



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

FILED

07/23/21
04:59 PM

Application of Pacific Gas and Electric
Company for Approval of Regionalization
Proposal. (U 39-M)

Application 20-06-011
(Filed June 30, 2020)

**MOTION OF THE UTILITY REFORM NETWORK
FOR EVIDENTIARY HEARINGS**



David Cheng, Staff Attorney
The Utility Reform Network
1620 5th Ave, Ste. 810
San Diego, CA 92101
(619) 398-3680 x103
dcheng@turn.org

July 23, 2021

TABLE OF CONTENTS

I. Introduction and Background.....1

II. Evidentiary Hearings Are Necessary to Resolve the Material Facts Regarding Whether and How Much PG&E’s Regionalization Proposal Would Improve PG&E’s Safety Performance.....1

A. Improved Safety Performance Is Supposed to Be the Centerpiece for PG&E’s Regionalization Proposal, and the Commission Cannot Approve PG&E’s Proposal Without Crucial Material Facts Relating to the Proposal’s Impact on Safety2

B. PG&E Has Repeatedly Ignored Other Parties’ Requests to Address the Safety Impacts of Its Regionalization Proposal, and It Also Chose to Ignore the Same Issue that Was Included by the Scoping Memo.....3

C. Without Providing or Determining Its Plan’s Impact on Safety, PG&E Would Essentially Have No Accountability for Its Regionalization Plan.....4

D. Through Evidentiary Hearings, TURN Intends to Demonstrate that PG&E Has Not Determined the Safety Impact of Its Regionalization Proposal, and that It Has No Plans for How to Be Held Accountable.....5

III. Evidentiary Hearings Are Also Necessary to Resolve the Material Facts Regarding the Nature of the Regionalization Costs that PG&E Is Seeking to Record in its Regional Plan Memorandum Account6

IV. Proposed Schedule for Evidentiary Hearings.....7

V. Conclusion8

MOTION OF THE UTILITY REFORM NETWORK FOR EVIDENTIARY HEARINGS

I. Introduction and Background

Pursuant to the Assigned Commissioner’s Amended Scoping Memo and Ruling (“Amended Scoping Memo”), issued on June 29, 2021, The Utility Reform Network (“TURN”) submits this motion for evidentiary hearings for Pacific Gas and Electric Company’s (“PG&E’s”) Regionalization Proposal.

II. Evidentiary Hearings Are Necessary to Resolve the Material Facts Regarding Whether and How Much PG&E’s Regionalization Proposal Would Improve PG&E’s Safety Performance

As further discussed below, it is clear that evidentiary hearings are now necessary to resolve the material facts regarding whether and how much PG&E’s regionalization proposal would improve PG&E’s safety performance. In the Scoping Memo, the Assigned Commissioner noted that “the structure of this proceeding, with workshops and party comments, is intended to facilitate the further development of PG&E’s plan,” and that “parties will have the opportunity to identify those items in workshops and advocate for PG&E to incorporate them in a revised plan.”¹ Unfortunately, the parties have tried, and it has become increasingly clear that without evidentiary hearings, PG&E simply will not incorporate the necessary material facts into the record. Instead, PG&E will continue to address only what it desires and omit crucial facts that are necessary for the Commission to determine whether or not PG&E’s regionalization proposal should be approved.

¹ Scoping Memo, pp. 3-4.

A. Improved Safety Performance Is Supposed to Be the Centerpiece for PG&E’s Regionalization Proposal, and the Commission Cannot Approve PG&E’s Proposal Without Crucial Material Facts Relating to the Proposal’s Impact on Safety

Over the past 15 years, PG&E has undertaken a variety of management efforts to address deficiencies in its operations. Yet, PG&E’s safety performance “has ranged from dismal to abysmal,” including the 2008 Rancho Cordova gas explosion (one death), 2010 San Bruno gas pipeline explosion (eight deaths), 2012 botched demotion of Kern Power Plant (one death), 2014 gas explosion and injury caused by PG&E’s failures, 2015 Butte Fire (two deaths), 2017 Redwood Fire (nine deaths), Atlas Fire (six deaths), and the Camp Fire (86 deaths).² In June of 2020, PG&E pled guilty to 84 counts of manslaughter.³ Most recently, PG&E has been found responsible for the Zogg Fire in Shasta County which resulted in the deaths of four people,⁴ and the Wild Fire Victim’s Trust has sued 22 former officers and directors of PG&E personally in connection with wildfires in 2017-2018.⁵ In other words, PG&E’s safety record has been a disaster. In an effort to improve PG&E’s safety performance, the Commission, in May 2020, ordered PG&E to file an application for regional restructuring.⁶

Fourteen months later, PG&E has filed a regionalization proposal, an updated regionalization proposal, and a summary of its updated regionalization plan. Yet, in these

² D.20-05-053, pp. 17-18.

³ <https://www.nytimes.com/2020/06/16/business/energy-environment/pge-camp-fire-california-wildfires.html>

⁴ <https://www.actionnewsnow.com/content/news/Cal-Fire-released-its-findings-into-the-cause-of-the-deadly-Zogg-Fire-574053321.html>

⁵ <https://www.sacbee.com/news/california/fires/article249485885.html>

⁶ D.20-05-053, p. 52.

filings, other than ambiguous assurances that things will be much better, PG&E does not provide a single safety metric for which it expects to achieve improvement through its regionalization effort. In other words, the Commission and the public have absolutely no idea how much, or even if at all, PG&E's regionalization proposal would increase safety performance, even though improved safety performance was the main reason the Commission ordered PG&E to file an application for regional restructuring! Yet, PG&E recommends that the Commission approve PG&E's regionalization proposal in its entirety, even though crucial material facts relating to the proposal's impact on safety are nonexistent. The Commission cannot and must not approve PG&E's proposal without first knowing whether and how much PG&E's regionalization proposal would improve PG&E's safety performance. To do so would be a direct violation of Public Utilities Code § 451, and it would also be adverse to the public interest.

B. PG&E Has Repeatedly Ignored Other Parties' Requests to Address the Safety Impacts of Its Regionalization Proposal, and It Also Chose to Ignore the Same Issue that Was Included by the Scoping Memo

Parties have now provided two rounds of comments on PG&E's regionalization proposal, in addition to numerous verbal communications with PG&E, many of which included parties' serious concerns regarding the lack of safety impacts by PG&E's regionalization proposal. In fact, the Scoping Memo specifically included this issue, stating that the regionalization proposal's impact on safety and its cost effectiveness is one of the issues to be addressed in this proceeding.⁷ Yet, despite the repeatedly objections by other parties and the clear language in the Scoping Memo, PG&E has

⁷ Scoping Memo, pp. 4-5.

continued to ignore other parties and the Scoping Memo – both PG&E’s Updated Regionalization Proposal (submitted *after* the Scoping Memo was issued) and PG&E’s Summary of Updated Regionalization Plan (submitted *after* the Amended Scoping Memo was issued) do not contain *a single safety metric* that PG&E believes would be improved by its regionalization proposal and how much it expects the improvement to be. PG&E simply reiterates its standard response that “it plans to use existing metrics it has identified to evaluate regional performance.”⁸ According to PG&E, it has already identified the metrics, but it decided not to share them despite submitting two updates after the Scoping Memo was first issued. It has become apparent that evidentiary hearings are now necessary to get these critical material facts into the record because two workshops, two rounds of comments, and two updated PG&E submissions later, the Commission and the public still do not have them.

C. Without Providing or Determining Its Plan’s Impact on Safety, PG&E Would Essentially Have No Accountability for Its Regionalization Plan

Since PG&E has repeatedly avoided forecasting or determining its regionalization plan’s impact on safety, PG&E is essentially operating against a zero-expectation standard. In fact, PG&E also makes it a point to state that “[g]iven the many operational improvements the Company is making simultaneously, it will be difficult to isolate and measure the specific impact regionalization is having on these metrics.”⁹ However, “PG&E expect that regionalization will be an important contributor to performance

⁸ PG&E Updated Regionalization Proposal, p. 55.

⁹ PG&E Updated Regionalization Proposal, p. 58.

improvement.”¹⁰ Essentially, PG&E is saying, “Don’t worry, it’s going to be great. Just trust us.” Given PG&E’s repeated failures and its criminal convictions, the Commission and the public can no longer just trust PG&E. In this proceeding, the Commission and the public are presented with a regionalization proposal not knowing whether or how much the proposal is supposed to improve safety. Furthermore, since there are no defined expectations, there are also no measurements for success, which also means there is no way to hold PG&E accountable for its performance. Without these basic material facts, the Commission and the public are left with nothing but PG&E’s promise that it is going to be great, again.

D. Through Evidentiary Hearings, TURN Intends to Demonstrate that PG&E Has Not Determined the Safety Impact of Its Regionalization Proposal, and that It Has No Plans for How to Be Held Accountable

Through evidentiary hearings, TURN intends to demonstrate that PG&E has not determined the safety impact of its regionalization proposal, including the most basic public safety outcomes such as whether the number of fatalities, serious injuries, and structures destroyed as a result of PG&E’s failures would be reduced. As noted earlier, it is critical for the record to reflect whether PG&E made such a determination, how it made such a determination, and how much improvement it expects to achieve as a result of the regionalization effort.

TURN also intends to demonstrate through evidentiary hearings that PG&E does not have a plan for how PG&E could be held accountable for its performance as it relates to the regionalization proposal. PG&E expects to commit a lot of resources into the

¹⁰ *Id.*

regionalization effort. Without a measurement of success or accountability, the Commission and the public will have no way of knowing whether or not the resources devoted to the effort were just and reasonable, whether the regionalization effort resulted in improved safety performance, or whether further actions should be taken in order to improve PG&E's safety performance. People's lives are literally at stake here, and the Commission should not underestimate the importance of being able to make these assessments.

III. Evidentiary Hearings Are Also Necessary to Resolve the Material Facts Regarding the Nature of the Regionalization Costs that PG&E Is Seeking to Record in its Regional Plan Memorandum Account

In its Summary of Updated Regionalization Plan, PG&E states that it intends to record in the Regional Plan Memorandum Account costs that were not included in the 2023 GRC “due to timing constraints, such as information technology improvement costs and costs associated with standing up the small PMO.”¹¹ The Commission previously clarified that for costs to qualify for memo account treatment, they must be due to events of an exceptional nature that:

¹¹ PG&E Summary of Updated Regionalization Plan, pp. 3-4.

- 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.

Through evidentiary hearings, TURN intends to establish the material facts regarding the nature of these costs to demonstrate that these costs do not qualify for memo account treatment and therefore should not be recorded in the Regional Plan Memorandum Account.

IV. Proposed Schedule for Evidentiary Hearings

TURN proposes the following schedule for evidentiary hearings, which the Amended Scoping Memo has tentatively scheduled for the first week of August 2021:

- 90 minutes for cross examination of PG&E witnesses regarding whether and how much PG&E's Regionalization Proposal would improve PG&E's safety performance.
- 30 minutes for cross examination of PG&E witnesses regarding the nature of the regionalization costs that PG&E is seeking to record in its Regional Plan Memorandum Account.

V. Conclusion

TURN respectfully urges the Commission to grant evidentiary hearings in order to build the critical record that is necessary to resolve this proceeding.

Date: July 23, 2021

Respectfully submitted,

By: _____
/s/_____
David Cheng
Staff Attorney

The Utility Reform Network
1620 5th Ave, Ste 810
San Diego, CA 92101
Phone: (619) 398-3680 x103
Email: dcheng@turn.org