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

Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities.

Rulemaking 13-11-006  
(Filed November 14, 2013)

**ADMINISTRATIVE LAW JUDGE'S RULING NOTICING INITIAL WORKSHOP AND PREHEARING CONFERENCE**

**1. Summary**

On November 14, 2013, the Commission initiated the above-captioned Order Instituting Rulemaking (OIR). This OIR was initiated to "determine whether and how we should formalize rules to ensure the effective use of a risk-based decision-making framework to evaluate safety and reliability improvements presented in General Rate Case applications, develop necessary performance metrics and evaluation tools, and modify the Rate Case Plan (RCP) documentation requirements for the investor owned energy utilities." (OIR at 1.)

Today's ruling provides notice that an initial workshop will be held on March 19-21, 2014, to discuss the straw proposal, and possible changes to the RCP. In addition, this ruling provides notice that a Prehearing Conference will be held in this proceeding on Tuesday, April 29, 2014 at 10:00 a. m. to discuss the scope of issues in this proceeding, and the process to address the refined straw proposal report.

## 2. Background

This OIR was initiated on November 14, 2013. The end goal of this proceeding is to revise the RCP<sup>1</sup> “to better facilitate utility revenue requirement showings based on a risk-informed decision-making process that will lead to safe and reliable service levels that are in compliance with state and federal guidelines, rational, well-informed, and comparable to best industry practices.” (OIR at 7.)

As part of the process to determine what changes may have to be made to our regulatory practices, the utilities responded to data requests pertaining to how they use risk management tools to evaluate safety and reliability risks. In addition, the OIR invited interested persons to file comments on the issues and questions, raised in Sections 4.1 through 4.6 of the OIR.

Following the review of the data request responses and the comments, the OIR contemplates that a “straw proposal” will be developed to detail the “essentials of a risk-based decision-making framework, evaluation tools that need to be developed,” and how such a framework and tools can be incorporated into the RCP. (OIR at 13.) The straw proposal serves as a starting point to address the changes that the Commission plans to undertake in this OIR. Following the issuance of the straw proposal, the OIR contemplates that a “workshop will be scheduled to discuss the straw proposal and next steps to be taken.” (OIR at 13.)

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<sup>1</sup> The last major revisions to the Rate Case Plan occurred in Decision (D.) 93-07-030 (50 CPUC2d 354) and D.89-01-040 (30 CPUC2d 576). (See also, D.09-07-033 and D.07-07-004.)

### **3. Workshop and Prehearing Conference**

The straw proposal was served on the service list to this proceeding on February 20, 2014. The straw proposal incorporates the data request responses and the comments, and sets forth proposals as to how a risk-based decision-making framework, and evaluation tools, can be incorporated into the RCP. Since the straw proposal sets forth a proposed course of action, a three-day workshop will be held on March 19-21, 2014 to discuss the straw proposal. The workshop will run from 9:30 a. m. to 4:00 p. m. each day. The first two days of the workshop will discuss the risk management framework and tools that could be used. The last day of the workshop will discuss how the RCP could be modified to accommodate a risk management framework, or to streamline or modify the RCP.

Accordingly, notice is hereby provided that a three-day workshop will be held in the Auditorium of the California Public Utilities Commission beginning on March 19, 2014 at 9:30 a. m. The workshop will be led by the Commission's Policy and Planning Division. The workshop will not be reported by the Commission's court reporters. For further information about the workshop, send an e-mail to [Marzia.Zafar@cpuc.ca.gov](mailto:Marzia.Zafar@cpuc.ca.gov).

Following the workshop, the straw proposal will be further refined based on the feedback at the workshop. The refined straw proposal will then be issued around April 17, 2014. Interested parties may then file and serve opening and reply comments on the refined straw proposal. The opening comments on the refined straw proposal shall be filed with the Docket Office, and served on or before May 12, 2014. The reply comments on the refined straw proposal shall be filed and served no later than May 30, 2014.

