

CPUC Public Agenda 3490

Thursday, August 5, 2021, 10:00 a.m.

Remote Presentation

Commissioners:

Marybel Batjer, President

Martha Guzman Aceves

Clifford Rechtschaffen

Genevieve Shiroma

Darcie L. Houck

www.cpuc.ca.gov



California Public
Utilities Commission

CPUC Mission

We Empower California through:

- Assuring utility services are clean and safe.
- Providing for critical services and infrastructure.
- Designing rates that are fair and reasonable.
- Protecting the interests of consumers and ratepayers

CPUC Core Values



Accountability



Excellence



Integrity



**Open
Communication**



Stewardship

Commissioner Code of Conduct

- I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.
- II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.
- III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.
- IV. Commissioners are public officials who should uphold the integrity of their office at all times.

Public Comment

- Per Resolution ALJ-252, **any member of the public** (excluding parties and their representatives) **who wishes to address the CPUC about matters before the Commission** must call in to toll-free number:



1-800-857-1917

Passcode: 9899501

- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. *Depending on the number of speakers, the time limit may be reduced to 1 minute.*
- A bell will ring when time has expired.
- Public Comment is not permitted on the following items:
 - 23, 36
 - All items on the Closed Session Agenda

Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are:
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, and 31.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **No Item** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **No Item** has been moved to the Regular Agenda.
- **Items 11 and 36** have been withdrawn.
- The following items have been held to future Commission Meetings:
 - **Held to 8/19/21: 16, 18, 32 and 37.**

Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov
- Late changes to agenda items are available on the Virtual Escutia Table.

Regular Agenda | Orders and Resolutions

Item #33 [19598] Pacific Gas and Electric Company's Advice Letter Request to Comply with Decision 20-05-053 to Implement an Independent Safety Monitor

Res M-4855, Advice Letter (AL) 4401-G and AL 6116-E, filed March 15, 2021 - Related matters.

PROPOSED OUTCOME:

- Approves and denies elements of Pacific Gas and Electric Company's (PG&E) Advice Letter 4401-G/6116-E to implement an Independent Safety Monitor (ISM) consistent with Decision 20-05-053 approving PG&E's Bankruptcy Plan of Reorganization.
- Adopts a solicitation and selection process, scope of work, schedule, and \$5 million annual budget over five years for the ISM. The resolution denies PG&E's request to establish a new memorandum account to track ISM costs, denies cost recovery and finds PG&E shareholders must pay ISM costs.

SAFETY CONSIDERATIONS:

- The ISM will fulfill a role that supports the Commission's ongoing safety oversight of PG&E's activities.

ESTIMATED COST:

- None. Costs of the ISM are to be borne by PG&E's shareholders.

PG&E Independent Safety Monitor Draft Resolution M-4855

Rachel Peterson
Executive Director

Agenda Item #: 33
Voting Meeting: August 5, 2021



California Public
Utilities Commission

CPUC's Oversight of PG&E

1. Placed in Step 1 of Enhanced Oversight and Enforcement Process (Res. M-4852, Apr. 15, 2021)
2. Ordered public briefing on PG&E's preparedness for Public Safety Power Shutoff events (Aug. 3, 2021)
3. Directed enhanced requirements for Public Safety Power Shutoff events (Draft Res. M-4856, Aug. 5, 2021)
4. Safety certification briefing to Commission and Office of Energy Infrastructure Safety (Aug. 25, 2021)
5. Directed PG&E Mobile App for customers to report electric infrastructure safety concerns (Aug. 2021 release date)
6. Overseeing safety actions following 2018-20 natural gas system locate and mark investigation and settlement (ongoing)
7. Overseeing safety actions following 2017-18 wildfires investigation and settlement (ongoing)

Independent Safety Monitor Background

PG&E Bankruptcy Proceeding (I.19-06-016 / D.20-05-053)

- Decision directs creation of an ISM which will report to the CPUC and be functionally equivalent to the federal court monitor.
- Ordering Paragraph 8 requires PG&E Submit Tier III Advice Letter (AL)
“with a proposed scope of work, budget, solicitation process for an [ISM], and a process for selection/approval by the Commission.”

Independent Safety Monitor Resolution

Scope of Work

- Supports CPUC's oversight of PG&E's gas/electric safety activities.
- Scope considers extensive safety initiatives designed to mitigate electric and gas safety risks that have been established since the Federal Monitor began its oversight of PG&E.
- ISM's scope of work intended to complement the work of Commission staff and the Office of Energy Infrastructure Safety.

Independent Safety Monitor Resolution

Scope of Work (continued...)

- Scope of work includes two primary functions:
 - Monitor and alert Commission staff whether PG&E is implementing its highest priority risk-driven safety mitigations.
 - Monitor PG&E's safety-related recordkeeping and record management systems.
- Revisions to the scope may be proposed either by the ISM or Commission staff, and the Commission or its Executive Director may approve revisions.

Independent Safety Monitor Resolution

Reporting and Relationship

- ISM to provide public report summarizing their activities every 6 months to the Commission.
- ISM will meet regularly with Commission staff confidentially to report on its safety oversight and any concerns about PG&E's safety performance.
- ISM shall contract directly with PG&E, but will serve as the Commission's consultant, producing reports, and providing advice.
- ISM's work will be directed by and performed for the Commission.

Independent Safety Monitor Resolution

Budget, Length of Term, and Cost Recovery

- **Budget:** Up to \$5 million per year unless modified by CPUC. The Commission may expand the budget as appropriate and necessary.
- **Term:** 5 years and may be extended by CPUC if warranted by findings of safety conditions that would benefit from continued ISM involvement.
- **Memorandum Account & Cost Recovery:** Resolution would deny PG&E's request for memo account. PG&E may not seek cost recovery in the future and shareholders will bear the costs of the ISM.

Independent Safety Monitor Resolution

Solicitation & Selection Process

- The Commission's Safety Policy Division will prepare documents, including a Request for Proposals. PG&E will serve as an administrative conduit to facilitate a timely completion of the solicitation process prior to the expiration of the Federal Monitor's engagement.
- ISM applicants will be prohibited from holding a direct financial interest in PG&E and, in consultation with the Commission's Legal Division, will be subject to a conflict-of-interest review to assess potential conflicts of interest or the appearance of conflicts of interest.
- Commission staff will score applicants and select ISM with oversight from Executive Office.

Duration & Next Steps

Next Steps Toward ISM Implementation

- August 5, 2021 - Resolution Adopted.
- September - Request for Proposal (RFP) released.
- October - Proposals due.
- November - ISM selected by CPUC.
- January 2022 - ISM begins duties.

Appendix: New PG&E Safety Initiatives Implemented Since 2016:

1. Wildfire Mitigation Plans;
2. Annual Safety Culture Assessments;
3. Independent Evaluator's Review of Compliance with Wildfire Mitigation Plan.
4. Safety Model Assessment Proceeding (S-MAP);
5. Risk Assessment Mitigation Phase (RAMP);
6. Root Cause Analysis Consultant's Analysis of Factors that Contributed to the Ignition of 2017-2018 Wildfires by PG&E;
7. Safety Evaluator's Performance of Independent Audits and Review of PG&E's Overhead Distribution and Transmission Lines Preventative Maintenance and Inspection Programs Pursuant to PG&E 2017-2018 Wildfire Settlement Agreement;
8. Enhanced Oversight and Enforcement Process Pursuant to Approval for Exit from Bankruptcy;
9. Natural Gas Locate and Mark System Enhancement Initiatives; and
10. Oversight of Public Safety Power Shutoffs.

**Thank you
and Q&A**



Regular Agenda | Orders and Resolutions

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SAFETY CONSIDERATIONS:

- The ISM will fulfill a role that supports the Commission's ongoing safety oversight of PG&E's activities.

ESTIMATED COST:

- None. Costs of the ISM are to be borne by PG&E's shareholders.

Regular Agenda | Orders Extending Statutory Deadline

Item #34 [19615] – Order Extending Statutory Deadline

A.20-02-004

Application of Pacific Gas and Electric Company to Recover Insurance Costs Recorded in the Wildfire Expense Memorandum Account.

Ratesetting

Comr. Batjer - Judge Sisto

PROPOSED OUTCOME:

- Extends Statutory Deadline for completion of this proceeding until December 31, 2021.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Order Extending Statutory Deadline.

ESTIMATED COST:

- There are no costs associated with this Order Extending Statutory Deadline.

Regular Agenda | Orders Extending Statutory Deadline (continued)

Item #35 [19672] – Order Extending Statutory Deadline

R.14-10-003

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning and Evaluation of Integrated Distributed Energy Resources.

Ratesetting

Comr. Houck - Judge Hymes

PROPOSED OUTCOME:

- Extends Statutory Deadline for completion of this proceeding until September 15, 2021.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Order Extending Statutory Deadline.

ESTIMATED COST:

- There are no costs associated with this Order Extending Statutory Deadline.

Management Reports



Commissioners' Reports



Commissioner
Martha Guzman Aceves



Commissioner
Clifford Rechtschaffen



President
Marybel Batjer



Commissioner
Genevieve Shiroma



Commissioner
Darcie L. Houck

The CPUC thanks you for participating in today's meeting

The next Public Meeting will be:

August 19, 2021

10:00 a.m.

remote





California Public Utilities Commission

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