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To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)
Cc:
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Subject: CPUC Information Alert: New Fact Sheets Online - Fines and Restitution; Safety and Enforcement Role; Graduated Enforcement Program

CPUC Information Alert: New Fact Sheets Online - Fines and Restitution; Safety and Enforcement Role; Graduated Enforcement Program

The California Public Utilities Commission (CPUC) has three new documents posted to its website at: www.cpuc.ca.gov/PUC/enforcement:

- 1) CPUC Levied Fines and Restitution - 1999 to Present
- 2) CPUC's Safety and Enforcement Role (pasted below)
- 3) CPUC's Graduated Enforcement Program (pasted below)

Please let me know if you have any questions.

Terrie

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CPUC's Safety and Enforcement Role

The CPUC oversees the safety of the state's electric utilities, natural gas utilities, communications providers, electric generation facilities, freight railroads, inter-city and commuter railroads, rail transit systems, rail crossings, household goods carriers, and passenger carriers.

- CPUC staff ensures that the entities they police have systems in place to ensure safety and compliance with the law, that those systems are being implemented effectively, and that the safety of the public and utility employees is continuously being monitored and improved.

- The CPUC's robust enforcement activities are conducted by inspectors who:

- o Know the laws and rules that they enforce;
- o Conduct inspections to ensure compliance with those laws and rules;
- o Conduct investigations when accidents occur, consumers are victimized, and/or when violations of laws and rules identify problematic trends;
- o Recommend prosecution and/or rule improvements when the facts of the case warrant either or both approaches; and,
- o Continually improve their knowledge of the work that they do and the way that they do it.

CPUC staff recommendations and actions are determined by the circumstances of each case.

The CPUC vigorously enforces state and federal regulations and since 1999 has levied approximately \$500 million in fines and restitution across the utilities it regulates. See spreadsheet of enforcement actions at www.cpuc.ca.gov/PUC/enforcement.

Electric and Natural Gas Systems Safety

For the gas and electric safety programs of the state's investor-owned utilities, the CPUC ensures that systems are designed, constructed, operated, and maintained according to safety standards set by the CPUC and the federal government. CPUC gas safety inspectors are trained and certified by the federal government. The CPUC enforces safety regulations, inspects utility work, and makes necessary additions and changes to regulations for promoting the safety of the public and the utility employees that work on the gas pipeline systems. The CPUC endorses the system safety approach embodied in the federal government's regulation of pipeline and hazardous materials safety. State and federal regulators are tasked with ensuring that pipeline and hazardous materials operators have risk management programs in place, that those programs are designed in conformance with state and federal laws, that the programs are effective in achieving safety for the public and the employees of the operator, and that the entire system of achieving safety continues to improve itself. The CPUC conducts compliance inspections, accident investigations, reviews utilities' reports and records, conducts construction inspections, conducts special studies, and takes action in response to complaints and inquiries from the public on issues regarding gas pipeline and electric safety. The CPUC also conducts audits and inspections of gas facilities owned and operated by mobile home parks, and audits and inspections of underground propane gas distributions systems.

Rail Safety

The CPUC's staff oversees the safety of freight and passenger rail systems, rail transit systems and highway rail crossing by conducting inspections, accident investigations, improving rules, and taking enforcement actions.

Passenger Carriers and Moving Companies Safety

The CPUC responds to and investigates complaints of unsafe, unlicensed, and uninsured carriers, and responds to complaints against licensed carriers concerning fitness, overcharging, discriminating in service, failing to provide service, or failing to respond to customer complaints.

For more information on the CPUC, please visit www.cpuc.ca.gov.

CPUC's Utility Safety Graduated Enforcement Program

The California Public Utilities Commission (CPUC) ensures that natural gas utilities and operators have appropriate risk management programs in place, that those programs are designed in compliance with state and federal laws, that the programs are being implemented well, that they are being effective in achieving safety for the public and the employees of the operator, and that the entire system of achieving safety continues to improve itself.

Graduated Enforcement Objectives

The CPUC's Consumer Protection and Safety Division (CPSD) utilizes a graduated enforcement process designed to achieve:

- Consistent, immediate, and efficient compliance with the myriad of rules that are critical to normalizing expectations and behaviors in risky environments;
- Improvements in safety that emerge from an open, honest, and continuing conversation with regulated utilities; and,
- Strong enforcement actions when circumstances warrant.

Graduated Enforcement Process

CPSD's recommendations and actions are determined by the circumstances of each case. CPSD's graduated enforcement process in electric and natural gas safety includes:

- **Step 1:** A utility is notified that it is possibly violating a particular rule or law;
- **Step 2:** The matter is investigated further and a utility is given a notice of non-compliance and ordered to fix the issue within a specified timeframe (much like a fix-it ticket commonly issued by police departments and the California Highway Patrol);
- **Step 3:** A request from CPSD staff that the CPUC's Commissioners vote to open a formal investigation (an Order Instituting Investigation) to potentially levy fines and penalties (regulators are quasi-judicial and as such, any fines or penalties levied against a utility can only be imposed after a formal investigation where due process is given to the utility and there is a vote of the CPUC's Commissioners); and,
- **Step 4:** A request from CPUC staff that that the CPUC's Commissioners vote to refer the matter for civil or criminal prosecution by a local District Attorney or the Attorney General.

For more information on the CPUC, please visit www.cpuc.ca.gov.