

From: [Redacted]
Sent: 10/5/2012 6:00:33 AM
To: paul.clanon@cpuc.ca.gov (paul.clanon@cpuc.ca.gov); [Redacted]
[Redacted]; [Redacted]
Cc:
Bcc:
Subject: RE: Risk Assessment/Risk Mitigation Training for Managers

Paul-Good Morning! As it respects the Symposium I would be less than honest with you if I did not indicate that it is also my opinion that we do not have enough time at this point to adequately prepare for the event in early January. To the best of my knowledge General Hagan will not be back in the saddle with the PUC prior to the end of the month so decisions regarding event topics, symposium deliverables and expectations, event sequencing, speaker selection-speaker confirmation and speaker preparation time much less logistics considerations and event publication will not begin before then. Further, given the proximity of the holidays to the current schedule we may be faced with holding an event that may not be of the quality that we all want. Having said all this I recognize that the decision belongs to you and General Hagan. Chairman Hersman is on point for the January date so one big hurdle is behind us but other potential speakers, as we have discussed have not yet been decided upon nor obviously contacted regarding their availability for these dates. I know that Jane Yura at PG&E has done some preliminary work regarding venue and so forth but it is my understanding that no action has been taken deferring to PUC preferences. During our last trip to SF we visited with Julie about the Symposium and came away with the clear impression that no decisions had been reached regarding the event to that point. So with all this in mind the ball is clearly in your court. If you want to proceed as currently scheduled then I think work must begin and decisions/actions must be undertaken prior to General Hagan's anticipated return around Nov. 1st. First I would define exactly what the PUC wants to accomplish with the meeting? What will the theme be? Benchmarking and metrics, Risk Management etc. Secondly I would book the venue. Finally over the next 30 days I would define who I wanted to speak in addition to Chairman Hersman and get them invited. All other items can probably wait. Jim, Bob and I will be back in SF the week of Oct. 29th so we can certainly be of assistance to the extent you or the General desire-should you choose to wait until, say Mar. 2013 then Jim needs to contact the Chairman about a new date asap.

Topic 2-Risk Assessment/Mitigation. There is not enough information in your note Paul to understand with clarity exactly what role you want the PUC to play in this regard. Having done this with companies previously I know how expensive the models to manage risk can be and how sophisticated the analysis must be to have a truly effective program. PG&E and I assume the other regulated utilities in California have the effort well underway in order to more effectively manage their operations-do you think the PUC should try to play at this level? I recognize you need to have a plan and I appreciate the fact that you do not want to simply check boxes as you indicated and for that I applaud what you are trying to do-but I am struck by the belief that what the PUC should do; is to set the rules of engagement for risk assessment, ensure uniformity in reporting and analysis, understand what is being reported and utilize your rule making authority to drive those things that directly affect public safety. This approach suggests the PUC moves to the drivers seat and sets the rules. Use what the companies are doing anyway to your benefit. Understand the initiatives underway and seek to influence them to what you think is important before they become institutionalized in practice making it more difficult and expensive to change. The companies desire alignment with the regulator and at the end of the day you have the stick of rate making to influence the outcome. I think you need to drive outcome performance, measure performance, publish results and incentivize efforts, programs and expenses that improve public safety-this is the desired outcome anyway for effective risk mitigation. There are many firms and individuals that can be of assistance to you in developing this capability should you desire but you will just be wasting time and money until you define the end state for the PUC. As with the symposium I think this topic would be a good one to tee up with you and your targeted staff for discussion when we are out there next time.

I am available to you anytime to discuss either of these topics prior to our next trip if you wish—simply contact me by email or by phone at [Redacted]. Otherwise please simply advise Lisa Hurley at PG&E of your desires for conversations during our next trip West. Have a wonderful weekend.

Bill Scott

-----Original Message-----

From: Clanon, Paul <paul.clanon@cpuc.ca.gov>

To: [Redacted] Hagan, Jack (Brigadier

General – CA) (Br

igadier General – C

A) <emory.hagan@cpuc.ca.gov>

Cc: [Redacted] [Redacted]

Sent: Wed, Oct 3, 2012 2:51 pm

Subject: Re: Risk Assessment/Risk Mitigation Training for Managers

Jack's anxious to go forward with the January date.

On Oct 1, 2012, at 10:48 AM, [Redacted] wrote:

Paul,

I will check with Bill and Bob on provide some suggestions for your consideration.

Also, have you discussed or made a decision to delay the symposium until March? I really believe that is the best choice and not a problem with Debbie if we do now. We really want the General to have ownership of this event and a delay would provide him time to return.

Let us know?

Best, [Redacted]

Sent from my iPhone

On Oct 1, 2012, at 1:08 PM, "Clanon, Paul" <paul.clanon@cpuc.ca.gov> wrote:

I'm seeing a need to send the middle-level managers in CPSD (the layer below Julie Halligan) to some kind of training to help them understand how to base a regulatory safety regime around assessing and mitigating risks, as opposed to our old favorite checking-the-compliance-boxes. They have some grounding in what risk assessment means and how it's done, but they're having trouble taking the next step – How do I deploy my staff under this new approach? Who should I be talking to internally/externally when I'm deciding what tactics to use – Enforcement? Bully pulpit? Rulemaking? Begging and pleading? For example.

I thought you or Bob and Bill might have some ideas.