



**FILED**

02/04/19  
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric  
Company for Authority, Among Other  
Things, to Increase Rates and Charges for  
Electric and Gas Service Effective on  
January 1, 2020. (U39M)

Application 18-12-009  
(Filed December 13, 2018)

**PREHEARING CONFERENCE STATEMENT OF THE  
OFFICE OF THE SAFETY ADVOCATE**

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February 4, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2020. (U39M)

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**PREHEARING CONFERENCE STATEMENT OF THE  
OFFICE OF THE SAFETY ADVOCATE**

**I. INTRODUCTION**

Pursuant to the Administrative Law Judges’ (ALJ) *Ruling Setting Prehearing Conference* (PHC) (Ruling),<sup>1</sup> the Office of the Safety Advocate (OSA) submits this PHC statement in response to the Pacific Gas and Electric Company’s (PG&E) Application for authority, among other things, to increase rates and charges for electric and gas services effective on January 1, 2020 (Application).

In its Test Year 2020 General Rate Case (GRC) application, PG&E seeks Commission authorization of gas and electric distribution and generation revenue requirement increases of \$1.058 billion for 2020, \$454 million for 2021, and \$486 million for 2022.<sup>2</sup>

**II. DISCUSSION**

OSA advocates for “effective public utility safety management and infrastructure infrastructure improvements and for the transparency of safety information, including, but not limited to, information relating to past performance.”<sup>3</sup> OSA also helps inform “the official

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<sup>1</sup> ALJs Ruling, p. 1.

<sup>2</sup> PG&E Application, p. 7.

<sup>3</sup> Cal. Pub. Util. Code § 309.8 (b)(1). All subsequent references to code sections are to the Public Utilities Code.

record on safety related risks in applicable Commission proceedings and assist[s] the Commission in its efforts to hold public utilities accountable for their safe operation.”<sup>4</sup>

Pursuant to its statutory mandate to advocate for safety, OSA is reviewing select requests in PG&E’s Application.

The ALJs’ Ruling stated that parties should provide a description of proposed issues and propose a procedural schedule.<sup>5</sup>

**A. The Commission should adopt a scope that allows it to consider how PG&E’s Application addresses safety for California consumers.**

This should include, among other things, issues described in OSA’s January 17 response to PG&E’s Application (See Attachment A).

Furthermore, the Commission should consider how PG&E’s Risk Assessment Mitigation Phase (RAMP) proceeding is used to develop its current proposed GRC mitigation programs. “The objective of the RAMP is to incorporate the risk assessment approach used by each of the energy utilities, as developed in the [safety model assessment proceeding] S-MAP, into the GRC process.”<sup>6</sup>

The Commission should also consider the effectiveness of PG&E’s past and proposed safety-related work. This should include consideration for how PG&E is evaluating the effectiveness of its mitigation programs.

The commission should consider how PG&E is applying safety management systems (“sms”) principles and incorporating best industry practices throughout its line of businesses. An SMS is the formal, top-down, organization-wide approach to managing safety risk and assuring the effectiveness of safety risk controls. Adoption of best practices is imperative for continued improvement of safety.

The Commission should also consider how PG&E has incorporated lessons learned from recent events in developing various rate case programs such as wildfire mitigation, over-pressure prevention, leak prevention, hydro-structure safety, and gas supply reliability. In doing so, it

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<sup>4</sup> Cal. Pub. Util. Code § 309.8 (b)(3).

<sup>5</sup> ALJs Ruling, p. 1.

<sup>6</sup> D.14-12-025, pp. 35-36.

should consider how investments requested in the GRC Application address safety risks in these programs.

On January 29, 2019, PG&E filed for bankruptcy protection under Chapter 11.<sup>7</sup> Although PG&E expressed its continuous commitment to providing safe and reliable service to its customers,<sup>8</sup> the Commission should consider how safety related investments or divestitures may be impacted by PG&E's reorganization plan.

**B. The Commission should adopt a schedule that allows parties and the public sufficient time to participate in the proceeding.**

The Commission should adopt a schedule that allows time for evidentiary hearings and public participation hearings. Additionally, the Commission should also allow for sufficient time for parties to conduct discovery on the many complex issues raised in the Application.

### **III. CONCLUSION**

The Commission should establish a schedule that will allow all parties to conduct a detailed review of the Application and allow for evidentiary and public participation hearings.

Respectfully submitted,

/s/ CHRIS CLAY

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February 4, 2018

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<sup>7</sup> <https://www.pgecurrents.com/2019/01/29/pge-files-for-reorganization-under-chapter-11>.

<sup>8</sup> *Ibid.*

# ATTACHMENT

BEFORE THE PUBLIC UTILITIES COMMISSION  
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Application of Pacific Gas and Electric  
Company (U 39 M) for Authority, Among  
Other Things, to Increase Rates and Charges  
for Electric and Gas Service Effective on  
January 1, 2020.

A.18-12-009

**RESPONSE OF THE OFFICE OF THE SAFETY ADOVCATE**

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January 17, 2019

## **I. INTRODUCTION**

Pursuant to Rule 2.6 of the Commission's (Commission) Rules of Practice and Procedure, the Office of the Safety Advocate (OSA) submits this Response to Pacific Gas and Electric Company's (PG&E) Test Year 2020 General Rate Case Application (Application).

OSA advocates for "effective public utility safety management and infrastructure improvements and for the transparency of safety information, including, but not limited to, information relating to past performance."<sup>1</sup> OSA also helps inform "the official record on safety related risks in applicable Commission proceedings and assist[s] the Commission in its efforts to hold public utilities accountable for their safe operation."<sup>2</sup> Pursuant to its statutory mandate to advocate for safety, OSA is reviewing select requests in PG&E's Application to determine how they will impact PG&E's ability to continually and effectively promote safety.<sup>3</sup>

## **II. DISCUSSION**

OSA has not completed its review of the Application but nevertheless requests party status. OSA intends to actively participate in this proceeding, conducting discovery, submitting testimony, and briefing issues consistent with OSA's statutory mandate.

Based upon its initial review, the issues that OSA may investigate in this proceeding include, but are not limited to:

1. How does PG&E incorporate lessons learned in development of its rate case programs, such as the 2017 and 2018 Wildfires, the 2018 Merrimack Valley gas explosions, the Lake Oroville Dam Spillway Failure, and the Discovery Bay Gas Shortage?

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<sup>1</sup> Cal. Pub. Util. Code §309.8 (b)(1). All subsequent references to code sections are to the Public Utilities Code.

<sup>2</sup> Cal. Pub. Util. Code §309.8 (b)(3).

<sup>3</sup> Cal. Pub. Util. Code § 451, The Commission should authorize rates that will allow a utility to take actions "necessary to promote the safety, health, and convenience of its patrons, employees, and public."

2. How are PG&E's requests informed by its past safety performance?
3. How has PG&E used safety management system standards and best practices in developing its rate case programs to effectively manage safety?
4. How has PG&E evaluated the effectiveness of its previous mitigation programs and used that to develop its rate case programs?

### **III. CATEGORIZATION, PROPOSED SCHEDULE, NEED FOR HEARINGS**

OSA agrees with PG&E that the Commission should categorize this proceeding as ratesetting.<sup>4</sup> OSA also agrees with the schedule proposed by PG&E and that hearings will likely be requested in this proceeding.

### **IV. CONCLUSION**

OSA intends to analyze and conduct discovery on safety issues raised in PG&E's Application and to develop recommendations. The Commission should establish a schedule that will allow all parties to conduct a thorough review of the Application and accommodate hearings, if necessary.

Respectfully submitted,

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January 17, 2019

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<sup>4</sup> PG&E's Application, p. 13.