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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Further Develop a Risk-Based
Decision-Making Framework for
Electric and Gas Utilities.

Rulemaking 20-07-013

**ASSIGNED COMMISSIONER'S RULING ISSUING
PHASE II ROADMAP FOR COMMENT**

Decision (D.) 21-11-009 Ordering Paragraph 2 establishes a Technical Working Group (TWG) for Rulemaking (R.) 20-07-013 and directs the TWG to work with Safety and Policy Division (SPD) staff to develop a draft Phase II Roadmap for this proceeding. D.21-11-009 directed Staff and TWG members to aim to complete the draft Roadmap by December 31, 2021, unless the Assigned Administrative Law Judge (ALJ) authorized a later date. On December 21, 2021, the assigned ALJ issued a ruling authorizing staff and the TWG to complete and provide a draft Phase II Roadmap by January 31, 2022.

I am aware that SPD Staff and parties to R.20-07-013 worked diligently in late 2021 and January 2022 to discuss potential priorities for Phase II of this proceeding and to complete the draft Roadmap, and I appreciate their efforts.

Attached is a draft R.20-07-013 Phase II Roadmap. The Roadmap pertains to issues scoped into Phase II of this proceeding, as indicated in the Assigned Commissioner's Scoping Memo and Ruling issued on November 2, 2020. D.21-11-009 addressed Track 1 and Track 2 issues. Work on Phase I, Track 3 and Track 4 issues is ongoing.

Parties have already contributed to the draft Roadmap. However, parties may also provide written comments on the Roadmap appended to this ruling no later than 20 days from issuance of this ruling, with reply comments due no later than 5 days after the date opening comments are due.

I intend to shortly issue a Second Assigned Commissioner's Scoping Memo and Ruling in this proceeding updating the Phase II issues and timeline. SPD staff is moving forward with work activities as outlined in the draft Roadmap.

IT IS RULED that:

1. Parties may serve and file comments on the draft Phase II Roadmap appended to this ruling no later than 20 days from issuance of this ruling.
2. Parties may serve and file reply comments on the draft Phase II Roadmap appended to this ruling no later than 5 days after opening comments are due.

Dated February 16, 2022, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN
Clifford Rechtschaffen
Assigned Commissioner

Attachment

Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities (R.20-07-013) Phase II Roadmap

Background

Phase II of Rulemaking (R.) 20-07-013 (Phase II) includes several important, complex, and interrelated topics. Safety Policy Division (SPD) evaluated the priorities and notes in the matrix circulated amongst the parties. SPD recommends focusing on a limited subset of these substantive issues. In selecting this subset of issues, SPD staff considered parties' prioritization as well as the methodological concerns articulated by staff at the Office of Energy Infrastructure Safety (Energy Safety) in Technical Working Groups at the end of last year.

The topics SPD recommends prioritizing are:

- The valuation of services and impacts, including the value of statistical life (VSL), in the risk framework. VSL discussions will consider whether the dollar value of attributes should be explicitly addressed in the risk framework.
- The weighting of risk categories through reviewing and providing guidance on investor-owned utilities' (IOUs) methods of weighting risk categories in the Risk-based Decision-making Framework (RDF) adopted in Decision (D.) 18-12-014.
- Identification of best practices and minimum requirements for the multi-attribute value function (MAVF) through identify guiding principles, best practices, aspirational characteristics, and minimum requirements to improve future Risk Assessment Mitigation Phase (RAMP) requirements.
- Development of comparable risk scores/risk spend efficiency values across IOUs. Comparable risk score discussion will look to develop a framework and milestones to allow for comparison of risk and/or risk reduction scores across utilities.
- The methodology for incorporating climate change related risks associated with wildfires and rising sea levels into the RDF and consistent with climate change adaption and climate resilience efforts underway at the Commission in R.18-04-019.

Priorities for Phase II are based on the collective response from parties and priorities of the California Public Utilities Commission (CPUC). If it becomes apparent that Phase II can address additional issues over the next several months, SPD will work with parties in the proceeding to make as many improvements to the RDF as possible. These efforts will be coordinated with Energy Safety's efforts to refine the methodologies and requirements for Wildfire Mitigation Plans (WMP) to help ensure that the risk analysis and mitigation efforts are consistent and complementary rather than conflicting, as appropriate or as practicable.

In addition to coordinating with Energy Safety, SPD has contracted with a consulting group called Level 4 Ventures Inc. to provide guidance on the Phase II subset of selected issues.¹ The general purpose of the

¹ Contract Number: 20NC0657.

SPD contract with Level 4 is to evaluate California electric and natural gas IOU Risk Spend Efficiency (RSE) modeling and assumptions to assess the extent to which the IOUs maximize the effectiveness of safety investments while minimizing ratepayer impacts. Given the large overlap in both the scope and timing between that initial contracted work with Level 4 and the priorities identified by parties and the CPUC for Phase II, SPD has adjusted the Level 4 scope of work to focus on these Phase II priorities for year 2022.

Figure 1. Phase II Timeline

Task	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Circulate Level 4 document addressing Phase II topics for review and comment		Feb-Mar										
Workshops			Mar-Jun									
Draft Staff Proposal circulated for feedback						Jun						
Staff Proposal issued and comments reviewed							Jul-Sep					
Phase II Proposed Decision released and comments reviewed										Oct-Nov		

Timeline Description

Figure 1 displays SPD’s proposal for the general timeline for Phase II, spanning calendar year 2022. The green blocks represent the projected timeframe in which tasks will be addressed. The first workshop to begin Phase II discussions is expected to take place on or around March 3, 2022. Members of the R.20-07-013 service list will receive an “IOU Baseline Assessment Report” (Baseline Assessment) authored by Level 4 in advance of the workshop. The Baseline Assessment will summarize the risk management approach of each of the four IOUs, evaluate and compare their approaches, and make initial recommendations to address Phase II priorities.

After the March workshop, parties will have the chance to submit informal written comments on the Baseline Assessment, which SPD and Level 4 will review together to revise the initial recommendations in the Baseline Assessment. SPD will then release revised Baseline Assessment recommendations ahead of a two-day Workshop planned for April 12 and April 14, 2022. The comprehensive list of recommendations released in April will be more definitive and more formal, based on vetting and feedback from parties. Parties may have additional opportunities to provide informal feedback prior to the release of the Staff Proposal via ruling for formal comment in late July 2022.

The Proposed Decision on Phase II is expected by November 2022.

END OF ATTACHMENT