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

In the Matter of the Application of Pacific Gas  
and Electric Company for Review of its Safety  
Models and Approaches

A.15-05-\_\_\_\_  
(Filed May 1, 2015)

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**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
SAFETY MODEL ASSESSMENT PROCEEDING  
APPLICATION**

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Dated: May 1, 2015

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**I. INTRODUCTION**

By this Application, Pacific Gas and Electric Company (PG&E) hereby requests that the California Public Utilities Commission (Commission or CPUC) review its risk and safety models and assessment procedures. This Application is submitted pursuant to Commission Decision (D.) 14-12-025, which established this Safety Model Assessment Proceeding (S-MAP).<sup>1/</sup>

In accordance with Decision 14-12-025, PG&E's Application describes how PG&E "assesses the risks to safety associated with its system and services, and the tools or activities that [PG&E] plans to use to manage, mitigate, and minimize such risks."<sup>2/</sup> Specifically, in this Application and accompanying testimony, PG&E describes the companywide models that it uses to assess and prioritize risk: PG&E's Risk Evaluation Tool and Risk Informed Budget Allocation process. PG&E also explains how these and other tools are used by PG&E's electric, nuclear and gas operations to manage and mitigate risk.<sup>3/</sup>

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<sup>1/</sup> D.14-12-025, *mimeo*, p. 55 (Ordering Paragraph (OP) 5).

<sup>2/</sup> D.14-12-025, *mimeo*, p. 29.

<sup>3/</sup> The tools described in the testimony accompanying this Application for nuclear operations are subject to the jurisdiction of the Nuclear Regulatory Commission and are provided here for informational purposes.

## **II. SUMMARY OF PG&E'S S-MAP SUBMITTAL**

This S-MAP arises as a result of the Commission's "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."<sup>4/</sup> PG&E supports the Commission's efforts in this area.

In PG&E's 2014 General Rate Case, the Commission's Safety and Enforcement Division (SED) hired consultants (i.e., Cycla Corporation and the Liberty Consulting Group) to review the technical aspects of PG&E's electric, gas and energy supply forecast. As part of that process, the consultants discussed the promise of a greater emphasis on risk in ratemaking proceedings. At a public workshop discussing their findings, the Liberty representatives applauded California for its leadership in the area of risk and highlighted the role that utilities like PG&E can play in moving the industry forward. PG&E welcomes the State's continuing leadership, embodied by this S-MAP. Similarly, PG&E welcomes the opportunity to share its own practices and experiences to help move the industry forward.

In this S-MAP, PG&E provides detailed testimony on its Risk Evaluation Tool (RET) used to evaluate and assess risks. This testimony describes not only the tool, but also the people and processes that govern its use. Similarly, PG&E describes in detail its Risk Informed Budget Allocation (RIBA) model and procedures. These are used to prioritize mitigation measures by their risk scores. PG&E also offers testimony on how the RET, RIBA and other tools are used by risk managers in our electric, nuclear and gas operations. Finally, in order to facilitate a better dialogue in this developing area, PG&E has worked with the other major energy utilities to develop a common lexicon for key risk terms.

The prepared testimony that accompanies the Application is organized as follows:

Chapter 1 – Overview and Summary

Chapter 2 – Companywide Models and Approaches for Assessing Risk

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<sup>4/</sup> Rulemaking 13-11-006 (filed November 14, 2013).

Chapter 3 – Companywide Models and Approaches to Risk Informed Budget Allocation

Chapter 4 – Electric Operations and Nuclear Power Generation

Chapter 5 – Gas Operations

Chapter 6 – Risk Lexicon

Appendix – Statement of Qualifications

### **III. SUMMARY OF RELIEF AND AUTHORITY SOUGHT**

The Commission’s Refined Straw Proposal, which supports Decision 14-12-025, explained that “the initial S-MAP [would] serve primarily an informational and education function – acquainting parties with the utilities’ models – and provide utilities an opportunity to hear reactions from Commission staff and parties and modify their models as they deem appropriate in response to Staff/parties’ concerns and recommendations.”<sup>5/</sup> In this light, PG&E seeks limited relief.

PG&E requests that the Commission:

- approve the risk lexicon jointly put forward by the major energy utilities;
- provide guidance on the expected content of the next S-MAP if one is deemed necessary; and
- grant such additional relief as the Commission may deem proper.

### **IV. STATUTORY AND PROCEDURAL REQUIREMENTS**

#### **A. Statutory Authority**

This Application is filed pursuant to Decision 14-12-025 and Section 451 of the Public Utilities Code.

#### **B. Categorization - Rule 2.1. (c)**

PG&E proposes that this Application be categorized as a “quasi-legislative” proceeding.

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<sup>5/</sup> D.14-12-025, *mimeo*, p. 22-23.

**C. Need for Hearing - Rule 2.1(c)**

PG&E anticipates that evidentiary hearings will not be needed. The technical matters to be addressed in this proceeding are best explored through workshops that could allow for media presentations and live demonstrations of computer models. PG&E proposes the following workshops, in this order:

- Risk Lexicon,
- Benchmarking of Utility Risk Processes,
- Presentation of Utility Risk Models,
- Data Issues (e.g., qualitative vs. quantitative, predictive vs. lagging) and
- Possible Areas for Common Standards.

To accommodate those that need to travel, PG&E proposes successive days of workshops to address these issues. As shown in subsection E. below, PG&E proposes the first series of workshops to be held in late July, with additional workshops in August as necessary.<sup>6/</sup>

**D. Issues to be Considered - Rule 2.1(c)**

As explained above, PG&E understands the primary purpose of this proceeding to be informational and educational, namely to acquaint parties with the utilities' models.<sup>7/</sup> In addition to acquainting parties with PG&E's models and receiving input on such models, the issues to be considered in this Application are:

1. Whether to develop a risk lexicon based upon that jointly put forward by the major energy utilities; and
2. Whether to conduct a subsequent S-MAP and, if so, what content should be provided in such a proceeding.

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<sup>6/</sup> PG&E would be amenable to workshops commencing in June if the Commission is able to conduct the prehearing conference in time to allow for earlier workshops.

<sup>7/</sup> D.14-12-025, *mimeo*, p. 22-23.

**E. Proposed Schedule – Rule 2.1(c)**

File Application	May 1, 2015
Protests Due	June 1, 2015
Reply to Protests	June 11, 2015
Prehearing Conference	By June 30, 2015
Scoping Memo	By July 10, 2015
Workshops	
• First series	(Last week in July 2015)
• Second series (if necessary)	(August 2015)
Intervenor Testimony	By September 28, 2015
Rebuttal Testimony	By October 28, 2015
Evidentiary Hearings	N/A
Opening Briefs	December 15, 2015
Reply Briefs	January 15, 2016
Proposed Decision	March 1, 2016
Decision	April 2016

**F. Legal Name and Principal Place of Business – Rule 2.1(a)**

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E's principal place of business is San Francisco, California. Its post office address is Post Office Box 7442, San Francisco, California 94120.

**G. Correspondence and Communication Regarding This Application - Rule 2.1(b)**

All correspondence and communications regarding this Application should be addressed to Steven W. Frank and Shelly J. Sharp at the addresses listed below:

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**H. Articles of Incorporation – Rule 2.2**

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Restated Articles of Incorporation, effective April 12, 2004, is on record before the Commission in connection with PG&E's Application 04-05-005, filed with the Commission on May 3, 2004. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's Rules.

**I. Statement of Readiness**

PG&E is ready to proceed with this case based on the Application and the prepared testimony accompanying the Application.

**J. Service**

Pending the establishment of a new service list for this new proceeding, PG&E will serve this Application on the parties to the service list for R.13-11-006.

**V. REQUEST FOR COMMISSION ORDERS**

PG&E requests that the Commission issue appropriate orders:

1. Developing a risk lexicon based upon that jointly put forward by the major energy



