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August 19, 2015

Ms. April Mulqueen
Policy and Planning Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: SFI – Safety Intervenor

Dear Ms. Mulqueen:

San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) submit these comments in response to your July 30, 2015 Solicitation For Input (SFI) on the role of safety intervenors in relevant California Public Utilities Commission (Commission or CPUC) proceedings.

The SFI cites the example of utility General Rate Cases (GRCs) and notes that intervenors in those proceedings tend to focus on cost reduction. The SFI also notes that the Commission seeks to strike the right balance to promote safety and reliability of the utility system, while also ensuring a financially stable utility at a reasonable cost to consumers. SDG&E and SoCalGas strongly support that direction. The comments below provide SDG&E's and SoCalGas' responses to the questions in the SFI, and suggestions for future improvements in the area of encouraging appropriate safety intervention in ratemaking proceedings.

Response of SDG&E and SoCalGas to Specific Questions in Solicitation for Input

1. Should the Commission ensure there is an organization specifically dedicated to utility safety issues in Commission proceedings?

Safety is a top priority, but is not a stand-alone topic -- it needs to be balanced with cost, reliability, and other issues. The safety of our employees, customers, and the general public is of utmost importance to SDG&E and SoCalGas. Safety should be a key issue in utility GRCs and other ratemaking proceedings (in addition to rulemakings where safety is often a key issue). The Commission's recent revisions to the Rate Case Plan now

require separate proceedings to address risk and safety – the Safety Model Assessment Proceeding (S-MAP) and Risk Assessment and Mitigation Phase (RAMP) processes. However, in addition to these procedural changes, SDG&E and SoCalGas suggest that the Commission reorganize its staff in order to more thoroughly address safety “intervention” in Commission proceedings.

SDG&E and SoCalGas’ suggested approach to having an intervenor with a safety focus is to divide Safety and Enforcement Division (SED) into two groups, with both groups reporting up to the director of SED. One group would continue to act in an advisory role to the Commission; the other group would act in an advocacy capacity in proceedings. By having both groups report up to SED’s top management, there should be consistent policy across both groups.

It is also important that all intervenors have safety as part of their focus. The Commission should continue to make clear in its policy statements that safety should be made a key focus of all intervenors, regulated companies, and CPUC divisions (including but not limited to the Office of Ratepayer Advocates (ORA)) that participate in such proceedings.

2. What organizations, new or existing, should intervene on utility safety issues?

As noted above, SDG&E and SoCalGas recommend a subset of SED be designated as having a safety advocacy role. As for existing organizations, every organization who participates in CPUC proceedings should focus on safety issues (as well as the cost of implementing them). The Commission should (on an ongoing basis) direct all intervenors to address safety issues whenever and wherever such issues arise in Commission proceedings. This could be instituted immediately and consistently in Scoping Memos and eventually be formalized by modifications to the CPUC’s Rules of Practice and Procedure.

3. Should ORA or other intervenors on behalf of ratepayers be responsible for both safety and rate advocacy?

SDG&E and SoCalGas’ primary recommendation is the division of SED with one section as an active intervenor; this is the best way to see that safety becomes a focus as noted above. Again, rates and safety are intertwined; and parties should be encouraged to address them accordingly. ORA and other parties should be directed to address safety and rate advocacy together, as there must be a balancing of dual goals (safety in the context of reasonable rates). ORA’s mandate under Public Utilities Code Section 309.5 is to advocate for the lowest rates consistent with safe and reliable service. In SDG&E’s

and SoCalGas' experience, ORA's role in GRC proceedings is more often focused on lowering rates. If the Commission deems it appropriate in furtherance of its safety policies and goals, ORA could be directed to address safety more directly, e.g. by providing analysis of the effects of their cost proposals on utility reliability and safety. This is an issue that could benefit from further definition by the Commission to refocus resources to meet the safety element of Public Utilities Code Section 309.5.

4. Are there competencies the Commission must require for a safety intervenor?

Since the Commission is moving toward a risk-informed investment and ratemaking process, and risk assessment and mitigation is aimed at improving safety, it seems clear that any "safety intervenor" would at minimum need to be competent in, and understand risk assessment and mitigation, identification and recognition of safety risks, risk modeling, and related topics. The Commission should strictly evaluate the qualifications of safety intervenors, especially if a request for intervenor compensation is being made. In this respect, "significant impact" for purposes of intervenor compensation should tie back to the intervenor's competencies.

5. Are there conflicts that should be addressed in intervenor safety participation; for example, a ratepayer advocate who also seeks compensation as an advocate for a safety action or expenditure?

Intervenor compensation should not be split into safety and cost "buckets" as these issues are inter-related. The Commission should direct all intervenors to address safety issues where they arise. (Not all proceedings will encompass safety, although many do.)

6. Are there barriers to safety advocate participation that the Commission must address?

There are no barriers but intervenors have generally focused their efforts on cost. Our recommendation regarding SED will facilitate an active discussion of safety issues in those proceedings where safety is a component.

Thank you for your consideration of SDG&E's and SoCalGas' comments. Please do not hesitate to contact me at (415) 202-9986 if you have any questions.

Sincerely,

/s/ Daniel F. Skopec
Daniel F. Skopec
VP – Regulatory Affairs