

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 (PG&E) and PG&E  
Corporation's Organizational Culture and  
Governance Prioritize Safety.

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

**REPLY COMMENTS OF THE PUBLIC ADVOCATES OFFICE  
ON THE ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

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February 28, 2019

## **I. INTRODUCTION**

Pursuant to the December 21, 2018 *Assigned Commissioner's Scoping Memo and Ruling* ("Phase 2 Scoping Memo"), the Public Advocates Office at the California Public Utilities Commission ("Public Advocates Office") submits its reply comments on this order instituting investigation to determine whether Pacific Gas and Electric Company (PG&E) and PG&E's organizational culture and governance prioritize safety.

The Phase 2 Scoping Memo directed parties to provide preliminary comments addressing PG&E's organizational culture and governance, as well as alternatives to PG&E's current structure as a gas and electric utility. Preliminary comments were submitted by numerous entities.<sup>1</sup>

On January 15, 2019, Administrative Law Judge Peter Allen granted parties an extension and directed parties to submit opening comments on February 13, 2019 and reply comments on February 28, 2019.

## **II. RECOMMENDATIONS**

The large number of issues presented in the Phase 2 Scoping Memo and the diversity of parties with varied interests responding to these issues, make comprehensive reply comments more challenging than in typical proceedings. Parties' opening comments presented a wide range of proposals. On the topic of reorganization,<sup>2</sup> for instance, there is no consensus on whether and how reorganization would achieve safety. On one hand, South San Joaquin Irrigation District (SSJID) and the City and County of San Francisco (CCSF) state that reorganization would streamline the ability of PG&E to

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<sup>1</sup> Comments were filed by the Public Advocates Office; Joint CCA's (East Bay Community Energy, Peninsula Clean Energy Authority, Pioneer Community Energy, the City of San José on behalf of San José Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy Alliance); Marin Clean Energy; and Monterey Bay Community Power; South San Joaquin Irrigation District and the California Municipal Utilities Association; the Engineers & Scientists of California; Coalition of California Utility Employees; the Office of the Safety Advocate; the EMF Safety Network; NextEra Energy Resources LLC; Shell North America; the Mussey Grade Road Alliance; Center for Climate Protection; California Farm Bureau; American Public Power Association; The Utility Reform Network; the Center for Energy Efficiency and Renewable Technologies; the City and County of San Francisco; and PG&E.

<sup>2</sup> See Phase 2 Scoping Memo pp. 11: Corporate Structure. Hereinafter, "reorganization".

react to safety issues.<sup>3</sup> On the other hand, Marin Clean Energy (MCE) states that reorganization would increase regulatory complexity.<sup>4</sup> At the same time, the California Farm Bureau and PG&E raise altogether different concerns about reorganization. The California Farm Bureau and PG&E recommend how to split up inter-region transmission networks, question whether reorganization would increase rates, and maintain that reorganization may leave the areas with the greatest wildfire risk with the least manpower to deal with the risk.<sup>5</sup>

In addition, the proceeding is further complicated by multiple and conflicting views on yet unanswered questions about the post-bankruptcy structure of PG&E or the entity that replaces it. Any attempt to address the issues presented in the Scoping Memo that does not take into account the diverse viewpoints and range of potentialities, does so at the risk of prejudging the outcome of other proceedings and may lack relevance to the resulting post-bankruptcy entity.

The Public Advocates Office recommends the Commission set forth an organized and systematic approach to evaluating all the proposals and options. The Commission should hold a series of workshops that address the various topics in the scoping memo, such as corporate governance, corporate structure, the reconstitution as a publicly owned utility approach, etc. Proposals for each topic should be analyzed regarding the ways in which they do and do not promote safety, and other key goals. This will allow for an efficient presentation and discussion of the issues and more contemporaneous feedback by the parties regarding the benefits and disadvantages of the proposals submitted in preliminary opening comments. A workshop to address the topics may need multiple days to allow sufficient time for the presentation and discussion of specific issues. Workshops should be grouped by the high-level categories presented in the Phase 2 Scoping Memo.<sup>6</sup>

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<sup>3</sup> SSJID Opening Comments pp. 2-3; CCSF Opening Comments p. 12.

<sup>4</sup> MCE Opening Comments p. 6.

<sup>5</sup> California Farm Bureau Opening Comments p. 3; PG&E Opening Comments pp. 22-24.

<sup>6</sup> See Phase 2 Scoping Memo pp. 9-12: Corporate Governance; Corporate Management; Corporate

Additionally, the Commission should direct its staff to provide white papers that address specific topics and provide in-depth analyses, future forecasts of the outcomes, and references to party positions on the topics, after the workshops. Parties should then be given the opportunity to comment on the white papers. This will aid in the proper assessment of the proposals and help the Commission build a complete record in order to ensure that PG&E (or its successors) moves towards increased safety.

### **III. CONCLUSION**

The Public Advocates Office requests that the Commission establish workshops and direct staff to prepare white papers on the topics in the Phase 2 Scoping Memo in order to ensure that PG&E and/or its successors moves towards increased safety.

Respectfully submitted,

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Structure; Publicly Owned Utility, Cooperative, Community Choice Aggregation, or Other Models; and Return on Equity.