



# **CPUC Public Agenda 3346**

## **Thursday, November 20, 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](http://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 (excluding parties and their representatives) 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:**

- 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.
- 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.

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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, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27, 28, 30, and 32.**
- 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: **41** 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: **4 and 42** have been withdrawn.
- The following items have been held to future Commission Meetings:
  - Held to 12/4/14: **25, 26, 29, 31, 33, and 35.**
  - Held to 12/18/14: **2.**





# 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](http://www.cpuc.ca.gov).
- Late changes to agenda items are available on the Escutia Table.





## Regular Agenda – Energy Orders

### **Item # 34 [13368] – Settlement Agreement Regarding Rate Recovery Issues Due to the Premature Shutdown of San Onofre Nuclear Generation Station**

**I12-10-013, A13-01-016, A13-03-005, A13-03-013, A13-03-014** - Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas and Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.

**Ratesetting**

**Comr. Florio / Judge Darling – Judge Dudney**

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#### **PROPOSED OUTCOME:**

- Adopts contested multi-party settlement of all consolidated proceedings resulting in refunds to ratepayers.

#### **SAFETY CONSIDERATIONS:**

- The Utilities remain responsible for the safe status of the San Onofre Nuclear Generating Station.

#### **ESTIMATED COST:**

- Authorizes the two Utilities to recover a present value revenue requirement of \$3.3 billion, a reduction of approximately \$1.4 billion to be credited to ratepayers.





# SONGS SETTLEMENT SUMMARY TABLE

SCE & SDG&E	All values in \$ millions			
	TURN Litigation	DRA Litigation	Settlement	Utilities Litigation
PVRR @ 10%	\$ 2,692.5	\$ 2,542.9	\$ 3,284.5	\$ 4,732.9
RSG	\$ -	\$ 100.9	\$ -	\$ 917.7
Base Plant	\$ 1,127.3	\$ 908.9	\$ 1,319.4	\$ 1,738.5
O&M	\$ 900.5	\$ 868.5	\$ 970.6	\$ 1,039.6
Nuclear Fuel	\$ 520.0	\$ 519.9	\$ 477.3	\$ 519.9
Replacement Power	\$ 144.7	\$ 144.7	\$ 517.2	\$ 517.2



## Regular Agenda – Energy Orders

### **Item # 36 [13389] – Law and Motion Judge’s Ruling Sanctioning Pacific Gas and Electric Company for Ex Parte Violations**

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**A13-12-012, I14-06-016** - Application of Pacific Gas and Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015 - 2017.

**Ratesetting**

**Comr. Peterman – Judge Yacknin**

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#### **PROPOSED OUTCOME:**

- Affirms the ruling of the Law and Motion Administrative Law Judge banning Pacific Gas and Electric Company from ex parte communication.
- Imposes other restrictions on its communications as sanction for engaging in ex parte communications regarding the assignment of this proceeding to a particular Administrative Law Judge in violation of Rule 8.3(f) and Rule 1.1. of the Commission’s Rules of Practice and Procedure.

#### **SAFETY CONSIDERATIONS:**

- None as a result of this decision.

#### **ESTIMATED COST:**

- None.





## Regular Agenda – Energy Orders

### Item # 36a [13390] – ALTERNATE TO ITEM 13389

**A13-12-012, I14-06-016** - Application of Pacific Gas and Electric Company Proposing Cost of Service and Rates for Gas Transmission and Storage Services for the Period 2015 - 2017.

**Ratesetting**

**Comr. Peterman**

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#### PROPOSED OUTCOME:

- Adopts the sanctions imposed by the ruling of the Law and Motion Administrative Law Judge, except that the reporting requirement for communications with advisory staff is limited to the director level.
- Imposes a \$1,050,000 fine.
- Imposes a disallowance of no more than half of the revenues that would have been amortized over the period between the original planned timing of a final decision in this proceeding (March 2015) and the amended schedule for a new final decision.

#### SAFETY CONSIDERATIONS:

- None as a result of this decision.

#### ESTIMATED COST:

- None to Pacific Gas and Electric Company customers.
- \$1,050,000 fine to Pacific Gas and Electric Company shareholders, payable to the State of California General Fund.
- An additional shareholder contribution to funding ultimately approved for infrastructure investment in this proceeding, estimated not to exceed \$200 million, in recognition of customer harm caused by the delay created by Pacific Gas and Electric Company.





## Regular Agenda – Energy Orders

### Item # 37 [13410] – 2014 Renewables Portfolio Standard Procurement Plans and an Off-Year Supplement to the 2013 Integrated Resource Plan

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R11-05-005

Ratesetting

Comr. Peterman / Judge DeAngelis

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#### PROPOSED OUTCOME:

- Conditionally accepts, as modified herein, the draft 2014 Renewables Portfolio Standard (RPS) Procurement Plans of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E).
- Accepts SDG&E's request not to hold a 2014 RPS solicitation. This authorization only applies to 2014.
- Directs PG&E, SCE and SDG&E to file final 2014 RPS Procurement Plans pursuant to the 2014 RPS solicitation schedule adopted herein. PG&E and SCE are directed to initiate the RPS solicitation process for 2014 within 14 days of the mailing date of this decision.
- Addresses the significant modifications, as compared to last year's plans, in the 2014 RPS Procurement Plans filed by PG&E, SCE, and SDG&E.
- Adopts limited modifications to the Commission's RPS Procurement review process.
- Addresses the Commission's Renewable Auction Mechanism (RAM), as created by the Commission in Decision 10-12-048.
- Grants PG&E's February 26, 2014 Petition for Modification of RAM.

#### SAFETY CONSIDERATIONS:

- Allows the Commission to continue to fulfill its duties under Public Utilities 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:

- The cost associated with this decision are mostly set forth in Advice Letter filings submitted for approval of the power purchase agreements.





## Regular Agenda – Transportation/Rail Safety Orders

### **Item # 38 [13072] – Modification of Decision 13-09-045 Adopting Rules and Regulations to Protect Public Safety While Allowing New Entrants to the Transportation Industry**

**R12-12-011** - Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing, and New Online-Enabled Transportation Services.

**Quasi-Legislative**

**Comr. Peevey / Judge Mason**

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#### **PROPOSED OUTCOME:**

- Defines providing Transportation Network Company (TNC) services, expands and clarifies the insurance requirements for TNCs, modifies certain holdings to explain the holdings and rationale, and makes this quasi-legislative proceeding subject to the ex parte reporting rules.

#### **SAFETY CONSIDERATIONS:**

- This decision clarifies and expands the safety protections for TNC drivers, subscribing TNC passengers, other drivers, and pedestrians.

#### **ESTIMATED COST:**

- None.





## Regular Agenda – Transportation/Rail Safety Orders

### Item # 38a [13354] – ALTERNATE TO ITEM 13072

**R12-12-011** - Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing, and New Online-Enabled Transportation Services.

Quasi-Legislative

Comr. Sandoval

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#### PROPOSED OUTCOME:

- Imposes insurance requirements on Transportation Network Company (TNC) Services (including Uber Technologies, Inc.) now in conformity with limits set forth in Assembly Bill 2293. Requires that insurers writing coverage for TNCs be admitted in California or conform with Insurance Code Section 1763. Imposes reporting requirements set forth in Rule 8.4 on communications between interested persons and decision makers. Imposes reporting requirements set forth in Rule 4 on communications between interested persons and the Commission's Policy and Planning Division.

#### SAFETY CONSIDERATIONS:

- The insurance requirements imposed are designed to protect the TNC drivers, TNC passengers, other drivers, passengers, and pedestrians by providing coverage for personal injury and property damage.

#### ESTIMATED COST:

- Insurance premium costs are unknown.





# Commissioners' Reports





# Management Reports







# Regular Agenda – Management Reports and Resolutions

## Item #39 [13373]

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

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# **Safety and Enforcement Division Risk Assessment and Enforcement 2014 Overview**



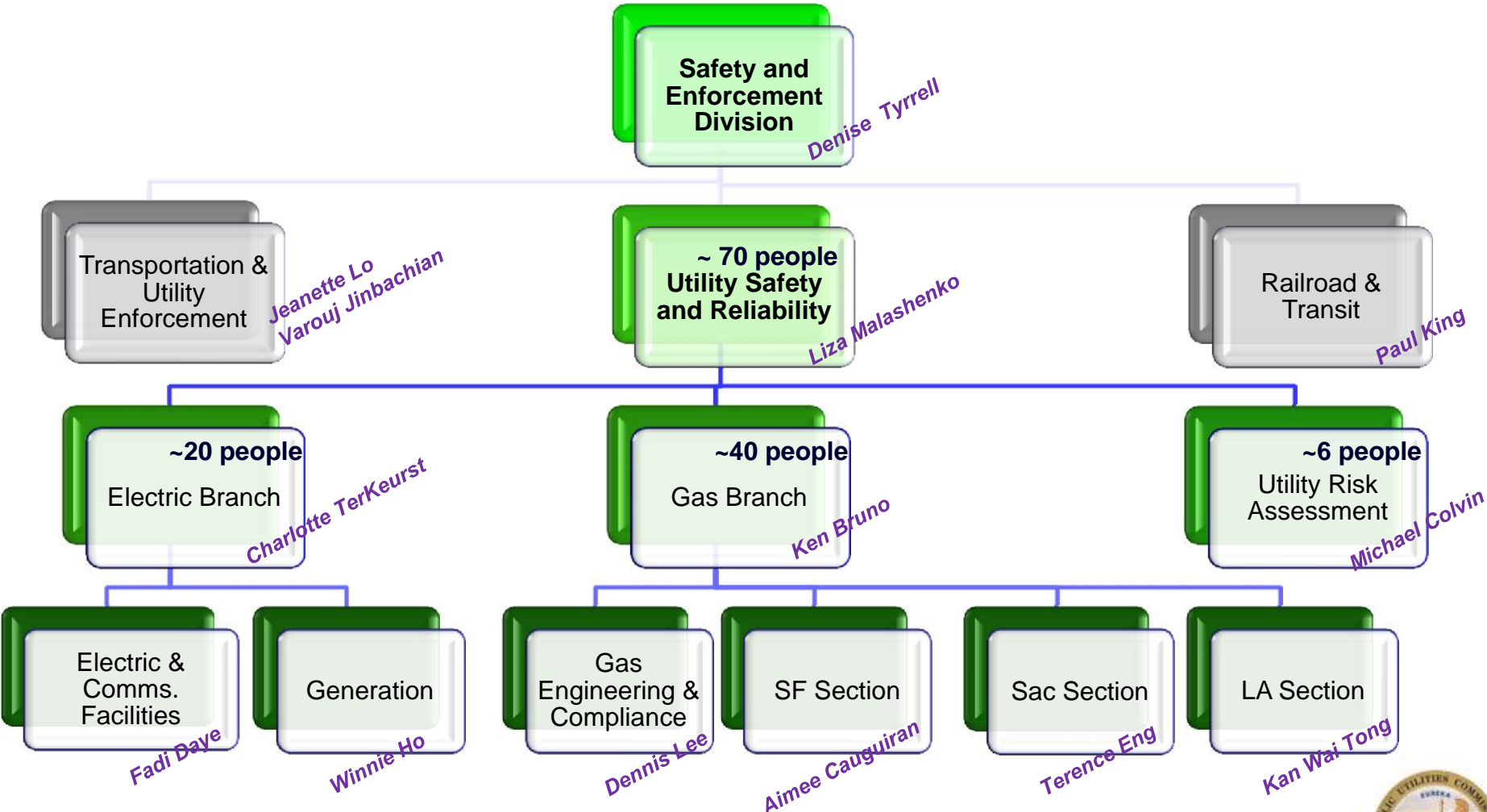
**Michael Colvin**  
**Interim Supervisor – Risk Assessment &  
Enforcement Section**  
**Safety and Enforcement Division**

**November 20, 2014**





# Utility Safety and Reliability Office





## Mission

**The Mission of the Safety and Enforcement Division's Risk Assessment Section is to promote safety by ensuring that the regulated entities integrate risk analysis and risk management into their operational, planning and other decision-making processes.**





## What is Risk?

- The effect of uncertainty on objectives; often expressed in terms of a combination of the likelihood of occurrence of an event and associated event consequences
  - (ISO Guide 73:2009)
- Risk is not a formula – it is not easy to quantify *either* probability or consequence.
- Informed judgment is required
- Risk Analysis is relatively new to utility regulation.
  - Best practices: insurance, other regulated industries.





## Risk Management is a Continuous Process





## Risk Management

- Coordinated Activities, beginning with risk assessment, to inform and implement decisions design to direct and control an organization with regard to risk
  - ISO Guide 73: 2009
- Two Fundamental Questions:
  - Do we accept the risk?
  - Do we need to mitigate risk to an acceptable level?
- Risk can NEVER be mitigated to zero.
- What are the associated costs with risk mitigation?





## Integrating Risk in Regulatory Framework

- Reasonableness review of risk management is ultimately connected to funding and rulemaking.
- General Rate Cases and other major funding efforts
  - PG&E Adopted GRC (D.14-08-032)
  - SCE GRC (hearings concluded), PG&E GT&S (evidentiary hearings Q1 2015), SDG&E & SoCalGas GRC (just filed)
- Framework Proposed Decision on Integrating Risk into Rate Case Plan –12/4 agenda
- General Order Revisions
- And more!







## Hazard Analysis and Mitigation Reports

- In March 2012, Staff identified “top hazards” that threaten the system.
- Next step is to analyze the hazard and suggest mitigation measures.
- Shine a spotlight on technical findings, analysis and potential next steps.
- Integrate findings of these reports into the CPUC process as a feedback loop
  - Topics include: Aldyl-A pipelines, DIMP, Ratemaking Best Practices, Natural Gas Pipeline Leaks, ALARP





## **The Risk Assessment & Enforcement Team**

Michael Colvin – Interim Program and Project Supervisor

Bishu Chatterjee – PURA V

Steve Haine – Senior U.E. Specialist

Chuck Magee – Senior U.E. Specialist

Suman Mathews – PURA V

Chris Parkes – Senior U.E. Specialist





# Regular Agenda – Management Reports and Resolutions

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# Management Reports





# Regular Agenda – Management Reports and Resolutions

## Item #43 [13428]

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**Report by Shannon Conaway  
Jacobs Engineering Inc.**

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**Report by Shannon Conaway, Jacobs Engineering Inc.,  
regarding Supplier Diversity Subcontracting Best Practices**



# Subcontracting Best Practices

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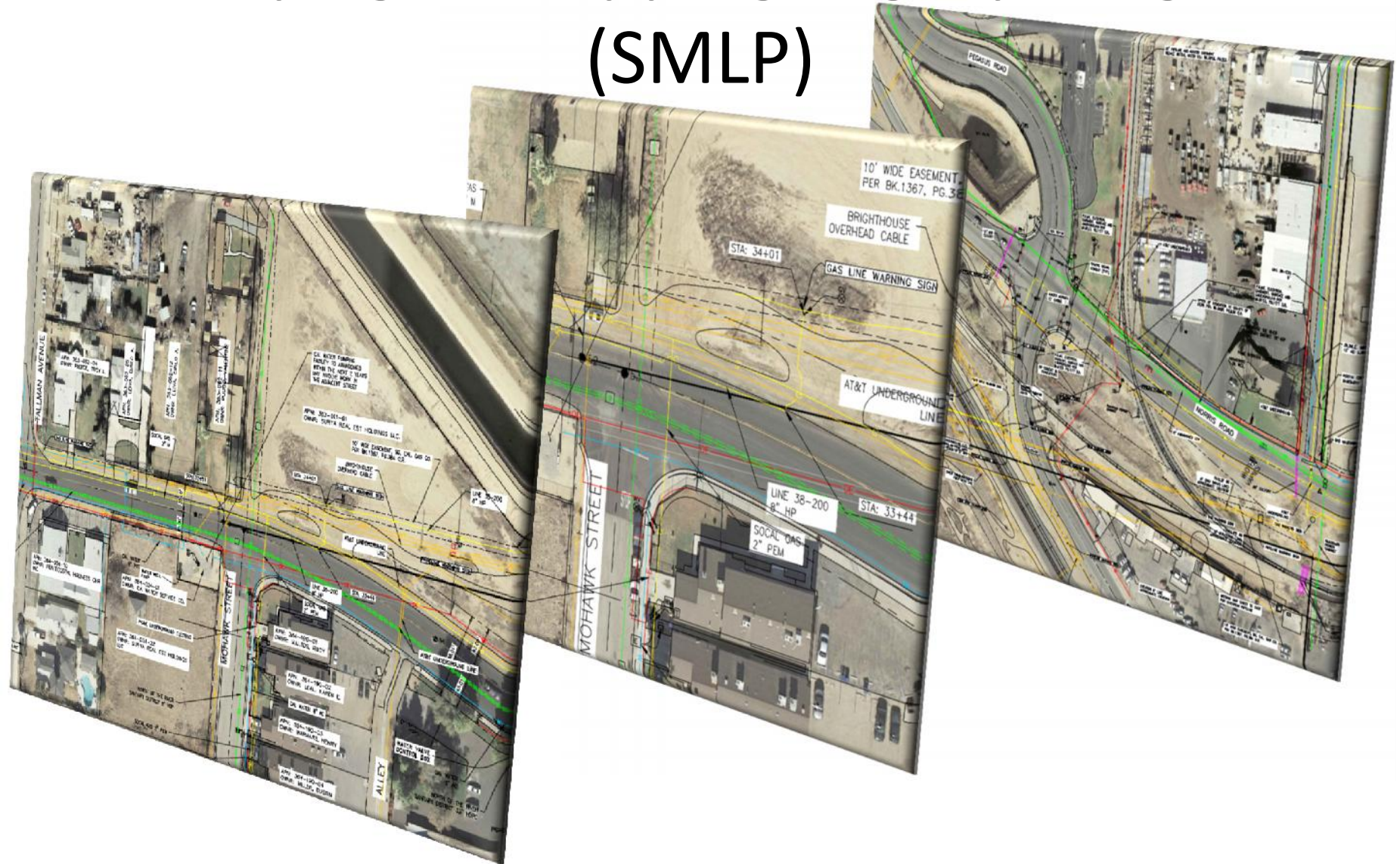
*Shannon Conaway, PLS*

# Surveying & Mapping Legacy Program (SMLP)

- Jacobs providing PMO services
- 10-year program to improve safety and reliability
- Committed to Supplier Diversity and Safety



# Surveying & Mapping Legacy Program (SMLP)





# Perceived Impediments for DBE

## Inclusion

- “Technical expertise and resources”
- “Standards and procedures”
- “Back office management”
- “Market and business conditions”
- “Limited number of qualified firms”
- “Contract flow-downs, Insurance requirements, cash flow”



# Surveying Mapping Legacy Program

- 35% DBE goal for PSEP
- Jacobs goal of 100% for Survey and Mapping
- Developed selection criteria and review process
- Outreach to various agencies and databases
- Implemented process for onboarding



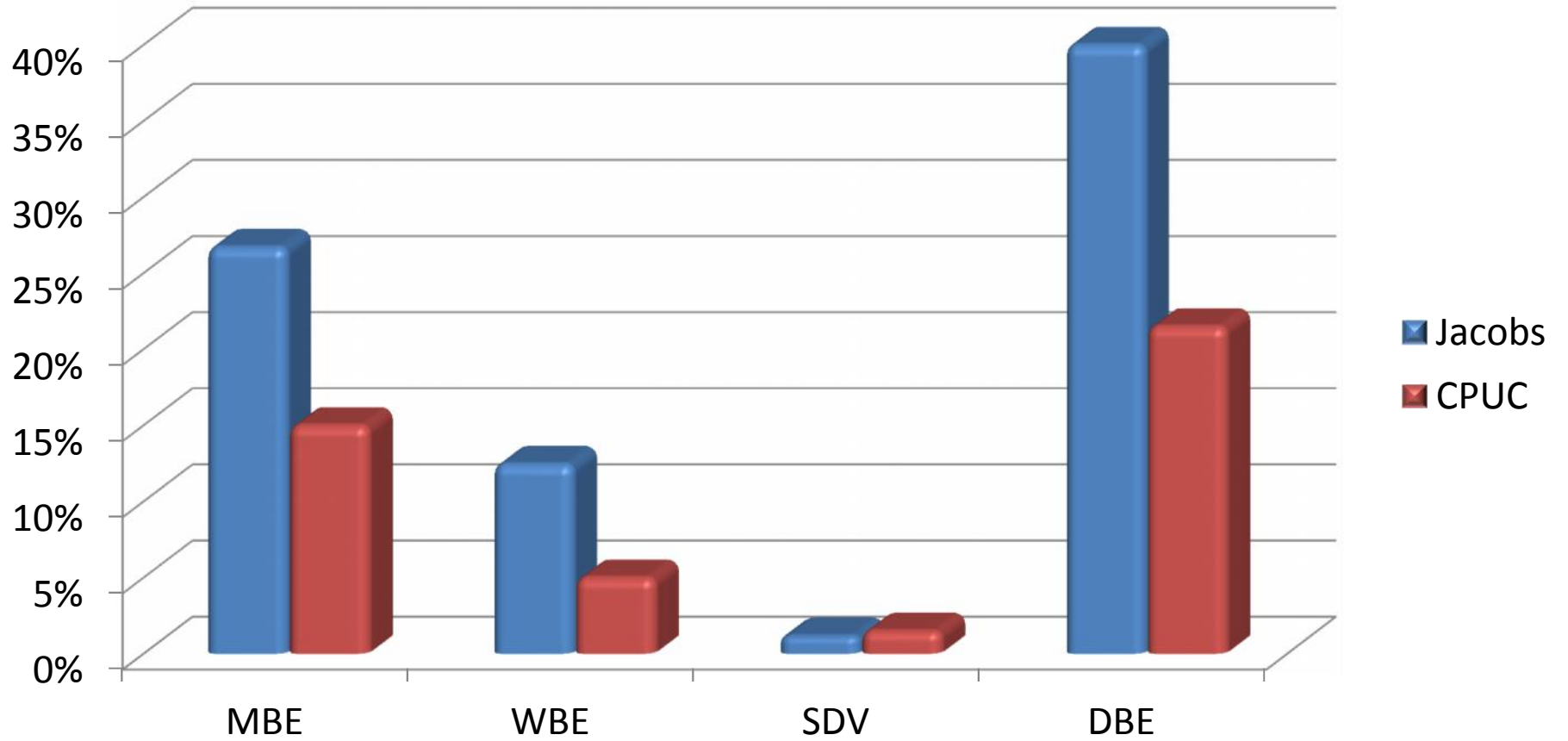
# Subcontracting Best Practices

## (cont.)

- Mentor new DBE firms
- Build strong DBE base
- Increase capacity and capabilities
- Ensure adequate geographic diversity



# The Results



# How are we doing with our DBE's?

## From Blair, Church & Flynn Consulting Engineers

*“From our perspective, the Southern California Gas Company and Jacobs took a progressive approach to including and developing MBE firms to support their PSEP work. **By proactively seeking out and vetting capable, qualified MBE organizations, they strategically build a top-notch surveying and mapping program.**”*

*“The results have been positive for Blair, Church & Flynn. Because of the PSEP program, we have successfully competed and won new assignments, received mentoring for sustained growth, been trained in leading edge safety standards and developed strong professional relationships instrumental for finding future opportunities within the Southern California Gas Company and Jacobs.”*

**Adam K. Holt, Principal**  
**Blair, Church & Flynn Consulting Engineers**



# How are we doing with SoCalGas/SDG&E?

**From the SoCalGas Company**

*“....I will again express my thanks to you and Jacobs for embracing the goal of mentoring DBE’s – and doing it wholeheartedly....”*

**Rick Phillips, P.E., PSEP Director, SoCalGas**

**Shannon Conaway, PLS**

*Survey and Mapping Program Manager,  
Jacobs*





# Regular Agenda – Management Reports and Resolutions

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# Management Reports





# **The CPUC Thanks You For Attending Today's Meeting**

**The Public Meeting is adjourned.  
The next Public Meeting will be:**

**December 4, 2014, at 9:30 a.m.  
in San Francisco, CA**

