



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 PG&E Corporation's Organizational
Culture and Governance Prioritize Safety.

Investigation 15-08-019
(Filed August 27, 2015)

(NOT CONSOLIDATED)

Order Instituting Investigation on the
Commission's Own Motion to Consider
the Ratemaking and Other Implications
of a Proposed Plan for Resolution of Voluntary
Case filed by Pacific Gas and Electric Company
Pursuant to Chapter 11 of the Bankruptcy Code,
in the United States Bankruptcy Court,
Northern District of California, San
Francisco Division, In re Pacific Gas and
Electric Corporation and Pacific Gas and
Electric Company, Case No. 19-30088

Investigation 19-09-016
(Filed September 26, 2019)

**COMMENTS OF THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON THE CASE STATUS OF I.15-08-019 (PG&E SAFETY CULTURE)**

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Comments on the Case Status of Investigation (I.) 15-08-019 (Pacific Gas and Electric Company (PG&E) Safety Culture). These Comments are filed and served pursuant to the Commission's Rules of Practice and Procedure and the Administrative Law Judge's (ALJ's) Ruling on Case Status issued in I.15-08-019 and I.19-09-016 (PG&E Reorganization) (not consolidated) on July 15, 2020 (July 15 ALJ's Ruling), and the Commission's Covid-19 Practitioner Alert.¹

¹ These Comments have been separately filed in I.15-08-019 and I.19-09-016 and served on the service lists in both proceedings today.

I. SUMMARY

The July 15 ALJ's Ruling poses options for party Comment on the issue of "the appropriate role and focus of [I.] 19-09-016 (PG&E Reorganization) and I.15-08-019 (PG&E Safety Culture)."² In proposing those options, the July 15 ALJ's Ruling makes the following observations: (1) while a Commission decision (D.20-05-053) was issued approving PG&E's Reorganization Plan (to exit its Bankruptcy proceeding) "with conditions and modifications," which was subsequently approved by the federal Bankruptcy Court, those actions had a "limited sense of resolution" and "mark more of a beginning than an end to the process of making PG&E into a safe and responsible utility,"³ (2) with the Commission's approval of PG&E's reorganization plan, it "no longer appears necessary to keep open proceeding I.19-09-016, whose scope was focused primarily" on that plan, and, as such, the proceeding "will be closed in the near future,"⁴ but (3) the "closer call is what do with I.15-08-019, which focuses more broadly on PG&E's safety culture."⁵

It is CEERT's position that this is not a "close call." As CEERT advocated throughout I.19-09-016, I.15-08-019 remains a critical proceeding and, more importantly, is the home to a developed record of multiple proposals on changes to PG&E's culture and governance that go far beyond the limited scope of I.19-09-016 and that each deserve careful consideration in moving PG&E forward to becoming a "responsible utility."⁶ Consideration of these proposals is not diminished in any way, and should not be postponed, by virtue of the approval of a reorganization plan or by PG&E's filing its "Regionalization Proposal" in Application (A.) 20-

² July 15 ALJ's Ruling, at p. 2.

³ *Id.*, at pp. 1-2.

⁴ *Id.*, at p. 2.

⁵ *Id.*

⁶ *Id.*

06-011, neither of which do little to advance meaningful change in PG&E’s corporate structure that will improve its safety, efficiency, and environmental impacts. For these reasons, as detailed further below, CEERT supports Option 1 (keeping I.15-08-019 open) proposed by the July 15 ALJ’s Ruling, but with certain revisions to allow I.15-08-019 to continue to advance PG&E’s transformation.

II.
OPTION 1, WITH REVISIONS, SHOULD BE ADOPTED.

The July 15 ALJ’s Ruling proposes 5 possible options “for how to move forward with I.15-08-019 (PG&E Safety Culture). Three of the five would either close the proceeding or effectively eliminate consideration of, or party input on, the currently pending record (i.e., proposals) that have been developed in that proceeding. (*See*, Options 3 through 5.)⁷ Option 1 and 2 would keep the proceeding open, but only Option 1 appears to preserve the current record and consideration of remaining issues, while Option 2 would leave I.15-08-019 open solely to monitor PG&E’s “progress” and address “issues that arise.”⁸

None of these options, with the possible exception of Option 1, and, then, only with revisions noted below, are a satisfactory means of preserving the record that has been developed in I.15-08-019 especially on issues that were *not* addressed in I.19-09-016 and, by D.20-05-003, were expressly recognized as still “remain[ing] in the scope” of I.15-08-019⁹ and have yet to be addressed or resolved. Among these issues, expressly recognized by both D.20-05-053 and the July 15 ALJ’s Ruling as remaining in the scope and pending in I.15-08-019, is a proposal supported by CEERT and offered by the Climate Center “that PG&E’s electric distribution

⁷ July 15 ALJ’s Ruling, at p. 9.

⁸ *Id.*

⁹ *See*, e.g., D.20-05-003, at p. 107; July 15 ALJ’s Ruling, at p. 7.

service should be restructured as an Open Access Distribution System Operator [OA-DSO].”¹⁰ The description and merits of this proposal have been detailed by CEERT and the Center in the formal record of both I.15-08-019 and I.19-09-016 and are incorporated by reference here again.¹¹

CEERT sought to have this issue considered in I.19-09-016 as relevant to PG&E’s emergence from Bankruptcy as a more “responsible,” safer Utility, but had that request rejected on the grounds that it “would more appropriately be addressed [in I.15-08-019], and accordingly is not addressed here [I.19-09-016].”¹² Absent continuation of I.15-08-019 on this and other “remaining” in-scope issues, the Commission will be acting contrary to the directives of D.20-05-003 in failing to preserve these issues and the record that has been developed on each in I.15-08-019. There is simply no basis in D.20-05-003 that supports closure of I.15-08-019.

In fact, the only “escape” clause from addressing the corporate governance and structural proposals still pending in I.15-08-019 and not yet resolved in either that proceeding or I.19-09-016 was possibly PG&E’s request in I.19-09-016 that the Commission impose a five-year “moratorium” on the Commission’s consideration of the pending, in-scope issues in I.15-08-019.¹³ However, by D.20-05-053, the Commission expressly rejected this request and “decline[d] to place a moratorium on the exercise of its own authority to regulate PG&E,”¹⁴ as confirmed by the July 15 ALJ’s Ruling.¹⁵

¹⁰ D.20-05-003, at p. 107; July 15 ALJ’s Ruling, at p. 7.

¹¹ See, e.g., I.15-09-019 (PG&E Safety Culture) Comments of the Center for Climate Protection (now, Climate Center (Center)) on Proposals to Improve the Safety Culture of PG&E and PG&E Corporation dated June 22, 2019; I.19-09-016 (PG&E Reorganization) CEERT-Center Joint Response to OII (October 18, 2019).

¹² D.20-05-003, at p. 108.

¹³ *Id.*

¹⁴ *Id.*, at p. 110.

¹⁵ July 15 ALJ’s Ruling, at p. 8.

CEERT notes that PG&E’s “moratorium” proposal was linked to its filing of a “regionalization plan,” that was authorized by D.20-05-053 and has now been filed as A.20-06-011. However, portions of D.20-05-053 suggest that this plan could influence or lessen the “priority” of certain proposals made in I.15-08-019.¹⁶ But a review of that plan, as now submitted, offers a proposal that results in no major change in PG&E’s structure, governance, or operations. Instead, the “regionalization” planned by PG&E is effectively a re-assignment of personnel to “refocus the Company on core operations, our customers, and the frontline employees that serve them,” especially to enhance “local decision making that is better informed by deeper knowledge of local customers, assets, and conditions.”¹⁷ While these may be worthy goals, they certainly do not involve changes in PG&E’s operations in terms of its electric distribution, transmission, or procurement that could fundamentally alter the way PG&E does business and to do so in a manner that will improve safety, efficiency, and Climate Change in meeting customer electric demand.

On this last point, certain facts are not changed by approval of PG&E’s reorganization plan – namely, the link between Climate Change and the “catastrophic” wildfires that have imperiled PG&E’s customers and have posed, and will continue to pose financial challenges for the utility. In turn, there is a continuing need to consider alternative corporate structures that will address “the ability of the state to implement its energy policies, including the need to reduce greenhouse gas (GHG) emissions and local criteria pollutants in both the utility sector and the economy as a whole.”¹⁸ It was in response to this need – certainly not accomplished by the

¹⁶ D.20-05-053, at p. 110.

¹⁷ A.20-06-011 (PG&E Regionalization Plan), Application, at p. 2.

¹⁸ I.15-08-019 (PG&E Safety Culture) Amended Scoping Memo (December 21, 2018), at p. 2; A.18-10-003 (PG&E Short Term Borrowing), Reporter’s Transcript (“RT”) at 36 (Commissioner Picker (“I think everybody is thinking a lot about climate change, fires and the impact that they are having on our utilities already. We are hearing people compare the incident case of PG&E as being one of the first major business

“regionalization” now proposed by PG&E in A.20-06-011 - that the Center recommended an alternative structure (OA-DSO), analogous to FERC’s open-access rules for transmission service and wholesale markets, but designed for PG&E’s electric distribution function to address both “near-term concerns about safety and reliability in the face of more extreme and unpredictable disruptions” and to allow PG&E to “most effectively fulfill its roles and responsibilities in achieving California’s decarbonized future.”¹⁹

This OA-DSO proposal, as detailed in formal filings in both I.15-08-019 and I.19-09-016, is not as “major” as a “wires-only” proposal and would not be “disruptive,” as the July 15 ALJ’s Ruling suggests a “wires-only” proposal would be. It certainly merits consideration now and should not wait for further wildfire climate catastrophes to consider. At that point, after-the-fact “monitoring” of PG&E will be too late to effect change aimed at anticipating and averting such catastrophes for the benefit of California citizens and the environment.

For these reasons, and consistent with the directives of D.20-05-023, CEERT believes that the Commission has no choice but to keep I.15-08-019 open and to address the issues and proposals before it that remain in scope. Of the 5 options offered by the July 15 ALJ’s Ruling, Option 1, again, comes closest to achieving that outcome, but even it does not go far enough. Instead, CEERT urges that Option 1 be modified (as shown below in bold and bold strikethrough below) and, with those changes, CEERT would support that Option as revised in this manner:

“1) Keep the proceeding open and proceed to address ~~a manageable subset of the potential~~ issues **relevant to PG&E’s organizational culture and governance prioritizing safety, including those already identified as remaining in scope of I.15-08-019**, with Northstar continuing in a monitoring role, as necessary.”

failures due to *climate change*.” (Emphasis added.) See also, I.15-08-019 (PG&E Safety Culture) CEERT Comments on December 21, 2018 Scoping Memo (February 13, 2019), at p. 7.

¹⁹ I.15-08-019 (PG&E Safety Culture) Center Comments (July 22, 2019), at p. 10.

III. CONCLUSION

CEERT, therefore, recommends that Option 1, as revised above, be adopted. The continuation of I.15-08-019 will ensure that there will be a venue to ensure changes in PG&E that were not considered, and depending on PG&E's current and future conduct, could not have been considered, in I.19-09-016 or any other current proceeding.

Again, A.20-06-011 (PG&E Regionalization Proposal) does nothing more than add offices at a more local level and will not result in any fundamental change to PG&E's corporate structure that would improve its safety and efficiency consistent with meeting California's Climate Change goals. In fact, by its terms, A.20-06-011 concedes that it is merely "one step" and a "starting point, not an end point" in PG&E's "effort to transform PG&E into a safer and more reliable utility."²⁰ Further, by A.20-06-011, PG&E does not commit to any steps to address Climate Change, which is referenced only once in the attached Regionalization Proposal in A.20-06-011 and solely for the purpose of making clear that "improvements" from the Regionalization Proposal are separate from and do not necessarily contribute to the continuing need for PG&E "to accelerate actions that reduce wildfire risk from our assets and support California's ambitious energy goals that address the challenge of climate change."²¹ Clearly, I.15-08-019 must remain open to continue to fulfill its purpose and scope.

Respectfully submitted,

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²⁰ A.20-06-011, at p. 1.

²¹ A.20-06-011, Attachment A, at p. 1.