

**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 REPLY COMMENTS OF THE  
COALITION OF CALIFORNIA UTILITY EMPLOYEES  
ON THE REFINED STRAW PROPOSAL**

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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 Reply Comments on the Refined Straw Proposal. As stated in our First Round Opening Comments, CUE supports the Refined Straw Proposal's overall structure but we suggest opportunities for improvement. Overall, the Refined Straw Proposal has garnered general support from the majority of parties. While it still needs refinement, the framework will provide the parties and the Commission with the tools to focus on safety and reliability in the General Rate Cases.

These comments further elaborate on those areas needing improvement in the Refined Straw Proposal and reply to other parties' comments that either support CUE's proposed changes or conflict with the Proposal's stated goals. Therefore, in addition to any support given for other parties' proposals here, CUE

respectfully requests that the Commission approve the proposals from our First Round Opening Comments.

## **I. THE REFINED STRAW PROPOSAL IS “STAFF-CENTRIC”**

In our Opening Comments, CUE stated that the Refined Straw Proposal’s focus on the Commission’s Staff Report during the RAMP phase will elevate that one report to the “final say” on risk and mitigation proposals during the GRC phase.<sup>1</sup> Several other parties expressed the same concern. TURN and ORA both called the proposal “Staff-centric”<sup>2</sup> and UCAN agreed that one Commission Staff Report will be given too much weight in determining which risks deserve funding.<sup>3</sup> The Refined Straw Proposal, as drafted, will diminish consideration of other parties’ interests, concerns, and unique knowledge of the utilities’ operations during the RAMP phase. Moreover, it implies that the utilities must comply with the Staff Report’s recommendations by requiring testimony on how the utility addresses the recommendations in its GRC filing and then requiring the staff to issue a verification that the utility complied with the recommendations.<sup>4</sup>

Therefore, CUE’s proposal (and TURN’s and ORA’s) to allow all interested parties the opportunity to present either a report or testimony in response the IOU’s RAMP filing should be incorporated into the Straw Proposal. Otherwise, the current RAMP commenting and Staff Report structure directly violates the participatory inclusivity goal principle articulated in the Refined Straw Proposal.

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<sup>1</sup> CUE First Round Opening Comments, p. 3.

<sup>2</sup> TURN First Round Opening Comments, p. 8; ORA First Round Opening Comments, p. 2.

<sup>3</sup> UCAN First Round Opening Comments, p. 3.

<sup>4</sup> Refined Straw Proposal, pp. 5, 9.

In contrast to parties' proposals to incorporate participatory inclusivity, PG&E asserts that the RAMP review and report be an exercise performed solely by the Commission's Safety and Enforcement Division.<sup>5</sup> PG&E expresses concern that other stakeholders do not possess the expertise required to analyze the utilities' RAMP filings.<sup>6</sup> PG&E also suggests that discovery only lie with SED during the RAMP phase.<sup>7</sup> These condescending proposals ignore decades of useful contributions from all types of intervenors. Particularly galling is PG&E's failure to recall several proposals by CUE to improve reliability which PG&E opposed, only to later reverse itself and advocate for adoption.<sup>8</sup> PG&E's proposals would discourage interested parties from having an active role and would effectively give SED control over the entire RAMP phase. This would deprive the Commission of the expertise and experience of the intervenors, some of whom have had a clearer vision of appropriate safety and reliability measures than the utility itself. The Commission should reject PG&E's proposals as they will exacerbate the problems already discussed by CUE, TURN, ORA, and UCAN in relation to participatory inclusivity and cut stakeholders out of the RAMP phase altogether.

### **III. THE PROPOSED RAMP IS TOO NARROWLY FOCUSED ON ASSETS**

#### **A. The RAMP Should Focus on Safety Risks, not Asset Risks**

CUE argued in our Opening Comments that the RAMP phase too narrowly focuses on "asset conditions" and ignores the systems and processes that create or

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<sup>5</sup> PG&E First Round Opening Comments, p. 4.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*, at p. 2.

<sup>8</sup> A.08-05-023, PG&E's Cornerstone Application; Testimony of David Marcus (Exh. 302).

diminish safety risks.<sup>9</sup> CUE focused its arguments on expanding the RAMP analysis beyond “asset” risks, to include workforce and reliability issues. Both UWUA and CBE also argued that the RAMP should specifically “ensure the inclusion and express consideration of workforce issues in any safety proceeding,” especially one that focuses primarily on the safety of the utility infrastructure.<sup>10</sup>

Furthermore, the focus on “asset risks” does not encompass a utility’s top **safety risks**. SCE argues that the RAMP phase should focus on “the top safety risks the utility faces in terms of injuries, reliability, and property damage, and not just limited to ‘top-ten assets that pose the most risk’ as the Refined Proposal recommends.”<sup>11</sup> Not all top risks within the utility fall in an asset-related account. SCE’s example of how call-center workers respond to “wire-down” reports illustrates this point—this is more a function of staffing and training rather than asset investment.<sup>12</sup> Each utility should be required to include risks that are not related directly to assets.

TURN argues that the RAMP should address risk at a higher level than the detailed “project level” showing in the GRC filing.<sup>13</sup> The RAMP should look across united projects to the “program level,” which would provide opportunity to look at the entire system and allow assessment beyond asset risks. The Commission should revise the Refined Straw Proposal to expand the scope of the RAMP beyond “asset risks” to more wholly encompass safety risks – either at a program level or as

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<sup>9</sup> CUE Opening Comments, pp. 4-5.

<sup>10</sup> CEB First Round Opening Comments, p. 4; UWUA First Round Opening Comments, p. 4.

<sup>11</sup> SCE First Round Opening Comments, p. 6.

<sup>12</sup> *Id.*, at p. 6.

<sup>13</sup> TURN First Round Opening Comments, pp. 7-8.

a safety risk. Regardless, the RAMP needs to focus not just on hardware, but the systems and programs in which they operate.

Several parties argue against capping the RAMP at “top ten” asset risks. TURN urges the Commission to adopt a comprehensive approach for RAMP assessment because “[o]nly through comparing and ranking all of the major risks and mitigation strategies will the parties and the Commission gain the ability to make sound recommendations and decisions about how best to use the finite resources of ratepayers and utilities.”<sup>14</sup> EPUC argues that limiting the first RAMP will result in the presentation of an incomplete view of the IOU’s risk management program.<sup>15</sup> Other parties believe that ten is an arbitrary number at which to cap the RAMP presentation. While advising the utilities to provide a “top ten” list for the first RAMP may help in managing the first RAMP, it will present a myopic view of the utilities’ overall safety management. The Refined Straw Proposal should be modified to include the top ten safety risks as a *part* of the RAMP showing, but require the utilities to present a comprehensive review of all its safety risks so the Commission can see the big picture in terms of overall system risks, mitigation, and funding.

**B. The Refined Straw Proposal Needs to Explicitly Consider Reliability**

As drafted, the Refined Straw Proposal wholly neglects electric reliability as part of the RAMP showing. As both ExxonMobil and EPUC identified, the OIR itself specifically lists as its goal “prioritiz[ing] safety *and reliability* issues in GRC

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<sup>14</sup> *Id.*, p. 7.

<sup>15</sup> EPUC First Round Opening Comments, p. 18.

applications.”<sup>16</sup> Yet, the Refined Straw Proposal never mentions reliability and seems to entirely forget about its connection with safety. EPUC correctly argues that focusing on reliability impacts supports safety goals.<sup>17</sup> Grid outages and failures have clear economic, environmental, and safety impacts. The Refined Straw Proposal must be modified to specifically include system reliability in addition to safety considerations during the RAMP phase.

#### **IV. THE S-MAP SHOULD NOT EXIST IN PERPETUITY**

PG&E, SCE, SDG&E and Southern California Generation Coalition question the efficacy and timing implications of a triennial S-MAP proceeding. They either propose having a one-time proceeding to establish the CPUC’s expectations for risk programs and models and develop common risk terminology,<sup>18</sup> convening workshops instead of holding a formal proceeding,<sup>19</sup> or doing away with the S-MAP altogether and evaluating the IOUs’ models during the RAMP phase.<sup>20</sup>

The Refined Straw Proposal proposes the S-MAP proceeding in order to: (1) allow parties to understand the models the utilities propose to use to prioritize the programs/projects intended to mitigate risks; and (2) allow the Commission to establish standards and requirements for those models.<sup>21</sup> While the IOUs’ concerns are valid, the resulting transparency of the S-MAP proceeding output into the subsequent RAMP/GRC proceedings aid in accomplishing the OIR’s goals.

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<sup>16</sup> OIR, p. 1 (emphasis added).

<sup>17</sup> EPUC Opening Comments, p. 11.

<sup>18</sup> PG&E First Round Opening Comments, p. 2; SCE First Round Opening Comments, pp. 4-5.

<sup>19</sup> SCE First Round Opening Comments, p. 3.

<sup>20</sup> SDG&E First Round Opening Comments, p. 4.

<sup>21</sup> Refined Straw Proposal, p. 1.

However, the S-MAP proceeding does not need to occur on a triennial basis indefinitely. It is likely that the first S-MAP will not produce sophisticated and universal models, but that does not mean that the S-MAP should continue in perpetuity. The Commission may conduct two or three S-MAP proceedings and reach a satisfactory end point or determine that it has met the stated goals. In this case, the S-MAP proceedings may end and the resulting information used in the RAMP/GRC proceedings.

The Commission should keep the proposed S-MAP proceeding, preferably as a subsequent phase of this OIR, but allow flexibility to determine whether future S-MAP proceedings are warranted.

The same parties also express concern with universal modeling for each utility. We remain skeptical that “modeling” is even the right concept. Rather, “analysis” should be the framework. Many potential risks to safety and reliability are likely not susceptible or appropriate for any sort of analytic “model.”

## **V. THE PROPOSED RISK MITIGATION ACCOUNTABILITY REPORT MAY BE DIFFICULT BUT SHOULD STILL BE REQUIRED**

SCE and SDG&E argue that the IOUs should not be required to file the Risk Mitigation Accountability Report due to the difficulty in quantifying risk mitigation.<sup>22</sup> While difficult to quantify year-to-year change in a risk mitigation program, the utilities still need to provide the information for assessment and program evaluation. Yes, a yearly update on a ten-year pole replacement program will not necessarily reflect the overall reduction of failures over the ten-year

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<sup>22</sup> SCE First Round Opening Comments, pp. 15-16; SDG&E First Round Opening Comments, pp. 5-6.



program, but it will provide: (1) transparency; and (2) accountability into the IOUs' risk mitigation programs. Eventually, the data for the ten-year pole replacement risk mitigation will show the success or failure of the long-term program. Just because yearly reports may not show mitigation effects that year does not mean that utility should withhold the information.

EPUC recommends modifying the Refined Straw Proposal so that rather than focusing on a cost-benefit analysis or the impact of individual projects, the IOU could report on progress made towards safety and infrastructure reliability goals or overall asset condition improvements.<sup>23</sup> PG&E recommends that while the utilities determine how to evaluate risk mitigation value, using a temporary reporting method describing the work completed under the risk mitigation plan as well as to report on any performance improvements related to the mitigation plan.<sup>24</sup> Both of these reporting methods show that even though risk mitigation is difficult to quantify, the utilities can provide meaningful information that will provide transparency and hold the utilities accountable for their proposed mitigation programs.

## **VI. ADDITIONAL SCHEDULING ISSUES**

### **A. The Staff Verification Report**

In our First Round Opening Comments, CUE argued against including the staff-issued “verification” as part of the RAMP/GRC process and correcting

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<sup>23</sup> EPUC First Round Opening Comments, p. 19.

<sup>24</sup> PG&E First Round Opening Comments, p. 7.

deficiencies in the GRC showing through discovery.<sup>25</sup> TURN also argued that this verification should be removed and replaced with an optional submission by the staff, which would then be subject to cross-examination during the GRC phase.<sup>26</sup> The Refined Straw Proposal should delete the staff-issued verification and instead allow for either an optional submission or discovery and testimony that is subject to cross-examination.

### **B. Eliminate the NOI Period**

As discussed in our Opening Comments on the OIR, the NOI phase is not effective. Several other parties echo the argument for eliminating the NOI period. ORA and TURN, however, would like to retain the NOI period claiming that the new process may result in less transparency and a potential increase in motions to compel which have been very infrequently utilized in recent GRCs.<sup>27</sup>

The Refined Straw Proposal addresses ORA and TURN's concerns. During the traditional NOI phase, ORA and Commission staff are "always in a state of limited resources."<sup>28</sup> 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.

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<sup>25</sup> CUE First Round Opening Comments, p. 6.

<sup>26</sup> TURN First Round Opening Comments, p. 12.

<sup>27</sup> ORA First Round Comments, p.4; TURN First Round Opening Comments, p. 17.

<sup>28</sup> Refined Straw Proposal, p. 8.

## VII. 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 CUE's alternate proposal as described in the First Round Opening Comments and these First Round Reply Comments.

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Respectfully submitted,

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