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

Application of Pacific Gas and Electric
Company for Approval of Regionalization
Proposal.

(U39M)

Application No. 20-06-011

**JOINT CASE MANAGEMENT STATEMENT OF PARTIES TO THE
REGIONALIZATION PROCEEDING**

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REGIONALIZATION PROCEEDING**

Pursuant to the *Assigned Commissioner’s Amended Scoping Memo and Ruling* (“Amended Scoping Memo”), dated June 29, 2021, in Pacific Gas and Electric Company’s (“PG&E” or “Applicant”) above-captioned Application (A.) 20-06-011, PG&E, the California Farm Bureau Federation (“CFBF”), the California Large Energy Consumers Association (“CLECA”), the Center for Accessible Technology (“CforAT”), the Coalition of California Utility Employees (“CUE”) the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”), the Small Business Utility Advocates (“SBUA”), the South San Joaquin Irrigation District (“SSJID”), Pioneer Community Energy (“Pioneer”), the Utility Reform Network (“TURN”), and William B. Abrams (collectively “the Parties”) submit this joint case management statement (“Joint Statement”).^{1/}

This Case Management Statement provides a status update on the stipulations and settlement of issues among the Parties (*see* Section II), the Parties’ positions on each scoped issue from the Amended Scoping Memo in this proceeding (*see* Section III), and presents the position of certain parties on the relief requested by PG&E’s Regionalization Proposal dated

^{1/} Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, PG&E has been authorized to submit the Joint Case Management Statement on behalf of counsel for the Parties.

June 30, 2020 as updated by the Updated Regionalization Proposal date February 26, 2021 (*see* Section VI).

I. BACKGROUND

The Amended Scoping Memo directed the Parties “to meet and confer for the purpose of developing a joint list of stipulated facts and discussing potential settlement.”^{2/} The parties subsequently met on July 8, 2021 for an initial discussion, July 15, 2021 for a follow up discussion, and again on July 19 2021 prior to filing of this Joint Case Management Statement. As part of the meet and confer sessions the parties discussed their positions on the scoped issues, exchanged written drafts of party positions on the scoped issues, and developed draft stipulations and preliminary settlement statements among some, but not all parties.

II. STIPULATIONS AND SETTLEMENT OF ISSUES

Below the Joint Statement describes the status of discussions between PG&E and the referenced party or parties on stipulations and a settlement of issues in this case.

PG&E: PG&E is actively engaged in negotiations with CforAT, Cal Advocates, SBUA, SSJID, and Mr. Abrams, as described below in their party statements and hopes to reach stipulations or settlements with parties on issues raised. In TURN’s party statement, it accuses PG&E of “not negotiating in good faith.” PG&E respects TURN’s right to exit negotiations with PG&E and will honor its position. However, PG&E objects to the inclusion of this accusation. It is inaccurate, unsubstantiated, and inappropriate for an otherwise collaborative effort between parties to prepare this Joint Statement.

^{2/} Amended Scoping Memo, p. 3.

CFBF: At this time, PG&E and CFBF are not separately actively negotiating stipulations or a settlement of issues in this proceeding. CFBF is an active participant in discussions in this proceeding and reserves the right to take a position on and/or join any stipulations or settlements. CFBF is engaged with the efforts led by Cal Advocates to develop proposals to be reflected in a stipulation and settlement of issues and continues to review the options in the hopes that an agreement can be reached.

CLECA: At this time, PG&E and the CLECA are not actively negotiating stipulations or a settlement of issues in this proceeding. However, CLECA is an active participant in discussions in this proceeding and reserves the right to take a position on and/or request to join any stipulations or settlements.

CforAT: At this time, PG&E and the CforAT are actively pursuing discussions to determine if we can reach a stipulation and settlement of issues. In brief, CforAT is seeking agreement that PG&E would take certain steps to ensure implementation of regionalization will provide benefits for customers with disabilities. CforAT anticipates that any stipulation and settlement of issues would be implemented through Cal Advocates' proposed stakeholder regionalization monitoring group, described below. CforAT is actively participating in negotiations on the proposed stakeholder regionalization monitoring group..

CUE: At this time, PG&E and the CUE are not actively negotiating stipulations or a settlement of issues in this proceeding. However, CUE is an active participant in discussions in this proceeding and reserves the right to take a position on and/or request to join any stipulations or settlements.

Cal Advocates: PG&E and Cal Advocates are actively negotiating a stipulation and settlement of issues. In brief, Cal Advocates proposes a stakeholder regionalization monitoring

group that would monitor implementation of regionalization. If an agreement is reached between Cal Advocates and PG&E, this would resolve the following scoped issues:

- Whether PG&E Should be Authorized to Implement its Regionalization Proposal, as Modified in this Proceeding (Scoped Issue 1)
- Whether PG&E's Regionalization Proposal is Reasonable, Including its Impact on Safety and its Cost Effectiveness (Scoped Issue 4)
- The Adequacy and Completeness of PG&E's Regionalization Plan (Scoped Issue 5)
- The Process and Timeline for Regionalization, the Cost of Regionalization, the Criteria to be used for Identifying and Delineating Regions, and the Division of Responsibilities and Decision-Making Between PG&E's Central Office and its Regional Offices (Scoped Issue 6)

PG&E and Cal Advocates need additional time to negotiate the stipulation and settlement.

Pioneer: At this time, PG&E and Pioneer are not actively negotiating stipulations or a settlement of issues in this proceeding. However, Pioneer is an active participant in discussions in this proceeding and reserves the right to take a position on and/or request join any stipulations or settlements.

SBUA: PG&E and SBUA are actively negotiating a stipulation and settlement of issues. In brief, SBUA proposes that (a) the Regional Vice Presidents ("RVP") establish region specific goals through a public process, (b) PG&E agree to a moratorium on moving operational control to a regional format without Commission pre-approval in a formal proceeding that allows for party comment, and (c) the regionalization proposal include a more detailed description and analysis of PG&E's history of various regional organizational structures. If agreement is reached between PG&E and SBUA, this would resolve the following scoped issues as described below. PG&E and SBUA need additional time to negotiate the stipulation and settlement.

SSJID: PG&E and SSJID are actively negotiating a stipulation and settlement of issues. In brief, PG&E would agree to take certain steps to ensure implementation of regionalization does not interfere with municipalization. If agreement is reached between PG&E and SSJID, it would resolve the issue raised by SSJID (and described below) under scoped issues 4 (reasonableness of PG&E’s regionalization proposal) and 5 (adequacy and completeness of PG&E’s Regionalization Plan).

TURN: TURN had previously expressed support for and interest in joining Cal Advocates’ proposal. However, TURN has since determined that PG&E is not negotiating in good faith and is no longer pursuing a settlement with PG&E at this time.

William B. Abrams: PG&E and Mr. Abrams are negotiating a stipulation and settlement of issues. If evidence is not put forward by PG&E demonstrating that they have meaningfully addressed these issues, Mr. Abrams believes that evidentiary hearings are necessary. Mr. Abrams believes that PG&E has made no attempt to demonstrate how their proposal adheres to lean management principles and in no way shape or form has addressed the CPUC ESJ Action Plan. Other than naming “Lean” in their proposal, PG&E does nothing that is in keeping with Lean Operations, Lean Management or Lean Principles. In brief, Mr. Abrams expects that PG&E will demonstrate how they are addressing the following scoped items:

1. PG&E must demonstrate how their Regionalization Proposal is effectively designed based on Lean Management Principles to reduce costs, eliminate waste, create efficiencies and increase safety
2. PG&E must demonstrate how their Regionalization Proposal is in keeping with the CPUC Environmental and Social Justice Action Plan (ESJ) and does not disproportionately disadvantage communities in terms of service delivery and access to PG&E projects and resources

3. PG&E must demonstrate how their Regionalization Proposal is informed by substantive customer input, a customer engagement strategy and effectively designed to bring PG&E “closer to the customer”

Mr. Abrams requests PG&E’s support to hold public participation hearings as a prudent approach to gain customer input regarding plan efficacy. Mr. Abrams believes customer input is key to ensuring the PG&E proposal meets the needs of diverse customers across the proposed 5 regions. If agreement is reached between PG&E and Mr. Abrams on holding public participation hearings and incorporating customer feedback into the proposal, this would resolve issue #3 above. PG&E and Mr. Abrams need additional time to negotiate the stipulation and settlement.

III. PARTY POSITIONS ON SCOPED ISSUES

Below each party describes its position on each of the scoped issues from the Scoping Memo, starting with the Applicant, and proceeding with each party in alphabetical order.

A. Whether PG&E Should be Authorized to Implement its Regionalization Proposal, as Modified in this Proceeding (Scoped Issue 1)

PG&E: Should be authorized to implement its regionalization Proposal, as modified in this proceeding. PG&E has developed a regionalization plan as directed by the California Public Utilities Commission (the “Commission” or “CPUC”) and has timely fulfilled the elements required of the regionalization plan pursuant to the Plan of Reorganization Decision (Decision “D.” 20-05-053) and the Assigned Commissioner’s Scoping Memo and Ruling dated October 2, 2020 in this proceeding. PG&E is on course to fully carry out the implementation of regionalization to deliver on the goal of improving safety, reliability, and customer service to its hometowns.

CFBF: Our position is that the authorization to move forward with the Proposal is dependent upon whether PG&E agrees to or the Commission orders the elements that have been raised by the Parties to the proceeding.

CLECA: CLECA recommends that the Commission authorize PG&E to proceed with its proposed reorganization along combined regional and functional lines, subject to regular review by the Commission, its staff, and stakeholders.

CforAT: The limited provisions of the Updated Proposal that involve the concerns raised by CforAT do not provide assurances that the needs of PG&E's vulnerable customers, including specifically its customers with disabilities and/or medical vulnerabilities, will be better addressed through regionalization. Accordingly, the Commission should not authorize PG&E to implement the regionalization proposal.

CUE: PG&E should be authorized to implement its updated regionalization proposal. The proposal recognizes that each region must be sufficiently resourced with staff and tools to perform the work necessary to make PG&E a safe and more reliable utility, while maintaining a level of company-wide coordination so that resources can be shared and the most critical work can be prioritized across the system. The proposal also increases the company's focus on customer-involved processes for scheduling and workflow at the local, regional level. This is critical to customer problem solving and responsiveness.

Cal Advocates: The Commission should confirm that PG&E has satisfied the conditions of D.20-05-053 by appointing five Regional Vice Presidents (RVPs) and five Safety Directors to head the five regions PG&E identified in its application. However, there remains a lack of information on exactly how the plan will benefit the PG&E and especially how it would improve safety. Cal Advocates has throughout this proceeding pointed out the lack of explanation in relation to the benefits of the Plan during workshops and application updates.^{3/4/}

^{3/} Cal Advocates Comments on November 20, 2020 Workshop, December 16, 2020, pp.5-6.

^{4/} Cal Advocates Comments on Updated Regionalization Proposal, April 2, 2021, pp.3-5.

Thus, the Commission should retain oversight of the plan and put in place an assurance framework that will enable PG&E to demonstrate the benefits of regionalization in relation to safety and customer outreach and engagement.

Pioneer: Pioneer opposes PG&E's regionalization proposal. Effective regionalization requires significant regional autonomy and the transfer of direct control of operational functions from PG&E central to the direct control of the regional VPs.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 1 is predicated on PG&E and SBUA negotiating the three matters identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: No comment on this issue.

TURN: TURN believes that it is premature to approve the entirety of PG&E's Regionalization Proposal at this time since many parties have pointed out that critical information is still missing. The Commission should address PG&E's Regionalization Proposal in phases and only reach decisions for issues in each phase that are ripe and complete.

William B. Abrams: PG&E should only be authorized to implement their regionalization proposal if the proposal has articulated qualified and quantified objectives, tasks and milestones in keeping with their stated goals of (1) safety improvements (2) lean management and (3) improved service delivery for their customers.

B. Whether PG&E's Proposed Five Regional Boundaries are Reasonable (Scoped Issue 2)

PG&E: The five regional boundaries proposed by PG&E are reasonable. Through an iterative process with feedback and input by stakeholders, PG&E developed five regional boundaries to align with county boundaries and local emergency and first response agencies throughout its service area to better coordinate its efforts and response to emergency events. The alignment of the five boundaries better align customer commonality and present a manageable footprint in each region.

CFBF: We concur that the current boundaries are reasonable and appropriate, to be used as a beginning for the development and implementation of the Proposal.

CLECA: CLECA agrees with PG&E's proposal to use the counties as the fundamental building block for its regions, but remains concerned that each region must keep the travel times to a reasonable level. Overtime can become a significant cost factor, and worker fatigue is a serious concern that can affect worker safety, as well as the quality of the work product.

CforAT: CforAT has no position on the reasonableness of the regional boundaries proposed by PG&E. However, PG&E must ensure that PG&E staff in charge of handling issues of disability policy and customer care have responsibilities that are geographically aligned with the proposed regional boundaries. In particular, PG&E must ensure that the responsibilities of its Accessibility Coordinator and any additional staff working on issues of disability policy and access are structured in alignment with the proposed boundaries to the extent they are allocated geographically.

CUE: PG&E's proposed regional boundaries, which reflect input from parties and the Commission, are reasonable. The regional boundaries make sense since they are consistent with county boundaries and include adjacent counties with common characteristics (e.g. weather,

geography) which promotes coordination and efficiency.

Cal Advocates: No comment on this issue.

Pioneer: Pioneer supports the five regional boundaries as set forth in PG&E's Updated Regionalization Proposal.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 2 is predicated on PG&E and SBUA negotiating the three matters identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: No comment on this issue.

TURN: No comment on this issue.

William B. Abrams: Public Participation Hearings are a necessary component of this proceeding if the five regional boundaries are to be deemed reasonable by the commission particularly given PG&E's contention that this proposal will bring them "closer to the customer." If PG&E has already gauged customer feedback on the proposal by other means such as through survey data to inform their regional boundaries then that should be provided to the commission and to parties in the proceeding. Otherwise, these boundaries are not reasonable and it should not be reasonable to expect that this proposal will bring PG&E "closer to the customer" when time has not been taken to ask the customer for input and feedback.

C. Whether PG&E’s Proposals for Regional Leadership and a Regional Organizational Structure are Consistent with the Commission’s Direction (Scoped Issue 3)

PG&E: PG&E’s proposal for regional leadership and a regional organizational structure are consistent with the Commission’s direction. As directed by D.20-05-053, on June 1, 2021 PG&E appointed Regional Vice-Presidents and Regional Safety Directors in each region. The Regional Vice-Presidents will report to the Executive Vice-President and Chief Customer Officer and will be supported by a small regional support team. The Regional Safety Directors will report to the Chief Safety Officer. The regional leaders will live and work in the regions they serve and will be responsible for delivering improved safety, reliability, and customer service in their hometowns.

CFBF: Although the initial proposals may be deemed reasonable, a key part of the decision authorizing the new structure must be continued oversight to assess whether the implementation is reasonable and effective.

CLECA: CLECA agrees that a regionally-based organization structure for distribution operations is appropriate; although, as was demonstrated in PG&E’s Updated Regionalization Proposal and workshop presentation, many issues remain regarding its implementation. It will be beneficial for PG&E senior management to have a direct stake in the outcomes associated with regional concerns.

CforAT: Unlike other vulnerable customer groups, people with disabilities and medical needs do not tend to be geographically clustered, and thus they are scattered throughout PG&E’s territory and each of the proposed regions. PG&E’s Initial Proposal did not provide information on how customer service representatives in each region would be prepared to address the needs.

CUE: PG&E's proposal for regional leadership and organizational structure are consistent with the Commission's direction. PG&E has appointed regional vice presidents and safety directors, and has clearly defined the roles and responsibilities for its regional leadership.

Cal Advocates: No comment on this issue.

Pioneer: PG&E's proposals for regional organizational structure are not consistent with the Commission's direction. The proposals do not fundamentally restructure PG&E in order to increase safety and local accountability. The regional VPs should be given direct control over regional operational functions. The functions transferred to the regional VPs should include those related to regional resiliency planning, local government relations, and CCA relations, to allow local governments and CCAs to coordinate directly with regional leadership on resiliency and safety efforts.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 2 is predicated on PG&E and SBUA negotiating the three matters identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: No comment on this issue.

TURN: No comment on this issue.

William B. Abrams: As indicated within the scope of this proceeding, the PG&E proposal should only be considered consistent with the Commission's direction if it demonstrates that it is in keeping with the Commission's Environmental and Social Justice (ESJ) Action Plan. PG&E to date has made no effort to demonstrate this proposal is in keeping with this

commission direction. Specifically, PG&E should define in qualitative and quantitative terms the following:

1. How will the regionalization proposal reduce or at least not exacerbate unequal access to PG&E resources (awarded contracts, projects, regional hiring practices, etc.) within the proposed regionalization boundaries (<https://www.cpuc.ca.gov/esjactionplan/>).
2. How will the regionalization proposal ensure the equal access to PG&E services especially for the following communities identified in the CPUC ESJ Action Plan:
 - Predominantly communities of color or low-income;
 - Underrepresented in the policy setting or decision-making process;
 - Subject to a disproportionate impact from one or more environmental hazards; and
 - Likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities
 - Disadvantaged Communities, located in the most environmentally burdened California census tracts, as determined by the 25 percent highest scores (75th percentile) when using Cal EPA's [CalEnviroScreen tool](#);
 - All Tribal lands;
 - Low-income households (Household incomes below 80 percent of the area median income); and
 - Low-income census tracts (Census tracts where aggregated household incomes are less than 80 percent of area or state median income).

If PG&E is unable to demonstrate how the plan is consistent with the ESJ Action Plan, the commission should insist upon workshops within the proceeding where PG&E must demonstrate how their plan will not exacerbate existing systemic problems with unequal access to PG&E services and disproportionate awards of contracts and projects. Communities identified within the ESJ Action plan need to be assured that their needs are being addressed by any proposal put forward by PG&E

D. Whether PG&E’s Proposed Implementation Timeline for Regionalization is Reasonable (Scoped Issue 4)

PG&E: PG&E’s proposed implementation timeline for regionalization is reasonable. PG&E’s three phased approach to regionalization includes a planning and design phase (through June 2021), an execution and implementation phase (through June 2022), and a review and measurement period toward continuous improvement (through June 2023).

CFBF: It is imperative that there be continued review of the progress of the implementation. PG&E asserts that “The benefit of defining specific regional responsibilities is to assign specific accountability to resolve challenging safety, customer, and operational issues. Regional leadership will coordinate across many working groups (functions) to resolve such challenges.”^{5/} Although it is the expectation that Regionalization will achieve the stated goals, such goals must be specific and reviewed on a scheduled basis.

CLECA: PG&E’s proposal to roll out its changes over a number of years seems reasonable, which should help minimize cost impacts, and better allow for mid-course adjustments in the new structure. PG&E should make certain that sufficient changes are

^{5/} PG&E’s Summary of the Updated Regionalization Proposal (July 9, 2021), Attachment A, p. A-4.

implemented in the first year through its Lean Operating System and regular cross-cutting meetings, to ensure that the effect of adding regional vice presidents and safety officers is not simply decorative or superficial.

CforAT: Without more concrete information explaining what steps PG&E will take to address the needs of customers with disabilities and/or medical vulnerabilities, CforAT is unable to determine whether PG&E's proposed implementation timeline is reasonable.

In any case, CforAT's concerns about the needs of vulnerable communities will need to be addressed further. To ensure that PG&E's regionalization plan meets the needs of these communities, the Commission will need to retain oversight of any process by which stakeholders more fully address specific solutions and metrics. To the extent that stakeholders develop those solutions, implementation efforts, and metrics after any final decision on the regionalization plan, the Commission should ensure that those solutions, implementation efforts, and metrics are subject to Commission review.

CUE: PG&E's proposed phased implementation is reasonable. It provides time to train, get feedback and make improvements as needed.

Cal Advocates: No comment on this issue.

Pioneer: No comment on this issue.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 3 is predicated on PG&E and SBUA negotiating a moratorium on unapproved structural changes identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased

implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: No comment on this issue.

TURN: No comment on this issue.

William B. Abrams: Without more specificity regarding the goals and objectives of their regionalization proposal there is no feasible methodology to evaluate whether or not the timeline for implementation is reasonable.

E. Whether PG&E's Regionalization Proposal is Reasonable, Including its Impact on Safety and its Cost Effectiveness (Scoped Issue 5)

PG&E: PG&E's regionalization proposal is reasonable, including its impact on safety and its cost effectiveness. Having regional leaders work and live in their regions brings closer attention and responsiveness to the safety needs and concerns of each unique regional, geographic, and operating environments of PG&E's hometowns. The Regional Safety Directors in particular, together with the Regional Vice-Presidents and their support teams, will have a focused attention to improving safety in the regions and sharing best practices across the regions. PG&E seeks to keep all incremental regionalization costs to a minimum and continues to find ways to minimize costs as it advances to implementation of the regionalization plan as directed by the Commission.

CFBF: No comment on this issue.

CLECA: CLECA continues to believe that while it is appropriate to plan the vegetation management effort on a central basis and procure the contractors centrally, regional management of the actual vegetation management effort is essential. CLECA alternatively strongly recommends that PG&E set up direct lines of communication between the regional offices and

the centralized vegetation management personnel to address any ongoing problems with quality control for this critical activity.

In regards to the adoption of the Lean Operating Model, it is still unclear to CLECA exactly how PG&E intends to ensure that middle managers have a stake in the outcome of the new organization structure that will combine functional lines with regional areas.

CforAT: The Regionalization Proposal asserts that “evaluation and data from performance on safety and operational metrics will allow PG&E to monitor the performance of each region.”^{6/} PG&E has not yet proposed any meaningful metrics for measuring performance in numerous areas, including specifically metrics for evaluating implementation of accessibility policies and provision of effective customer care for customers with disabilities and/or medical vulnerabilities. Accordingly, PG&E has not demonstrated that its regionalization proposal is reasonable.

CUE: PG&E’s proposal, including its impact on safety and its cost effectiveness, is reasonable. PG&E’s proposal draws upon lessons learned from the company’s past structures, including its regional model in the 1980s and its more recent centrally-managed structure. PG&E’s proposed new structure, with regional leadership, a lean operating system and company-level coordination, draws on the best qualities of past structures and eliminates the less-than-optimal aspects. As a result, PG&E’s proposal recognizes that, to perform the work necessary to make PG&E a safer and more reliable utility, it must sufficiently resource each region and maintain company-wide coordination to prioritize critical work across the system.

^{6/} Regionalization Proposal (June 30, 2020) p. 49.

Cal Advocates: PG&E states that “the objective of regionalization is to improve the Company’s safety, operational, and customer service outcomes”.^{7/} However, at this time, it is too early to determine whether PG&E’s Regionalization Proposal will lead to PG&E improving the safety of its infrastructure, operations, and services provided to customers. As stated in Cal Advocates’ previous comments, PG&E’s Regionalization Proposal lacks explicit bench-marked targets by which to measure its efficacy and provides no reasoned explanation of how or even which aspects of customer and staff safety the Plan would benefit.^{8/ ,9/} PG&E has delegated goal setting and metric development to the SVPs,^{10/} who assumed their positions on June 1, 2021. In fact, given the timeline of the plan, goal setting by the SVPs does not even begin until the second half of 2021, when the RVPs would “assess local systems and processes and establish goals for improvement and better effectiveness of the systems and processes”^{11/} The PG&E updates provided on July 9, 2021, did not provide any additional information, but only continues to identify PG&E’s metric selection as a phase 2 action, which is in progress and not due for completion until 2022.^{12/}

As it stands, Commission approval of PG&E’s Regionalization Proposal is unreasonable because PG&E’s Regionalization Proposal lacks explicit substantive safety benefits, goals, performance benchmarks, and measures of success that would allow the Commission and stakeholders to evaluate the reasonableness of the plan.

Consequently, determination as to the reasonableness of PG&E’s Regionalization Proposal in relation to its impact on safety cannot be determined and must be held in abeyance

^{7/} A.20-06-011 Updated Regionalization Proposal, (February 26, 2021) p. 56.

^{8/} Cal Advocates Comments on November 20, 2020 Workshop, December 16, 2020, pp. 5-6.

^{9/} Cal Advocates Comments on Updated Regionalization Proposal, April 2, 2021, pp. 3-5.

^{10/} Updated Regionalization Proposal, February 26, 2021, p. 56.

^{11/} Updated Regionalization Proposal, February 26, 2021, p. 13.

^{12/} Summary of the Updated Regionalization Proposal (July 9, 2021), Attachment A, p. A-8.

until the metrics, and benchmarks are provided in the record of this proceeding along with a reasoned explanation for their selection.

Pioneer: No comment on this issue.

SBUA: SBUA’s concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 4 is predicated on PG&E and SBUA negotiating the three matters identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: SSJID has actively been working to provide electric service as a publicly owned utility in South San Joaquin County for a number of years, and PG&E has consistently opposed those ongoing efforts. PG&E’s regionalization proposal states generally that regional teams will “be able to anticipate and respond to the needs of local communities and communicate PG&E’s plans and programs to those communities,” and “coordinate with our operations teams to be trouble shooters with local governments and agencies on any issues they are facing.”^{13/} PG&E has not provided (in either its Regionalization Proposal or Updated Regionalization Proposal) specific information regarding its proposed community coordination and communication efforts, including a description of the needs of local communities it hopes to respond to, the plans and programs it hopes to provide, and the scope of any local government and agency issues it might address. Given PG&E’s history of opposing SSJID’s efforts to provide electric service, the lack of specific information about PG&E’s community coordination and communication efforts gives

^{13/} PG&E Application (June 30, 2021), Attachment A, pp. 31-33.

rise to SSJID’s concern that PG&E may include competitive activities as part of those efforts (dissuading a community from choosing publicly owned electric utility service, for example).^{14/} It would be unreasonable for PG&E to pursue ratepayer funded competitive efforts as regionalization plan implementation activities.^{15/}

TURN: TURN believes that PG&E’s proposal is woefully inadequate and that this information is missing completely. PG&E has not identified a single metric that should be used to evaluate its regionalization proposal's impact on safety, except to provide ambiguous and general statements. Without knowing the proposal’s impact on safety, there is no way to measure success, and there is no way to hold PG&E accountable. Furthermore, a determination and evaluation of cost effectiveness is also impossible without knowing the expected impact on safety.

William B. Abrams: In keeping with PG&E’s goals to increase safety, service quality and the implementation of Lean Management (cost reduction and waste elimination), business process maps should be developed and incorporated into the PG&E proposal for each effected business workstream. This is commonly referred to as Lean “value stream mapping” (VSM) and is key to successful implementation of lean principles in any industry. Given PG&E’s stated goals, the following quality attributes should be prioritized and specifically mapped within the PG&E regionalization proposal:

1. Efficient and Lean Operations - The targeted amount of cost savings and/or the quantified elimination of waste shall be specified within the

^{14/} This concern is also relevant to the Scoping Memo (Oct. 2, 2020) issue relating to the adequacy and completeness of PG&E’s regionalization plan (issue II.F in this Joint Statement).

^{15/} Comments of SSJID on the Regionalization Proposal of PG&E (December 16, 2020), pp.2-4.

process map components based on PG&E projections. This should include measures of cycle-time efficiencies where appropriate.

2. Improved Service Delivery - Quality controls including tools and measures need to be identified for tracking relative improvements to service quality and equitable access to PG&E services. This should include measures of how PG&E is reaching it's goal of being "closer to the customer" and aligning to the commission's ESJ Action Plan.
3. Safety Improvement – Specific outcome objectives need to be identified and mapped to safety metrics expressed within the PG&E Wildfire Mitigation Plan or within SMAP or other proceedings. Goals and objectives need to be measurable if they are to be deemed actionable by PG&E and if they are to be monitorable by the commission or the Safety and Enforcement Division.

F. The Adequacy and Completeness of PG&E's Regionalization Plan (Scoped Issue 6)

PG&E: PG&E's regionalization plan is adequate and complete. The Updated Regionalization Proposal provided further definition around concepts developed in the original Regionalization Proposal. The Updated Regionalization Proposal fleshed out the five regional boundaries, the roles and responsibilities of the Regional Vice-Presidents and Regional Safety Directors, and presented phased implementation timeline for the completion of the implementation of the regionalization plan that will result in achieving PG&E's goals of improved safety, reliability and customer service. PG&E's opening and reply comments on the Updated Regionalization Proposal, the regionalization workshops held in November 2020 and

March 2021, and the summary of its regionalization proposal filed on July 9, 2021 presents a complete and adequate regionalization plan.

CFBF: See CFBF comments for III.D.

CLECA: CLECA remains concerned that PG&E's proposal lacks sufficient detail.

CLECA thus continues to recommend additional workshops. Annual workshops would better enable staff and intervenors to monitor how PG&E is progressing in changing its organization structure and modifying its internal processes.

CforAT: While PG&E asserts that its proposal will result in improved customer care, including for vulnerable customer groups, it provides no detail for how this improvement will take place and no metrics for measuring whether it in fact occurs. With regard to CforAT's constituency, the addition of a new layer of middle management without clarity on who is trained on issues relevant to the needs of customers with disabilities and other vulnerable populations increases the risk of that PG&E will become less responsive to these customers. PG&E asserts that customer care for people with disabilities will remain centralized, even as the proposal focuses on regionalization. Customers with disabilities who contact their local regional office seeking assistance would be at risk of being shuffled around without getting actual support, or receiving inaccurate information from a company representative without background or knowledge about their issues. Similarly, local customer service representatives may not know how to support customers or how to access assistance from the correct person at the correct level at PG&E.

The lack of certainty on where expertise on disability issues will be housed has broader implications for the restructuring proposal as a whole. Without a more developed plan regarding treatment of communities of concern, such as disability, as compared to geographic

communities, PG&E's proposal creates the risk that the move to regionalization will result in regional silos that are hard to breach, increasing the risk that lessons learned in one region will not be communicated to, or benefit, other regions. PG&E's regionalization plan does not provide any meaningful plan or information on how this will be avoided.

CUE: PG&E's proposal (included in its updated plan and clarified in its comments and plan summary) contains sufficient detail to be approved and implemented. PG&E's plan will, and should, continue to evolve as it is rolled out. That does not mean that PG&E's plan is inadequate or incomplete. PG&E must have flexibility to learn and shift during implementation.

Cal Advocates: The plan is incomplete for all the reasons given in Section A and Section E.

Pioneer: PG&E's regionalization plan should include specific commitments to transfer operational functions to the regions under the direct control of the regional VP, measures to grant the regional leadership significant autonomy, and plans to allow regional leadership to coordinate directly with CCAs and local governments in the planning and implementation of resiliency projects. The plan should also include steps to tie regional leadership compensation to safety performance rather than profitability.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 5 is predicated on PG&E and SBUA negotiating the three matters identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: See SSJID's comments above regarding issue II.E.

TURN: As many parties have commented, PG&E’s regionalization plan is far from complete, with many crucial details that are simply nonexistent. Hence, it is not ripe for the Commission to make a determination regarding the entirety of PG&E’s plan at this time.

William B. Abrams: The regionalization plan should be considered adequate and complete if the following questions are answered in the affirmative:

1. Whether or not PG&E’s Regionalization Proposal is effectively designed based on Lean Management Principles to reduce costs, eliminate waste, create efficiencies and increase safety.
2. Whether or not PG&E’s Regionalization Proposal is in keeping with the CPUC Environmental and Social Justice Action Plan (ESJ) and does not disproportionately disadvantage communities in terms of service delivery and access to PG&E projects and resources.
3. Whether or not PG&E’s Regionalization Proposal is informed by substantive customer input, a customer engagement strategy and effectively designed to bring PG&E “closer to the customer.”

G. The Process and Timeline for Regionalization, the Cost of Regionalization, the Criteria to be used for Identifying and Delineating Regions, and the Division of Responsibilities and Decision-Making Between PG&E’s Central Office and its Regional Offices (Scoped Issue 7)

PG&E: As discussed above in subparagraph D, PG&E’s timeline for regionalization is reasonable. As discussed above in subparagraph E, PG&E is focused and will continue to be focused on keeping incremental regionalization costs to a minimum. As discussed above in subparagraph B and in PG&E’s Updated Regionalization Proposal, PG&E’s iterative process with stakeholder participation and input resulted in proper and reasonably regional boundaries. PG&E has moved to a functional organizational structure with a cross-functional collaboration

approach to decision making. Functional decision making will be informed by cross-functional input and collaboration led by Regional Vice-Presidents and regional teams.

CFBF: No comment on this issue.

CLECA: See responses in A-F.

CforAT: The costs of regionalization are compensation for PG&E's past failures, including those leading to PG&E's most recent bankruptcy, and should be allocated to PG&E's stockholders rather than ratepayers.

CUE: See responses in A – F.

Cal Advocates: The plan is incomplete for all the reasons given in Section A and Section E.

Pioneer: No comment on this issue.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 6 is predicated on PG&E and SBUA negotiating the three matters identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: No comment on this issue.

TURN: No comment on this issue.

William B. Abrams: No comment on this issue.

H. Issues Relating to Potential Cost Recovery and the Corresponding Ratemaking Treatment. (Scoped Issue 8)

PG&E: The Commission authorized PG&E to record incremental regionalization costs in a memorandum account. PG&E filed an advice letter with its preliminary statement for its memorandum account on February 19, 2021. PG&E will seek recovery for its incremental regionalization costs in a separate proceeding at a later date.

CFBF: No comment on this issue.

CLECA: It is imperative that the Commission make it clear that PG&E will bear a heavy burden in proving that costs in the memorandum account are truly incremental to the ongoing costs of managing and operating the company that are covered explicitly by PG&E's base rates. Specifically, CLECA believes PG&E should be held strictly responsible for demonstrating to the Commission, in its next general rate case proceeding, that creation of new positions instead of reassigning existing positions is reasonable and necessary and that IT costs are actually incremental to the IT costs covered by base rates.

CforAT: No comment on this issue.

CUE: PG&E's proposal to recover costs (except for the costs of regional VPs in 2021 and 2022) in GRCs is reasonable since the costs will be transparent and vetted by parties and the Commission.

Cal Advocates: No comment on this issue.

Pioneer: No comment on this issue.

SBUA: SBUA's concurrence regarding the reasonableness of the regionalization proposal with respect to Scoped Issue 2 is predicated on PG&E and SBUA negotiating a moratorium on unapproved structural changes identified in Section II above, as well as the (a) establishment of metrics for assessing the efficacy, customer benefit and safety enhancement of

regionalization and (b) clarification on anticipated future phases of regionalization or phased implementation of regionalization, which (a) and (b) can be addressed by any of several proposals by other parties or PG&E.

SSJID: No comment on this issue.

TURN: When the Scoping Memo and Ruling established the memorandum account, it specifically noted that “while a specific request for cost recovery may occur in a separate proceeding, issues relating to potential cost recovery and the corresponding ratemaking treatment are within the scope of this proceeding.”^{16/} The Commission has established clear criteria for costs that qualify for memo account treatment: the cost must be due to events of an exceptional nature that:^{17/}

- a. are not under the utility’s control,
- b. could not have been reasonably foreseen in the utility’s last general rate case,
- c. and that will occur before the utility’s next scheduled rate case,
- d. are of a substantial nature such that the amount of money involved is worth the effort of processing a memo account and
- e. have ratepayer benefits.

The costs that PG&E is seeking to record in the memo account per PG&E’s Summary of Updated Regionalization Plan clearly do not meet the above criteria.^{18/} Hence, they are not eligible to be recorded in a memo account for recovery.

William B. Abrams: No comment on this issue.

^{16/} Scoping Memo and Ruling, p. 5.

^{17/} D.08-03-020, p. 18.

^{18/} PG&E Summary of Updated Regionalization Plan, Appendix B.

IV. PARTY POSITIONS ON RELIEF REQUESTED BY THE REGIONALIZATION APPLICATION AND REGIONALIZATION COSTS

Cal Advocates: If the Commission grants relief to PG&E, then the Commission should provide for an avenue by which parties can seek assurances from PG&E that the Regionalization Proposal provides cost effective improvements to safety and customer outreach.

TURN: The Commission and the parties cannot evaluate the reasonableness of PG&E's plan without knowing the costs involved. It is impossible to evaluate a proposed program without knowing the costs of the program since that is the only way to measure the cost effectiveness of the program. The Commission is required to ensure that rates are just and reasonable, and the Commission also needs to ensure that rates are affordable. The Commission cannot and should not approve a program first without knowing the full picture of the costs involved, and then direct PG&E to seek recovery of *whatever costs it ends up recording* at a later time. This is against common sense and best practices. Doing so would nearly amount to issuing a blank check to PG&E. Furthermore, as discussed above, the costs that PG&E is seeking to record to the memo account clearly do not qualify for memo account treatment.

V. CONCLUSION

The Parties respectively present their individual positions described herein for the Commission's consideration.

Respectfully Submitted,

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