**ELECTRONICALLY** DAN SIEGEL, SBN 56400 1 FILED JANE BRUNNER, SBN 135422 Superior Court of California, 2 SIEGEL, YEE & BRUNNER County of San Francisco 475 14th Street, Suite 500 3 03/08/2018 Oakland, California 94612 Clerk of the Court Telephone: (510) 839-1200 4 BY:EDNALEEN ALEGRE Facsimile: (510) 444-6698 Deputy Clerk 5 Attorneys for Plaintiff 6 KAREN CLOPTON 7 8 SUPERIOR COURT OF CALIFORNIA 9 CITY AND COUNTY OF SAN FRANCISCO 10 11 KAREN CLOPTON, Case No: CGC-17-563082 12 Plaintiff, VERIFIED FIRST AMENDED COMPLAINT FOR DAMAGES AND 13 INJUNCTIVE RELIEF vs. 14 CALIFORNIA PUBLIC UTILITIES (Employment) 15 COMMISSION, MICHAEL PICKER, Demand for Jury Trial CARLA J. PETERMAN, LIANE M. 16 RANDOLPH, MARTHA GUZMAN 17 ACEVES, CLIFFORD RECHTSCHAFFEN, Action Filed: December 12, 2017 and Does 1-15, 18 Defendants. 19 20 Plaintiff KAREN CLOPTON complains against defendants CALIFORNIA PUBLIC 21 UTILITIES COMMISSION, MICHAEL PICKER, CARLA J. PETERMAN, LIANE M. 22 RANDOLPH, MARTHA GUZMAN ACEVES, CLIFFORD RECHTSCHAFFEN, and Does 23 1-15 as follows: 24 25 PRELIMINARY STATEMENT 26 1. Defendant California Public Utilities Commission (CPUC), its president, 27 Michael Picker, and its members, Carla J. Peterman, Liane M. Randolph, Martha 28 Guzman Aceves, and Clifford Rechtschaffen, retaliated against and ultimately

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Verified First Amended Complaint for Damages and Injunctive Relief - 1

 terminated plaintiff Karen Clopton from her position as the Commission's Chief Administrative Law Judge in response to her lawful, protected activities. Ms. Clopton cooperated with state and federal investigations into the misconduct of CPUC commissioners and staff involved in collusion between the CPUC and the Pacific Gas & Electric Company (PGE) over the selection of administrative law judges to hear PGE matters pending before the CPUC. She reported to the investigators the illegal activity of Mike Florio and Michael Peevy regarding their judge shopping for a PGE case. Ms. Clopton also instructed the administrative law judges and other staff under her supervision to cooperate with the outside investigations of the CPUC.

- 2. Ms. Clopton opposed the appointment as a CPUC administrative law judge of a Commission staff member whose relationship with PGE posed potential conflict of interest issues.
- 3. Finally, Ms. Clopton reported unlawful racially discriminatory activities at the CPUC. She confronted CPUC Commissioners and staff over their racially discriminatory conduct and statements directed towards her and other African American CPUC staff. Not only did she complain about racial discrimination, she repeatedly directly addressed racial issues to the Commissioners and staff as well as provided implicit bias training. Her confronting racial discrimination led to her termination.

### **JURISDICTION**

- 4. Plaintiff's claims arise under the statutory law of the State of California.
- 5. The actions giving rise to this lawsuit occurred in the City and County of San Francisco.

### **VENUE**

6. Venue is proper in Superior Court of California, City and County of San Francisco, because the acts complained of herein occurred there.

#### **PARTIES**

- 7. Plaintiff KAREN CLOPTON was employed by defendant CALIFORNIA
  PUBLIC UTILITIES COMMISSION as its Chief Administrative Law Judge from January
  5, 2009, to August 25, 2017. She is an African American person and a resident of the
  City and County of San Francisco.
- 8. At all relevant times, defendant CALIFORNIA PUBLIC UTILITIES COMMISSION was and is a subordinate agency of the State of California with its principal offices in the City and County of San Francisco.
- 9. At all relevant times, defendants MICHAEL PICKER, CARLA J.

  PETERMAN, LIANE M. RANDOLPH, MARTHA GUZMAN ACEVES, and CLIFFORD RECHTSCHAFFEN were the appointed commissioners of the CALIFORNIA PUBLIC UTILITIES COMMISSION.
- through 15, inclusive, whether individual, corporate, associate, or otherwise are unknown to plaintiff, who therefore sues such defendants by fictitious names pursuant to Code of Civil Procedure § 474. Plaintiff is informed and believes, and thereon alleges, that each of the fictitiously named defendants is responsible in the manner set forth herein, or in some other manner for the occurrences alleged herein and that the damages as alleged herein were proximately caused by their conduct. Plaintiff is informed and believes, and thereon alleges, that each of the fictitiously named defendants is a California resident. Plaintiff will amend this complaint to show the true names and capacities of each of the fictitiously named defendants when such names and capacities have been determined.

### STATEMENT OF FACTS

- 11. On January 5, 2009, the California Public Utilities Commission (CPUC) appointed Karen Clopton as its Chief Administrative Law Judge.
  - 12. The responsibilities of the CPUC's Chief Administrative Law Judge

include, but are not limited to, managing a staff of approximately 40 administrative law judges and 35 other personnel who hear administrative cases and prepare draft decisions for consideration by the CPUC. As Chief Administrative Law Judge, Ms. Clopton was responsible for the selection, supervision, and evaluation of her staff, assignment of cases, oversight management of proceedings, review of proposed decisions for quality control and timeliness, presentation of those decisions to the full Commission, creating an internship program and other leadership opportunities for judges, and preparation of annual reports and records of accomplishments to the Commission and the public.

- 13. Ms. Clopton provided exemplary service to the CPUC from January 5, 2009, to the effective date of her termination, August 25, 2017. Among her achievements as Chief Administrative Law Judge were the following:
- (a) Holding hearings to receive input from regulated energy utilities and stake holders to aid in the development of the CPUC's Strategic Plan for long-term energy efficiency;
- (b) Assisting in CPUC rulemaking to consider policies for modernization of the electrical grid and development of the "Smart Grid;"
- (c) Carrying out an investigation into promoting the development of a transmission network to provide access to renewable energy resources;
- (d) Issuing a decision that adopted policies and findings to fulfill the requirements of the Energy Independence and Security Act to complete the Smart Grid and require utilities to provide customers with advanced meters;
  - (e) Assisting in CPUC rulemaking to re-examine gas cost incentive programs;
- (f) Issuing decisions to require the development of regulations to protect the public from potential hazards, including fires;
- (g) Holding public workshops to gain input from stakeholders on ways to improve the CPUC's public participation programs;

- (h) In the wake of the San Bruno Pipeline rupture, drafting orders to increase safety measures, including ordering pressure testing for previously exempt pipelines and opening penalty proceedings against PGE;
- (i) Ordering stakeholders to develop a Fire Safety Plan for San Diego County to decrease the risk of fires from electric power lines;
- (j) Ordering formal investigations into extended outages after a series of incidents and malfunctions;
- (k) Assisting in adoption of cap and trade program rules and directing that 85 percent of revenue generated from the sale of emission allowances be allocated to households as a rate reduction and climate dividend;
  - (l) Settling of actions resulting from the 2007 Malibu fires;
- (m) Working with the National Transportation Safety Board to investigate rail accidents, requiring that corrective plans address all issues, and monitoring the implementation of those plans;
- (n) Issuing decisions in connection with the CPUC's investigations of PGE's violations of state and federal laws, rules, standards, and regulations in connection with the operation of its gas transmission system and recommending \$1.4 billion in penalties;
- (o) Issuing recommendations for revisions to the California Lifeline Program to meet the requirements of the Moore Universal Telephone Service Act leading to the enrollment of over 500,000 wireless subscribers in the program;
- (p) Holding hearings regarding the fatal accident at the San Francisco Municipal Transportation Agency's Mission Rock Station;
- (q) Initiating proceedings in conjunction with the State Air Resources Board to reduce natural gas leakages that result in methane emissions that contribute to climate change;
  - (r) Instituting an investigation into whether PGE's organizational culture and

governance prioritize safety;

- (s) Assisting in CPUC rulemaking to facilitate the Governor's goal of 1.5 million alternative-fueled vehicles through the development of infrastructure for electric vehicle charging stations;
- (t) Investigating the gas leak at the SoCalGas Aliso Canyon Facility and coordinating the response to the Aliso Canyon shut-down;
- (u) Facilitating an investigation into a series of power outages in Long Beach during the summer of 2015;
- (v) Developing regulations directing water utilities to improve forecast methodologies, develop programs to implement high user water tiers, and install advance metering infrastructure and meter reading to detect leaks and provide data communication benefits.
- 14. In addition to her duties as the CPUC's Chief Administrative Law Judge, Ms. Clopton has provided extraordinary service to the legal profession and the community at large by the following actions, among others:
- (a) She has served the State Bar of California as the Chair of the Council on Access and Fairness; Chair of the Executive Committee of the Labor and Employment Law Section; Member of the Commission for the Revision of the Rules of Professional Conduct; and Member of the Task Force on Admissions Regulation Reform Implementation;
- (b) She chaired the Task Force on Inter-Group Relations appointed by the President of San Francisco State University;
- (c) She was elected as Presiding Judge of the Ecclesiastical Court of the Episcopal Diocese of California;
  - (d) She served as the President of the San Francisco Civil Service Commission;
- (e) She was awarded the Robert B. Yegge Award for Outstanding

  Contributions in the Field of Judicial Administration by the American Bar Association,

Judicial Division, Lawyers Conference in 2017; the Silver SPUR Award, for promoting active public discourse, integrity and transparency in government; the Mary C. Lawton award for Outstanding Government Service from the American Bar Association, Section on Administrative Law and Regulatory Practices.

- 15. In 2013, Carol Brown, Commission President Michael Peevey's Chief of Staff, informed Ms. Clopton that Commission President Peevey wanted to replace the current judge on a PGE case with Judge John Wong. Ms. Clopton received a similar message from Commissioner Mike Florio's Chief of Staff.
- 16. Because Ms. Clopton believed that it was unlawful for CPUC Commissioners and their staff members to interfere in the assignment of administrative law judges to particular cases, she advised members of the Commission not to interfere in the assignment of judges to particular cases and urged them to maintain their integrity.
- 17. In March 2014, Ms. Clopton reported to the Commissioners and Human Resources Department that a CPUC attorney was telecommuting for her CPUC job at the same time she was working full-time at her husband's law office. Ms. Clopton believed that this practice by the attorney was unlawful and reported it to the Commissioners so that they would take action to remedy this practice.
- 18. In November 2014, the CPUC fined Pacific Gas and Electric Company \$1.05 million for its back-channel communications made in an effort to secure a favorable judge in a rate-setting case. The fine was imposed after investigators concluded that CPUC Commissioner Mike Florio and the chief of staff for CPUC President Michael Peevey had encouraged and/or assisted PGE in its efforts to influence the selection of judges who would be assigned to hear matters involving PGE.
- 19. Federal and state prosecutors investigated these matters to determine whether any laws had been broken. The City of San Bruno demanded that the CPUC

turn over some 65,000 emails between PGE and company officials, leading to the public release of about 7000 emails.

- 20. Beginning in September 2014, Ms. Clopton cooperated fully with state and federal prosecutors in their efforts to determine whether any laws were broken in connection with the communications between PGE and members of the Commission and their staff and instructed all of the judges on her staff to cooperate with these investigations. She explained to the investigators how judge assignments were made. She also described the illegal activities of Commissioners Florio and Peevey who were helping PGE try to secure a favorable judge in the case. She believed that the judge shopping efforts were unlawful and cooperated with state and federal prosecutors in order to remedy these unlawful practices.
- 21. In January 2015, Ms. Clopton advised Commissioner Picker that staff member Michael Colvin should not be appointed to an administrative law judge (ALJ) position until there was an analysis of the 5,000 emails Colvin sent to PGE. She believed that Colvin was engaging in unlawful activities by colluding with PGE in its efforts to secure favorable decisions in pending cases and sought to derail his appointment to prevent the commission of unlawful activities in the future.
- 22. Ms. Clopton also recommended that Commission Executive Director Timothy Sullivan not appoint Michael Colvin as an administrative law judge. Her recommendation was based on Mr. Colvin's close and unethical relationships with certain PGE employees. Specifically, Mr. Colvin had conducted back channel communications with PGE staff regarding issues pending before the Commission, which Ms. Clopton believed to be unlawful. Mr. Colvin also wrote emails that disparaged African American administrative law judges in a racially offensive manner. She recommended against Colvin's appointment in order to maintain the integrity of the Commission and to prevent the occurrence of unlawful acts by him in the future
  - 23. In 2015, right before entering the meeting where Ms. Clopton objected to

Colvin's appointment, Picker, President of the Commission, said to her "Are you ready to meet with the three white men with white hair?"

- 24. In February 2015, Ms. Clopton informed CPUC HR that Dave Gamson, Acting Chief ALJ, illegally appointed Amy Yip Kikugawa as an Assistant Chief Administrative Law Judge, so she would receive a higher salary even though he knew that she was assigned to the San Bruno case and could not start in the ALJ department. Ms. Clopton made her statement in order to remedy what she believed to be an unlawful appointment.
- 25. In March 2015, Ms. Clopton requested that HR withdraw Colvin's appointment as an ALJ because of his unethical and illegal behavior and ex parte communication with PGE.
- 26. Ms. Clopton also informed Commissioner Carla Peterman about her concerns regarding Colvin.
- 27. From April 2014 through March 2015, Ms. Clopton received racist hate mail. CPUC never found out who wrote the letters.
- 28. Ms. Clopton promoted actions designed to address racial bias at the CPUC, including appointing a more diverse staff of administrative law judges and conducting training on implicit bias. On a regular basis in weekly Director meetings, Ms. Clopton discussed implicit bias and race discrimination concerns, including the potentially discriminatory implications of having employee photographs on emails and suggesting that directors privately self-administer Harvard University's Implicit Association Tests. Ms. Clopton believed that her actions were necessary to remedy violations of state and federal laws prohibiting discrimination on the basis of race and to prevent such violations from occurring in the future.
- 29. In addition, Ms. Clopton alerted the Human Resources Director and the Executive Director about archaic and debunked racist theories of white supremacy being taught by the agency's preferred training provider for the statutorily mandated

management training for all State supervisors and managers.

- 30. In January 2016, Ms. Clopton complained that the CPUC again hired the same trainer who made archaic and debunked racist remarks.
- 31. As a result of Ms. Clopton's participation in the protected activities described above, and in retaliation for such actions, CPUC and the defendant individual CPUC members subjected her to the following adverse actions, in violation of Government Code § 8547.8 and/or California Labor Code § 1102.5 and/or the California Fair Employment and Housing Act. Specifically,
- (a) The Commission unjustifiably delayed payment to the counsel retained to represent Ms. Clopton during the federal and state investigations into the Commission's relationship with PGE.
- (b) Then Commissioner Catherine J. K. Sandoval chastised Ms. Clopton for describing the collusion between PGE and certain CPUC commissioners and staff to influence the assignment of judges who would hear PGE matters as a "scandal."
- (c) Commissioners criticized Ms. Clopton for "upholding the rules" when she advised the Commission to refrain from interfering in the assignment of judges.
- (d) The Commission altered the terms of Ms. Clopton's employment by changing the process by which her employment performance was evaluated.

  Commissioners failed to use standard forms, evaluative tools, measurements, and protocols. Previously, her evaluations had been conducted by the President of the Commission and the Executive Director. Under the new, ad hoc, practice, all Commissioners evaluated Ms. Clopton's performance, and the Executive Director's role in the evaluation was eliminated.
- (e) Beginning in June 2016, the Commission began an investigation and hired an outside investigator to look into Ms. Clopton's "management style," including allegations that she engaged in "bullying, intimidating, and retaliatory" behavior towards staff. The allegations against Ms. Clopton were without any factual basis and

represent merely the efforts of a few disgruntled employees whose performance Ms. Clopton was required to criticize and correct.

- (f) In 2016, President Picker and Commissioner Liane Randolph instructed Ms. Clopton that she should not take vacations and that she was personally required to attend all Commissioner meetings and subcommittee meetings.
- (g) On February 9, 2017, the Commission and the individual members of the Commission gave Ms. Clopton a poor evaluation, rating her as "Improvement Needed" in subjective areas of her performance, including "Communications Skills" and "Relations with Others." The deficient ratings in these areas reflect resentment directed at Ms. Clopton's efforts to encourage the Commission and staff to maintain high ethical standards in the context of the investigation into the relationship between the CPUC and PGE and her persistent efforts to identify and critique actions and statements reflecting racial bias by Commission members and their staff. Ms. Clopton's objective performance areas were deemed successful. The poor evaluation also stands in sharp contrast to the Commission's action in naming Ms. Clopton to the position of CPUC Acting General Counsel for the year beginning March 3, 2014, and the universal acclaim of her performance in that position by the Commission.
- (h) Although Ms. Clopton worked with the National Association of Regulatory Administrative Law Judges' sub-committee, which was sponsoring a panel on ethics at its conference in May 2017, President Picker denied Ms. Clopton's request to attend the conference in Portland, although he approved several attorneys' requests to attend.
- (i) The Commission has attempted to remove civil service protections for the position of Chief Administrative Law Judge through seeking changes in the legislation authorizing it. That action would not only place the Chief Administrative Law Judge in a vulnerable position with respect to efforts by Commissioners to influence his or her decisions but would also facilitate the termination of a Chief Administrative Law Judge for rejecting improper efforts to influence her in the performance of her official duties.

- (j) In April 2017, Ms. Clopton met with Senator Jerry Hill and on June 16, 2017, with Senator Scott Wiener, regarding the PGE judge shopping incident, the fact that the Commissioners wanted to eliminate the independence of the Chief ALJs, the fact that the Commissioners' travel was paid by a non-profit that received funds from the utilities the Commissioners were overseeing, and other issues at the CPUC.
- 32. In further retaliation for Ms. Clopton's protected activities, the Commission and the individual Commissioners issued a Notice of Adverse Action Dismissal to Ms. Clopton on June 30, 2017, originally effective July 28, 2017, subsequently amended to be effective August 25, 2017. As a result, Ms. Clopton has been terminated from her position.

## **EXHAUSTION OF ADMINISTRATIVE REMEDIES**

- 33. Ms. Clopton disputes that exhausting any administrative remedies is necessary to her claims. Nevertheless, plaintiff has exhausted administrative remedies by filing a California Whistleblower Protection Act complaint with the State Personnel Board.
- 34. On October 5, 2017, the State Personnel Board issued a notice of exhaustion regarding plaintiff's California Whistleblower Protection Act complaint.
- 36. On October 17, 2017, Ms. Clopton filed a Complaint with the Department of Fair Employment and Housing (DFEH).
- 37. On October 17, 2017, the DFEH issued a Notice of Case Closure and Right to Sue Letter to Ms. Clopton.

## FIRST CLAIM FOR RELIEF FOR VIOLATION OF THE CALIFORNIA WHISTLEBLOWER PROTECTION ACT

(against defendants California Public Utilities Commission, Michael Picker, Carla J. Peterman, Liane M. Randolph, Martha Guzman Aceves, and Clifford Rechtschaffen) (Government Code § 8547, et seq.)

- 38. Ms. Clopton incorporates by reference paragraphs 1 through 37 above as though fully set forth herein.
  - 39. By virtue of the foregoing, defendants engaged in acts of retaliation

against Ms. Clopton for her actions in upholding the law and complaining about violations of the law, all with respect to the proper and lawful administration of the California Public Utilities Commission.

# SECOND CLAIM FOR RELIEF FOR VIOLATION OF LABOR CODE § 1102.5

(against defendant CPUC) (Lab. Code, § 1102.5)

- 40. Ms. Clopton incorporates by reference paragraphs 1 through 39 above as though fully set forth herein.
- 41. By virtue of the foregoing, defendant retaliated against plaintiff, in violation of Labor Code § 1102.5, for upholding the law and disclosing what she reasonably believed were violations of local, state, or federal law to a superior and a government agency

# THIRD CLAIM FOR RELIEF DISCRIMINATION BASED ON RACE

(against defendant CPUC) (Government Code § 12940)

- 42. Ms. Clopton refers to and incorporates by reference paragraphs 1-41 above as though fully set forth herein.
- 43. By virtue of the foregoing, CPUC discriminated against Ms. Clopton based on her race by treating her differently than other similarly situated CPUC employees who are not African Americans.

## FOURTH CLAIM FOR RELIEF FAIR EMPLOYMENT AND HOUSING ACT RETALIATION

(against defendant CPUC) (Government Code § 12940)

- 44. Ms. Clopton refers to and incorporates by reference paragraphs 1-43 above as though fully set forth herein.
- 45. By virtue of the foregoing, CPUC retaliated against Ms. Clopton because she complained about discrimination and took actions to remedy and prevent

discrimination at the CPUC.

## **DAMAGES**

- 46. In taking the actions described above, defendants Picker, Peterman, Randolph, Aceves, and Rechtschaffen acted with malice and oppression for the purpose of punishing and harming Ms. Clopton in retaliation for the exercise of her protected rights. Accordingly, Ms. Clopton seeks punitive damages from said defendants for the purpose of punishing them and to make an example of them so that others in their positions will refrain from engaging in similar misconduct.
- 47. As a result of the actions of defendants, plaintiff has been injured and has suffered damages as follows:
- (a) She has lost compensation to which she was entitled and will lose such compensation in the future;
- (b) She has suffered from emotional distress, embarrassment and humiliation, and has suffered damage to her professional reputation and standing; and
  - (c) She has incurred out of pocket expenses for health care benefits.

#### **PRAYER**

WHEREFORE, Karen Clopton prays for judgment against defendants CPUC, Michael Picker, Carla J. Peterman, Liane M. Randolph, Martha Guzman Aceves, and Clifford Rechtschaffen and requests that this Court grant her relief as follows:

- (1) Injunctive relief to require defendant CPUC to reinstate plaintiff to her position as Chief Administrative Law Judge of the California Public Utilities

  Commission together with all pay, benefits, seniority, and emoluments of that position, and to treat her without retaliation;
- (2) Compensatory damages for past and future lost wages and benefits, in an amount to be determined;
- (3) General damages for pain, suffering, emotional distress, and damage to her reputation, in an amount to be determined;

1	(4) Punitive damages in an amount to be determined;
2	(5) Interest at the legal rate;
3	(6) Attorneys' fees;
4	(7) Costs of the suit;
5	(8) Removal of all negative evaluations and other negative documentation from
6	her personnel file and from all CPUC files and records; and.
7	(9) Such other and further relief as the Court may deem proper.
8	
9	Dated: March 5, 2018
10	SIEGEL, YEE & BRUNNER
11	
12	By: <u>/s/ Jane Brunner</u>
13	Jane Brunner
14	Attorneys for Plaintiff KAREN CLOPTON
15 16	KAREN CLOPTON
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 I, Karen Clopton, declare as follows:

I am the plaintiff in this action. I have read the foregoing Verified Complaint and know the contents thereof. The same is true of my own knowledge, except for those allegations stated on information and belief, and as to such allegations, I believe it to be true.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated March \_\_\_\_\_\_, 2018, at Oakland, California.

Karen Clopton

## PROOF OF SERVICE

I, the undersigned, declare:

I am employed in the County of Alameda, State of California. I am over the age of 18 years and not a party to the within action. My business address is 475 14th Street, Suite 500, Oakland, California 94612.

On March 8, 2018, I served the following document(s):

1. Verified First Amended Complaint for Damages and Injunctive Relief

on the parties to this action, pursuant to Local Rule 2.11(P), by transmitting the documents listed above to be Electronically served through File & Serve Xpress to the parties on the Service List maintained by File & Serve Express for this case, and sent to:

Suzanne Solomon Liebert Cassidy Whitmore 135 Main Street, 7<sup>th</sup> Floor San Francisco, CA 94105 ssolomon@lcwlegal.com

I declare under penalty of perjury that the foregoing is true and correct. Executed on March 8, 2018, at Oakland, California.

Elizabeth A. Johnson