



CPUC Public Agenda 3343
Thursday, October 2, 2014, 9:30 a.m.
San Francisco, CA



Commissioners:
Michael R. Peevey
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Michael Picker

www.cpuc.ca.gov





Safety and Emergency Information

- In the event of an emergency, please calmly proceed out the exits.
- We have four exits: Two in the rear and one on either side of the speakers.
- In the event that we do need to evacuate the building:
- **(For the Rear Exits)** - Head out through the courtyard, and down the front steps. Continue west on McAllister Street. Turn north onto Franklin Street. Turn west onto Turk Street and proceed to Gough Street.
- **(For the Side Exits)** - Go out of the exits and you will be on Golden Gate Avenue. Proceed west to Franklin Street. Turn north onto Franklin Street. Turn west onto Turk Street and proceed to Gough Street.
- Our assembly point is Jefferson Square Park on Turk and Gough Streets.





Public Comment

- Per Resolution ALJ-252, any member of the public who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President, depending on the number of speakers the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

The following items are NOT subject to Public Comment:

- Items: 9, 17, 18, and 23.
- All items on the Closed Session Agenda





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- Once called, each speaker has up to 2 minutes to address the Commission.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
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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, 3, 4, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 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.
- Items: **None** 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.
- Item: **None** have been moved to the Regular Agenda.
- Item: **None** have been withdrawn.
- The following items have been held to future Commission Meetings:
 - Held to 10/16/14: 2, 5, 11, 25, 36, 36a, 37, 38, and 43.
 - Held to 11/06/14: 32.





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 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 Escutia Table.





Regular Agenda – Energy Orders

Item # 33 [12988] – Compensation to National Consumer Law Center

A11-05-017, A11-05-018, A11-05-019, A11-05-020 - Application of Southern California Edison Company for Approval of its 2012-2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.

Ratesetting

Comr. Sandoval / Judge Kim

PROPOSED OUTCOME:

- Awards National Consumer Law Center for substantial contribution to Decision 12-08-044.

SAFETY CONSIDERATIONS:

- Substantial contribution by intervenors, as found here, enhances the Commission's ability to resolve safety and other issues under Pub. Util. Code Section 451 to take all actions "... necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

ESTIMATED COST:

- \$90,245, plus interest, to be paid by Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas and Electric Company, and Southern California Gas Company.





Regular Agenda – Energy Orders

Item # 33a [13273] – ALTERNATE TO ITEM 12988

A11-05-017, A11-05-018, A11-05-019, A11-05-020 - Application of Southern California Edison Company for Approval of its 2012-2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.

Ratesetting

Comr. Florio

PROPOSED OUTCOME:

- Awards National Consumer Law Center for substantial contribution to Decision 12-08-044.

SAFETY CONSIDERATIONS:

- Substantial contribution by intervenors, as found here, enhances the Commission's ability to resolve safety and other issues under Pub. Util. Code Section 451 to take all actions "... necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

ESTIMATED COST:

- \$117,545.65, plus interest, to be paid by Southern California Edison Company, Southern California Gas Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company.





Regular Agenda – Energy Orders

Item # 34 [13274] – Addresses Compensation to California Environmental Justice Alliance

A13-06-015 - Application of San Diego Gas & Electric Company to Fill Local Capacity Requirement Need Identified in D.13-03-029.

Ratesetting

Comr. Peevey / Judge Yacknin

PROPOSED OUTCOME:

- Denies compensation to California Environmental Justice Alliance for lack of substantial contribution to Decision 14-02-016.

SAFETY CONSIDERATIONS:

- Substantial contribution by intervenors enhances the Commission's ability to resolve safety and other issues under Public Utilities Code Section 451 to take all actions "... necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

ESTIMATED COST:

- \$00.00





Regular Agenda – Energy Orders

Item # 34a [13276] – ALTERNATE TO ITEM 13274

A13-06-015 - Application of San Diego Gas & Electric Company to Fill Local Capacity Requirement Need Identified in D.13-03-029.

Ratesetting

Comr. Peevey

PROPOSED OUTCOME:

- Awards California Environmental Justice Alliance for substantial contribution to Decision 14-02-016.

SAFETY CONSIDERATIONS:

- Substantial contribution by intervenors, as found here, enhances the Commission's ability to resolve safety and other issues under Public Utilities Code Section 451 to take all actions "... necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

ESTIMATED COST:

- \$26,940.74, plus interest, to be paid by San Diego Gas & Electric Company.





Regular Agenda – Energy Orders

Item # 35 [13326] – New Order Instituting Rulemaking

R_____ - Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Demand Side Resource Programs.

PROPOSED OUTCOME:

- Initiates new rulemaking to consider the development and adoption of a regulatory framework to provide policy consistency for the direction and review of integrated demand side resource programs.
- Preliminarily determines Phase I to be a quasi-legislative proceeding and Phase II to be ratesetting.
- Preliminarily determines that no hearings are necessary.

SAFETY CONSIDERATIONS:

- Allows the Commission to continue to fulfill its duties under Pub. Util. Code § 451, including to take all actions necessary to promote the safety, health, comfort, and convenience of utility patrons, employees, and the public.

ESTIMATED COST:

- Unknown.





Regular Agenda – Legislative and Other Matters

Item # 39 [13327]

Office of Governmental Affairs Legislative Wrap-Up





2014 Legislative Wrap-up



Lynn Sadler, Director

Nick Zanjani | Michael Minkus | Yvonne Wilson

Office of Governmental Affairs

October 2, 2014





-- PRESENTATION OUTLINE --

- LEGISLATIVE OVERVIEW
- SAFETY BILL SPOTLIGHT
- ENERGY BILL SPOTLIGHT
- TELECOM BILL SPOTLIGHT
- WATER BILL SPOTLIGHT
- MISCELLANEOUS BILL SPOTLIGHT
 - 2014-15 BUDGET ACTIONS
 - INFORMATIONAL HEARINGS
 - LEGISLATIVE ACTION ITEMS
- OTHER OGA ACCOMPLISHMENTS





Legislative Overview

- ❖ Several hundred bills scanned for relevance upon introduction and after amendments
- ❖ 133 total bills formally tracked
- ❖ 37 bills formally analyzed by Divisions
- ❖ Dozens informally summarized by Divisions
- ❖ Position taken on 8 bills total this year
- ❖ 82 failed (includes two-year bills)
- ❖ 51 sent to the Governor





Legislative Overview

POSITION CHANGES

- ❖ 1 initial 'Support' position
 - ❖ No position changes
- ❖ 3 initial 'Support if Amended' positions
 - ❖ No position changes
- ❖ 0 initial 'Neutral/None' positions
 - ❖ No position changes
- ❖ 3 initial 'Oppose Unless Amended' positions
 - ❖ 1 position change: 1 'Neutral'
- ❖ 1 initial 'Oppose' position
 - ❖ No position changes





BILL OUTCOMES

- ❖ 1 final 'Support' position
 - ❖ 0 defeated, 1 passed (1 signed: AB 2761)
- ❖ 4 final 'Neutral/None' positions
 - ❖ 2 defeated, 2 passed (1 signed: AB 2363)
- ❖ 3 final 'Oppose' positions
 - ❖ 1 defeated, 2 passed (1 signed: AB 1717)





Safety Bills

Transportation Network Companies

AB 612 (Nazarian) – TNC Background Checks

- ❖ Sponsored by the taxi industry.
- ❖ Would have required more exhaustive background checks and allowed for TNC participation in the Employee Pull Notice Program.
- ❖ Failed twice before earlier in the session as AB 2068 (Nazarian) and AB 2224 (Nazarian).
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Assembly Transportation Committee (8/25)**

AB 2293 (Bonilla) – TNC Insurance

- ❖ Sponsored by the insurance industry.
- ❖ Codifies TNC regulation in the Public Utilities Code.
- ❖ Sets various insurance requirements, including coverage levels during different transportation periods.
 - CPUC POSITION: NONE
 - Final Outcome: **Signed (9/17)**





Oil by Rail

AB 380 (Dickinson) – Emergency Response Planning

- ❖ Author-sponsored.
- ❖ Response to spill concerns.
- ❖ Requires rail carriers to report new information to the Office of Emergency Services to assist with emergency response planning.
 - CPUC POSITION: NONE
 - Final Outcome: **Signed (9/25)**

SB 1319 (Pavley) – Accident Preparedness Force

- ❖ Author-sponsored.
- ❖ Would have created the Regional Railroad Accident Preparedness and Immediate Response (RRAPIR) Force in the Office of Emergency Services.
- ❖ Would have established a fee on hazardous material shipments to pay for the RRAPIR Force.
 - CPUC POSITION: NONE
 - Final Outcome: **Gutted and Amended (8/29)**





Safety Reporting

SB 1064 (Hill) – NTSB Rail Safety Recommendation Responses

- ❖ Author-sponsored.
- ❖ Requires the CPUC to formally respond to NTSB rail safety recommendations with a plan of action.
- ❖ Largely mimics prior legislation requiring formal response to NTSB gas safety recommendations.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/25)

SB 1409 (Hill) – Accident Investigation Reporting

- ❖ Author-sponsored.
- ❖ Requires the CPUC to begin publishing a detailed list of open accident investigations starting in 2016.
- ❖ Requires the CPUC to summarize the status of open accident investigations in future annual reports.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/25)





Utility Operations

AB 1937 (Gordon) – Excavation Notifications

- ❖ Author-sponsored.
- ❖ Requires gas corporations to provide three-day notice to schools and hospitals if nonemergency excavation is happening within 500 feet of their facilities.
- ❖ Requires gas corporations to maintain notification records for five years.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (8/25)

SB 699 (Hill) – Physical Security

- ❖ Author-sponsored.
- ❖ Response to attack on PG&E's Metcalf transmission substation.
- ❖ Requires the CPUC to consider adopting rules regarding physical security standards.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/25)





Other Safety

SB 611 (Hill) – Limousine Inspections

- ❖ Author-sponsored.
- ❖ Response to San Mateo Bridge limousine fire.
- ❖ Requires California Highway Patrol to inspect stretched limousines and for those limousines to be equipped with fire extinguishers. Eliminates livery plate requirements.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/30)

SB 900 (Hill) – Safety in Ratemaking

- ❖ Author-sponsored.
- ❖ Response to PG&E's use of funds approved for safety upgrades.
- ❖ Requires the CPUC to consider ways in which utility safety records should influence rate case applications.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/25)





Energy Bill Spotlight

Geothermal

AB 2363 (Dahle) – Integration Adder

- ❖ Sponsored by the biomass and geothermal industries.
- ❖ Intended to make biomass and geothermal more competitive vis-à-vis solar ahead of the 2016 solicitation.
- ❖ Requires the CPUC to develop and implement an integration adder methodology by the end of 2015.
 - CPUC POSITION: SUPPORT IF AMENDED
 - Final Outcome: **Signed (9/26)**
 - Signing Message: Emphasizes the importance of biomass and geothermal and of collaboration between agencies and stakeholders

SB 1139 (Hueso) – Geothermal Procurement Mandate

- ❖ Sponsored by IBEW and Imperial Irrigation District.
- ❖ Response to Imperial Valley jobs crisis, SDG&E's level of geothermal procurement, and the need for funds to restore the Salton Sea.
- ❖ Would have mandated 500 MW of new geothermal procurement for the IOUs.
 - CPUC POSITION: OPPOSE UNLESS AMENDED
 - Final Outcome: **Failed on Assembly Floor**





Military Programs

AB 2229 (Bradford) – Military Energy Efficiency Incentives

- ❖ Author-sponsored.
- ❖ Would have created a new energy efficiency programs on military facilities.
- ❖ Previous version of bill would have created a special incentive program within existing IOU energy efficiency portfolios.
 - CPUC POSITION: SUPPORT IF AMENDED
 - Final Outcome: **Failed in Senate Energy Committee**

AB 2649 (Mullin) – Expedited Military Facility Interconnection

- ❖ Sponsored by the US Navy and US Marines.
- ❖ Would have required the CPUC, by April 1, 2015, to determine criteria to allow certain renewable generation resources on specified military installations to receive expedited interconnection.
- ❖ Previous version of bill would have allowed specified military installations to receive nonbypassable charge exemptions.
 - CPUC POSITION: SUPPORT IF AMENDED
 - Final Outcome: **Failed in Senate Appropriations Committee**





Central Valley Rates

AB 2672 (Perea) – Disadvantaged Community Incentives

- ❖ Sponsored by the Leadership Counsel for Justice and Accountability and Self-Help Enterprises.
- ❖ Response to isolated Central Valley communities with no natural gas service that rely on propane.
- ❖ Requires the CPUC to devise ways to either provide natural gas to disadvantaged Central Valley communities or provide some other form of relief.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/26)

SB 1090 (Fuller) – Default TOU Rate Impacts

- ❖ Sponsored by TURN.
- ❖ Intended to require a more complete examination of default TOU rate impacts.
- ❖ Requires the CPUC to consider default TOU rate impacts for customers in hot climate zones who do not adjust their energy usage during peak pricing periods.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/26)





SGIP

AB 1478 (Budget Committee) – SGIP Clean-up

- ❖ Follow-up to the original resources budget trailer bill.
- ❖ Clarifies that energy storage is eligible for SGIP and clarifies the meaning of peak load reduction.
- ❖ Clarifies certain rules relating to RPS-eligible small hydroelectric generation facilities.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/28)

SB 861 (Budget Committee) – SGIP Extension

- ❖ Primary resources budget trailer bill.
- ❖ Extends the SGIP to continue collections through December 31, 2019 and continue program administration through January 1, 2021.
- ❖ Sets various program eligibility criteria.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (6/20)





Clean Distributed Generation

AB 365 (Mullin) – Nonbypassable Charge Exemptions

- ❖ Author-sponsored.
- ❖ Would have required the CPUC to establish a 500 MW pilot program for eligible clean distributed generation to claim exemptions from nonbypassable charges.
- ❖ Nearly identical to AB 2441 (Mullin), a previously failed attempt.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Senate Rules Committee**

AB 1935 (Campos) – Clean Energy Reporting

- ❖ Author-sponsored.
- ❖ Would have redefined “clean distributed energy resource” to include technologies that met specific ARB emissions criteria.
- ❖ Held on suspense due to cost concerns.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Senate Appropriations Committee**





Code Clean-up

AB 2761 (U&C) – RPS Reporting

- ❖ Committee-sponsored.
- ❖ Response to incomplete Q4 RPS report data.
- ❖ Moves the RPS reporting date from February to May to allow reporting of accurate Q4 data.
 - CPUC POSITION: SUPPORT
 - Final Outcome: Signed (8/25)

SB 38 (Padilla) – California Energy Crisis

- ❖ Intended to eliminate unnecessary code language relating to the energy crisis.
- ❖ Would have made multiple deletions to statute relating to the Electricity Oversight Board and related topics.
- ❖ Inadvertently removed the CPUC's authority to mandate IOU customer collection of new DWR bonds relating to the energy crisis.
 - CPUC POSITION: NONE
 - Final Outcome: Vetoed (9/26)
 - Veto Message: States that the bill would inadvertently remove CPUC authority and that a revised version should be composed for 2015.





Energy Efficiency

AB 2137 (Quirk) – Energy Upgrade California

- ❖ Author-sponsored.
- ❖ Intended to assist small businesses hoping to access energy efficiency incentives.
- ❖ Requires the CPUC to update the Energy Upgrade California website to include information related to demand-side energy management programs for small business customers.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (8/25)

AB 2581 (Bradford) – Appliance Standards

- ❖ Author-sponsored.
- ❖ Originally intended to direct voluntary appliance efficiency standards.
- ❖ Would have made multiple adjustments to appliance standards relating to software testing and labeling.
 - CPUC POSITION: OPPOSE UNLESS AMENDED
 - Final Outcome: Vetoed (9/26)
 - Veto Message: States that the CEC is already in the process of developing standards and directs the CEC to work with all relevant stakeholders.





Energy Efficiency (Continued)

AB 1918 (Williams) – Building Code Standards Enforcement

- ❖ Sponsored by US Green Building Council CA Advisory Committee, Natural Resources Defense Council, the and Western States Council Sheet Metal, Air, Rail & Transportation.
- ❖ Would have required the CPUC to authorize an energy efficiency program to improve compliance with state building codes.
- ❖ Held on suspense due to cost concerns.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Senate Appropriations Committee**

AB 2529 (Williams) – Plug-in equipment

- ❖ Sponsored by the Natural Resources Defense Council
- ❖ Would have required the CPUC and Energy Commission to jointly study plug-in equipment energy use and develop a plan to reduce plug load by 25% by 2030.
- ❖ Held on suspense due to cost concerns.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Assembly Appropriations Committee**





Other Energy

SB 1371 (Leno) – Natural Gas Leakage Abatement

- ❖ Sponsored by the Blue-Green Alliance.
- ❖ Intended to simultaneously improve safety, save ratepayers money, and reduce Green House gas emissions.
- ❖ Requires the CPUC and ARB to coordinate to reduce methane emissions from nonhazardous leaks in IOU natural gas pipelines.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/21)

SB 1414 (Wolk) – Demand Response

- ❖ Sponsored by environmental groups.
- ❖ Intended to make demand response a more useful tool available to IOUs.
- ❖ Requires the CPUC to better value demand response and better utilize demand response in forecasting.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/26)





Other Energy (Continued)

AB 2145 (Bradford) – Community Choice Aggregation

- ❖ Sponsored by the Coalition of California Utility Employees.
- ❖ Originally intended to require CCA customer opt-in rather than the current opt-out practice.
- ❖ Was eventually limited to capping CCA expansion to three contiguous counties.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed on Senate Floor**

AB 2218 (Bradford) – Food Banks

- ❖ Author-sponsored.
- ❖ Intended to provide rate relief for food banks that have high energy usage.
- ❖ Require the CPUC to devise a rate reduction tariff for California food banks.
 - CPUC POSITION: NONE
 - Final Outcome: **Signed (9/26)**





Telecom Bills

Telecom Safety

SB 962 (Leno) – Smartphone Kill-Switch

- ❖ Sponsored by San Francisco City Attorney George Gascón
- ❖ Requires any smartphone manufactured on or after July 1, 2015, and sold in California after that date, include a technological solution at the time of sale that can render the phone inoperable when the smartphone is not in the possession of an authorized user.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (8/25)

SB 1211 (Padilla) – Next Generation 911

- ❖ Author-sponsored.
- ❖ Requires the Office of Emergency Services to develop a plan and timeline for testing, implementing, and operating a Next Generation 911 emergency communication system, including text to 911 service, throughout California.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/30)





Broadband / California High Cost Funds

AB 2272 (Gray) – CA Advanced Services Fund Prevailing Wage

- ❖ Sponsored by the California-Nevada Conference of Operating Engineers
- ❖ Revises the definition of "public works" to include infrastructure project grants from the California Advanced Services Fund, specifying that for purposes of this provision, the CPUC is not the awarding body or body awarding the contract.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/30)

SB 1364 (Fuller) – High Cost Fund Extensions

- ❖ Sponsored by California Independent Telephone Companies and Frontier Communications.
- ❖ Extends the sunset dates for the California High Cost Funds A and B to January 1, 2019 and replaces the provision stating that moneys in the state's universal service funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their cost of providing universal service with "moneys in the funds are held in trust".
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/20)





Other Telecom

AB 876 (Bonta) – California Teleconnect Fund Early Education

- ❖ Sponsored by Steve Midgley, Education Technology Consultant
- ❖ Would have specified that preschools and transitional kindergartens are eligible for California Teleconnect Fund (CTF) discounted rates. Also would have required the CPUC to report on maintaining a pricing database for Teleconnect recipients and consider revising rules to fund only “advanced” communication services.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Senate Appropriations Committee**

SB 35 (Pavley) – Wiretapping Extension

- ❖ Sponsored by Los Angeles District Attorney’s Office
- ❖ Extends, until January 1, 2020, the sunset provision on the law that authorizes wiretaps by law enforcement under specified circumstances.
 - CPUC POSITION: NONE
 - Final Outcome: **Signed (9/28)**





Other Telecom (Continued)

AB 1693 (Perea) – Small Telephone Company Rate Cases

- ❖ Sponsored by California Independent Telephone Companies
- ❖ Would have required the CPUC to issue a final decision on a general rate case of a small independent telephone corporate within a specified timeframe.
 - CPUC POSITION: OPPOSE
 - Final Outcome: **Vetoed (9/20)**
 - Veto Message: Emphasizes the inflexible time limits for the completion of small telephone company rate cases that could potentially harm ratepayers. Directs the CPUC to address carrier concerns.

AB 1717 (Perea) – Prepaid Wireless Taxes, Surcharges, and Fees

- ❖ Sponsored by CTIA – The Wireless Association.
- ❖ Mandates a point-of-sale mechanism to collect surcharges for the states universal service programs, 911 emergency response system, the CPUC user fee, and local utility users taxes on prepaid mobile telephony services.
 - CPUC POSITION: OPPOSE UNLESS AMENDED
 - Final Outcome: **Signed (9/30)**





Water Bill Spotlight

CPUC Jurisdictional Facilities

SB 936 (Monning) – Monterey Desalination Facility Financing

- ❖ Sponsored by Monterey Peninsula Water Management District and California American Water Company.
- ❖ Response to the Monterey water crisis and need for expensive new infrastructure.
- ❖ Allows the CPUC to approve Monterey Peninsula Water Management District's issuance of water rate relief bonds to finance water supply infrastructure on behalf of California American Water Company.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/19)

SB 1130 (Roth) – County Water Company of Riverside

- ❖ Author-sponsored
- ❖ Response to County Water Company's fiscal insolvency and failure to report itself to the CPUC.
- ❖ Allows local POU water utilities to take over County Water Company's operations with reduced liability for the condition of the water system.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (7/21)





Other Water

AB 1434 (Yamada) – Low-Income Water Rate Assistance

- ❖ Author-sponsored.
- ❖ Would have required the Department of Community Services and Development, in collaboration with the Board of Equalization (BOE), by January 1, 2016, to develop a plan for the funding and implementation of a program to provide funding assistance for water service to low-income households.
- ❖ Held on suspense due to cost concerns.
 - CPUC POSITION: NONE
 - Final Outcome: **Failed in Senate Appropriations Committee**

SB 1036 (Pavley) – Water-Energy Nexus

- ❖ Author-sponsored.
- ❖ Requires DWR to include in its guidance for urban water management plans a methodology to help water providers estimate energy intensity of operations.
- ❖ Allows DWR to consider CPUC studies and calculations when developing the methodology.
 - CPUC POSITION: NONE
 - Final Outcome: **Signed (9/19)**





Miscellaneous Bill Spotlight

CPUC Operations

SB 434 (Hill) – Commissioner Removal

- ❖ Author-sponsored.
- ❖ Follow-up to trailer bill language from 2013.
- ❖ Clarifies that a commissioner can be removed from office for serving on the board of a nonstate entity that he or she played a role in creating, irrespective of the entity's date of establishment.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/25)

SB 636 (Hill) – Separation of Functions

- ❖ Author-sponsored.
- ❖ Codifies the Morongo court case that currently governs CPUC staff functions.
- ❖ Clarifies that advisory staff cannot serve as adjudicatory staff on the same case.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/25)





Other Miscellaneous

AB 1678 (Gordon) – LGBT Supplier Diversity

- ❖ Sponsored by the National Gay and Lesbian Chamber of Commerce.
- ❖ Expands the supplier diversity program to include LGBT businesses.
- ❖ Requires the CPUC to initially adopt the criteria for LGBT status verification established by the National Gay and Lesbian Chamber of Commerce.
 - CPUC POSITION: NONE
 - Final Outcome: Signed (9/26)

SB 115 (Hill) – Bagley-Keene Lawsuits

- ❖ Author-sponsored.
- ❖ Response to the California Court of Appeals dismissal of the Disenhouse case relating to the CPUC's San Diego voting meeting in March of 2013.
- ❖ Would have subjected the CPUC to superior court jurisdiction for Bagley-Keene-related lawsuits.
 - CPUC POSITION: NONE
 - Final Outcome: Failed in Assembly Rules Committee





2014-15 Budget Actions

The Governor's 2014-15 budget included 28.5 positions.
35.5 positions were ultimately approved:

- 5 Administrative Law Judge IIs
- 4.5 Public Utilities Regulatory Analyst Vs
- 4 Public Utilities Regulatory Analyst IVs
- 7 Public Utilities Regulatory Analyst IIIs
- 1 Public Utilities Regulatory Analyst II
- 0.5 Public Utilities Counsel I
- 1.5 Associate Governmental Program Analysts
- 1 Research Analyst I
- 2 Accounting Technicians
- 2 Staff Services Analysts (Range B)
- 4 Associate Railroad Track Inspectors
- 3 Associate Transportation Operations Supervisors





2014-15 Budget Actions

Modifications to Governor's Budget:

- ❖ 4 additional Associate Railroad Track Inspectors added
- ❖ 3 additional Associate Transportation Operations Supervisors added
- ❖ \$1 million in Greenhouse Gas Revenue Return to Energy-Intensive Trade-Exposed industries denied
- ❖ 11 positions relating to AB 327 (Perea) implementation made limited-term





2014-15 Budget Actions

TRAILER BILL ACTIONS

- ❖ Extends the Self-Generation Incentive Program (SGIP) to continue collections through December 31, 2019 and continue program administration through January 1, 2021.
- ❖ Requires the CPUC to evaluate the SGIP's overall success and impact based on specified performance measures.
- ❖ Limits eligibility for incentives under the SGIP to distributed energy resource technologies that the CPUC determines meet specified additional requirements.
- ❖ Clarifies that storage technologies are eligible for SGIP incentives.
- ❖ Allows the Avondale Glen Elder Neighborhood Association to collect intervenor compensation for contributions made in A.07-04-013.
- ❖ Provides budgetary authority for the CAETFFA (the California Alternative Energy and Advanced Transportation Financing Authority in the State Treasurer's office) to implement the California Hub for Energy Efficiency (CHEEF) financing pilots.





2014 Informational/Oversight Hearings

ASSEMBLY/SENATE/OTHER

❖ Assembly Hearings

- ❖ February 3, 2014 Joint Oversight Hearing with Assembly Aging and Long-term Care: 'Keeping Water Rates Affordable'
- ❖ March 17, 2014 Joint Oversight Hearing with Assembly Natural Resources: 'Review of the Self Generation Incentive Program'
- ❖ May 19, 2014 Oversight Hearing: 'Diversity in the Energy Workforce Boards, Executives, and Management'

❖ Senate Hearings

- ❖ February 24, 2014 Oversight Hearing: 'Safe Rail Transport of Crude Oil'
- ❖ August 6, 2014 Subcommittee on Gas and Electric Infrastructure Safety: 'Electric Grid Safety: What Do We Know? How Are We Doing?'
- ❖ August 12, 2014 Oversight Hearing: 'Life After SONGs: An Update on Decommissioning Plans'

❖ Joint Hearings

- ❖ June 19, 2014 Senate Natural Resources and Water, Assembly Natural Resources, and Joint Legislative Committee on Emergency Management Joint Oversight Hearing: 'A Closer Look at Mounting Local Risks of CA Crude by Rail.'

❖ Little Hoover Commission

- ❖ April 24, 2014 'Energy Governance Progress Update'
- ❖ August 26, 2014 'Bagley-Keene Open Meeting Act'





Legislative Action Items

Legislation enacted this session requires the PUC to –

Safety and Enforcement Division: Transportation Network Companies

- >> Set TNC insurance policy Period 1 primary coverage levels at a minimum of \$50,000 for death and personal injury per person, \$100,000 for death and personal injury per incident, and \$30,000 for property damage, and set excess coverage levels at a minimum of \$200,000 per occurrence.
 - ❖ Source: AB 2293 (Bonilla)
 - ❖ Deadline: July 1, 2015
 - ❖ PY Requirement: None

- >> Set TNC insurance policy Period 2 and 3 primary coverage levels at \$1 million for death, personal injury, and property damage. Ensure Period 3 primary coverage also include \$1 million for uninsured motorist coverage and underinsured motorist coverage.
 - ❖ Source: AB 2293 (Bonilla)
 - ❖ Deadline: July 1, 2015
 - ❖ PY Requirement: None

- >> Collaborate with the California Department of Insurance to study whether TNC insurance coverage requirements are adequate.
 - ❖ Source: AB 2293 (Bonilla)
 - ❖ Deadline: December 31, 2017
 - ❖ PY Requirement: 1 PURA V (5.5 months: \$58,337), 1 Legal Counsel (3.5 months: \$30,453)





Legislative Action Items

(Safety and Enforcement Division Continued)

- >> Develop TNC privacy protections in accordance with new PU Code Section 5437.
 - ❖ Source: AB 2293 (Bonilla)
 - ❖ Deadline: None
 - ❖ PY Requirement: 1 ALJ I (5.5 months: \$69,308), 1 PURA V (3.5 months: \$39,242).

- >> Require TNCs inform their drivers of TNC insurance coverage requirements and limits of TNC liability.
 - ❖ Source: AB 2293 (Bonilla)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Require TNCs to comply with airport regulations.
 - ❖ Source: SB 1430 (Hill)
 - ❖ Deadline: None
 - ❖ PY Requirement: None





Legislative Action Items

(Safety and Enforcement Division Continued)

Oil by Rail

- >> Continue cooperation with the Office of Emergency Services on the status of federal rulemaking regarding state access to rail hazardous materials shipment information.
 - ❖ Source: AB 380 (Dickinson)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Memorandum of Understanding with DFG/OSPR clarifying spill responsibilities and regulatory jurisdiction.
 - ❖ Source: Related to natural resources trailer bill.
 - ❖ Deadline: None
 - ❖ PY Requirement: None.

Safety Reporting

- >> Provide formal responses to NTSB rail-related recommendations and include specified information in the annual report.
 - ❖ Source: SB 1064 (Hill)
 - ❖ Deadline: None
 - ❖ PY Requirement: None





Legislative Action Items

(Safety and Enforcement Division Continued)

- >> Begin publishing an annual report detailing the number and nature of accident safety investigations performed by Safety and Enforcement Division staff.
 - ❖ Source: SB 1409 (Hill)
 - ❖ Deadline: February 1, 2016
 - ❖ PY Requirement: None

Utility Operations

- >> Ensure that any revision to GO 112 comports with the document retention requirements specified for certain gas corporation excavation records in new PU Code Section 955.5 (c).
 - ❖ Source: AB 1937 (Gordon)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Consider physical electrical security rules in a current or new proceeding; review compliance with any adopted rules.
 - ❖ Source: SB 699 (Hill)
 - ❖ Deadline: July 1, 2015
 - ❖ PY Requirement: 1 Senior Utilities Engineer – Specialist (ongoing: \$162,891), 1 ALJ II (12 months: \$147,786), 1 PU Counsel IV (12 months: \$172,002), 1 Legal Assistant (12 months: \$74,096).





Legislative Action Items

(Safety and Enforcement Division Continued)

Other Safety

- >> Survey passenger stage corporation and charter-party carrier modified limousine operators, including terminal locations, and transmit to the Highway Patrol by Jan 1, 2015 and annually thereafter.
 - ❖ Source: SB 611 (Hill)
 - ❖ Deadline: January 1, 2015
 - ❖ PY Requirement: 2 Transportation Analysts (ongoing: \$131,688), 1 PURA III (24 months: \$200,565).

- >> Address elimination of livery plate requirements in the passenger carrier or other proceeding (R.12-12-011)
 - ❖ Source: SB 611 (Hill)
 - ❖ Deadline: None.
 - ❖ PY Requirement: None

- >> Consider safety standards in IOU rate case applications.
 - ❖ Source: SB 900 (Hill)
 - ❖ Deadline: None
 - ❖ PY Requirement: None





Legislative Action Items (Energy Division)

Energy Division: Geothermal

- >> Approve a methodology for determining integration costs associated with renewable energy resources.
 - ❖ Source: AB 2363 (Dahle)
 - ❖ Deadline: December 31, 2015
 - ❖ PY Requirement: Consulting (\$500,000).

Central Valley Rates

- >> A new proceeding to examine the feasibility of extending natural gas pipelines or electricity subsidies to disadvantaged communities in the Central Valley.
 - ❖ Source: AB 2672 (Perea)
 - ❖ Deadline: March 31, 2015
 - ❖ PY Requirement: 1 ALJ II (26 months: \$330,822), 1 PURA V (26 months: \$258,831), 1 PU Counsel IV (26 months: \$360,304), Consulting (\$500,000).
- >> Consider default TOU rate impacts for customers in hot climate zones who do not adjust their energy usage during peak pricing periods the impact to customers in hot climate regions who do not adjust their energy usage during peak pricing periods.
 - ❖ Source: SB 1090 (Fuller)
 - ❖ Deadline: None
 - ❖ PY Requirement: None





Legislative Action Items (Energy Division Continued)

SGIP

- >> Require that all California IOUs with RPS-eligible small hydroelectric generation units meet the clarified eligibility criteria established in new PU Code Section 399.12 (e)(1)(D).
 - ❖ Source: AB 1478 (Budget)
 - ❖ Deadline: None

- >> Continue SGIP eligibility for technologies that shift onsite energy to off-peak times
 - ❖ Source: AB 1478 (Budget)
 - ❖ Deadline: None

- >> Prospectively evaluate SGIP performance based on reductions of customer peak demand.
 - ❖ Source: AB 1478 (Budget)
 - ❖ Deadline: None





Legislative Action Items

(Energy Division Continued)

- >> Set new SGIP eligibility criteria and performance evaluation standards in conformance with changes made to PU Code Section 379.6.
 - ❖ Source: SB 861 (Budget)
 - ❖ Deadline: None

- >> Extend SGIP collections through December 31, 2019 and continue program administration through January 1, 2021.
 - ❖ Source: SB 861 (Budget)
 - ❖ Deadline: None

Code Clean-up

- >> Prospectively change the PU Code Section 910 and 911 RPS report delivery deadlines to May 1.
 - ❖ Source: AB 2761 (U&C)
 - ❖ Deadline: None
 - ❖ PY Requirement: None





Legislative Action Items (Energy Division Continued)

Energy Efficiency

- >> Update the Energy Upgrade California website to include information related to demand-side energy management programs for small business customers.
 - ❖ Source: AB 2137 (Quirk)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

Other Energy

- >> Open a proceeding to examine ways to abate leakage from IOU natural gas pipelines.
 - ❖ Source: SB 1371 (Leno)
 - ❖ Deadline: January 15, 2015
 - ❖ PY Requirement: 1 Senior Utilities Engineer – Specialist (ongoing: \$162,891), 1 ALJ II (12 months: \$147,786), 1 PU Counsel IV (12 months: \$172,002), 1 Legal Analyst (12 months: \$82,649).

- >> A new or existing proceeding to develop rules to better value demand response and better utilize demand response in forecasting.
 - ❖ Source: SB 1414 (Wolk)
 - ❖ Deadline: None
 - ❖ PY Requirement: 1 PURA I – Range B (ongoing: \$70,316), 1 PURA III (ongoing: \$105,574), 1 ALJ II (12 months: \$147,786), 1 PU Counsel III (12 months: \$146,054).





Legislative Action Items (Energy Division Continued)

- >> A new or existing proceeding to require IOUs to develop and implement a program of rate assistance to eligible food banks at a fixed percentage.
 - ❖ Source: AB 2218 (Bradford)
 - ❖ Deadline: None
 - ❖ PY Requirement: 1 PURA IV (ongoing: \$114,884), 1 ALJ I (12 months: \$151,500).





Legislative Action Items (Communications Division)

Communications Division: Safety

- >> Develop computation methods pursuant to Public Utilities Code sections 319(b) and (c). (Related to AB 1717).
 - ❖ Source: SB 1211 (Padilla)
 - ❖ Deadline: October 1, 2015
 - ❖ PY Requirement: None

Broadband / California High Cost Funds

- >> Update California Advanced Services Fund rules to note that infrastructure grants are “public works” per Labor Code section 1720(a)(7).
 - ❖ Source: AB 2272 (Gray)
 - ❖ Deadline: None
 - ❖ PY Requirement: Unknown.

- >> Work to maximize the amount of federal funding to California participants in federal universal service programs.
 - ❖ Source: SB 1364 (Fuller)
 - ❖ Deadline: None
 - ❖ PY Requirement: None





Legislative Action Items

(Communications Division Continued)

Other Communications

- >> Take action consistent with the AB 1693 Veto message: “I am directing the California Public Utilities Commission to address the concerns of the proponents and to create a Rate Case Plan to encourage timely completion of these rate cases.”
 - ❖ Source: AB 1693 (Perea)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Establish mobile telephony surcharge (MTS) methodology and publish MTS.
 - ❖ Source: AB 1717 (Perea)
 - ❖ Deadline: October 1, 2015
 - ❖ PY Requirement: 1 PU Financial Examiner IV (ongoing: \$117,782), 1 Accountant 1 – Specialist (ongoing: \$64,420), 1 PURA V (ongoing: \$125,168), 1 PURA III (ongoing: \$105,574), 1 PU Counsel III (12 months: \$156,654), 1 System Software Specialist (12 months: \$108,222).





Legislative Action Items

(Division of Water and Audits)

Division of Water and Audits: CPUC Jurisdictional Facilities

- >> Consider whether low-income customers should share in the costs of infrastructure financing costs if the proposed public financing is approved.
 - ❖ Source: SB 936 (Monning)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Evaluate whether energy use in Urban Water Management plans under this bill should be considered in the water/energy nexus proceeding (R.13-12-011).
 - ❖ Source: SB 1036 (Pavley)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Review whether CPUC consultation with the California Building Standards Commission regarding Investor Owned Utility recycled water practices is needed.
 - ❖ Source: AB 2636 (Gatto)
 - ❖ Deadline: None.
 - ❖ PY Requirement: None





Legislative Action Items (CPUC Operations)

- >> Review the 1997 CPUC memorandum on 'Conflict of Roles: Guidelines & Procedures' to fully reflect new PU Code Section 1701.2 (b).
 - ❖ Source: SB 636 (Hill)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

- >> Expand GO 156 to include LGBT participation.
 - ❖ Source: AB 1678 (Gordon)
 - ❖ Deadline: None
 - ❖ PY Requirement: None

In total, legislation approved this year requires 11 new ongoing PYs at a cost of \$1,161,188 annually; 19 new limited-term PYs at a cost of \$2,431,716 over 26 months; and 1 consultant contract at a cost of \$600,000.





Other OGA Accomplishments

- ❖ Set OGA strategic directions in a 2-day retreat that included OGA staff, OGA liaisons, Legislative committee staff, Governor's Office staff and CPUC Executive Director
- ❖ Held 10 CPUC Academy presentations
- ❖ Convened 39 briefings and presentations for Legislator's offices and the Governor's Office
- ❖ Fielded 1083 legislative inquiries
- ❖ Cooperated with JLAC and DoF on multiple audits
- ❖ Coordinated with Governor's Office and other agencies
- ❖ Provided numerous briefings for Commissioners and Commission staff
- ❖ Welcomed 2 summer policy interns, one a USC student and the other a UC Center intern who now works for a risk analysis and internal audit consulting firm.





Other OGA Priorities FUTURE

- ❖ Continue to offer and expand the CPUC Academy, PD briefings, technical briefings, reports and alerts for legislative and administrative staff
- ❖ Prepare for likely legislation in upcoming session
- ❖ Sponsor an Executive Fellow
- ❖ Further automate administrative functions on our way to a true 'paperless office'
- ❖ Grow partnerships with other agency staff
- ❖ Support all CPUC efforts to improve safety and reliability at just and reasonable rates





Thank You

❖ Team Effort

- OGA staff
- OGA liaisons, division staff and advisors
- Legislative partners and coalitions
- Agency partners
- Governor's Office
- Stakeholders





For Additional Information:
www.cpuc.ca.gov/PUC/legislation/





Regular Agenda – Legislative and Other Matters

Item # 39 [13327]

Office of Governmental Affairs Legislative Wrap-Up





Commissioners' Reports





Regular Agenda – Commissioner Reports

Item # 40 [13312] – Commissioner Catherine J.K. Sandoval Report

**Commissioner Catherine J.K. Sandoval's Recommendations Seeking
Commission's Approval of Appointments of two Members to the
Low Income Oversight Board**





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item #41 [13250]

Report and Discussion by Safety and Enforcement Division on Recent Safety Program Activities





The Water Industry



Rami Kahlon, Director
Division of Water and Audits
California Public Utilities Commission
October 2, 2014





Water Utilities

- Water
 - The only utility you ingest
- Division of Water and Audits
 - Health and Safety is an integral part of our Cost-of-Service ratemaking
- Topics
 - Ratemaking
 - Hartwell Decision
 - Water Quality Standards
 - General Order No. 103-A
 - Water Action Plan





Ratemaking

- Smaller utilities (< 10,000 service connections)
 - DWA processes all general rate increase requests
- Thorough System Evaluation
 - Service quality – outages, pressure, complaints
 - Leaks
 - Water treatment
 - Water quality standards
 - Division of Drinking Water - SWRCB
- Larger utilities
 - Water Quality Expert assigned in GRC proceeding
 - Report / Testimony





Hartwell Decision

- 2002 California Supreme Court Decision
 - *Hartwell Corporation et al v. the Superior Court of Ventura County*
- Findings
 - PU Code 1759 precludes superior court intervention in CPUC official duties.
 - Legislature vested the CPUC with ...powers to ensure the health, safety, and availability of the public's drinking water.
 - CPUC has the authority to enforce water quality standards.
 - CPUC continues to exercise its jurisdiction to regulate drinking water quality.





Water Quality Standards

- Drinking Water Quality Standards
 - Division of Drinking Water, SWRCB (formerly with DPH)
- Maximum Contaminant Levels (MCLs)
 - Primary
 - Federal EPA / Division of Drinking Water
 - 82 contaminants v. 92 contaminants
 - Secondary
 - Title 22 California Code
- Contaminants of interest
 - Arsenic
 - Nitrates
 - Hexavalent Chromium
 - Perchlorate





GO 103-A

- Standards for the design, construction, location, maintenance and operation of water and wastewater utilities;
 - Water Quality and Supply
 - Service and Repair standards
 - Fire Protection Standards
 - Pressure Standards
 - Customer Service and Reporting
 - Telephone
 - Billing
 - Meter reading





Water Action (Safety) Plan

- First adopted in 2005, updated in 2010
- Principles
 - Safe, high quality water
 - Highly reliable water supplies
 - Efficient use of water
 - Reasonable rates and viable utilities
- Objectives
 - Maintain highest standards of water quality
 - Promote Water infrastructure investment
 - Strengthen water conservation programs
 - Streamline decision making
 - Rates that balance investment, conservation, and affordability
 - Assist low-income ratepayers





Regular Agenda – Management Reports and Resolutions

Item #41 [13250]

Report and Discussion by Safety and Enforcement Division on Recent Safety Program Activities





Management Reports





The CPUC Thanks You For Attending Today's Meeting

The Public Meeting is adjourned.

The next Public Meeting will be:

**October 16, 2014, at 9:30 a.m.
in San Francisco, CA**

