FILED
02/13/19
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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)

COMMENTS OF ENGINEERS AND SCIENTISTS OF CALIFORNIA ON SCOPING MEMO

GOODIN, MACBRIDE,
SQUERI & DAY, LLP
Brian T. Cragg
505 Sansome Street, Suite 900
San Francisco, California 94111
Telephone: (415) 392-7900
Facsimile: (415) 398-4321
Email: bcragg@goodinmacbride.com

Attorneys for Engineers and Scientists of California, Local 20

Dated: February 13, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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)

COMMENTS OF ENGINEERS AND SCIENTISTS OF CALIFORNIA ON SCOPING MEMO

In response to the invitation extended in the *Assigned Commissioner's Scoping Memo and Ruling,* dated December 21, 2018 (Scoping Memo), the Engineers and Scientists of California, Local 20, International Federation of Professional & Technical Engineers, AFL-CIO & CLC (ESC or ESC Local 20) offer these comments on the questions and topics presented in the Scoping Memo.[1]

ESC is a progressive labor union organizing and representing men and women in professional, technical, administrative, and associated occupations in the San Francisco Bay Area and throughout Northern California. ESC represents approximately 3,700 technical and professional employees at Pacific Gas and Electric Company (PG&E). ESC and its members are deeply interested in PG&E's ability and obligation to provide safe, adequate, and reliable service to the customers and communities it serves and to provide a safe working environment for its employees.

[1] The deadline for submitting comments was extended by the January 24, 2019, ruling of Administrative Law Judge Peter Allen.

ESC's comments follow the basic structure and sequence set forth in the Scoping Memo, but ESC will not comment on every topic or question.

1. Corporate Governance

ESC Local 20 strongly believes that individuals with significant expertise in engineering and utility system safety need to be in positions of ultimate authority at PG&E, including the Board of Directors.

As a general principle, as the union for the technical experts who are dedicated to the safe and efficient operation of the utility, ESC Local 20 supports additional oversight by the Commission to ensure that qualified experts on safety issues are part of all decision-making by PG&E.

2. Corporate Management -- Officers and Senior Leadership

As noted above, ESC Local 20 strongly believes that individuals with significant expertise in engineering and system safety need to be in positions of ultimate authority at PG&E. This should of course include officers and senior leadership.

In the past, PG&E has prioritized utility engineering expertise above general business knowledge. There have been positions such as "Chief Engineer," where the incumbent served as an important check on utility processes. The utility is a highly complicated enterprise, and it is critical to have top management positions filled by individuals who are trained in engineering principles and ethics.

Compensation for non-officer executives should be structured so that these decision-makers focus on safe operations and strict compliance with utility and Commission standards.

3. Corporate Structure

a. PG&E Should Not Be Broken Up

ESC Local 20 at present does not see how the separation of PG&E's gas and electric distribution and transmission divisions would serve the goal of safe, reliable, and affordable utility service. The same is true for proposals to look at dividing PG&E based on regional distinctions.

In addition to increased cost associated with duplicating non-utility company functions (*e.g.,* IT, billing, fleet, land, payroll), separating into different companies would cause enormous strain and uncertainty for PG&E's employees. The impact could include a large number of retirements, which would not only lead to a decline in the total workforce size and ability to do important work, but a loss of the most experienced workers at a time when PG&E is already understaffed and trying to hire and train new employees. Loss of lead and experienced workers makes it much harder to onboard and train new hires, and critical opportunities for the transfer of knowledge are lost.

Another impact of a separation could be that employees try to change jobs, not because they have the best skills or knowledge to perform the new job, but because they think the new job will have better benefits. Employees from Gas Operations are already asking their union representatives if they should switch from Gas to Electric in order to keep accruing pension benefits and to maintain perceived employment security. PG&E is an employer with

longstanding collective bargaining agreements that provide secure career paths to talented engineers and technical professionals. If there is even greater uncertainty about who the employer may be in the future, it is unclear that such technical talent will choose to continue to work in the utility industry, and may instead pursue other opportunities in technical fields. PG&E's service territory is already full of opportunities for engineers, designers, project managers, and other skilled professionals, and it is hard to compete for talent. One of PG&E's greatest assets in hiring is the stability of the jobs it offers—a drastic change to the Company will damage that asset, making it harder for the Company (or Companies) to attract well-qualified professionals.

Furthermore, there are current efficiencies for customers that come from PG&E being a two-commodity utility. This is true in areas such as Billing, Customer Service, and Fleet Service, which are not ESC-represented, as well as in areas where our union has a presence, including Land Rights, Environmental Management and SmartMeter Operations, to name a few.

For example, PG&E's SmartMeter network currently manages data from both electric and gas meters over the same IT network. If the Company is split in two, one Company will not have access to that network—or might have to be in the awkward position of leasing "access" from the other company, which would control the standards and backbone of the network, constraining the leasing company's choice of meters. Eventually the meters might not be able to communicate, and there would need to be a duplication of SmartMeter Networks—a large cost which would likely be borne by ratepayers. This is only one hypothetical example of the effects of separation on shared infrastructure.

PG&E's Land Department is another case where we can see that a split into two companies would be disadvantageous. If PG&E were separated, its franchises and rights-of-way

would have to be legally duplicated. In addition, the staff responsible for tracking, acquiring, amending and implementing its land rights would have to be divided, which would cause a loss of expertise and knowledge.

b. Increase Employee Input for Safety Concerns

ESC Local 20 is fully supportive of the idea that the Commission should form a standing working group with the union leadership of PG&E to identify the safety concerns of PG&E staff. As the representative of over 3,700 technical professionals in more than 200 classifications, our members are intimately familiar with the safety practices of PG&E, and are uniquely positioned to share information about the effectiveness of PG&E's safety practices.

ESC Local 20 also strongly believes that PG&E must re-orient its management practices to allow for significantly more input from rank-and-file engineers and other technical professionals. Management decisions always need to reflect the expert guidance that can be offered by utility professionals.

4. Publicly Owned Utility, Cooperative, Community Choice Aggregation or Other Models

No comment.

5. Return on Equity

No comment.

6. Other Proposals.

a. Consultation with Professional Workforce

It is imperative for PG&E management to consult more actively with the experienced engineers and technical professionals who do the day-to-day work of running the system. Their knowledge is necessary to solving the significant immediate public safety issues that confront PG&E, for example, in the determination of a wildfire safety plan that protects the public and is sensitive to the different elements of the utility system.

b. Proper Staffing for Technical and Professional Employees, Reduce Reliance on Outside Engineering Contractors

It is also critical that engineers and other technical professionals are employed in sufficient numbers to monitor compliance and ensure safe operation on a daily basis. PG&E in recent years has been attempting to downsize the numbers of technical professionals in its direct employ, and often has hired contractors to do engineering, design, and even mapping work. This outsourcing can present safety challenges because contractors often do not have the same motivations as in-house employees. Also many portions of PG&E's system are unique and are distinct from each other. Adequate in house engineering resources are essential to ensure that the system can be developed, maintained, and operated in a safe and efficient manner.

PG&E's staff of engineering professionals are very committed to ensuring that PG&E follows the Commission's rules. Our experience when checking the work of contractors, especially those who work in other states as well as California, is that they do not know California's regulations or PG&E's unique standards, and therefore they rely on PG&E to check and correct their work. PG&E has attempted to mitigate this problem by training employees of contract firms, but this seems like a poor solution, since those employees can be reassigned by their firm to work for other customers. They do not have a long-term commitment to PG&E and its work. There is also a real problem in that contractors have a financial incentive to prioritize

cost and speed over safety and quality. It is difficult to achieve PG&E's desire to become a safer company and fundamentally change its culture when outsourcing to firms in other states and even other countries, whose employees are not part of PG&E's culture and who may never see PG&E's employees face to face. Building a safety culture means investing in the company's own workforce, reducing turnover, and increasing training—not outsourcing.

c. Reduce Construction without Engineering

Another main point of concern for ESC is PG&E's effort to reduce cost by increasing construction without designs. Over the past few years, ESC has seen many attempts by PG&E to streamline work processes by reducing the amount of engineering and design prior to construction. Sometimes this reduction may be coming from a sincere but short-sighted desire that "doing more work faster" will make PG&E's facilities safer. It is true that PG&E has many assets that need to be replaced, repaired or upgraded, and that if the Company, for instance, can replace 200 poles per year instead of 100, that would be a good thing, all other things being equal. However, if the pole replacements are not done with the appropriate engineering before construction and record-keeping after, then the work will almost be wasted.

The key element in most plant maintenance work conducted by PGE is the job package, meaning the documents given to the construction crew instructing them how to do the work: the location of the job, what facilities to repair or replace, and what to install. It also includes all the financial information needed for PG&E's accounting. Importantly, the construction crew doing the job does an "as-built" markup of the job package to reflect what was actually built, and this becomes PG&E's official record of its facilities.

PG&E has made many efforts to reduce the need for job packages and to send construction crews into the field with as little information and preparation as necessary. PG&E has also been trying to reduce the time that employees such as Engineering Estimators (the employees who produce most job packages for gas and electric distribution jobs) spend on producing job packages—urging them not to make field visits to job sites, to use "Google Earth" or other unreliable tools to gather information about field conditions, including requisite site-specific measurements and other shortcuts from proper engineering.

Not every construction job needs a full engineering design. For instance, replacing a cracked insulator can be very simple and does not require a design sketch. But PG&E has been trying to push the types of jobs done without designs into many more areas where problems do occur, such as pole replacements, transformer replacements, and anchor replacements.

Overhead pole line anchor replacements are a good example. Although replacing an anchor might seem fairly basic, this replacement actually demonstrates the need for proper engineering review. PG&E has detailed standards for pole, guy, and anchor loading and how to brace poles with anchors to ensure that the pole maintains the required safety factors as defined by the Commission. If the pole fails, it could start a fire or cause other safety risks. The designer must consider questions such as: why did the anchor fail? Can it be moved to another location, or will that cause the pole to be overloaded? Is the pole overloaded to begin with? Does PG&E have the necessary land rights to put an anchor in a new location? In most cases, a trained professional must make a calculation—and record that calculation—when putting together a job package for a construction crew. This is the type of work that optimizes the work PG&E needs to do and that PG&E often tries to cut out of its work processes.

ESC sees this as a cultural problem which leads to outcomes that do not optimize safety. This avoidance of engineering tasks increases the chances that PG&E's records will not accurately reflect what was built in the field or that the design itself is not in compliance with safety standards. A renewed commitment to engineering review and proper design and oversight is critical to achieving a culture of safety at PG&E.

Respectfully submitted February 13, 2019 at San Francisco, California.

GOODIN, MACBRIDE,
SQUERI & DAY, LLP
Brian T. Cragg
505 Sansome Street, Suite 900
San Francisco, California 94111
Telephone: (415) 392-7900
Facsimile: (415) 398-4321
Email: bcragg@goodinmacbride.com

By */s/ Brian T. Cragg*
Brian T. Cragg

Attorneys for Engineers and Scientists of California, Local 20

3362/004/X205898.v1