

STATE OF CALIFORNIA
CALIFORNIA PUBLIC UTILITIES COMMISSION

AGENCY: California Public Utilities Commission

ACTION: Solicitation for Input

SUMMARY: California Public Utilities Commission (Commission) Policy & Planning Division staff (staff) invites input via this Solicitation for Input (SFI) to help identify how and whether the Commission can expand the role of safety intervenors in relevant Commission proceedings.

DATES: Comments and Reply Comments are due 20 days (August 19th) and 30 days (August 31st) respectively from the date on this SFI.

FILING: Comments shall be sent via email to April Mulqueen, with the subject line *SFI – Safety Intervenor*. Comments and Reply Comments will be posted on the SFI page¹ on the Commission’s website, under the heading *SFI – Safety Intervenor*.

FOR FURTHER INFORMATION CONTACT:

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¹ <http://www.cpuc.ca.gov/PUC/hottopics/7other/sfi.htm>

Summary

California Public Utilities Commission (Commission) Policy & Planning Division staff (staff) is soliciting public comment through this Solicitation for Input (SFI) on how and whether the Commission can expand the role of safety intervenors in relevant Commission proceedings. Staff invites all interested entities and persons to submit comments in response to the specific issues and questions enumerated below. The comments can simply be made in the form of an email and/or a more formal written document.

Staff seeks responses to the following questions:

1. Should the Commission ensure there is an organization specifically dedicated to utility safety issues in Commission proceedings?
2. What organizations, new or existing, should intervene on utility safety issues?
3. Should ORA or other intervenors on behalf of ratepayers be responsible for both safety and rate advocacy?
4. Are there competencies the Commission must require for a safety intervenor?
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?
6. Are there barriers to safety advocate participation that the Commission must address?

Staff seeks comment in order to help inform the discussion at the upcoming Safety En Banc scheduled for September 24, 2015. Additionally, responses to the questions will help the Commission understand what, if any, is missing from our

current process to help keep utility safety discussion as a top priority for all involved.

Introduction

This SFI is not a formal rulemaking, and the Commission will not issue a decision based solely on the comments received in this SFI. Comments received here will, however, help the Commission in its ongoing effort to promote its safety focus. As part of its Safety Action Plan, the Commission asked staff to develop a proposal to formalize separate safety advocacy and safety advisory functions. Currently, that proposal will be heard at an upcoming Commissioner Sub-Committee meeting on Policy & Governance. In advance of that discussion the Commission would also like to hear from the public on how the Commission can better develop a stronger advocacy of utility safety matters.

Current Process

General rate cases (GRC) are a traditional form of regulatory proceeding, in which a utility files a revenue request based on its estimated operating costs and revenue needs for a particular test year and the Commission determines the reasonable amount of revenue. These cases aim to strike a proper balance between risks the utilities take and reasonable opportunity for returns, taking into account changing economic conditions. The GRC sets the baseline for utility costs to provide reliable, safe, environmentally sound service.

Traditionally, intervenors in the GRC proceedings are those that review utility filings/requests from a cost reduction perspective. Other intervenors may provide different perspectives. The Commission uses the record built by the

utility and the intervenors in order to strike the right balance to promote the safety and reliability of the utility system, and ensure a financially stable utility at a reasonable cost to the consumers.

The Safety and Enforcement Division does both advocacy and advisory representation in Commission proceedings. However, hardly any outside parties have participated in our proceedings with a sole focus on utility safety.

The question is can or should the Commission encourage the creation of an intervenor whose sole purpose is to focus on reviewing utility testimony concerning safety and providing formal rebuttal as part of the official record. The Commission in 2014 in D.14-12-025 established rules requiring utilities to be more transparent in identifying their safety risks. Specifically, the Commission adopted these principles:

1. First, requiring the utilities to tell not only the Commission, but also all stakeholders in an open proceeding how they identify risk, and the tools used to make such determinations.
2. Secondly, requiring the utilities to demonstrate how they prioritize risks and associate a dollar amount with their proposed plans to reduce each risk. Furthermore, utilities will be required develop alternative plans, so that stakeholders may evaluate if the proposed plans are the most cost-effective option.
3. Third, requiring Commission staff to submit reports that show how utilities' authorized funds are being spent on annual basis – this is very important, because it for the first time allows the public to see **clearly** how ratepayer dollars are being spent.
4. Finally, requiring Commission staff to submit reports on how the utilities are reducing risk using ratepayer dollars.

The series of questions posed above in the Summary section of this SFI is based on whether the Commission needs an independent entity to provide formal testimony on the record when the utilities begin to fulfill these requirements.

Safety En Banc

The Commission endorsed its first ever Safety Action Plan in February 2015. As part of the Safety Action Plan, the Commission committed to holding a Safety En Banc.

As part of understanding the safety story, the Commission is striving to monitor and ultimately hold accountable the senior leadership of each regulated entity. Providing safe and reliable infrastructure and service should be a point of pride for every single regulated entity, and it should be a cornerstone of oversight for the Commissioners and the staff. Safety is not limited to any one proceeding or any one decision; proper safety oversight should infuse all aspects of Commission operations. In order to provide a forum to discuss emerging and cross-cutting safety and consumer protection trends across industries, the Commission will now hold annual En Bancs on safety in the industries that the Commission regulates. The En Bancs are intended to be an interactive forum that will include discussion of each company's emerging safety-related priorities, status of ongoing safety mitigation efforts, and detail the previous year's safety performance. An Agenda for the upcoming Safety En Banc will be posted on the SFI page on the Commission's website, under the heading *SFI – Safety*

***Intervenor.* The first En Banc is scheduled for September 24, 2015 in the Commission's auditorium.**

At the Safety En Banc we will invite a number of those who provide comments to this SFI to engage with Commissioners and other decision makers and policy makers to pave the way for a more robust discussion concerning utility safety operations in the Commission's formal proceedings.

Instructions for Filing Comments

Comments and Reply Comments are due 20 and 30 days respectively from the date on this SFI. Comments shall be sent electronically to April.Mulqueen@cpuc.ca.gov with the subject line *SFI – Safety Intervenor*. As mentioned above, all comments are welcome and appreciated. Please send either a simple email and/or formal comments, whichever is easier for you.

Comments and Reply Comments will be posted on the SFI page² on the Commission's website, under the heading *SFI – Safety Intervenor*.

² <http://www.cpsc.ca.gov/PUC/hottopics/7other/sfi.htm>