

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

(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

**COMMENTS OF THE PUBLIC ADVOCATES OFFICE
ON THE ADMINISTRATIVE LAW JUDGE'S RULING ON
PG&E SAFETY CULTURE (INVESTIGATION 15-08-019) AND
PG&E REORGANIZATION (INVESTIGATION 19-09-016) CASE STATUS**

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I. INTRODUCTION

Pursuant to Administrative Law Judge (ALJ) Allen's July 15, 2020 Ruling (Ruling) seeking comment on the status of Investigation (I.)19-09-016 (Reorganization) and I.15-08-019 (Safety Culture), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these comments.¹ The Ruling seeks parties' comments on if there are compelling reasons to keep the Reorganization proceeding open, and also seeks input on the next steps in the Safety Culture proceeding. Cal Advocates believes that there is no compelling reason to keep the Reorganization proceeding open, provided the Safety Culture proceeding remains open as a forum in which to resolve any outstanding safety culture and governance structure issues from both proceedings and to monitor PG&E's progress and compliance in addressing those issues.

II. COMMENTS

Cal Advocates provides responses below for questions A and B from the Ruling² which address both the Reorganization and Safety Culture proceedings.

A. **Should I.19-09-016 be closed or kept open? If kept open, state the purpose of keeping it open, including the issues to be addressed and when it would be closed.**

Cal Advocates is not opposed to the Commission closing the Reorganization proceeding I.19-09-016, provided that the Commission's consideration of PG&E's operational issues over the longer term as scoped in the Reorganization proceeding³ are addressed in the Safety Culture proceeding. The ALJ's Ruling provides several options on how to proceed with the Safety Culture proceeding, which are discussed below.

¹ Both of these investigations concern Pacific Gas and Electric Company's (PG&E).

²ALJ's July 15, 2020 Ruling, pp. 9-10.

³ I.19-09-016 Scoping Ruling filed on 11/14/19 p. 3.

B. Which of the options for I.15-08-019 should be adopted, and why?

The Ruling sets forth the following five options:⁴

- 1) Keep the proceeding open and proceed to address a manageable subset of the potential issues, with NorthStar continuing in a monitoring role.
- 2) Keep the proceeding open as a vehicle to monitor PG&E's progress and address issues that arise, with NorthStar continuing in a monitoring role. Issues could be raised in the proceeding by parties or the Commission.
- 3) Keep the proceeding open for NorthStar to continue in a monitoring role and for the Commission to address issues identified by staff or NorthStar. Parties could not raise issues to be addressed in the proceeding, but would have the opportunity to address issues raised by the Commission.
- 4) Close the proceeding and open a more narrowly focused proceeding on specific short-term issues. The Commission could open additional new proceedings in the future to address the same or related issues as presented in I.15-08-019. NorthStar may continue in a monitoring role.
- 5) Close the proceeding. The Commission could open additional new proceedings in the future to address the same or related issues as presented in I.15-08-019. NorthStar may continue in a monitoring role.

Cal Advocates recommends the Commission adopt option 2 to “keep the proceeding open as a vehicle to monitor PG&E’s progress and address issues that arise, with NorthStar continuing in a monitoring role. Issues could be raised in the proceeding by parties or the Commission.”⁵ The Safety Culture proceeding should be kept open for Commission’s continuing oversight of PG&E’s governance culture on safety.

As stated in the ruling, PG&E’s reorganization marks “more of a beginning than an end to the process of making PG&E into a safe and responsible utility.”⁶ As PG&E

⁴ ALJ’s July 15, 2020 Ruling, p. 9.

⁵ ALJ’s July 15, 2020 Ruling, p. 9.

⁶ ALJ’s July 15, 2020 Ruling, p. 1.

proceeds to re-organize its structure and operations, previously-identified safety culture issues must be tracked to assess how public safety would be affected in the long term. By keeping the Safety Culture proceeding open, the Commission can build on the record and expertise developed in the proceeding, rather than start anew to address issues in new proceedings as proposed in other options.

Furthermore, other CPUC proceedings identify the Safety Culture proceeding as the appropriate forum for a holistic consideration of the impact of PG&E's safety culture on the company's operations. The final Decision for PG&E's Locate and Mark I.18-12-007 (D.20-02-036), found and ordered that non-confidential material admitted to the record in the Locate and Mark proceeding should be available in the Safety Culture proceeding.⁷ D.20-02-036 correctly recognizes the Office of the Safety Advocates' (OSA) concerns⁸ that the settlement⁹ did not address the deficient safety culture at PG&E and recommends that some of OSA's recommendations¹⁰ are more appropriately addressed in the Safety Culture proceeding. In addition in D.20-05-053, the Reorganization proceeding deferred further clarification and refinement of the roles of the Chief Risk Officer (CRO) and the Chief Safety Officer (CSO) and their reporting requirements for discussion in the Safety Culture proceeding.¹¹ D.20-05-053 identified other issues to be resolved in Safety Culture Proceeding.¹² This ruling reaffirms that they remain to be addressed in this proceeding.¹³

The causes of PG&E's voluntary bankruptcy coincide with issues discussed in the Safety Culture proceeding. The Safety Culture proceeding can serve as an appropriate

⁷ D.20-02-036, p. 33 (Finding of Fact #10) and p.34 (Ordering Paragraph #2).

⁸ D.20-02-036 p. 24. OSA was sunsetted, pursuant to statute, on December 31, 2019.

⁹ See, D.20-02-036, Attachment A (Settlement Agreement Between Pacific Gas and Electric Company, the Coalition of California Utility Employees, and the Safety and Enforcement Division of the California Public Utilities Commission Resolving Order Instituting Investigation I.18-12-007).

¹⁰ D.20-02-036, p. 31.

¹¹ D.20-05-053 p. 21.

¹² D.20-05-053, p.119, (Finding of Fact #9).

¹³ ALJ's July 15, 2020 Ruling, p. 7.

venue for parties and the Commission to discuss and recommend improvements to PG&E's safety culture. Thus, Cal Advocates supports option 2 – keeping the Safety Culture proceeding open - as the best proposal going forward.

III. CONCLUSION

Cal Advocates respectfully requests the Commission adopt option 2 as discussed above.

Respectfully Submitted.

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