



**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)	Investigation 15-08-019
PG&E Corporation's Organizational)	(Filed August 27, 2015)
Culture and Governance Prioritize Safety.)	
_____)	

**OPENING COMMENTS OF
THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION**

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Dated: February 13, 2019

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the *Assigned Commissioner's Scoping Memo and Ruling* ("Scoping Memo"), filed December 21, 2018, the California Municipal Utilities Association ("CMUA") respectfully submits these comments. These comments are being submitted on February 13, 2019, pursuant to the extension granted by Administrative Law Judge Allen on January 24, 2019, in accordance with Rule 11.6.

CMUA is a statewide organization of local public agencies in California that provide electricity and water service to California consumers. CMUA membership includes publicly-owned electric utilities ("POUs") that operate electric distribution and transmission systems. In total, CMUA members provide approximately 25 percent of the electric load in California. California's POUs are committed to, and have a strong track record of, providing safe, reliable, affordable and sustainable electric service.

I. RESPONSE TO THE SCOPING MEMO

On August 27, 2015, the Commission issued *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* ("OII").¹ The Scoping

¹ Investigation 15-08-019.

Memo establishes the scope and schedule for the next phase of the OII. In order to address and mitigate future risk, the Scoping Memo includes various alternatives to current management and operational structure, including whether some or all of PG&E should be reconstituted as a POU or POUs.² In order to evaluate each proposal, the Scoping Memo presents various issues for consideration, including but not limited to, how the proposal impacts the safety and reliability of utility service; the utility's relationship with and role in local communities; the utility's ability to raise capital and purchase electricity, equipment and services; and the cost of utility service.³ In order to make a determination regarding the impact of restructuring of an investor-owned utility as a POU on the above mentioned considerations, CMUA encourages the Commission to consider the following questions:

- What is the effect of utility governance by residents of the local community?
- What is the impact on customers of transparency fostered by regular public interaction with utility management and governing boards?
- What is the effect of the voting relationship between customers and the governing board?
- Is utility management more accountable because it works for a governing board elected by the customers?
- How would members of the governing board be selected; direct election by voters or appointment by local, regional or state elected officials?
- What are the various forms of ownership and governance of POUs and what are the benefits and drawbacks of how each would serve the public? Alternative POU governance structures include a city department reporting to the city manager or directly to a governing board, a public utility district or a municipal utility district.
- What business and governance models in other places might serve as examples, such as the New York Power Authority, Long Island Power Authority, Salt River Project and Nebraska Public Power District?
- What are the benefits and drawbacks of having one large POU vs. separating into several smaller entities?
- How would wildfire liability, strict liability or inverse condemnation be addressed under the governance and operation of a POU?

² Scoping Memo at 12. The Scoping Memo additionally seeks input on proposals related to Corporate Governance, Corporate Management, Corporate Structure, Return on Equity and Other Proposals. CMUA is providing input solely on the proposal regarding whether some or all of PG&E should be reconstituted as a POU.

³ *Id.* at 13.

CMUA and its members have considerable experience in the community owned utility space and stand ready to inform and help answer any questions the Commission may have in this regard.

II. CONCLUSION

CMUA appreciates the opportunity to submit these opening comments and looks forward to working with the Commission in this proceeding.

Dated: February 13, 2019

Respectfully submitted,

/s/ Frank Harris

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