

CPUC PRESIDENT MARYBEL BATJER'S TESTIMONY BEFORE THE
SENATE ENERGY AND UTILITIES COMMITTEE
NOVEMBER 18, 2019

INTRODUCTION

- Good afternoon, Chair and Members. I am Marybel Batjer, President of the California Public Utilities Commission.
- You've heard detailed accounts from my colleagues of the disruptions and challenges caused by the PSPS events and wildfires on our residents and for the emergency response community throughout the state, so I will try not to retread such territory.
- However, I must take this opportunity to express how impressed and proud I was to see the emergency response community—including state and local governments—step up to protect the lives of residents, minimize disruptions to various aspects of everyday life in the state, and, when possible, provide comfort and care to those most impacted.
- I spent considerable time at the State Operations Center during that last week of October and witnessed the mobilization and real-time problem-solving from the leadership level to those making the real difference on the ground and in communities. This was a world-class emergency response effort.
- However, I did not walk away from these events with just these positive impressions. I was also provided with insight into how a tool like PSPS—intended to protect people and communities from harm—can, when implemented haphazardly, generate the opposite effect. I've gained a sharper understanding of how the decisions of one entity can result in broad societal costs.
- The task before all of us now, particularly the CPUC, is to ensure that any future use of PSPS is initiated and executed in a manner that considers and is in the best interest of all of those impacted by it.

- We all know California has been a global leader in implementing laws to reduce the causes and impacts of climate change. It has also been a leader in supporting climate research which has forecasted increasing threats and impacts from wildfires in the coming decades. And, sadly, the state has learned too well in recent years the level of destruction climate change-induced weather events can have on our communities when combined with negligent maintenance of electrical infrastructure. California will become more resilient, but resilience will not and should never translate to Californians being willing to put up with inadequate execution of measures that are supposed to keep them safe.
- Although utilities are ultimately responsible for managing their electric system, the CPUC cannot and should never stop demanding better ways to reduce wildfire risk and to reduce the use, scope and impacts of a power shutoff without compromising public safety.
- What we saw play out in the IOU service territories throughout the state last month cannot be repeated.
- I've only been at the CPUC for three months, but it does not take long to see the privilege investor-owned utilities have in being a unique provider of essential services to the public. It also has not taken me long to realize how some utilities fail to understand what a privilege it is and that with such privilege comes great responsibility to those you serve.
- It is the CPUC's responsibility, therefore, to identify and correct such failures. We must ensure any future power shutoff event is nothing like those that played out in PG&E and Southern California Edison service territories last month.
- The CPUC has made PSPS a top priority after PG&E and SCE announced in 2018 that they were planning to begin utilizing PSPS as a mitigation measure for wildfires. In 2018, the CPUC issued a resolution directing IOUs to strengthen their customer notification requirements and to engage with local communities in developing de-energization program. Hearing concerns from the public, the CPUC opened a Rulemaking and held several workshops to evaluate PSPS programs further and to establish detailed requirements. As the result

of this process, the CPUC issued a decision in May 2019 directing utilities to making improvements to utility communication and notification protocols. In addition, the CPUC partnered with Cal OES and CAL FIRE to work with the utilities on detailed PSPS protocols. The CPUC stayed engaged throughout the PSPS events, embedding staff at IOU Emergency Operations Centers and issuing letters and directives to resolve issues as they arose.

- The utilities' plans for these events, however, are only effective when they are implemented in a reasonable and competent manner. This did not happen across all service territories last month.
- The impact of the scope and scale of the power shutoff to lives, businesses and the economy cannot be overstated. The loss of power endangers lives, especially those individuals who are reliant on power for medical reasons. It also imposes additional burdens on our most vulnerable populations. And it causes major disruptions to businesses, hospitals, schools, and transportation networks, as well as strains state and local emergency and public safety resources, as we've heard today.
- PG&E, in particular, was not fully prepared to manage such large-scale power shutoffs. Throughout the October PSPS events, PG&E had multiple issues with communication, coordination, and event and resource management.
- Among various problems identified, we witnessed PG&E not adequately prepare or scale its business operations for the increase in customers contacting the utility during the power shutoff events. Including the crashing of its website and its inability to answer the calls of customers seeking assistance and critical information.
- We have also heard from local and tribal governments on the lack of coordination until the power shutoffs commenced, the lack of critical information flow and, in some instances, breakdowns in communication.
- However, failures in execution, combined with the magnitude of these events, created an unacceptable situation that should never be repeated and that requires scrutiny and correction. While PG&E

spent significant resources warning the public about the risks of the power shutoff events and what the public should do to prepare for an event, it is not clear that PG&E spent the time it should have to make sure the utility was prepared.

RECENT ACTIONS

- In response to these events, the CPUC has taken immediate actions to hold utilities accountable and increase public safety.
- On October 18th we held an emergency meeting to hear from top PG&E executives about lessons learned from PSPS events of the week of October 7th and to address the steps the utility would take to ensure mistakes and operational gaps were not repeated.
- The CPUC's Safety and Enforcement Division is, therefore, conducting an investigation of the 2019 PSPS events to evaluate the nature of the lack of preparedness of not only PG&E, but also the state's other IOUs.
- This investigation will assess whether the state's investor-owned utilities properly balanced the need to provide safe and reliable service when planning and executing these PSPS events.
- The immediate first step in the proceeding is for our Safety and Enforcement Division to oversee an evaluation of the utilities' actions prior to, during, and after the PSPS events. The evaluation will include the quality of the utilities' internal coordination, situational awareness, external communication, and pre-planning and execution for the PSPS events. The results will be presented in a public report.
- This proceeding is very important, as it will provide a comprehensive review of both the effectiveness and impacts of all phases of the recent PSPS events to determine whether further changes to existing PSPS regulations and requirements are necessary to ensure public safety. It may result in an enforcement phase to address findings of non-compliance with CPUC rules and regulations.

- Additionally, on November 12th, I directed PG&E to demonstrate why it shouldn't be sanctioned for its PSPS events implemented throughout October 2019. This Order to Show Cause will provide for additional testimony, comments and/or recommendations from the impacted parties, including community organizations, local governments, and tribal communities. The parties will also be provided an opportunity to provide recommendations for monetary fines and any corrective actions, as appropriate. We are holding a Pre-hearing Conference on this issue on December 4th. I had previously ordered PG&E to perform an after-action review of these PSPS events and file weekly updates on corrective actions until all concerns have been addressed. That directive also stands.
- As a result of these recent events, we are working towards revising Phase II of the PSPS proceeding in order to review the PSPS guidelines adopted in Phase I and to accelerate consideration of utility grid investment to improve PSPS.
- We are also directing the utilities to expand their upcoming Wildfire Mitigation Plans to focus on increasing their safety performance and creating more resilient communities in order to reduce the need for PSPS events before the next wildfire season.
- I also want to make sure that utility customers are being treated fairly by their utility. Customers should not pay for services they did not receive. As such, we will work towards ensuring customers are not charged for services they do not receive during PSPS events.
- As we reflect on the PSPS events and wildfires, we also know that these events led to failures in the communications network. We cannot forget that the communications infrastructure during such turbulent times is critical and failures in the system also endangers lives.

- Californians and our first responders rely on their phones and the Internet, whether it be wireline or wireless technologies, to receive and send emergency notifications. What we have learned since then is that failures in the communications network occurred on a significant scale.
- This has prompted me to hold a Pre-hearing Conference on November 20th to question communications companies on their efforts to keep their systems functioning during the October PSPS events. This Pre-hearing Conference will inform the scope and schedule for the proceeding, which will establish rules focused on building a resilient communications network for functionality during emergencies. The topics include requirement of back-up battery power and generators at cellular towers and hardening communications infrastructure.
- After convening several forums over the last year to improve the coordination between the communications companies and emergency response agencies, we have concluded that there is a lack of a uniform and structured approach to ensure that the communications providers are addressing their responsibility to provide safe and reliable service during these emergency events.
- This lack of preparation and transparency had real consequences during the most recent PSPS events and wildfires. As my colleague, Director Ghilarducci mentioned, there were widespread reports of communications outages across all sectors—mobile networks, cable, VoIP communications and the Internet.
- As we work together to find pathways to minimize the impact of PSPS events, we must also remember that the communications providers must also be part of that discussion and solution.

ESTABLISHING A SAFETY POLICY DIVISION

- As we are taking regulatory actions to holding all utilities accountable, we are also looking internally within the CPUC to improve safety outcomes on the ground.
- An organizational change we are making is to implement a plan of a new Safety Policy Division.
- In order to continue to make tangible progress in safety the CPUC will commit the resources to the development of safety policy as it does on other policy matters. A Safety Policy Division will ensure that there is dedicated staff to analyze the effectiveness of existing safety regulations, propose improvements and work on emerging issues, such as safety culture.

CLOSING COMMENTS

- With that, I would like to close by expressing my appreciation to Pro Tem Atkins, Chair Hueso and the Senators in attendance today for holding this hearing and for having engaged with us in recent weeks during these events.
- In the days, weeks and months to come, we will continue to examine last month's events and monitor how well commitments made by the IOUs and the corrective actions the CPUC has identified are implemented.
- However, despite the importance of the regulatory processes and actions we have put in motion, they are meaningless to the public unless they translate into real-world demonstrations that utilities are truly taking actions that prioritize the safety of the public.
- It is clear the members of the Legislature share this intent and we look forward to working with you to realize it. Thank you.