

CPUC SAFETY & RESILIENCY FRAMEWORK

CPUC Mission

The CPUC serves the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and infrastructure at reasonable rates, with a commitment to environmental enhancement and a healthy California economy.

Goal

This document proposes a framework to create an overarching CPUC agency-level safety policy statement, sponsored by the Commissioners, that will provide guidance to Commission staff, stakeholders, and the public in their respective roles in the decision-making process, allow the CPUC to more effectively ensure public safety, resiliency of utility infrastructure, and promote transparency and openness in the Commission's decision-making processes.

This approach to safety regulation requires that the CPUC develop and expand several core capabilities and practices, and also requires merging several elements and an expansion of others. These include:

- Consistent application of safety standards
- Coordination and analysis of utility reports
- Continual feedback mechanism for staff and stakeholders
- Continual improvement of safety practices
- Establish and regularly review Utility-scale safety record
- Monitor and record established metrics of safety

What Are We Looking For

In developing a safety policy, we are looking for input on moving the CPUC toward a policy that:

- Holds CPUC staff accountable to defined standards
- Includes metrics that hold the utilities accountable
- Describes how Commissioners give direction to program staff, and then hold them accountable for the progress of the utilities.

****Direction for the for the Round Table**

The questions below are designed to solicit feedback as key considerations in the formation of our policy. However, we also are looking for input on whether we have asked the right questions and/or are we missing key areas as we develop it. Each of the five areas below will be allotted a 30 minute discussion period lead by the specified company.

Safety Objectives

In order to ensure that utilities and the CPUC are delivering on the core safety objective, it is critical that the CPUC clearly establish and communicate to the utilities what “safe” is.

1. **(Underwriters Laboratories)** What is the scope of the CPUC’s role in the safety of regulated utilities?
 - a. Some boundaries and considerations of this role could include:
 - i. Societal
 - ii. Staff
 - iii. Utility workers
 - iv. Environment (natural and built)
 - v. Resiliency of the utility infrastructure
 - b. Do we need an overall definition for safety or do we need to define the CPUC role more specifically?

2. **(Office of Ratepayers Advocates)** How do we ensure that the Commission is appropriately identifying safety concerns in its proceedings and actions?
 - a. Each proceeding scoping memo now asks whether and how safety should be considered. Does this appropriately identify safety concerns?
 - b. The Commission’s process is heavily reliant on stakeholder input; are stakeholders appropriately and adequately identifying safety concerns? Do we need a safety intervener? Should the Commission’s Safety & Enforcement Division become the safety intervener?

3. **(Ernst & Young)** Each classification of safety can be measured in several ways. What safety metrics should we use?
 - a. Individual Metrics: Leading (accidents) and lagging (training) safety indicators. What should CPUC emphasize? How should we determine what to emphasize?
 - b. How could individual metrics be combined to evaluate the overall “safety” performance of a utility (e.g. balanced scorecard)?
 - c. Do we include “near miss” reporting?

4. **(Cycla Corp)** How do we establish reasonable safety expectations? Systems can never be made 100% safe, so how does the CPUC develop reasonable expectations for safety?
 - a. Should we adopt an “As Low as Reasonably Achievable” (ALARA) element, or something similar?
 - i. Reducing the impact of accidents always requires a balancing act between what is possible and what is reasonably achievable. ALARA is a management process that is an embodiment of the aphorism “don’t let the perfect be the enemy of the good.”
 - b. Should we determine what an “acceptable level” of risk is?

CPUC Tools

The CPUC now utilizes three basic tools to achieve its safety objectives: Regulatory Policies, Enforcement Practices, and Accountability. How can the CPUC better use these tools?

1. (PG&E/Sempra/Edison) **Regulatory Policies** - Establishing policies that promote safety. The CPUC has been successful at issuing energy policies that focus on reliability, long term viability of the grid and also policies that promote the use of clean energy. What policies can the CPUC adopt to promote safe and resilient utilities?
 - a. The S-MAP and RAMP process proposed in the rate case OIR are new policies that promote an evaluation of safety risks in the rate setting process. What other type of safety regulatory policies should be developed?
 - b. How can the CPUC measure that safety performance is being consistently applied within a utility?

2. (Coalition of Utility Employees) **Enforcement Practices** - the CPUC is responsible for enforcing rules and Commission directives, however issuing a decision may not be the final step.
 - a. How can enforcement be incorporated into a safety improvement cycle?
 - b. Is enforcement more than a tool to ensure compliance?
 - c. What role should audits play? Should the auditing capabilities be incorporated into the decisions upfront and included in the ordering paragraphs.
 - d. What capabilities does the CPUC need to develop in order to streamline audits to make them more effective and efficient for both the CPUC and the utilities?
 - e. Should the CPUC issue “tickets” for individual infractions or should it be more driven by performance? Can safety metrics be used to determine what tickets to issue?

3. (TURN) **Accountability**: The CPUC can ensure that utilities are accountable for the performance of the systems they operate. This accountability can take the form of regular monitoring and public communications about the state of the system.
 - a. What can the Commission do to hold utilities accountable?
 - b. Would an online database of safety reports be useful to stakeholders? How would they utilize this data?

c. What other public communication methods can the CPUC use? (Social media?)

Attendees:

1. William Calavecchio - Underwriter Laboratories
2. Paul Wood - Cycla Corporation
3. Matt Chambers - Ernst & Young
4. Marc Joseph - Coalition of California Utility Employees
5. Pat Hogan – VP of Electric Ops & Asset Management at PG&E
6. Dana Kracke – VP of Safety, Security & Compliance at SCE
7. Bret Lane – CFO at SoCalGas
8. Nat Skinner - Office of Ratepayer Advocates
9. Tom Long – The Utility Reform Network

10. David Wichner - NASA – Aviation Safety Reporting System (Booze Allen Hamilton)
11. Frank Graves – Brattle Group

CPUC Attendees:

1. Commissioner Michael Picker
2. Executive Director, Paul Clanon
3. Deputy Executive Director, Brian Turner
4. Chief of Staff to Comr. Picker, Ken Koss
5. Senior Regulatory Analyst, Richard White
6. Director, Policy & Planning Division, Marzia Zafar
7. Administrative Law Judge Dave Gamson