

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

Order Instituting Rulemaking to
Develop a Risk-Based Decision-Making
Framework to Evaluate Safety and
Reliability Improvements and Revise the
General Rate Case Plan for Energy
Utilities.

R.13-11-006
(Filed November 14, 2013)

**FIRST ROUND OPENING COMMENTS OF THE
COALITION OF CALIFORNIA UTILITY EMPLOYEES
ON THE REFINED STRAW PROPOSAL**

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Marc D. Joseph
Jamie L. Mauldin
Adams Broadwell Joseph & Cardozo
601 Gateway Blvd., Suite 1000
South San Francisco, CA 94080
(650) 589-1660 Voice
(650) 589-5062 Fax
mdjoseph@adambroadwell.com
jmauldin@adamsbroadwell.com

Attorneys for Coalition of California
Utility Employees

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Pursuant to the Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge issued May 15, 2014, the Coalition of California Utility Employees (CUE) offers these First Round Opening Comments on the Refined Straw Proposal.

I. INTRODUCTION

As discussed in our initial proposal modifying the Rate Case Plan, CUE has been a vigorous and vocal proponent for prioritizing safety and reliability in GRCs and appreciates that the Commission recognizes the problems in the current GRC structure.¹ We have been thinking about how to solve this problem for many years, and welcome the opportunity to open a dialogue about how the Commission can best incorporate one of its fundamental regulatory functions into GRCs.

The Refined Straw Proposal adopts many of the parties' modifications to the original Straw Proposal and makes several useful proposals in advancing the OIR's

¹ CUE's Comments on Rate Case Plan OIR, p. 1.

goals. However, the Refined Straw Proposal does not go far enough in addressing safety and reliability as integrated systems issues. There are two more critical improvements needed. First, the Refined Straw Proposal's focus on one SED report submitted in the RAMP phase will result in the Commission giving that report too much weight and thus, will preclude parties from effectively advocating differing positions during the GRC phase. The next proposal should explicitly include an opportunity for any party to issue safety and reliability reports.

Second, the Commission is looking at these issues too narrowly by focusing on equipment failure. This approach completely loses sight of the workforce as the asset which supports and operates the systems needed for safe and reliable service. The next proposal should explicitly include analysis of the workforce as part of the integrated system the produces safe and reliable service.

II. CUE SUPPORTS THE OVERALL STRUCTURE

CUE supports the idea of the S-MAP proceeding in order to allow the Commission and parties to examine, understand, and comment upon the IOUs' models for risk and mitigation measures.² Furthermore, allowing the Commission to establish guidelines, most importantly a uniform lexicon, will increase transparency, inclusivity, and understanding for stakeholders in the RAMP and GRC phases. Additionally, CUE supports the Verification phase as proposed in the Refined Straw Proposal. The Risk Mitigation Accountability Report will further enhance transparency and inclusivity in both the RAMP and GRC phases of future proceedings.

² Revised Straw Proposal, pp. 2-3.

CUE also supports the overall idea of the RAMP phase, as it closely resembles the Safety and Reliability Phase CUE initially proposed in response to the OIR. However, parts of the Refined Straw Proposal's changes to this phase will result in limited stakeholder engagement, which is inconsistent with the articulated procedural principles, especially participatory inclusivity. Moreover, the Commission is looking at risk and mitigation too narrowly—the scope of risk assessment and mitigation should be expanded to include workforce and systems maintenance.

III. ALL INTERESTED PARTIES SHOULD HAVE THE OPPORTUNITY TO PRESENT A REPORT OR TESTIMONY ON THE UTILITY'S RAMP SHOWING

The most troubling aspect of the Refined Straw Proposal is the focus on the Commission's Staff Report on the IOU's RAMP filing. While the Refined Straw Proposal claims that parties will have the opportunity to comment on the staff report, this proposal will give too much weight to the Commission's report. In effect, that one report will be elevated to the "final say" on risk and mitigation proposals during the GRC phase. Any stakeholder who then presents proposals that are different from the report's recommendations will not be afforded the same weight. This is unacceptable.

Instead of issuing one report to be included in the record, all interested parties should have the opportunity to present either a report or testimony in response to the IOU's RAMP filing. Each of these reports will be included in the record and the witnesses sponsoring the report/testimony will be made available for

cross-examination. This ensures stakeholder participation in the RAMP phase, beyond commenting on the Commission's report, and also in the GRC phase where those parties' reports can be used to support their positions on both the proposed risk mitigation and revenue requests. This also allows the Commission Staff to issue a report but does not elevate that report to a higher status over other stakeholders. There is but one voice among many.

CUE proposes that all interested parties will issue an Opening Report or Testimony on the date originally scheduled for the Staff Draft Report. After the Commission staff hosts a workshop on the draft reports, the parties will then issue comments on other parties' reports. Then parties will submit Final Reports or Testimony, which will be issued into the record. The utility will then file its GRC application, including any changes resulting from the RAMP phase party reports. A sample schedule is included below and reflects these changes.

IV. THE STRAW PROPOSAL IS TOO NARROWLY FOCUSED ON ASSETS AND NOT SYSTEMS

Though the Refined Straw Proposal has created a very important step in incorporating safety and reliability into the GRC by including the RAMP phase, it does not go far enough to ensure its success. The Refined Straw Proposal states that the RAMP "assessment needs to focus on asset conditions."³ By focusing on the "asset conditions," the Refined Straw Proposal completely ignores the fact that those assets are operated and maintained by the utilities' workforce. That workforce requires training, experience, and adequate numbers to ensure proper

³ Refined Straw Proposal, p. 6.

operations. Each IOU's workforce is also facing a demographic cliff and risks a marked decline in trained journeyman lineman and related classifications.

The overall safety and reliability of the utility infrastructure is not only the physical equipment—it is also the people who operate and maintain that equipment. Therefore, by focusing only on asset conditions, this Refined Straw Proposal's scope misses one half of a safe and resilient system equation. The RAMP must include evaluating whether there is an adequate workforce to maintain the assets as a top ten risk.

V. Changes to the RAMP Timeline

The proposed schedule contained in the Refined Straw Proposal does not allow for the utility's RAMP filing to include data from the prior test year. CUE's proposed timeline, however, pushes the utility's RAMP application to after the end of the test year. This allows the RAMP showing to include the most recent data available, as opposed to the Revised Straw Proposal, which would result in relying on stale data in the RAMP showing

Deadline	Activity	Time After Prior Activity
February 1 after prior Test Year	Utility provides RAMP submittal	
March 1	Workshop	30 days after submittal
July 1	Parties file Draft Report/Testimony	120 days after submittal
August 1	Workshop	30 days after Draft Reports
August 15	Reply Comments on Reports/Testimony	45 days after Draft Reports
September 15	Parties Issue Final Report/Testimony	30 days after Comments on Draft Reports
December 1 ⁴	Utility files GRC application	105 days after issuance of Final Reports
January 15	Workshop on GRC application	30 days after GRC application filed
(Unnecessary) ⁵	Staff issues verification that utility has addressed technical recommendations in Staff Report	
May	ORA and Intervenors submit opening testimony	5 Months after filing application
June	Concurrent rebuttal testimony	2 weeks after opening testimony
June	Public Participation Hearings	
July/August	Evidentiary Hearings	2 weeks after rebuttal testimony
August/September	Opening Briefs	1 month after evidentiary hearings
September/October	Reply Briefs	2 weeks after Opening Brief
December/January	Proposed Decision	4 months after Reply Briefs
February	Decision	1 month after Proposed Decision

⁴ Remainder of schedule follows current Rate Case Plan.

⁵ Any deficiencies in the GRC showing can be solved through discovery, as discussed in the Refined Straw Proposal, p. 8.

VI. REVISIONS TO THE RATE CASE PLAN

A. Should PG&E's Gas Distribution be Included with its GT&S Proceeding?

No. Instead, the GT&S should be folded into the GRC. Both gas and electric safety and reliability should be addressed in the same proceeding.

B. The NOI is Not Necessary

As discussed in our Opening Comments (and in several other parties') on the OIR, the NOI phase is not effective. The Refined Straw Proposal addresses our concerns as expressed in the comments and at the workshops. During the traditional NOI phase, ORA and Commission staff are "always in a state of limited resources."⁶ The Refined Straw Proposal proposes that ORA will have to opportunity to examine the utility's showing and identify lack of proof as part of its testimony. This proposal solves the time-related complaints surrounding the existing NOI period, while also providing an opportunity and forum for ORA to review the adequacy of the filing.

C. The Rate Cycle Should Remain on a 3-year Cycle

The interval between GRCs should remain the same, with one IOU filing its GRC application each year. The cycle should remain on a three year schedule. Otherwise, any proposal other than a six-year cycle will result in multiple GRCs for the large IOUs in some years. This results in a strain to both the Commission staff and intervenors participating in those GRCs.

⁶ Refined Straw Proposal, p. 8.

VII. ADDITIONAL ISSUES

A. Reporting Requirements Should Easily Link to Other Reports

The Administrative Law Judge's directions for commenting on the Refined Straw Proposal asks whether the reporting requirements as proposed here overlap or duplicates other reporting requirements, such as Public Utilities Code 958.5, gas safety reports, GO 118-E reports or others. The Refined Straw Proposal fails to incorporate any specific reporting requirements in any of the phases as suggested here, but the utilities should be required to include and incorporate all reports mandated by the Commission in this revised GRC. Whether or not the reporting requirements overlap or duplicate, it would benefit the Commission and other stakeholders if all additional reports were easily linked together in one document.⁷ This allows for easy access to safety plans, reporting requirements, and provides for transparency over all of the utilities' safety reports.

In addition to those reports required by Section 958.5 and GO 118-E, the utilities should link to those gas safety reports pending approval and required by R.11-02-019, and reporting required for electrical generation and distribution facilities in Sections 8001 through 8057 and General Orders 95 and 128. This is not a comprehensive list but the Commission should strive to create a complete list of all reporting requirements in order to provide a cohesive list and transparent overview of the Commission's safety oversight.

⁷ CUE does not suggest that the utilities provide each report with its filing, but rather provide an electronic link to the report.

Additionally, to the extent that any of these reports inform the S-MAP, RAMP, or GRC showing, the utilities should cite directly to that report and how it affects the requested action.

B. S-MAP Workshops Will be Necessary

The ALJ's directions for commenting on the Refined Straw Proposal asks whether there should be workshops before the S-MAP proceeding begins so that the utilities and other parties have an understanding of what is to be presented and discussed in that proceeding. As a proceeding of first impression, the Commission should absolutely hold workshops in order to refine the scope of the proceeding and to ensure that each utility understands exactly what to present. Otherwise, the efficiency and efficacy of the proceeding are at risk.

C. CPUC Staff Should Issue Reports During the S-MAP and RAMP Phases But Those Reports Should be One of Many Reports Included in the Record

The ALJ's directions also ask whether parties see a need for CPUC staff to review the safety models and to produce a report in both the S-MAP and RAMP phases. As discussed above, Commission staff should produce a report in the RAMP phase but that report should be one of many. The directions also ask whether other parties who might not have sufficient resources to effectively participate in will rely on the CPUC staff report. Those parties who do not have sufficient resources to provide their own reports or testimony will have the opportunity to review, conduct discovery, cross examine, and analyze several reports. Other parties should not rely on one sole report to determine their position on the utility's showing. Having other

stakeholders present options provides a wide range of positions which will be afforded the same evidentiary weight.

VIII. CONCLUSION

CUE appreciates that the Commission is using this OIR as an opportunity to better incorporate and prioritize safety and reliability in the GRCs, and respectfully requests that the Commission consider the CUE's alternate proposal as described in these comments.

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Respectfully submitted,

/s/

Marc D. Joseph
Jamie L. Mauldin
Adams Broadwell Joseph & Cardozo
601 Gateway Blvd., Suite 1000
South San Francisco, CA 94080
(650) 589-1660 Voice
(650) 589-5062 Fax
mdjoseph@adamsbroadwell.com
jmauldin@adamsbroadwell.com

Attorneys for Coalition of California Utility
Employees