

# Consolidated Workshop

## RCP-RDF

**D.20-01-002 Rate Case Plan (RCP) Workshop 4**  
**R.20-07-013 Risk-based Decision-making  
framework (RDF) Track 3 (aka S-MAP 2.0)**

February 9, 2021

11:00 AM to 4:00 PM



California Public  
Utilities Commission

# Outline

- Agenda
- Purpose
- Lessons Learned
- Topic Overview

# Agenda 11:00 AM to 4:00 PM

11:00	-	11:15	Introduction and Purpose
11:15	-	11:30	Lessons Learned and Topic Overview
<b>11:30</b>	-	<b>12:15</b>	<b>Track 3.a. K. Vyas (SCE)</b>
12:15	-	1:00	Lunch
<b>1:00</b>	-	<b>2:00</b>	<b>Track 3.a. J. York (SDGE); K. Chang &amp; K. Arnold (PGE)</b>
2:00	-	2:15	Break
<b>2:15</b>	-	<b>2:30</b>	<b>Track 3.b./c. Chris Parkes (Cal Advocates)</b>
<b>2:30</b>	-	<b>3:00</b>	<b>Track 3.b. K. Vyas &amp; J. York</b>
<b>3:00</b>	-	<b>3:30</b>	<b>Track 3.c. K. Vyas &amp; J. York</b>
3:30	-	4:00	Discussion / Q&A

# Purpose

- Improve integration of Risk Assessment Mitigation Phase (RAMP) into the General Rate Case (GRC) and GRC-related reporting into the Risk Spending Accountability Report (RSAR)
- Standardize the organization and format of GRC and RAMP fillings

This workshop is mandated by both the D.20-01-002 of closed proceeding R.13-11-006 and OIR R.20-07-013 (Track 3)

# Lessons Learned from Energy Division

- The public often doesn't have a good understanding of the risk evaluation process.
- The RAMP often doesn't provide the same level of detail as in the GRC.
- Standardizing units of work for the RSARs is hampered by GRC organization.
- Standardizing the discovery process is hampered by individual IOU organization (see 3.b).
- Programs/mitigations need better definitions.
- The CPUC must decide how it intends to use risk-spend efficiency (RSE) data in its consideration of funding risk reduction activities (see 3.a.ii).
- While the initial RAMP filing includes public participation and CPUC oversight the risk modeling results are often updated before they are presented in the GRC (see 3.b).

# Lessons Learned

## from Safety Policy Division's Risk Assessment & Safety Advisory Section

- 2019 SCE GRC Application was an iterative step in the RAMP process:
  1. More thoroughly addressed their RAMP report and CPUC staff evaluation, and stakeholder feedback.
  2. Included a more useful "RAMP roadmap" tying their GRC sections to their RAMP report, that provides a template for future GRC applications.
  3. Utilized improved modeling capabilities to provide a wildfire risk curve that assessed wildfire risk on their distribution system for every circuit mile of the 10,000 miles of distribution system in high fire threat districts.
  4. Enabled greater transparency and stakeholder input into GRC the proceeding, allowing for better GRC decision-making.

# Topic Overview

## 6 Topics of Track 3

From OIR R.20-07-013

Track 3: Safety Performance Metrics

# 6 Topics in Track 3

1. Track 3.a. Cost tracking, risk reductions, terms, and processes across RAMPs, GRCs, and RSARs
  - **3.a.i** - Risk mitigation and cost presentation standard: comparing RAMP and non-RAMP activities
  - **3.a.ii** - Merge the RSAR and other accountability reports
  - **3.a.iii** - Address potential redundancies between RAMP, GRC, and RSAR filings
  - **3.a.iv** - GRCs resolved via a settlement agreement must provide strong relationships to related RAMPs and authorized values for RSARs
2. Track 3.b. RCP requirements should be updated
3. Track 3.c. RAMP clarifications and refinements



# 3.a.i – Risk Mitigation and Cost Presentation Standard

## Staff Proposal:

1. IOU to present unified methods for identifying RAMP mitigation in the GRC
2. IOU to commit to presenting activities in the same manner in both the GRC and RAMP
3. Develop guidelines to:
  - a. Identify common elements between RAMP and GRC
  - b. Match RAMP information to the subsequent GRC

# Track 3.a

Kris Vyas

Southern California Edison

## Standardization of RAMP Faces Similar Challenges as GRC Standardization

- At the Rate Case Plan (RCP) Workshop #2, parties extensively discussed how GRCs are organized to mirror the organization of each IOU's business structure, and IOUs have not received feedback that differences in organization amongst IOU's present any barrier to assessing utility showing or finding items within the showing. Stakeholders did not raise any concerns
- Similarly, it is difficult to standardize RAMPs across IOU's. The IOU's have different organizations, business lines, enterprise risks, proposed controls, mitigations, and funding approvals
- Further, the mechanism to compare the RAMP to the GRC is tied to unique accounting systems for each of the IOUs
- The IOUs agree that presentation in RAMP should be generally consistent with the IOU's GRC to the extent reasonably possible. But funding is not sought in RAMP, and reasonableness is not determined. The granularity, level of detail/workpapers, and justification presented in RAMP does not appear to be fully applicable to the GRC

## The IOUs Currently Provide Testimony, Workpapers and Roadmaps Detailing RAMP To GRC Integration

- As previously mentioned, all of the IOU RAMP reports and GRCs will be unique to their respective businesses, and therefore any standardization across utilities is simply not practical
- All of the IOUs provide testimony, workpapers and/or roadmaps that give detailed information on how the RAMP was integrated into our respective GRC showings
  - SCE provided detailed and specific testimony and workpapers in our TY 2021 GRC that addressed how we integrated RAMP and GRC
  - PG&E provided a map from the RAMP to the GRC that translates how mitigation and control programs are incorporated into the GRC.
  - SoCalGas and SDG&E served testimony that provided a roadmap of RAMP-related costs, a dedicated chapter on RAMP-to-GRC integration, and additional testimony and workpapers to delineate RAMP cost estimates.
- The IOUS will continue to provide information on how mitigations and controls are incorporated into the GRC. We welcome parties' feedback

# Intervenor Comments

# Lunch

# 3.a.ii – Merge the RSAR and Other Accountability Reports

## Staff Proposal:

1. Consider merging existing spending accountability report with the RSAR D.19-04-020.
2. Propose methods for inputting authorized costs and work completed.
3. IOU to reference workpaper description activities in variance explanations.
4. IOU to identify activities with no funding as cancelled or deferred.

# Track 3.a.ii

Jamie York

SoCalGas / SDG&E

Kimberly Chang

Pacific Gas & Electric

Ken Arnold

Pacific Gas & Electric



## Gas Reports in Addition to RSAR (3.a.ii)

In addition to the Risk Spending Accountability Report, the IOUs submit Gas Reports specific to gas operations activities.

Report	IOU	Description	Directive
Gas Transmission and Storage (GT&S) Compliance Report	PG&E	Provides a description of the Integrated Planning Process, Budget and Spend, and safety programs details for Pacific Gas and Electric Company's Gas Transmission and Storage system.	D.19-09-025 <i>(PG&amp;E's 2019 GT&amp;S Rate Case)</i>
Gas Distribution Pipeline Safety Report	PG&E	Provides a description of the Integrated Planning Process, Budget and Spend, and Capital Project details for Pacific Gas and Electric Company's Gas Distribution system.	D.11-05-018 <i>(PG&amp;E's 2011 GRC)</i> Continued in D.17-05-013 <i>(PG&amp;E's 2017 GRC)</i>
Gas Transmission and Distribution Safety Report	SDG&E	Provides a description of the Strategic Planning and Decision-Making Process, Budget and Spend, and variance explanations for SDG&E's Gas Transmission and Distribution Systems.	D.13-05-010 <i>(Sempra Utilities' 2012 GRC), Attachment C.</i>
Gas Transmission, Distribution, and Storage Safety Report	SoCalGas	Provides a description of the Strategic Planning and Decision-Making Process, Budget and Spend, and variance explanations for SoCalGas's Gas Transmission, Distribution, and Storage Systems.	D.13-05-010 <i>(Sempra Utilities' 2012 GRC), Attachment C.</i>

# Proposal to Merge Existing Spending Accountability Reports

To merge existing Gas Reports with the RSAR, the IOUs propose the following be adopted:

- Consolidation of relevant information from existing Gas Reports into the RSAR and retirement of separate Gas Reports.
  - Information will be included in the RSAR using RSAR standards/thresholds for reporting.
- PU Code requirements that initiated the Gas Reports can be satisfied through the RSAR and RAMP Reports.

# Public Utilities Code 958.5 and 591

## **PU Code 958.5**

- (a) Twice a year, or as determined by the commission, each gas corporation shall file with the division of the commission responsible for utility safety a gas transmission and storage safety report. The division of the commission responsible for utility safety shall review the reports to monitor each gas corporation's storage and pipeline-related activities to assess whether the projects that have been identified as high risk are being carried out, and to track whether the gas corporation is spending its allocated funds on these storage and pipeline-related safety, reliability, and integrity activities for which they have received approval from the commission.
- (b) The gas transmission and storage safety report shall include a thorough description and explanation of the strategic planning and decision-making approach used to determine and rank the gas storage projects, intrastate transmission line safety, integrity, and reliability, operation and maintenance activities, and inspections of its intrastate transmission lines. If there has been no change in the gas corporation's approach for determining and ranking which projects and activities are prioritized since the previous gas transmission and storage safety report, the subsequent report may reference the immediately preceding report.
- (c) If the division of the commission responsible for utility safety determines that there is a deficiency in a gas corporation's prioritization or administration of the storage or pipeline capital projects or operation and maintenance activities, the division shall bring the problems to the commission's immediate attention.

## **PU Code 591**

- (a) The commission shall require an electrical or gas corporation to annually notify the commission, as part of an ongoing proceeding or in a report otherwise required to be submitted to the commission, of each time since that notification was last provided that capital or expense revenue authorized by the commission for maintenance, safety, or reliability was redirected by the electrical or gas corporation to other purposes.
- (b) The commission shall ensure that the notification provided by each electrical or gas corporation is also made available in a timely fashion to the Office of the Safety Advocate, Public Advocate's Office of the Public Utilities Commission, and parties on the service list of any relevant proceeding.

## Visibility on Safety Spending (3.a.ii)

### **Consider how to achieve more visibility into safety spending by:**

1. Improve methods “imputing authorized” costs:
  - IOUs have or intend to impute most RAMP mitigations and controls and will provide a view of imputed and recorded amounts as part of the upcoming Risk Spending Accountability Report.
2. Relate authorized costs for work done:
  - IOUs provide this analysis as part of the RSAR; GRC filings will include work units, where applicable.
3. Reference workpapers in variance explanations:
  - IOUs are not opposed to providing workpaper references as part of variance explanations, where available.
4. Identify authorized activities that are cancelled or deferred:
  - IOUs provide this information as part of the RSAR pursuant to the 2019 SMAP Decision (D.19-04-020), for programs that meet the applied threshold, “...whether any projects or other units of work were canceled, deferred, or expanded that may have led to the difference.”

# 3.a.iii – Address redundancies between RAMP, GRC, and RSAR

Staff Proposal:

1. Identify and significant redundancies between RAMP, GRC, RSAR filings.

**The IOUs do not have any topics for consideration here at this time.**

# 3.a.iv – GRCs resolved via a settlement agreement

## Staff Proposal:

1. Workshop discussions should state how GRC proceedings resolved via Settlement Agreement will provide needed support to related RAMPs and authorized values for RSARs.

## Prudent Touchpoints With Settlements

- Parties spend significant efforts to reach settlement agreements. Any guidelines developed should not negatively impact parties' ability to conduct and ultimately reach settlement agreements.
- IOUs are not opposed to establishing guidelines with respect to RAMP and RSARs for parties to consider during the settlement process.
- If guidelines are established for settlements, GRC decisions should mirror the same level of detail.
- Imputing authorized values may still be required and RSARs will address how imputing was accomplished in accordance with applicable approved settlements.

# Intervenor Comments



# Break

# Track 3.b and 3.c

Chris Parkes

Public Advocates Office



**D.20-01-002 Rate Case Plan (RCP)**

**R.20-07-013 Risk-based Decision-making Framework (RDF)**

**Consolidated Workshop 4:  
Refining RAMP and GRC  
procedural requirements**

**Public Advocates Office  
February 9, 2021**

**Chris Parkes, Supervisor, Financial Impacts Section, Safety Branch**



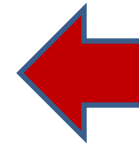
## Agenda

### Energy Division Track 3 Workshop 6 Topics

- 3.a. Cost tracking, risk reductions, terms, and processes across RAMPs, GRCs, and RSARs.
  - i. Risk mitigation and cost presentation standard: comparing RAMP and non-RAMP activities.
  - ii. Merge the RSAR and other accountability reports.
  - iii. Address potential redundancies between RAMP, GRC, and RSAR filings.
  - iv. GRCs resolved via a settlement agreement must provide strong relationships to related RAMPs and authorized values for RSARs.

3.b RCP requirements should be updated.

3.c RAMP clarifications and refinements.



**This Presentation**



## Scoping Memo/Track 3:

### **“Refining RAMP and Related Procedural Requirements”**

3.b.: “Should Rate Case Plan requirements be updated to reflect any clarifications adopted in this proceeding?”

3.c: “Other potential RAMP clarifications or refinements as needed, including those identified in D.20-01-002.”



## Cal Advocates proposes refinements to:

- 1) Increase transparency;
- 2) Increase accountability; and
- 3) Increase dissemination and application of best practices.



## Increasing Transparency, Accountability, and Best Practices

1. Utilities should enhance annual safety metrics and risk spending/mitigation accountability reporting:
  - Risk and accountability reports should be revised to provide meaningful context including graphical indications of historical progress, current status, as well as depicting how near-term planned mitigations fit into the context of a long-term mitigation plan.
    - e.g. 150 miles of conductor hardening authorized; 100 miles actually hardened; out of 5,000 miles that need to be hardened in High Fire Threat Districts.
  - This information should be reported annually and included in both the RAMP & GRC filings.



## **Increasing Transparency, Accountability, and Best Practices**

### **2. Mitigation Program Effectiveness:**

- RAMPs and GRCs should include utility assessment of prior and proposed Mitigation Program Effectiveness. Utilities should develop and use appropriate program specific criteria for assessing mitigation program effectiveness.
- Utilities should also include a comparison of expected and actual effectiveness.

### **3. Risk Spend Efficiency (RSE):** Similar to Mitigation Program Effectiveness, RAMPs and GRCs should include a comparison of expected and actual mitigation program RSE values.





## Refining RAMP and Related Procedural Requirements

5. The Commission should standardize GRC mitigation programs reporting.
  - For example, pole replacement programs should be reported with the number of poles to be replaced, as opposed to reporting only a budget for pole replacements.
6. The Commission should require utilities to list the comments by parties in the RAMP and when/how the utility has addressed the comments in its GRC.
  - Currently there is no tracking of party recommendations from the RAMP to the GRC. This leads to a lack of transparency and accountability that utilities are addressing party concerns in the GRC.



# Questions/Discussion

Chris Parkes  
California Public Utilities Commission  
Public Advocates Office  
Program & Project Supervisor  
Safety Branch, Financial Impacts Section  
[christopher.parkes@cpuc.ca.gov](mailto:christopher.parkes@cpuc.ca.gov)  
415-703-1975

# 3.b– RCP requirements should be updated

Staff Proposal:

1. List process for revising or supplementing the RAMP (particularly requirements for MAVF).
2. Identify methodology for link the RAMP's findings (particularly mitigation costs) to the GRC.

# Track 3.b

Jamie York

SoCalGas / SDG&E

Kris Vyas

Southern California Edison

## A Process is Already in Place to Review IOUs RAMPs and GRCs

- RAMP provides a process for reporting an IOU's available risk mitigation information and analysis. Disagreements regarding reporting requirements may be addressed in a statewide proceeding, such as the S-MAP.
- The RAMP process requires a utility to incorporate "RAMP results into its GRC filing" (D.14-12-025 at 42). Accordingly, utilities integrate risk mitigation information into the GRC, considering feedback from staff and parties identified in the RAMP proceeding, which will be evaluated as part of determining specific requests in the GRCs.
- No additional processes, workshops or otherwise, are needed.
- Additional processes would further diminish an already narrow window (set forth in D.20-01-002) for receiving RAMP results and then integrating them into the next GRC.

# Integrating RAMP Into GRC

- The IOUs note that RAMP does not provide GRC-funding "forecasts," but simply gives cost estimates for the mitigations. IOUs already explain in the post-RAMP GRC application the difference between the RAMP-chosen mitigations and the GRC-proposed work
- As previously indicated, the IOUs provide testimony, workpapers and/or roadmaps that show how the RAMP was integrated into our respective General Rate Cases. We will continue to do so
- The current RAMP process calls for IOUs to integrate the RAMP results into their GRC. Accordingly, a particular IOU's GRC is the productive venue to consider whether concerns that may have been raised by Staff and parties in the utility's RAMP proceeding are adequately addressed in the utility's GRC showing

# Intervenor Comments

# 3.c– RAMP clarifications or Refinement

Staff Proposal:

1. Include mitigation risk scores in RAMPs for attrition years (i.e. post-test years).
2. Develop a Master Data Request (MDR) guideline consistent with RAMP fillings and each IOU.



# Track 3.c

Jamie York

SoCalGas / SDG&E

Kris Vyas

Southern California Edison

## SoCalGas and SDG&E Use a Post-Test Year Mechanism; Program Cost Estimates in Attrition Years Are Largely Not Provided

- RAMP is intended to inform IOU GRC proposals.
- SoCalGas and SDG&E support the Staff proposal's statement that "Attrition years from prior GRCs are generally unrelated to the RAMP.."
- Generally, SoCalGas and SDG&E do not provide cost estimates in their RAMP or GRC beyond the test year. Rather, SoCalGas and SDG&E use an escalation-based post-test year mechanism for the GRC.
- SoCalGas and SDG&E support their attrition proposals with information to meet their burden of proof in GRCs.
- Accountability reporting demonstrates how mitigations perform in post-test years by comparing authorized funding and work units (where available) to recorded information.

# SCE Plans on Providing Post-Test Year Cost Estimates in its RAMP and GRC

- While SCE is still finalizing our approach for our May 2022 RAMP showing, SCE currently anticipates providing Test Year and Post-Test Year cost estimates in its GRC, and in its RAMP wherever feasible for purposes of risk mitigation scoring
  - Post-Test Year cost estimates in RAMP seem of limited usefulness unless Post-Test Year funding authorization in GRCs also uses cost estimates (rather than simple formula attrition year mechanism)
- SCE will provide a reconciliation and variance explanation if cost estimates have changed in the one year between filing the RAMP and filing the GRC application.

# The IOUs Do Not Feel a Master Data Request for RAMP is Warranted

- The IOUs do not feel that having an MDR for RAMP would provide benefits for all parties
- While a respective IOU's GRC remains generally consistent between cases, RAMP filings are likely to evolve and be somewhat unique from each other. In addition, each IOU's subsequent RAMP to GRC integration may be different, again making standardization of an MDR difficult. Any additional MDRs for RAMP may also be duplicative of the MDRs in the GRC
- The utility RAMPs are already a rather detailed process involving an extensive showing with workpapers. It is most efficient and productive for all stakeholders if parties review the showing and workpapers before issuing data requests. Otherwise, the utility may be answering data requests when the responsive material is already embedded in the RAMP showing
- The process that seems to be favored by stakeholders and repeatedly adopted by the Commission is multiple workshops after the RAMP Report is filed
- The IOUs are open to discussions on how to improve the mapping and reader accessibility for our RAMP filings. If desired, additional walk-throughs can be provided to discuss the RAMP filing

# Intervenor Comments

# Next Steps

- ❑ Workshop Report (D.20-01-002 calls for it in 30 days)
  - Compile notes and comments. Circulate draft
  - Final report to be published on CPUC website
- ❑ Working Group (Scope p 10)
  - Discussion of the report
  - Identify majority and minority views and recommendations
- ❑ Final Proposal
  - Final “outcomes” or “decisions” (e.g. final proposal)

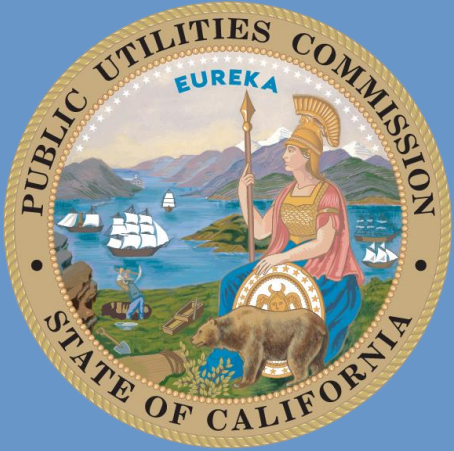
# Discussion on Preliminary Comments and Report Schedule

- Draft Report: Feb 25, 2021
- Informal Comments on Draft Report: March 4, 2021
- Final Report: March 11, 2021
- Final Report Comments: March 25, 2021

**Questions?**







# California Public Utilities Commission

## Energy Division

Kevin.Flaherty@cpuc.ca.gov  
Jordan.Smith@cpuc.ca.gov

## Safety Policy Division

Steve.Haine@cpuc.ca.gov  
Alex.Pineda@cpuc.ca.gov  
Shayla.Funk@cpuc.ca.gov