

Frequently Asked Questions on Safety and Operational Metrics

What are Safety and Operational Metrics?

The Safety and Operational Metrics or SOMs are an array of indicator metrics used to monitor PG&E's performance following the company's emergence from bankruptcy. The CPUC's decision to approve PG&E's Reorganization Plan (see [D.20-05-053](#)) describes SOMs as "attainable Safety and Operational Metrics that, if achieved, would ensure that PG&E provides safe, reliable, and affordable service consistent with California's clean energy goals."¹ D.20-05-053 further indicates that the "Commission will consider metrics to measure PG&E's quality of service and management in the proceeding addressing Safety and Operational Metrics."²

The SOMs include 32 metrics that measure public safety, worker and contractor safety, electric safety risks, electric reliability, ignitions, gas safety risks, quality of service, customer satisfaction, and clean energy goals. A complete list of the metrics can be found [here](#).

How does the Commission use SOMs to ensure PG&E provides safe, reliable service?

In approving PG&E's bankruptcy plan of reorganization, D.20-05-053 established an Enhanced Oversight and Enforcement Process (EOE Process) specifically for PG&E. Using the EOE Process, the Commission closely monitors PG&E's safety and operational performance. The EOE Process centers around "steps" initiated by the Commission if certain defined "triggering events" occur. The steps range from Step 1, which requires PG&E to undertake enhanced

¹ D.20-05-053 at 38.

² *Id.* at 96.

reporting and oversight, to Step 6, wherein the Commission may revoke PG&E's authority to operate as a California electric utility.³

As shown below, several EOE Process steps include SOMs as criteria for triggering events. If the triggering events occur, the Commission may place PG&E in the indicated EOE Process step. PG&E must then submit and implement a Corrective Action Plan, and the Commission may take other prescribed actions. The Commission may invoke the EOE Process if PG&E self-reports triggering events or if the Commission becomes aware of the occurrence of triggering events by other means.

EOE Process Steps that Involve SOMs⁴

- Step 1: Enhanced Reporting, Triggering Event: "PG&E fails to comply with, or has shown insufficient progress toward, any of the metrics... contained within the approved Safety and Operational Metrics."
- Step 2: Commission Oversight of Management and Operations, Triggering Event: "PG&E fails to comply with electric reliability performance metrics, including standards to be developed for intentional de-energization events (*i.e.*, PSPS) and any that may be contained within the approved Safety and Operational Metrics."
- Step 3: Appointment of Third-Party Monitor, Performance that Results in Exit from Step 3: The Commission, by Resolution, will move PG&E to Step 4 if..." the Commission determines that additional enforcement is necessary because of PG&E's systemic non-compliance or poor performance with its Safety and Operational Metrics over an extended period."
- Step 4: Appointment of a Chief Restructuring Officer, Triggering Event: The Commission determines that "[a]dditional enforcement is necessary because of PG&E's

³ D.20-05-053, at [Appendix A](#).

⁴ *Id.* at 1, 2, 5.

systemic non-compliance or poor performance with its Safety and Operational Metrics over an extended period.”

EOE Process triggering events also include PG&E’s failure to comply or show sufficient progress with any metrics outlined in:

- WMPs;
- PSPS protocols; and,
- Safety Culture Investigation.⁵

Additionally, Step 1 of the EOE Process includes a triggering event if PG&E demonstrates insufficient progress toward approved safety or risk-driven investments related to the electric and gas business.⁶ Step 2 can be triggered if the destruction of 1,000 or more dwellings is the result of PG&E failing to follow Commission rules or prudent management practices or if PG&E fails to comply with electric reliability performance metrics.⁷ In short, SOMs are an important element of a multi-faceted EOE Process.⁸

SOMs are also intended to be used by the Commission and PG&E for the purpose of determining executive compensation. D.20-05-053 and OEIS guidance on executive compensation indicates that “a significant component of [PG&E’s] long-term incentive compensation” must be based “on safety

⁵ *Id.* at 1, referencing Step 1 of the EOE Process.

⁶ *Id.* at 2.

⁷ *Id.* at 3.

⁸ The Commission placed PG&E into Step 1 of the EOE Process in April 2021. *See Resolution M-4852: Placing Pacific Gas and Electric Company into Step 1 of the “Enhanced Oversight and Enforcement Process” Adopted in Decision 20-05-053* included the finding that “PG&E has made insufficient progress toward Approved Safety or Risk-Driven Investments Related to Its Electric Business (Enhanced Oversight and Enforcement process Step 1, Triggering Event A(iii)), available as of August 31, 2021 at:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M367/K731/367731890.PDF>.

performance, as measured by a relevant subset of the Safety and Operational Metrics.”⁹

The EOE Process does not supplant the Commission’s existing regulatory or enforcement authority and does not limit the Commission’s ability to pursue other enforcement actions against any regulated utility.¹⁰ The Commission remains free to pursue all regulatory authority at its disposal, including (but not limited to) those in Resolution [M-4846](#), which adopts the Commission’s Enforcement and Penalty Assessment Policy.¹¹ The EOE Process does not replace or limit the Commission’s regulatory authority, including the authority to issue Orders to Show Cause and Orders Instituting Investigations and to impose fines and penalties.¹²

How did the Commission select the SOMs used to hold PG&E accountable?

The Commission approved the 32 SOMs currently used in the EOE process in a [decision](#) that is part of an ongoing [Rulemaking to Further Develop a Risk-Based Decision-Making Framework](#) for Electric and Gas Utilities in Decision. The proposed SOMs are designed to meet two primary objectives: (1) to be suitable for use as triggering events as specified in the EOE Process; and (2) to be suitable, over time, for the Commission, intervenors, and the public to gauge the

⁹ D.20-05-053, at 88; Wildfire Safety Division Guidance on Submission of Executive Compensation Approval Requests by Electrical Corporations Pursuant to Public Utilities Code 8389(e)(4) and 8389(e)(6) at 3, December 22, 2020, available here as of July 14, 2021: <https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/wsd-executive-compensation-guidance-20201222.pdf>.

¹⁰ D.20-05-053 at 55.

¹¹ Resolution M-4846, *Resolution Adopting Commission Enforcement Policy*, available as of September 1, 2021 at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M350/K405/350405017.PDF>.

¹² D.20-05-053, Appendix A at 1.

safety and operational performance of all gas and electric IOUs.¹³ Consistent with the decision to approve PG&E's reorganization plan, SOMs apply exclusively to PG&E to prompt the company to improve its safety and operational performance.

In developing the SOMs, Commission Engineers and Analysts sought to identify metrics that are objective, outcome-based, defined clearly, auditable/verifiable, enforceable, measurable over time, and preferably, leading indicators. The Commission's SOMs cover a variety of topic areas, including worker and contractor safety, electric safety risks, electric reliability, ignitions, gas safety risks, quality of service, customer satisfaction, and clean energy goals.

How does the Commission evaluate PG&E's performance on the SOMs?

The Commission's Engineers and Analysts use both qualitative and quantitative evaluations of PG&E's performance against the adopted SOMs to identify potential indicators of trends or triggering events. Based on current and historical quantitative data, the commission staff analyzes PG&E's SOMs' performance by examining anomalies and variances in performance trends associated with a single or multiple SOM(s). SOMs are qualitatively analyzed using additional contextual information, such as exogenous factors, including major events (*e.g.*, major storms, heat waves, and earthquakes). This holistic evaluation approach is used to determine if PG&E is making "insufficient progress" or showing "poor performance" on any of the SOMs. Commission staff provide the Commission with recommendations relevant to the EOE Process based on its findings using this process, if warranted, or may propose other action, as appropriate.¹⁴

¹³ SOMs Ruling at 1-4.

¹⁴ *Id.* at 7 and 13.

How often does PG&E have to report their SOMs?

PG&E is required to submit their SOMs data on a semi-annual basis (*i.e.*, every six months). The [first report](#) was submitted on March 31, 2022, with each annual March report covering the 12 months of the previous calendar year (January - December) and each annual September report providing data from January through June of the current year. Safety Policy Division staff post the semi-annual SOMs reports on the Commission website within 30 days of receipt.

How does the Commission ensure SOMs reports are accurate?

The Decision approving the SOMs requires CPUC to initiate an independent, third-party audit of PG&E's SOMs data collection and reporting processes by 2024. When complete, the audit findings and report will be served to members of this proceeding's service list or a successor proceeding. If this audit identifies significant discrepancies or concerns with PG&E's SOMs data collection or reporting processes, the Commission will revisit the need for a more permanent independent third-party auditing system at that time. We require PG&E shareholders to pay for this audit, as it stems from PG&E's reorganization plan approved by the Commission.