PROPOSED DECISION

Agenda ID #15239 (Rev. 1)
10/27/2016 Item 15

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation Into the November 2016 Submission of San Diego Gas & Electric Company's Risk Assessment and Mitigation Phase.	I._____

ORDER INSTITUTING INVESTIGATION INTO THE RISK ASSESSMENT AND MITIGATION PHASE SUBMISSION OF SAN DIEGO GAS & ELECTRIC COMPANY

Summary

This Order Instituting Investigation (OII or Investigation) is being opened in accordance with the procedures adopted in Decision (D.) 14-12-025 and D.16-08-018 to review the Risk Assessment and Mitigation Phase (RAMP) submission of San Diego Gas & Electric Company (SDG&E). On September 1, 2016, SDG&E requested in a letter to the Commission's Executive Director that this OII be initiated.

Under the procedures adopted in D.14-12-025 and D.16-08-018, SDG&E is required to file its RAMP submission in this OII. The Commission's Safety and Enforcement Division (SED) will evaluate SDG&E's RAMP submission in this OII for consistency and compliance with SDG&E's Safety Model Assessment Proceeding (S-MAP), and prepare a report. The parties to this proceeding will then have an opportunity to comment on SDG&E's RAMP submission and on SED's report. The RAMP filing and comment process will then form the basis of SDG&E's assessment of its safety risks in its general rate case filing.

1. Background and Procedural History

In Decision (D.) 14-12-025, the Commission adopted a risk-based decision-making framework into the Rate Case Plan (RCP) for the energy utilities' General Rate Cases (GRCs). This risk-based decision-making framework was developed as a result of Senate Bill (SB) 705 (Statutes of 2011, Chapter 522), which declared in Public Utilities Code Section 963(b)(3):

> It is the policy of the state that the commission and each gas corporation place safety of the public and gas corporation employees as the top priority. The commission shall take all reasonable and appropriate actions necessary to carry out the safety priority policy of this paragraph consistent with the principle of just and reasonable cost-based rates.

In SB 900 (Statutes of 2014, Chapter 552), Public Utilities Code Section 750 was added which directed the Commission to "develop formal procedures to consider safety in a rate case application by an electrical corporation or gas corporation."

As a result of these directives, D.14-12-025 adopted a risk-based decision-making framework for the large energy utilities. This framework consists of the following:

> For the large energy utilities, this will take place through two new procedures, which feed into the GRC applications in which the utilities request funding for such safety-related activities. These two procedures are: (1) the filing of a Safety Model Assessment Proceeding (S-MAP) by each of the large energy utilities, which are to be consolidated; and (2) a subsequent Risk Assessment Mitigation Phase (RAMP) filing in an Order Instituting Investigation for the upcoming GRC wherein the large energy utility files its RAMP in the S-MAP reporting format describing how it plans to assess its risks, and to mitigate and minimize such risks. The RAMP submission, as clarified or modified in the RAMP proceeding, will then be incorporated into the large energy utility's GRC filing. (D.14-12-025, at 2-3.)

The S-MAP applications, and the format of the RAMP submissions were adjudicated in D.16-08-018. Among other things, D.16-08-018 adopted on an interim basis a multi-attribute approach, which potentially relies on utility equivalent features, to implement the use of probabilistic modeling to assess and manage risks.[1] In addition, D.16-08-018 adopted guidelines for what the RAMP submissions should include, as well as an evaluation method to evaluate the RAMP submissions.

In accordance with the procedure set forth in D.14-12-025, San Diego Gas & Electric Company's (SDG&E's) September 1, 2016 letter requests that the Commission initiate an Order Instituting Investigation (OII) in connection with SDG&E's upcoming Test Year 2019 GRC application, so that SDG&E has a proceeding in which it can submit its RAMP for filing.

2. Opening of OII

In accordance with the procedures adopted in D.14-12-025 and D.16-08-018, this OII is being opened as the proceeding in which SDG&E's RAMP submission can be filed in.

In this OII, we intend to carry out the procedures described in D.14-12-025 of having a forum in which to evaluate SDG&E's RAMP submission. This submission is to address the risk assessment approach that SDG&E plans to use in its upcoming Test Year 2019 GRC application. SDG&E's RAMP submission is to use the risk assessment methods and RAMP guidelines as directed in D.16-08-018.

[1] Due to the timing of D.16-08-018 and when an OII is needed for the RAMP submissions of SDG&E and Southern California Gas Company (SoCalGas), the Commission directed SDG&E and SoCalGas to file their RAMP submission "based on its current risk evaluation and risk-based decision making methodologies, and additional requirements as listed in the ten major components that shall be included in the RAMP filings." (D.16-08-018, at 196, Ordering Paragraph 9.)

As described in D.14-12-025 and D.16-08-018, we contemplate the following to occur in this OII: (1) SDG&E will file its RAMP submission in this OII by November 30, 2016; (2) a prehearing conference (PHC) in this OII will be held by December 15, 2016;[2] (3) by December 15, 2016, SDG&E and ~~SED~~the Commission's Safety and Enforcement Division (SED) will hold a public workshop on SDG&E's RAMP submission; (4) by February 28, 2017, SED will file and serve a staff report on SDG&E's RAMP submission; (5) by March 15, 2017, SED will hold a public workshop on SED's staff report; (6) by April 10, 2017, other parties may file and serve comments on SDG&E's RAMP submission, and on SED's staff report; (7) between April and May of 2017, additional workshops may be held on RAMP-related items if needed; (8) between May and August 2017, SDG&E incorporates RAMP results into its Test Year 2019 GRC filing; (9) by September 1, 2017, SDG&E files its Test Year 2019 GRC application and serves prepared testimony including changes resulting from the RAMP process; and (10) by October 31, 2017, a ~~prehearing conference~~PHC is to be held in SDG&E's Test Year 2019 GRC application, and a discussion or comments on whether this OII should be consolidated with the GRC proceeding will take place at that time or shortly thereafter.

As described in D.14-12-025, no decision will be issued in the OII. We anticipate that a decision closing out the OII will be issued as part of a decision issued in the consolidated proceedings of this OII and SDG&E's Test Year 2019 GRC proceeding.

[2] In anticipation of the holding of a ~~prehearing conference (~~PHC~~)~~, we will reserve December 15, 2016 at 10:00 a.m. at the Commission's hearing room in San Francisco for this purpose. This date will be confirmed by the assigned Administrative Law Judge (ALJ) once SDG&E files its RAMP submission.

3. Preliminary Scoping Memo

As required by Rule 7.1(d) of the Commission's Rules of Practice and Procedure,[3] today's OII includes a preliminary scope of the issues to be considered in this proceeding. These issues include, but are not limited to, an evaluation of SDG&E's assessment of its key safety risks and proposed mitigation of those risks for its upcoming GRC filing, and a review of SDG&E's RAMP submission for consistency and compliance with the S-MAP as described in D.16-08-018. This evaluation and review is to include a report by SED on SDG&E's RAMP submission, comments by the parties on SDG&E's RAMP submission and SED's report, and one or more workshops.

4. Categorization and *Ex Parte* Communications

Pursuant to Rule 7.1(d), we preliminarily determine the category of this rulemaking proceeding to be ratesetting as that term is defined in Rule 1.3(e).

At this time we do not anticipate holding evidentiary hearings. However, parties will have the opportunity to comment on the necessity for hearings in the context of this OII, and we may re-evaluate the need for hearings after parties have submitted comments.

Ex parte communications regarding the OII are subject to the *ex parte* rules set forth in Rules 8.1 to 8.5.

5. Schedule

The following is the schedule that we anticipate will be followed for this OII.

Date	Activity
October 27, 2016	OII for SDG&E's upcoming GRC initiated.
November 30, 2016	SDG&E to file its RAMP submission in the OII as

[3] All references to a "Rule" refer to the Commission's Rules of Practice and Procedure.

	required by D.14-12-025 and D.16-08-018.
December 15, 2016 at 10:00 a.m.	Prehearing conference to be held at the Commission's hearing room in San Francisco. Assigned ALJ to confirm date and time.
By December 15, 2016	SDG&E and SED to hold a public workshop on SDG&E's RAMP submission.
By February 28, 2017	SED to file and serve its staff report on SDG&E's RAMP submission.
By March 15, 2017	SED to hold a workshop on its staff report.
April 10, 2017	Parties to the OII to serve comments on SDG&E's RAMP submission, and on SED's staff report.
April/May, 2017	If needed, additional workshops to be held on RAMP-related items.
May to August, 2017	SDG&E incorporates RAMP results into its GRC filing.
September 1, 2017	SDG&E files its Test Year 2019 GRC application, and serves prepared testimony including changes resulting from the RAMP process.
Per Rule 2.6(a)	Protests and responses filed to SDG&E's GRC application.
By October 15, 2017	SDG&E holds public workshop on overall GRC application.
By October 31, 2017	Prehearing conference to be held in SDG&E GRC application, and to discuss whether this OII should be consolidated with the GRC application.
Per D.14-12-025 and D.16-08-018	Other actions being taken in accordance with schedule in D.14-12-025 and D.16-08-018.
September/October 2018	Proposed decision in SDG&E GRC proceeding and in OII.
In accordance with Verification schedule discussed in D.14-12-025.	Utility ~~filed~~files annual Risk Mitigation Accountability Report and Risk Spending Accountability Report.

Consistent with Public Utilities Code Section 1701.5 and Rule 6.2, we anticipate that the issues in this proceeding will be resolved within 18 months from the issuance of the scoping memo and ruling, or extended pursuant to Public Utilities Code Section 1701.5 due to the OII possibly being consolidated with SDG&E's GRC application.

6. Service of this Order and Service List for Proceeding

This OII shall be served on the service lists in the most recent GRC proceedings of SDG&E (Application (A.) 14-11-003) and Southern California Gas Company (A.14-11-004), in the proceeding that modified the RCP (Rulemaking 13-11-006), and in the consolidated proceedings addressing the S-MAP in Application (A.) 15-05-002, A.15-05-003, A.15-05-004, and A.15-05-005.

Since this OII has just been initiated, a new service list will be created for this proceeding. SDG&E shall be a respondent to this OII and shall be included on the service list. Within 20 days of the issuance of this rulemaking, SDG&E shall mail or e-mail the Commission's Process Office with a notice of their representative's contact information for the service list. The notice shall specify that it is a respondent to this OII, and shall contain the contact information for SDG&E's representative.

Any other interested person who desires to be placed on this service list as a party shall file a motion to become a party, and provide the information set forth in Rule 1.4. The assigned ALJ will then rule on whether the person should be allowed to become a party. Alternatively, the person may make an oral motion at the December 15, 2016 prehearing conferencePHC to become a party.

Those persons who do not want to be parties, and only want notice of the hearings, rulings, proposed decisions, and decisions, may send a written or e-mail request to the Process Office asking that they be added to the service list

for information only. Alternatively, one can sign up for e-mail notifications for the documents that are filed in this proceeding by using the Commission's subscription service at: http://subscribecpuc.cpuc.ca.gov/.

Those persons employed by the State of California who are interested in this proceeding may request to be added to the "state service" section of the service list by sending a written or e-mail request to the Process Office asking that they be added to the state service list for this proceeding.

The Process Office will then prepare and maintain the service list for this proceeding, and that service list will be posted on the Commission's web site at www.cpuc.ca.gov.

Any person interested in participating in this ruling, but is unfamiliar with the Commission's procedures, should contact the Commission's Public Advisor Office in San Francisco at (415) 703-2074, or toll free at (866) 849-8390.

Every person on the official service list with an e-mail address shall be served with copies of any pleadings by e-mail. There is no need to serve paper copies of pleadings on a person who has an e-mail address. However, if a person has not provided an e-mail address, then that person must be served with a paper copy of the pleading.

Unless notified to the contrary, both an electronic and paper copy of each pleading must be served on the assigned Commissioner and assigned ALJ pursuant to Rule 1.10(e).

7. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this OII shall file its notice of intent to claim intervenor compensation no later than 30 days after the PHC, or as otherwise directed by the ALJ. (*See* Rule 17.1.) Parties are encouraged to use the standardized form

attached to the Intervenor Compensation Program Guide, which may be found at: http://www.cpuc.ca.gov/PUC/IntervenorCompGuide/. Questions about the intervenor compensation program should be directed to the Commission's Public Advisor.

Therefore, **IT IS ORDERED** that:

1. Based on the September 1, 2016 request of San Diego Gas & Electric Company (SDG&E), and on the Commission's own motion in accordance with Decision (D.) 14-12-025 and D.16-08-018, an Order Instituting Investigation is being opened to address SDG&E's upcoming November 2016 filing of its Risk Assessment and Mitigation Phase submission.

2. San Diego Gas & Electric Company is made a Respondent to this Order Instituting Investigation.

3. The Commission's Process Office shall serve this Order Instituting Investigation on the Respondent, San Diego Gas & Electric Company.

4. San Diego Gas & Electric Company shall, within 20 days of the issuance of this Order Instituting Investigation, notify the Commission's Process Office of its representative's contact information (name, address, telephone number, and e-mail) for the service list.

5. The Commission's Process Office shall serve this Order Instituting Investigation on the following service lists: Application (A.) 14-11-003, A.14-11-004, Rulemaking 13-11-006, A.15-05-002, A.15-05-003, A.15-05-004, and A.15-05-005.

6. We direct all persons who wish to become a party in this proceeding to file a motion to become a party, or to make an oral motion at the prehearing conference, as described in this Order Instituting Investigation. Those persons who want to receive information about this proceeding but do not want to be

parties, may send a request to the Process Office asking that they be added as information only, or to sign up for e-mail notifications through the Commission's subscription service. Those persons employed by the State of California who are interested in this proceeding may send a request to the Process Office asking that they be added to the state service list.

7. As directed in Decision (D.) 14-12-025 and D.16-08-018, San Diego Gas & Electric Company shall file its Risk Assessment and Mitigation Phase submission in this proceeding by November 30, 2016.

8. Any person who plans to file an intervenor compensation claim for participation in this proceeding shall file a notice of intent to claim intervenor compensation no later than 30 days after the date of the prehearing conference, or as otherwise directed by the Administrative Law Judge.

9. *Ex parte* communications in this proceeding shall follow the *ex parte* rules set forth in Rules 8.1 to 8.5 of the Commission's Rules of Practice and Procedure.

This order is effective today.

Dated _____, at San Francisco, California.

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