include consideration of the following:

- Metrics that PG&E uses to evaluate the effectiveness of current and proposed safety reforms.
- Integrating safety focus and policies with executive and employee compensation.
- The extent that executive and employee incentive compensation is tied to stock price, and encourages behaviors designed to improve stock price at the risk of safety.
- Fair and equitable input on compensation levels from ratepayers who fund compensation.
- Adequate and accessible information for ratepayers on the projects and salaries they are funding.

B. Economic Factors in Calculating Rate Request

In their protest of PG&E's application, TURN reviews the mounting rate increases that have been heaped upon ratepayers over the past five years, which PG&E proposes to further increase over the next GRC cycle³. After presenting the number of disconnections for non-

³ A.15-09-001 *Protest of the Utility Reform Network (TURN Protest)* (10/5/2015), at 1-3.

payment which rose more than 56% from 2010 to 2014, TURN rightly comments that, "...the Commission must not lose sight of the fact that unaffordable gas and electric services pose a direct threat to the health and safety of each person who is deprived of these essential services."⁴ The economic circumstances of ratepayers directly affects their ability to pay higher rates, which directly affects their health and safety, and should be considered within the scope of issues appropriate in determining a "just and reasonable"⁵ rate for this GRC proceeding.

C. Diversity Program Funding

The NDC is committed to ensuring that minority communities are allowed equal opportunities in procurement contracts and employment with the utilities. Supplier and employee diversity provides benefits for both the utility and ratepayers, and is a policy of central importance to the Commission. The scope of the GRC proceeding should include consideration of the efforts of the utility to promote and support diversity, including the following:

- Increase diversity goals and reporting in line with the requested increase in funding for diversity programs and staffing.
- Adequate programs to support and soliciting diverse suppliers and employees, sufficient to meet target levels that reflect state diversity.
- Appropriate data gathering and reporting of diversity, including disaggregation of Asian American information, as the U.C. system and U.S. Census Bureau have long done, and as recently adopted by the Consumer Financial Protection Bureau (CFPB)⁶.

⁴ *Id.* at 3.

⁵ California Public Utilities Code section 451.

⁶ The CFPB recent ruling on home mortgage disclosure regulation requires financial institutions to collect disaggregated ethnicity and race data that expands the Asian American category. "Going forward, the list that applicants and co-applicants can choose from will be expanded to include Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, Other Asian, Native Hawaiian, Guamanian or Chamorro, Samoan, or Other Pacific Islander." BUREAU OF CONSUMER FINANCIAL PROTECTION, 12 CFR Part 1003, Docket No. CFPB-2014-0019, RIN 3170-AA10

D. Customer Service

Minority groups often face greater challenges in receiving adequate customer service, due to language, cultural, and socio-economic barriers. As a result, in-person service is often the most preferred and effective means for minority ratepayers to access utility services. In their application, PG&E proposes to close up to 26 of its existing 75 Customer Service Offices (CSO)⁷. The NDC is concerned about the detriment this will have upon customer service, particularly to the minority community, and will explore possible arrangements to establish PG&E customer service centers in conjunction with community based organizations located within storefronts that serve the minority community. Such an arrangement could realize cost savings for ratepayers and maintain or increase PG&E's accessibility in the minority community. This issue should be included in the scope of the proceedings.

E. Independent External Audit

As a part of the 2014 GRC settlement, PG&E agreed to put out to bid the audit of its financial statements in 2015⁸. External audits by a firm that is sufficiently independent from PG&E management is an essential check on the efficient operation of utility systems and services. The auditing function costs tens of millions of dollars, and is an expense that should be regulated with reasonable restrictions to ensure that a firm is selected which will adhere to independent accounting standards and hold the utility accountable to the public. The issue of regulations on the external audit should therefore be well within the scope of the GRC proceeding.

Home Mortgage Disclosure (Regulation C) at 579. http://files.consumerfinance.gov/f/201510_cfpb_final-rule_home-mortgage-disclosure_regulation-c.pdf.

⁷ PGE GRC Ex. 6, *Customer Care* at 5-11, 5-12.

⁸ Application at Exhibit (PG&E-9), Chapter 2, pg 2-12.

III. Public Participation Hearings

Extensive PPHs should be scheduled in this proceeding, to give ratepayers information about, as well as a chance to be heard on, the proposed \$2.7 billion rate increase proposed by PG&E. The Commission, PG&E, and Intervenors should work together to increase attendance, by:

- Cooperatively suggesting/selecting PPH sites.
- Using community based organizations to develop and distribute notices.
- As provided in AB 825, the Commission should adopt rules to make public comments a part of the evidentiary record, and have the assigned Commissioner attend and convene each PPH.

IV. PROCEDURAL ISSUES

A. Schedule

The NDC supports the schedule proposed by ORA⁹ in general, but notes that the ORA schedule may not accommodate a significant number of PPHs. The 2014 PG&E GRC proceeding scheduled 11 PPHs over a period of more than 30 days¹⁰. PG&E is requesting an even greater rate increase in this GRC than was approved in the last¹¹, and public concern over the management and operation of PG&E has continued to grow amid fires, federal prosecution, and investigations tied to the utility. The NDC requests that the Commission set at least 11 PPHs in this proceeding as well, and modify the ORA proposed schedule as needed to allow

⁹ A.15-09-001 *Protest of the Office of Ratepayer Advocates* (10/5/2015) (ORA Protest) at 5.

¹⁰ A.12-11-009 *Administrative Law Judge's Ruling Setting Schedule For Public Participation Hearings* (3/11/2013) at 2-3.

¹¹ D.14-08-032 *Decision Authorizing Pacific Gas And Electric Company's General Rate Case Revenue Requirement For 2014-2016* (8/14/2014) at 2.

Intervenors time to develop outreach material, participate in and gather public attendance for the PPHs, while still being able to fully participate in other procedures scheduled in this proceeding.

B. Evidentiary Hearings

The NDC believes that evidentiary hearings will be necessary in this matter.

C. Categorization

The NDC has no objection to categorizing this proceeding as ratesetting.

October 23, 2015

Respectfully Submitted,

/s/

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Attorneys for

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