

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Investigation on the
Commission's Own Motion to
Determine Whether Pacific Gas and
Electric Company and PG&E
Corporation's Organizational
Culture and Governance Prioritize
Safety.

Investigation 15-08-019
(Filed August 27, 2015)

**MUSSEY GRADE ROAD ALLIANCE COMMENTS ON
ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

Diane Conklin, Spokesperson
Mussey Grade Road Alliance
P.O. Box 683
Ramona, CA 92065
Telephone: (760) 787-0794
Email: dj0conklin@earthlink.net

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1. INTRODUCTION

On December 21, 2018, the Assigned Commissioner issued a Scoping Memo and Ruling opening a new phase of this proceeding to “examine PG&E’s and PG&E Corporation’s (PG&E Corp.) current corporate governance, structure, and operations to determine if the utility is positioned to provide safe electrical and gas service, and will review alternatives to the current management and operational structures of providing electric and gas service in Northern California.”¹ On January 22, 2019, the ALJ issued a ruling granting an extension of time for comments.² Pursuant to the provisions of the OIR, the ALJ Ruling and Rule 11.6 of the CPUC Rules of Practice and Procedure the Mussey Grade Road Alliance (MGRA or Alliance) files these comments.

2. BACKGROUND

The Alliance is a non-profit, grassroots, community-based advocacy organization dedicated to the preservation and protection of Mussey Grade Road and environs in Ramona, California. Since 2006 the Alliance has built an extensive history of successful intervention at the Commission regarding fire safety issues, motivated by our previous experience with wildfire in our area.³ We were the first intervenors to bring the issue of wildfire and powerlines to the Commission as part of SDG&E’s Sunrise Powerlink application (A.06-08-010). In the aftermath of the 2007 wildfires MGRA contributed to other Commission proceedings to improve wildfire safety for electrical utilities, proceedings in which Pacific Gas and Electric Company was a participant, including the safety rulemaking R.08-11-005 (and its successor R.15-05-006), the risk-based safety proceedings (S-MAP) R.13-11-006 and A.15-05-002-5. The Alliance is presently involved in the rulemaking regarding wildfire mitigation plans, R.18-10-007 and de-energization R.18-12-005.

The Alliance is new to this proceeding and we are not PG&E customers. However in our safety advocacy at the commissions we’ve had numerous interactions with PG&E and have found ourselves as their opponents on numerous issues. An example noted in our motion for party status

¹ I.15-08-019; ASSIGNED COMMISSIONER’S SCOPING MEMO AND RULING; December 21, 2018 (Scoping Memo).

² I.15-08-019; E-MAIL RULING GRANTING EXTENSION OF TIME; January 22, 2019.

³ In 2003, 2/3 of the homes in the Mussey Grade Road corridor were destroyed by the Cedar fire. In 2007, the Mussey Grade area was surrounded on three sides by the Witch fire, ignited by SDG&E equipment.

was our initiation of and advocacy for fire data collection, utility fire plans, and statewide utility fire hazard maps, all opposed by PG&E.⁴ Our interest in this proceeding is to ensure that whatever changes arise will result in a more safety-centric mindset for whatever organization or organizations that remain in the aftermath of the current tumult. To that end the Alliance intends to provide analysis through a “safety lens” to ensure that whatever proposals put forward will improve safety in a clear and tangible manner. Having the largest utility in the state (or its successors) driving safety forward rather than dragging its heels will produce benefits for all Californians.

3. ISSUES

As a small community organization, MGRA doesn’t presume to suggest corporate governance or structure for the largest utility in the state. We do believe, though, that actions have consequences, and that utilities that have benefitted from guaranteed rates of return on their business should suffer the consequences if they fail to manage their infrastructure in the prudent manner required by law. We believe that this accountability should be clear and present for any organization, public or private, charged with providing safe and reliable service to Californians.

As per instructions in the Scoping Memo, we are providing our input in the suggested format,⁵ under the topic Other Proposals.

3.1. Other Proposals

The one question posed under this topic is “*What other measures should be taken to ensure PG&E satisfies its obligation to provide safe service?*”⁶ Since the Scoping Memo is also allowing the proposal of potential successor organizational structures to PG&E, we take it that this question would apply equally to a reorganized PG&E or its successors. We also note that the Scoping Memo permits parties to comment on scope and process recommendations,⁷ and the following section may also be considered a process recommendation.

⁴ D.12-01-032; pp. 45-55; pp. 128-135; pp. 135-150.

⁵ Scoping Memo; p. 13.

⁶ Id. p. 12.

⁷ Op. Cit.

As advocates for utility fire safety that have been deeply involved in Commission issues for the past twelve years we do have experience observing and interacting with utilities with regard to their safety cultures. Based on this experience, MGRA suggests that all proposed viable suggestions for corporate governance and structure be compared against each other and against the current PG&E structure using safety-specific criteria in order to evaluate the advantages / disadvantages faced by each proposal.

We propose below a non-exhaustive list and would urge the Commission to adopt this approach and expand upon it with its own criteria and criteria proposed by other parties. In the following questions/criteria the phrase “new organization” may mean a reorganized or improved PG&E or any successor organizations that may take its place. Our initial proposal for this list of comparison questions and criteria would be:

- How will the new organization prioritize safety initiatives compared with the current prioritization used by PG&E?
- PG&E has just issued its proposed Wildfire Mitigation Plan for 2019.⁸ What changes or improvements would the new organization make to this plan?
- How will the new organization deal with the backlog of aging infrastructure compared to how it is currently managed?
- With regard to safety-related proceedings now underway at the Commission, how would the new organization change the positions currently taken by PG&E in these proceedings?
- What new state-wide safety initiatives if any would the new organization initiate at the CPUC?
- What mechanisms will the new organization employ to ensure that ratepayers have visibility into how safety spending affects rates?
- What mechanisms will the new organization employ to get public input into safety decisions that affect public quality of life in potentially conflicting ways? For example, how to balance power shut-off thresholds, aggressive vegetation

⁸ R.18-10-007; PACIFIC GAS AND ELECTRIC COMPANY’S WILDFIRE MITIGATION PLAN; February 6, 2019.

management, and spending on expensive infrastructure hardening such as undergrounding or tree-wire?

- If a disaster occurs due to imprudent management on the part of the new organization, what mechanisms will be in place to hold the organization itself and responsible officers accountable, and how does this differ from those in place under the current PG&E structure?
- If a utility-related disaster occurs and residents are harmed, what mechanisms will be in place to make affected residents whole, and how does this differ from avenues available to utility disaster victims under the current PG&E structure?
- What mechanisms will the structure surrounding the new organization have in place to ensure that ratepayers are not harmed by excessive rate increases in the case of utility-related disaster, and how do these differ from any in place today for PG&E?
- What exposure to the 2017 and 2018 fire losses would ratepayers have with the new organizational structure, compared to what exposure they have today?
- How would the proposed reorganization affect the ability of residents impacted by the 2017 and 2018 fires to recover their losses?
- In summary, what are the key elements that would make the new organization better able to provide affordable, safe and reliable service than the current PG&E organization?

4. CONCLUSION

The Mussey Grade Road Alliance supports the Commission's efforts to provide "[c]ontinuous, safe, and reliable gas and electric service at just and reasonable rates"⁹ to all citizens of California. To that end we offer our proposal to help ensure that PG&E's reorganization is conducted with a safety-centric approach in the belief that this will benefit all Californians and not just PG&E customers.

⁹ Scoping Memo; p. 1.

Respectfully submitted this 13th day of February, 2019,

By: /S/ ***Diane Conklin***_____

Diane Conklin
Spokesperson
Mussey Grade Road Alliance
P.O. Box 683
Ramona, CA 92065
(760) 787 – 0794 T
dj0conklin@earthlink.net