STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

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TO PARTIES OF RECORD IN RULEMAKING 20-07-013:

This is the proposed decision of Commissioner Clifford Rechtschaffen. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's August 25, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ ANNE E. SIMON

Anne E. Simon
Chief Administrative Law Judge

AES:lil

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER RECHTSCHAFFEN**
(Mailed 7/18/2022)

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

DECISION ADDRESSING PHASE I TRACKS 3 AND 4 ISSUES

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DECISION ADDRESSING PHASE I TRACKS 3 AND 4 ISSUES

Summary

This decision addresses Phase I Tracks 3 and 4 issues as part of the Commission's efforts to continuously improve the risk-based decision-making framework that regulated energy utilities use to assess, manage, mitigate and minimize safety risks. Specifically, the decision refines certain reporting requirements for the Risk Spending Accountability Reports required of investor-owned utility (IOU) and Small and Multi-Jurisdictional Utility gas and electric utilities pursuant to Decision (D.) 19-04-020 and D.14-12-025. It updates certain requirements for IOU Risk Assessment and Mitigation Phase (RAMP) reports and clarifies information requirements related to RAMP filings for submittal in general rate case (GRC) applications. As such, this decision updates the Rate Case Plan for GRC applications, most recently addressed in D.20-01-002.

This decision eliminates the separate gas safety reporting requirements adopted in D.19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018 and directs the IOUs to include any non-duplicative aspects of these reporting requirements into their RSARs or related filings.

1. Background

In Decision (D.) 14-12-025, the California Public Utilities Commission (Commission) adopted general requirements for Risk Spending Accountability Reports (RSAR) and a Risk Assessment and Mitigation Phase (RAMP) to precede Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company's (SDG&E) (collectively investor-owned utilities or IOUs') general rate case (GRC) applications. D.18-12-014 and D.19-04-020 adopted specific requirements for IOU risk assessment procedures and related RSAR and

RAMP requirements, including IOU use of a Risk-Based Decision-Making Framework (RDF) contained in D.18-12-014.

The risk assessment procedures and related reporting requirements adopted in D.18-12-014 and D.19-04-020 for the Small and Multi-Jurisdictional Utilities (SMJUs)— consisting of Bear Valley Electric Service, Inc. (BVES), PacificCorp, d.b.a. Pacific Power (PacificCorp), Liberty Utilities (CalPeco Electric) LLC (Liberty), and Southwest Gas – differ from those required of IOUs. Specifically, D.19-04-020 does not require the SMJUs to use the RDF adopted in D.18-12-014. Instead, the SMJUs are required to adhere to a "Voluntary Agreement on a Risk-Based Decision-Making Framework Between the Safety [Policy Division] and the Small and Multi-Jurisdictional Utilities" (Voluntary Agreement), which was appended to D.19-04-020.[1] Additionally, D.19-04-020 adopts slightly different RSAR requirements for SMJUs than for IOUs.

1.1. Track 3 Issues Addressing IOU Requirements

The November 2, 2020 *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo) identifies several issues for Phase I Track 3 aimed at further refining the IOUs' RSAR, RAMP and GRC requirements, as follows:

a. Should the Commission provide further direction to align terms, definitions, and processes across RAMP and GRC proceedings, RSARs and the RDF adopted in D.18-12-014 to enable improved tracking of safety expenditures and related risk reductions? If so, should the guidance address:

   i. How risk mitigation and related administrative or other costs, or investments, should be presented and defined in RAMP and GRC applications, and the RSARs, to better enable comparisons of proposals over

[1] D.19-04-020 Appendix 3.

time and to distinguish such costs from non-RAMP related costs;

ii. Potential redundancies between RSAR and related safety accountability reports and possible ways to integrate safety accountability reporting across proceedings;

iii. Potential redundancies between RAMP, GRC, and RSAR filings; and,

iv. RAMP and RSAR requirements for GRC proceedings resolved via Settlement Agreement?

b. Should Rate Case Plan requirements be updated to reflect any clarifications adopted in this proceeding?

c. Other potential RAMP clarifications or refinements as needed, including those identified in D.20-01-002.

To explore these issues, Commission Staff convened a workshop on February 9, 2021, and working group (WG) meetings on August 27, 2021, September 24, 2021, and October 7, 2021. Staff also accepted several rounds of informal comments from parties following these workshops.

On April 13, 2022, the assigned Administrative Law Judge (ALJ) issued a *Ruling Issuing Staff Proposal and Joint Motion for Comment*. Appended to the ruling was a Phase I Track 3 Staff Proposal for comment (Track 3 Proposal). Also appended to the ruling was a *Joint Motion to Eliminate Separate Gas Safety and Reporting Requirements* (Joint Motion), filed by SoCalGas and SDG&E (collectively, the Sempra companies), and PG&E on February 18, 2022. Because the Joint Motion addresses gas reporting requirements adopted in several other proceedings, the ruling was served and filed in Rulemaking (R.) 20-07-013 and served on parties to Application (A.) 17-11-009, A.15-09-001, A.10-12-005, A.10-12-006, A.09-12-020, and Investigation (I.) 10-07-027.

On May 3, 2022, the Sempra companies, SCE, the Public Advocates Office (Cal Advocates), PG&E, Protect Our Communities Foundation (PCF), and The Utility Reform Network (TURN) filed comments on Staff's Track 3 Proposal and the Joint Motion. On May 9, 2022, PFC, PG&E, the Sempra companies, SCE, and TURN filed reply comments.

1.2. Track 4 Issues Addressing SMJU Requirements

Track 4 of Phase I addresses SMJU risk assessment and reporting requirements including:

a. Should the Commission review the SMJU Voluntary Agreement included in D.19-04-020 and consider refinements?

b. Should the Commission formally adopt the SMJU Voluntary Agreement?

c. Should the Commission adopt RAMP, RSAR or other requirements for SMJUs, including RSAR requirements for SMJU GRC applications resolved through Settlement Agreements? If the Commission adopts RSAR or other new requirements for SMJUs, what elements should be included?

To address these issues, Staff convened a Phase I Track 4 workshop on November 2, 2021, and a WG meeting on March 29, 2022. Staff subsequently accepted informal written comments from parties. On May 12, 2022, the assigned ALJ issued a *Ruling Issuing Phase I Track 4 Staff Proposal for Comments.*

On June 1, 2022, Cal Advocates commented on the Track 4 Staff Proposal. On June 6, 2022, BVES, Liberty, and PacificCorp (collectively BVES/Liberty/PacificCorp) filed reply comments.

2. Jurisdiction

Public Utilities Code (Pub. Util. Code) Section 963(b)(3) states that it is the policy of the state of California that the Commission and each gas corporation

place safety of the public and gas corporation employees as the top priority and that the commission shall take all reasonable and appropriate actions necessary to carry out a safety priority policy consistent with the principle of just and reasonable cost-based rates.[2] Section 961(b)(1) requires gas corporations to develop plans for the safe and reliable operation of facilities that implement Section 963(b)(3) requirements. Section 750 requires the Commission to develop formal procedures to consider safety in a rate case application by an electrical corporation or gas corporation which must include a means by which safety information acquired by the Commission through monitoring, data tracking and analysis, accident investigations, and audits of an applicant's safety programs may inform consideration of the application. Section 321.1(a) requires the Commission to assess and mitigate the impacts of its decisions on customer, public and employee safety.

Section 591 requires the Commission to:

> (a) . . . require an electrical or gas corporation to annually notify the commission, as part of an ongoing proceeding or in a report otherwise required to be submitted to the commission, of each time since that notification was last provided that capital or expense revenue authorized by the commission for maintenance, safety, or reliability was redirected by the electrical or gas corporation to other purposes; and
>
> b) . . . [to] ensure that the notification provided by each electrical or gas corporation is also made available in a timely fashion to the Office of the Safety Advocate, Public Advocate's Office of the Public Utilities Commission, and parties on the service list of any relevant proceeding.

[2] Hereafter, all references to code are to the Public Utilities Code unless otherwise indicated.

Section 958.5 requires gas corporations to file gas transmission and safety reports biannually or as determined by the Commission. The gas transmission and safety report must explain the planning undertaken to determine and rank gas storage projects, intrastate transmission line safety, integrity, and reliability, operation and maintenance (O&M) activities, and inspections of intrastate transmission lines.

3. Track 3 Issues (Pertain to IOUs)

3.1. Staff's Track 3 Proposal

Staff's Track 3 Proposal addressed seven areas relating to the IOUs as follows:

a. RSAR schedule changes (Scope Issue 3.a.ii.)[3]
b. Linking RAMP and RSAR content to the GRC (Scope Issue 3.a.i)
c. RAMP to GRC mapping (Scope Issue 3.b.)
d. RSAR improvements (Scope Issue 3.b.)
e. Update RAMP Evaluation, Risk Spending and Risk Spend Efficiency (RSE) Requirements (Scope Issue 3.b)
f. Define RAMP Revision Process to Meet Requirements (Scope Issue 3.b).
g. Additional RSAR Improvements (Scope Issue 3.a.)

3.2. Adopting Staff's Track 3 Proposal with Modifications

Parties generally supported Staff's Track 3 Proposal, with some suggested modifications and requests for clarification. Staff's proposed changes are reasonable, by and large, and we adopt them as discussed below, with some modifications.

[3] *See* the November 2, 2020 *Assigned Commissioner's Scoping Memo and Ruling*.

The recommendations from Staff's Track 3 Proposal as modified and adopted in this decision are summarized in Appendix A to this decision.[4] The Staff recommendations adopted here and pertaining to the RSAR build on the RSAR requirements adopted in D.19-04-020. This decision does not alter or remove any of these existing RSAR requirements.

3.2.1. RSAR Schedule Changes

Regarding the RSAR schedule, Staff proposed:

a. The Commission authorize RSAR schedule changes be at the discretion of the Energy Division (ED) Director and that questions or requests for changes be directed to the Energy Division Director by January 31.

b. The annual April 10th RSAR Schedule notice approach adopted in D.19-04-020 be eliminated and replaced with a simplified schedule:

- IOU RSAR filing due: 4/30
- Intervenor Comments due: 7/21
- Energy Division Reviews due: 10/31

These changes to the IOU's RSAR filing schedule, requests for changes and noticing are reasonable and are adopted. Regarding the first recommendation, we clarify that the Energy Division Director shall notice any schedule changes to relevant proceedings and the relevant Commission website.[5] We further clarify that IOU requests for an extension of their RSAR filing date shall address that calendar year.

[4] Appendix C contains a redlined version of Staff's recommendations as modified and adopted by this decision.

[5] As of June 29, 2022, the relevant Commission website may be found here: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/risk-spending-accountability-reports.

Parties generally supported these changes. Although Staff's proposed schedule does make all Staff reviews due at the same time, overall the revised schedule provides more time and flexibility for both Staff and parties to accomplish the work. Further, while the annual April 10th schedule notification will be eliminated, the RSAR will still be served annually on the service list for the relevant GRC, and the schedule will be posted on the Commission's website.

3.2.2. Linking RAMP and RSAR Content to the GRC

Regarding linking RAMP and RSAR content to the GRC, Staff proposed the following:

a. The IOUs shall standardize chapters and headings in the RSARs, RAMPs and GRCs. Specifically, where RAMP risks pertain to only one GRC program, the filings should simply have the same name.

b. The Commission should update the Phase II scope for R.20-07-013 to include exploration of: a) Whether the Commission should initiate a process to measure changes in safety benefits as a result of approved mitigation programs prior to 2024; and/or b) How IOUs should estimate changes in projected mitigation program benefits as a result of changes to revenue requirements adopted in a GRC.

The intent of Staff's proposal is to standardize chapter headings to match headings between a single IOU's RAMP report and its GRC application, and, to the extent possible, to have uniform headings across all IOUs for each document.

Parties request additional information on the first Staff recommendation but generally agreed with it. PG&E comments that the GRC and RAMP have different purposes and as a result matching chapters and headings may not be appropriate.

The first Staff recommendation in this area, listed above, is reasonable and is adopted. GRC chapters are often linked to a specific program. As mentioned, the intent of Staff's recommendation is to standardize chapter headings to match headings between a single IOU's RAMP report and its GRC application, and, to the extent possible, to have uniform headings across all IOUs for each document. This will facilitate Staff and party review.

Following adoption of this decision, Commission Staff will convene a Track 3 WG to discuss the details of how the IOUs should implement this element. Subsequent to the WG meeting, Staff will issue detailed guidance based on discussions. The WG meeting will be held prior to December 31, 2022.

We delegate to Staff the authority to provide additional details regarding standardized chapters and headings, consistent with the following guidance. Commission Staff will work with IOUs to define these headings in the 2022 WG meeting. The headings must meet the following requirements: 1) provide clear indication of the chapter contents, 2) be consistent across IOUs to the extent possible, 3) follow all other requirements of each report, and 4) contain a description of what content belongs in each chapter.

Parties provided a range of comments on Staff's second recommendation in this area. PG&E and SCE observe that Phase II has already been scoped. SCE asserts the requirement is out of scope and should be addressed in Phase III.

As indicated in its proposal, Staff's underlying concern driving this recommendation is that if a decision approving a GRC application alters the IOU's requested revenue requirement, it may be difficult for Staff and intervenors to understand the impacts of that change on funding for risk mitigation activities and, potentially and relatedly, the effectiveness of those activities. Further, if a decision approving a GRC application reduces the

requested revenue requirement and this impacts risk mitigation activities in unspecified ways, it may be difficult for Staff and intervenors to compare the utility's projections of the benefits and costs of adopted risk mitigation activities with their actual benefits and costs, as required in D.14-12-025.[6]

We do not adopt Staff's second recommendation. We agree with Staff that it is an important topic that warrants attention, but we do not at this time expand the scope of this proceeding, which encompasses a wide range of critically important issues. This issue may be addressed in a later phase, or in some other manner.

3.2.3. Requiring RAMP to GRC Mapping

The Commission in D.14-12-025, D.16-08-018, D.18-12-014, and D.19-04-020 adopted requirements for RAMP reports that the IOUs are required to file one year prior to filing their regular GRC applications. The IOUs are required to develop the RAMP reports using the RDF adopted in D.18-12-014 and must follow additional information submittal requirements adopted in D.20-01-002.

Based on their experience reviewing RAMP reports in recent years, Staff's Track 3 Proposal recommended the following regarding how information provided in a RAMP report should be mapped to or identified in the subsequent GRC application filing:

a. The IOUs should explicitly map costs and comments between the RAMP and GRC filings.
b. Costs stemming from an approved Wildfire Mitigation Plan (WMP) should be tracked and identified as such in the GRC or other applications for cost recovery.
c. The IOUs should identify each mitigation proposed in a WMP with the relevant program cost categories and at the

[6] D.14-12-025 at 44.

same level of detail as reported in the RSAR. This is necessary to easily track proposed WMP costs across the RAMP-GRC-RSAR cycle.

d. The IOUs should file GRC Workpapers containing chapter or risk information, RAMP mitigation cost estimates, proposed GRC revenue requirement and the difference from RAMP estimates.

The intent of Staff's first two recommendations, that IOUs map costs from the RAMP or WMP to the GRC, is to ensure that changes in the scope of a mitigation or a refined cost estimate in the GRC does not alter the effectiveness of the mitigation. The intent of Staff's third recommendation is that IOUs track programs and costs in a consistent manner across WMPs, RAMPs, and GRCs.

Parties unanimously support Staff's first recommendation in this area, which is reasonable and is adopted with a modification clarifying that cost mapping should identify expenses as either capital or operating expenses. Adopting this recommendation will greatly assist Staff and parties in their review of IOU filings.

Staff may provide additional details on how IOUs should map costs and comments in the 2022 Track 3 WG meeting directed above. We delegate to Staff the authority to do so, consistent with the requirement that the cost mapping meet the following requirements: 1) capital and operating expenses shall be identified, 2) costs should clearly identify the type of wildfire mitigation at issue, and 3) costs may be stated in total, or in total by wildfire mitigation category, but should also be disaggregated to reflect different types of activities within each category.

An example of effective cost mapping may be in Appendix A of PG&E's recent test year (TY) 2023 GRC application (A.21-06-021). The format of the cost mapping contained in PG&E's Appendix A of A.21-06-021 appears to meet the

intent of this Staff recommendation and may serve as a model for standard practice for future utility GRC applications.

Parties generally supported Staff's second recommendation in this area. We adopt Staff's second recommendation after modifying it to include some components of Staff's third recommendation in this area as follows:

- The IOUs should identify capital expenditures and operating ~~C~~costs stemming from an approved WMP ~~be tracked and identified as such~~ in the GRC or other applications for cost recovery. Each WMP mitigation shall be mapped to at least one GRC cost category and tracked in the RSAR.

We do not adopt Staff's third recommendation in this area as it is now unnecessary. We incorporated this recommendation into the second recommendation adopted above with modifications. The GRC cost category or a memorandum account will define the level of detail that the WMP mitigation is tracked not the level of detail in the RSAR.

Parties generally support Staff's fourth recommendation above, and we adopt that with minor clarifications as indicated below:

- The IOU's GRC applications shall contain ~~file~~ GRC Workpapers with ~~containing~~ chapter or risk information, RAMP mitigation cost estimates, including RSE and risk scores, proposed GRC cost estimate ~~revenue requirement~~ and the difference from RAMP estimates.

These clarifications specify that the GRC Workpapers shall be provided at the time of the GRC application filing. Additionally, we clarify that mitigation cost information included in the workpapers shall include RSE and risk scores. RSE and risk score information is required in the GRC Workpapers to confirm that the mitigation efficacy and ranking has not dramatically changed from the RAMP.

All commentors supported this recommendation with some modification. SCE requests that the revenue requirement not be included for an individual program. Our adopted requirement does not take that approach. PG&E requests confirmation that their workpaper, in its most recent GRC filing (A.21-06-021 Exhibit 2 Chapter 1), provides an example of the required information on RAMP mitigations, including RSE, risk score changes, and mitigation cost estimates from PG&E's 2020 RAMP to PG&E's 2023 GRC.

3.2.4. Improving the RSAR

D.19-04-020 contains detailed requirements regarding many components of RSAR reports, including standardized tables, reporting variances between authorized budgets and actual budgets, reporting of the "completion status" of any given program, imputing costs, and explaining variances between authorized and actual costs. D.19-04-020 requires the IOUs to report any variance between authorized and actual safety, reliability, and maintenance spending of 20 percent or more.[7]

3.2.4.1. Filing Standardized Table Structures

Regarding filing standardized table structures to improve the RSAR, Staff's Track 3 Proposal recommended the following:

a. The IOUs should use a single, standardized table structure for programs including canceled, deferred, or expanded programs.
b. The IOUs should supply excerpted attachments, exhibits, chapters and page number references with every RSAR.
c. The IOUs should provide public access to RSAR spreadsheets when they file the PDF.

[7] D.19-04-020 at Table 4, page 43 and Appendix2 at 8.

Parties generally support Staff's three recommendations in this area, although they identify some concerns and request some clarifications. Staff's first recommendation here is uncontroversial and is adopted. Although PG&E comments that the terms "canceled, deferred or expanded" programing are vague, these terms are included in D.19-04-020 and are generally understood.

To address further details regarding Staff's first recommendation in this area, Commission Staff will provide to parties an example of a standardized table structure by December 31, 2022 and will convene a WG meeting to discuss it before then. Commission Staff will provide stakeholders an opportunity to comment on the proposed table structure and will then distribute the final table requirements and format for use to fulfill this requirement. The structure will adhere to the following guidance and include: (1) columns already defined in D.19-04-020; (2) a new "project status" column to capture canceled, deferred, or expanded programs; and (3) a new column for links, attachments, exhibits, or references.

Staff's second recommendation is also generally uncontroversial and is adopted. The IOUs can fulfill this requirement using hyperlinks and page numbers. These references normally do not change year to year and as a result, do not represent a significant burden. Inclusion of excerpted attachments, exhibits, chapters and page number references in each RSAR within the RSAR reporting table will add transparency and as such provide value when Staff and intervenors review the reports. Therefore, we require such inclusion.

Staff's third recommendation is generally uncontroversial and is adopted with modifications to indicate how the IOUs should provide the RSAR spreadsheets:

- IOUs shall provide ~~public access to~~ RSAR spreadsheets to the same distribution list as the RSAR when they file the PDF.

In its comments, SCE objected to this requirement as overly burdensome on the IOUs. We disagree. Availability of sortable data will greatly assist our Staff and parties in performing their oversight functions.

3.2.4.2. Reporting Variances: Completion Status

Regarding reporting variances and program completion status to improve the RSAR, Staff recommended the following:

a. The IOUs should provide an overview of how they defined program or project completion status.
b. When work units are available, IOUs should continue to use work units to report how much of the work described in program workpapers had been accomplished during the reporting period.
c. When the program lacks authorized units: (i) IOUs should cite workpaper activity descriptions to explain how much work was accomplished and the degree to which the goals described in GRC testimony were met; and (ii) IOUs should explain why programs lack work unit information.

Work units are metrics to quantify the scope of a program. For example, work units could be miles of pipeline investigated, miles of transmission line cleared, or number of dead trees removed.

Parties both support and oppose Staff's recommendations in this area. Regarding the first recommendation, some IOUs state they lack clarity about how the Commission would like them to define "completion status."

We adopt Staff's first recommendation in this area. The recommendation is reasonable and will assist Staff in their oversight functions.

Regarding the additional clarity requested by the IOUs, we observe that the recommendation requires each IOU to state how it defines completion status. However, we delegate to Staff the authority to provide additional clarifying details as needed in conjunction with the WG discussed above, consistent with the following guidance. Program or project overview information provided by the IOUs shall include: 1) one or more columns describing the program or project's completion forecast, and 2), columns for citations and explanations to explain lack of work units.

Regarding Staff's second recommendation, D.19-04-020 requires the IOUs to report how much of the work described in program workpapers had been accomplished during the reporting period, when work units are available.[8] For clarity, therefore, we do not adopt Staff's second recommendation, as it is already required. As stated earlier, this decision only adopts additional clarifications and requirements to those previously adopted in D.19-04-020, which are retained without modification.

Parties generally support Staff's third recommendation, but PG&E requested clarification on how an IOU should report in the RSAR on programs lacking work units where the Commission altered the scope of the program. We adopt a modified version of Staff's third recommendation in this area as indicated below:

[8] Ordering Paragraph 10 of D.19-04-020 requires the IOUs to "[r]eport on authorized activities and actual activities performed, for each program, using, where available 'work units' as the unit of reporting." *See also* D.19-04-020 at 39: "[t]he IOUs must consult with Energy Division staff and, as needed, the WG, on the specific manner to report types of and work units authorized versus types of and work units performed. Where information on risk mitigation program work units authorized and performed is not available, the IOUs must work with Energy Division staff and, as needed, the WG to appropriately identify these programs and must include in the RSAR general explanations for the lack of inclusion of work unit information for such programs."

- When the program lacks authorized units (i) IOUs should cite workpaper activity descriptions to explain how much work was accomplished and the degree to which the goals described in GRC testimony were met. If the authorized amount deviates from the GRC workpaper, IOUs shall provide a description of the change from the workpaper; and (ii) IOUs shall explain why programs lack work unit information for each program in the RSAR when units are not provided.

Adopting this requirement, as modified, will help Staff and intervenors to understand IOU submittals and will assist Staff in performing their oversight functions. It is reasonable to require the IOUs to explain why a program with an approved budget and mitigation targets lacks authorized units.

3.2.4.3. Reporting Variances: Cost Imputation

Regarding reporting variances and cost imputation to improve the transparency of RSAR reports, Staff recommended the following:

a. To provide an opportunity to review the way an IOU derives authorized RAMP program costs, each IOU should be required to include its imputation methodology in its GRC testimony when the utility files its GRC application, with any updates to that methodology filed as supplemental testimony.

b. To provide reviewing Staff and intervenors the benefit of seeing an IOU's imputed authorized amounts in advance of incurred costs, the IOUs should be required to file the imputed authorized amounts themselves as tabular workpapers (which should theoretically be identical to what is produced in subsequent RSARs) when the IOU files GRC testimony, with any updates to these imputed authorized amounts filed as supplemental testimony.

c. Each IOU should be required to file, as needed, amendments to its imputation methodology as discussed in GRC testimony and/or amendments in the IOU's

imputed authorized amounts for RAMP costs after every GRC decision that modifies a revenue requirement.

The IOUs do not support Staff's first recommendation because they state that imputation of costs cannot be completed prior to filing a GRC application. However, these objections are not convincing because this recommendation requires the IOUs to describe their imputation methodology, not to provide the results of the imputation process itself. The purpose of imputation is to distribute authorized revenue requirement among programs within a line of business.

We adopt Staff's first recommendation with minor modifications to add clarity as follows:

- ~~To provide an opportunity to review the way an IOU derives authorized RAMP program costs,~~ ~~e~~ Each IOU shall include its imputation methodology in its GRC testimony when the utility files its GRC application, with any updates to that methodology filed as supplemental testimony.

The IOUs commonly impute costs of programs, but the Commission and intervenors generally lack understanding of the methods used. Adopting this requirement will allow for appropriate oversight of IOU budgeting processes.

Regarding Staff's second and third recommendations in this area, the IOUs did not support these, stating they were duplicative of the first recommendation. We do not adopt Staff's second and third recommendations in this area.

3.2.4.4. Variance Explanations

IOU RSAR reports must provide an authorized cost and an incurred cost for each program with safety, reliability and maintenance elements. If the

approved and incurred costs vary more than 20 percent, the IOU must provide an explanation of why the variance occurred.[9]

To refine the way that the IOUs explain such variances in RSAR reports, Staff's Track 3 Proposal recommended the following:

a. When an IOU indicates a variance is the result of a forecast error, the IOU should list the assumptions used to make forecasts and identify the assumption(s) that resulted in the forecast error.

b. When an explanation indicates a variance is the result of activities shifted between programs, the IOU should disclose the other programs, and their pre- and post-cost shifting variances.

c. IOUs should place work activity dependencies, or activities which rely upon another program (*e.g.*, inspections), in the same category or program.

d. IOUs should mark programs with zero or nearly zero expenditures as either canceled or deferred. Alternatively, the IOU should explain why the program was not marked as canceled or deferred.

e. Where a positive variance is due to new activities that are in-scope to the program description (also known as emergent activities), the IOU should explain what caused the new activity.

f. Where an IOU incurs a positive variance because the program's scope was expanded to include new mandates, the IOU should explain the new mandate and cite any new regulations or orders.

g. Since authorized GRC spending does not always align with RSAR program activities, variances are often explained as inaccurate forecasts or recorded elsewhere. Staff recommend IOUs provide enough information to explain the cause of the variance.

[9] D.19-04-020 at Table 4 at 43 and Attachment 2 at 8.

Parties largely support Staff's recommendations in this area, with some exceptions. No party opposes Staff's first, fifth and sixth recommendations in this area, which are reasonable and are adopted.

Regarding Staff's second recommendation, SCE requests additional clarification on how IOUs should implement this recommendation, while the Sempra companies state this is an onerous requirement.

We adopt Staff's second recommendation without changes. Staff's second recommendation requires IOUs to calculate the variance in approved and actual spending based on the adopted GRC cost allocation as well as based on any new cost allocation if an activity is shifted between programs. Cost shifting when a program moves to a new cost center is a significant source of variances in the RSARs, and the identified information is necessary for Staff to perform their oversight activities. This is a reasonable recommendation that will assist Staff in performing their oversight functions.

We disagree with the Sempra companies that this requirement is onerous. If an IOU is going to shift program budgets, they would need to know the cost allocated between programs prior to doing so. This recommendation simply requires the IOU to report these types of changes in their RSAR reports.

We do not adopt Staff's third recommendation in this area. IOU comments identified several problems with implementing this recommendation if a particular activity supports multiple capital cost areas. SCE, for instance, observes that implementing this recommendation would require an IOU to track inspection costs related to multiple capital programs in multiple cost categories, which is impractical.

Staff's fourth recommendation requires an IOU to explain why a program is not considered canceled or deferred, when nearly zero spending has occurred.

SCE and the Sempra companies identify some ambiguities with the recommendation and request clarification. SCE requests further definition of "zero or nearly zero." The Sempra companies note that not all instances of "zero" expenditures mean that an activity was canceled or deferred.

We modify Staff's fourth recommendation to address SCE's concern, replacing the phrase "zero or nearly zero" with "less than five percent of authorized expenditures." Regarding the Sempra companies' comment, this Commission already requires the IOUs to report on canceled or deferred programs adopted in D.19-04-020.[10] Thus, Staff's fourth recommendation primarily establishes a clear trigger threshold for requiring additional explanatory information.

Additionally, to clarify where the IOUs should provide the explanatory information, we modify Staff's recommendation to add a separate "status" column in the reporting table. This latter component addresses the Sempra companies' concern to allow for explanations where needed.

As modified, Staff's fourth recommendation is reasonable, and we adopt it as indicated below:

- IOUs shall mark programs with <u>less than five percent of authorized</u> ~~zero or nearly zero~~ expenditures as either canceled or deferred. Alternatively, the IOU shall explain why the program was not marked as canceled or deferred <u>as a separate column</u>.

Party comments differ on Staff's seventh recommendation in this area. Staff's seventh recommendation addresses instances where an IOU's authorized

[10] Ordering Paragraph 11(A) of D.19-04-020 requires the IOUs in their RSARs to "[p]rovide a detailed explanation of the causes of the difference including whether any projects or other units of work were canceled, deferred or expanded that may have led to the difference."

GRC spending does not align well with RSAR program activities, or in instances where variances between approved and incurred costs are explained as inaccurate forecasts or recorded elsewhere. Staff's seventh recommendation in this area would require the IOUs to provide information sufficient to explain the cause of variances for these reasons.

The Sempra companies oppose Staff's seventh recommendation on the grounds that implementing the recommendation is infeasible due to the particularities of the Sempra companies' accounting methods. PG&E and SCE do not oppose this recommendation and PCF supports it.

We find Staff's seventh recommendation to be reasonable and adopt it here. The thrust of Staff's seventh recommendation is that the phrase "inaccurate forecast" is an insufficient explanation of an IOU of a variance between approved and actual safety spending. We agree. For oversight purposes, it is important that the IOUs attribute discrepancies between forecasted costs and actual costs to a specific cause or, when a cause cannot be determined, that the IOU discuss the source of the error. For instance, an inaccurate forecast can be a function of a heat wave that resulted in additional transformer failure. In this case, the forecast may have been based on a four-year average and an individual year may have significantly deviated from the average. The cause of the deviation in this instance may therefore be an outlier event and the forecasted average is still valid for subsequent years. However, if the frequency of a given event is trending away from the forecasted amount, the drivers for the change should be discussed. Adopting Staff's recommendation on this point will ensure that it is.

We acknowledge Sempra companies' statement that peculiarities in their accounting methods make it infeasible for them to implement this recommendation. However, the Sempra companies fail to provide any

explanation or elaboration on these limitations of their accounting methods. We believe the companies can find alternatives and/or provide better explanations of variances, as they would when they report whether they are meeting the company's financial goals for their management and the financial communities, for instance.

Additionally, when an IOU moves a GRC activity to a different cost center than originally proposed, it is insufficient for the IOU to provide a variance explanation simply stating that the program has been moved; the IOU must also provide an explanation of why and how the program was moved. Staff's seventh recommendation as adopted here requires an IOU to explain why an activity was shifted to a new cost center and if the authorized amounts were also shifted. This requirement will enhance Staff oversight of IOU safety, reliability and maintenance spending as required in statute.

3.2.5. Updating Requirements for the Presentation of Cost and Other Information in RAMP Reports[11]

The Commission, in D.18-12-014, directed the IOUs to include cost information in their RAMP reports. This RAMP cost information is typically presented with limited detail as it is primarily used to inform an IOU's analysis of the feasibility of various mitigation options. RAMP proceedings do not evaluate the reasonableness of an IOU's proposed risk mitigation expenditures; that review occurs in the utility's GRC application proceeding.

In their Track 3 Proposal, Staff describe the steps they take to assess the completeness of an IOU's RAMP filings, including reviewing the construction of the risk model summarized in the filing and the risk and RSE values presented.

[11] Staff's Track 3 Proposal entitles this section "Update RAMP Evaluation, Risk Spending and RSEs." This decision modifies that title to promote clarity.

Importantly, RAMP cost estimates are the denominators of the RSEs which are used to rank proposed mitigations during the RAMP and determine mitigations to include in the GRC.

Staff state that an increased understanding of how an IOU determines funding levels and unit costs during its RAMP preparation processes would help Staff understand how these determinations impact the scope of the mitigation programs the IOU proposes in its RAMP report and in its GRC application.[12]

Based on these observations, Staff's Track 3 Proposal offered the following recommendations to update requirements for the presentation of cost and other information in RAMP reports:

a. IOUs should explain in their RAMP reports how they determine funding levels, unit costs, the scope of mitigation programs, and work requirements.
b. IOUs should provide graphics of historical progress in their RAMP reports that clearly illustrate what work has been accomplished and what work remains to be done.

Parties had a range of views on these two Staff recommendations, with intervenors and the Sempra companies largely supporting the first recommendation and SCE and PG&E opposing it. PG&E objects that D.14-12-025 outlines only high-level requirements for RAMP reports.

The Sempra companies do not support the second recommendation, while SCE and PG&E observe that the recommendation is ambiguous and requires clarity.

We adopt Staff's first recommendation here with minor modifications as indicated below. Requiring the IOUs to indicate in their RAMP reports the funding levels and program unit costs the IOU used to prepare the analysis, as

[12] Staff Track 3 Proposal at 8.

well as the scope of mitigation programs proposed based on this, and the source of its cost estimates is reasonable. Having this information promotes transparency and is necessary for Staff to perform its oversight functions.

We acknowledge that the funding levels provided by the IOUs in response to this requirement will be estimates. However, we require these estimates in order to provide the Commission with more information on the methodology by which the cost estimate was derived and on the scope of the mitigation. This will better inform the subsequent GRC application process, which is the intent of the RAMP reports.

Although the RDF adopted in D.18-12-014 requires RAMP reports to include cost estimates used in feasibility analysis of alternative mitigations, this information is presented without great detail. Having greater detail on the IOU's analytical processes is necessary for Staff to assess the appropriateness of RAMP cost estimates and the resulting mitigation rankings. Additionally, having this information will assist Staff in tracking changes in an IOU's proposals between the RAMP report and the GRC application.

We adopt Staff's first recommendation in this area with modifications to add clarity:

- IOUs' ~~explain in their~~ RAMP cost estimates shall include ~~reports how they determine~~ funding levels, unit costs, the scope of mitigation programs, and ~~work requirements~~, the source of estimates.

Regarding Staff's second recommendation in this area, intervenors support it, while the IOUs state it could be burdensome and indicate there is ambiguity on how to implement the recommendation.

We adopt Staff's second recommendation as proposed, with the clarification that this requirement applies to risk mitigation programs and

activities only. Inclusion of graphically presented historical information on the progress an IOU has made on safety-related programs will add transparency to an IOU's efforts and promote better understanding of what work has been accomplished and what work remains to be done. It will also support better analysis and understanding of how new RAMP reports build on past ones.

We delegate to Staff authority to provide further guidance to the IOUs on implementing this recommendation as needed, in consultation with the parties, and consistent with the following requirements: 1) the graphic is consistent with the IOUs' safety goals, and 2) the graphic provides information on risk mitigations and progress over at least two RAMP cycles.

Staff will convene a Track 3 WG to discuss this issue prior to March 31, 2023. Prior to the WG, the IOUs may propose to WG members one or more types of graphics to implement this recommendation that clearly illustrate what risk mitigation work has been accomplished and what work remains to be done.

3.2.6. Updating the RAMP Revision Process[13]

3.2.6.1. Tracking the Disposition of Party Comments Between RAMP Filings and the GRC Application

Intervenor parties to RAMP proceedings are typically also parties to the subsequent GRC application proceeding. These parties have identified a lack of transparency in whether and how an IOU addresses party RAMP comments in the IOU's GRC application. To address this lack of transparency, parties request that the Commission require an IOU to identify in its GRC application the changes it made to its application based on RAMP comments and related review

[13] Staff's Track 3 Proposal entitles this section "Define RAMP Revision Process to Meet Requirements." We alter that title here to promote clarity.

processes. Specifically, these parties request that the Commission require the IOU to showcase in its GRC application the changes the IOU made to its risk model calculations based on RAMP processes.[14]

In response to these party concerns, Staff's Track 3 Proposal recommends two changes to RAMP and the related GRC application as follows:

a. The IOUs should file a summary of RAMP Safety Policy Division (SPD) and party comments in the docket of the RAMP proceeding as well as in the docket of the relevant GRC proceeding. The comment summary would be subject to informal discussions between parties.

b. The IOUs should address all RAMP comments and should explain how any recommendations found in RAMP comments were or were not adopted and why in their GRC testimony when they ask for GRC cost recovery.

The majority of parties support these Staff proposals. TURN further recommends that the Commission adopt a standard practice of incorporating all RAMP proceeding comments into the record of the IOU's subsequent GRC application proceeding. PCF supports TURN's position. The Sempra companies do not support Staff's recommendations in this area, stating that they are unnecessary.

We adopt these Staff recommendations without modification. If desired, the IOUs may implement these two items in a single document as PG&E did in its TY 2023 GRC Application (A.21-06-021).

We agree with Staff that additional steps are needed to facilitate IOU attention to parties' comments on RAMPs. It is important for parties and the Commission to understand if an IOU made changes in response to party RAMP comments and, if not, why not. We agree with Staff's recommendation that the

[14] Staff's Track 3 Proposal at 8.

IOUs complete a summary of party comments and why the comment was addressed or not after an informal discussion with parties. This step will promote dialog and flesh out the nuances of a complex issue. Overall, these new requirements will add transparency and help ensure that meritorious party recommendations are incorporated into an IOU's risk assessment and related budgeting processes.

We do not adopt TURN's recommendation that the full record of a RAMP proceeding be incorporated into the subsequent GRC application proceeding because doing so would complicate an already voluminous proceeding. Intervenor parties may already seek to enter relevant documents filed in RAMP proceedings into the record of the related GRC application proceeding by submitting the documents as exhibits, subject to cross-examination, if they provide evidence that there are material issues of disputed fact to the satisfaction of the decision-maker in the relevant proceeding.

3.2.6.2. Promoting Greater Attention to Addressing Potential RAMP Non-Compliance Issues

RAMP proceedings are primarily informational in nature.[15] Thus, RAMP proceedings are typically closed via procedural decisions once the IOU's RAMP has been examined by parties and staff, with RAMP comments addressed by the IOU in the subsequent GRC application. Staff have found, however, that addressing risk issues identified in the RAMP after an IOU files a GRC application is complicated because RAMP filings are organized by risks rather than by spending category, as in the GRC application.[16] Thus, it can be difficult

[15] D.14-12-025.

[16] Staff Track 3 Proposal at 9.

to track where a risk identified and addressed in a RAMP proceeding is addressed in the subsequent GRC application.

3.2.6.2.1. Staff Proposal

Staff's Track 3 Proposal discusses the need for a mechanism or clear set of standard practices to resolve shortcomings with IOU RAMP filings. Staff state that having such a mechanism or set of standard practices to resolve identified issues would make RAMP proceedings more useful to subsequent GRC application processes. Specifically, Staff recommend the Commission identify a mechanism or a set of standard practices to address findings or allegations of IOU non-compliance with the Commission's adopted RAMP requirements pursuant to D.14-12-025, D.16-08-018, D.18-12-014, D.19-04-020 and D.20-01-002.

Staff's' full set of recommendations in this area in the Track 3 Proposal are as follows:

a. The Commission should expand the scope of RAMP proceedings to include resolving compliance concerns such as compliance with the RAMP guidance adopted in D.18-12-014 and D.20-01-002.
b. The scope of RAMP proceedings should continue to allow for rulings or orders requiring that risk modeling concerns be addressed prior to the GRC being filed.
c. That IOUs may fundamentally change risk and RSE scores, selected mitigations, and other issues in response to the RAMP process and comments means that sometimes the IOU should be required to update their RAMP model and file this before or with their GRC.
d. The scope of GRC proceedings should continue to allow for a revision and resubmittal of an IOU's RAMP model. Critical issues raised in the RAMP should flow through and be addressed and integrated into the GRC review process. The integration process may include the ALJ in

the GRC proceeding directing the IOU to revise and resubmit its RAMP model.

3.2.6.2.2. Party Comments

The IOUs largely oppose Staff's recommendations in this area. IOU concerns center on the need to avoid delaying the related GRC application proceeding. TURN supports Staff's recommendations in this area and requests additional clarifying language. PG&E supports Staff's first recommendation in this area and recommends the Commission review the model PG&E offered in PG&E's RAMP proceeding, A.20-06-012, and PG&E's TY 2023 GRC Application Proceeding, A.21-06-021, to address these challenges.

3.2.6.2.3. Discussion

Staff's recommendations in this area highlight that the Commission's RDF process has not adopted a set of standardized mechanisms or practices to resolve issues identified in RAMP proceedings. As observed by Staff, this may include addressing findings or allegations of IOU non-compliance with RAMP requirements. Importantly, however, the existing RAMP process provides the opportunity for parties and staff to identify shortcomings and recommend improvements. SPD produces an analysis of each IOU's filed RAMP report within approximately three and a half months.[17]

The Commission has thus far addressed identified flaws in RAMP reports in several ways. In the Sempra companies' 2021 RAMP proceeding (A.21-05-011), the Assigned Commissioner directed the Sempra companies to revise RSEs, recalculate attribute weights and ranges, increase the granularity of

[17] D.20-01-002 at 50.

its analysis and take other steps to improve their RAMP filings, and to file this information before their GRC applications were due on May 15, 2022.[18]

In PG&E's RAMP proceeding, A.20-06-012, the assigned ALJ ordered PG&E to file several improvements to its RAMP report with its GRC application. This included ordering PG&E to file a road map that that identified where in its GRC testimony the different RAMP risks were incorporated.[19] The assigned ALJ in A.20-06-012 also ordered PG&E to serve testimony with analysis and discussion of the estimated consequences of Public Safety Power Shutoff events for customers and a description how PG&E analyzes these consequences, based on an updated analysis of risks and consequences of such events.[20] In A.20-06-012, through the discovery process, PG&E provided parties with a variety of different "scenario runs" using different assumptions, in accordance with D.18-12-014.

SCE filed its 2022 RAMP report on May 13, 2022, thus no record has yet been developed in that proceeding.

We decline to adopt Staff's recommendations in this area as these practices are occurring already. Additionally, each RAMP proceeding has unique aspects and findings. It is thus inappropriate to second guess or prescribe the range of potential actions that the assigned ALJ and Commissioner in a RAMP case, or the Commission as a whole, may take. We also share the IOUs' desire to avoid

[18] Assigned Commissioner's Ruling Directing Sempra Utilities to Incorporate Staff Recommendations on their Risk and Mitigation Phase in the Upcoming 2024 General Rate Case Applications. March 30, 2022.

[19] *See* PG&E Response to ALJ Ruling Regarding RAMP Safety Risks in the 2023 General Rate Case, October 14, 2021.

[20] Email Ruling Denying Joint Motion by Public Advocates and FEITA but Requiring Updated Analysis of Public Safety Power Shutoff in the Next General Rate Case, June 3, 2021.

adopting any standardized steps or mechanisms that may delay filing of GRC applications.

3.2.7. Adopting Additional RSAR Improvements

3.2.7.1. Staff Proposal

Staff's Track 3 Proposal contained a final set of recommendations about potential additional RSAR improvements, as follows:

a. The IOUs should track programs over a full GRC cycle. Each program should include the cumulative GRC imputed costs, imputed costs to date, actual costs by year, cost to date, and variance to date.

b. The IOUs should provide a statement regarding the anticipated completion status for each line item as to whether the program is anticipated to be completed during the GRC cycle. For the last year of the GRC cycle, the completion status will summarize the entire GRC cycle and discuss any deferred or cancelled scope.

c. The IOUs should include reporting of total expenditures (not only safety reliability and maintenance (SRM) expenditures) for all GRC programs and all memorandum and balancing accounts to provide context for the SRM spending as a subset of total GRC spending. Variance should be calculated, but units and variance explanation for non-SRM spending would not be required.

In introducing its proposals in this area, Staff stated the following:

> After reviewing several cycles of RSAR filings, Staff noticed a significant portion of IOU annual spending variances are a function of an IOU imputing the cost of a program equally across the entire GRC cycle despite a program's uneven spending (for example, design and permitting in the first year of a program will have the same imputed cost as the construction phase in the subsequent years, but only require a fraction of the cost). As such, Staff believe that variances may be better analyzed by evaluating spending through the entire GRC cycle.

> Staff recognize IOUs' responsibilities to manage shifting priorities and emergencies. Sometimes an IOU shifts resources between non-SRM programs and SRM programs. Staff believe that analyzing SRM spending alongside total IOU spending will provide additional insight regarding IOU management of SRM priorities. Requiring IOUs to including total IOU expenditures in their RSARs would also helpfully contextualize the impact of SRM spending variances on rates.[21]

3.2.7.2. Party Comments

Party comments on these Staff recommendations diverge, with the IOUs opposing them and intervenors supporting them. IOU concerns center on the lack of clarity of the requirement in terms of how the requested data should be presented and what projects and budgets should be included.

PG&E states that the first recommendation may violate Pub. Util. Code § 591, which requires reporting of "each time since that notification was last provided that capital or expense revenue authorized by the Commission for maintenance, safety, or reliability was redirected by the electrical or gas corporation to other purposes."[22] PG&E objects to having report additional information beyond what has occurred since the previous report. PG&E further observes, regarding the third recommendation, that an RSAR addressing the last GRC year of the cycle and the cumulative GRC cycle, would be filed after the subsequent decision approving the next GRC application, so the information requested may not be useful. PG&E also states that SRM expenditures should not be subject to variance reporting.

[21] Staff Track 3 Proposal at 9.

[22] Pub. Util. Code § 591.

Regarding the second recommendation, SCE requests clarification regarding reporting on projects without clear completion dates, like emergency response activities. SCE also states that the third recommendation would be burdensome. An overall IOU concern was that these proposals had not been previously discussed at a WG meeting.

3.2.7.3. Discussion

We adopt Staff recommendations in this area. We concur with Staff that, because the IOUs report spending as discussed in the Staff proposal -- imputing the cost of a program equally across the entire GRC cycle despite a program's uneven spending – Staff may better analyze variances between authorized and actual expenditures for safety, reliability, and maintenance by evaluating spending through the entire GRC cycle rather than for a single year only. We also concur with Staff that, with the exception of wildfire mitigation program costs, which cannot be shifted,[23] because an IOU may shift resources between programs that do not address safety, reliability and maintenance and those that do, requiring IOUs to report on both categories of spending simultaneously will provide the Commission with additional insight and context. In response to PG&E, we clarify that reporting of variances between authorized and actual expenditures is not required for programs and budgets that do not include safety, reliability and maintenance activities.

[23] Pursuant to Assembly Bill 1054, IOUs may not shift wildfire mitigation program costs. Pub. Util. Code § 8386.3 (d) (1) states: An electrical corporation shall not divert revenues authorized by the commission to implement the wildfire mitigation plan to any activities or investments outside of the plan. An electrical corporation shall notify the commission by advice letter of both of the following: (A) The date when the electrical corporation projects that it will have spent, or incurred obligations to spend, its entire annual revenue requirement for vegetation management in its wildfire mitigation plan not less than 30 days before that date.

We do not see Staff's recommendations as burdensome. However, we agree that additional clarity will be required for the IOUs to effectively meet these requirements.

To address this, we provide a template for use in Appendix B. Commission Staff may take additional feedback from parties on the template in the 2022 WG described elsewhere in this decision. We delegate to Staff the authority to further clarify the template to ensure that it includes: 1) a format for tracking cumulative imputed and actual GRC costs, 2) guidelines for defining and reporting project completion status, and 3) non-SRM spending such that a completed template provides a total annual spending amount for each major line of business for capital and O&M expenses.

We disagree with PG&E that because of timing issues the information required may not be useful. Due to the nature of the multi-year GRC process, this type of timing mismatch between data submittal and its use is not uncommon. The RSARs, including spending forecasts, provided in the first years of a GRC cycle will provide much needed information on spending and the completion of SRM projects in later years. The RSAR from the final year of a GRC cycle will provide for oversight on IOU spending against the requested revenue requirements and allow the Commission to follow-up on deferred projects. Overall, the data provided will be extremely useful for oversight and tracking purposes.

Regarding Section 591, we disagree with PG&E that Staff's recommendation violates this code section. Section 591 requires reporting related to actual costs to date. Staff's recommendation asks for actual costs to date as well as cumulative costs. Thus, Staff's recommendation goes further than Section 591 but does not contradict it. Further, we note that the Commission has

the authority to require reporting of such information IOUs regardless of Section 591.

The IOUs also express the general concern that this Staff recommendation was not discussed during the WGs. This concern is misplaced as all parties had a chance to comment on this recommendation through the ruling and comment process.

3.3. Additional Recommendation Outside the Staff Proposal

In comments on the Track 3 proposal, Cal Advocates provides a recommendation not provided by Staff, namely an "RSAR Action Plan."

3.3.1. RSAR Action Plan

Cal Advocates states that the Commission should require the IOUs to submit RSAR Action Plans concurrent with their RSAR reports. Cal Advocates proposes that an RSAR Action Plan should require utilities to provide detailed plans discussing how they would complete RSAR-eligible safety and reliability activities that were authorized but incomplete. Cal Advocates states that without such plans, the utilities may submit duplicate requests for funds to address identified risks or may defer risk-reduction work for years without making significant progress to address those risks. The Action Plan should include anticipated completion dates or a justification as to why the work cannot be completed within the expected timeline.[24]

The IOUs oppose the RSAR Action Plan stating that they are already required to complete all safety programs authorized in the GRC. The IOUs state that an Action Plan would prevent them from responding to shifting priorities and adjusting spending between projects.

[24] Cal Advocates, Comments on Track 3 Proposal and Joint Motion, May 3, 2022 at 3.

3.3.2. Discussion

We appreciate Cal Advocate's attention to RSAR requirements but do not approve the RSAR Action Plan concept as proposed by Cal Advocates at this time. The IOUs already must report and describe variances at the individual program level within the RSAR. Additionally, this decision requires the IOUs to track cumulative expenditures throughout the GRC cycle and the completion status of each program (see section 3.2.7). The cumulative tracking will identify programs that may have chronic spending variances. The requirement for project status reporting requires IOUs to estimate if a project will be completed as originally scoped. These requirements now address two key components of the Cal Advocates proposed RSAR Action Plan. Based on these improvements to RSAR requirements, we do not foresee the need for an RSAR Action Plan at this time.

3.4. Gas Safety Reporting

3.4.1. Overview of Joint Motion to Eliminate Separate Gas Safety Reporting Requirements

The Joint Motion filed by PG&E and Sempra on February 18, 2022 pertains to the gas safety reporting requirements adopted in D.19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018 (Decisions), pursuant to Section 958.5 and Section 591. These decisions collectively adopt content and timing requirements for a Gas Transmission, Distribution, and Storage Safety Report (GTDSSR) for the Sempra companies, and a Gas Transmission and Storage Report (GTSR) and Gas Distribution Pipeline Safety Report (GDPSR) for PG&E (collectively Gas Safety Reports). The Joint Motion proposes that the Commission eliminate the separate Gas Safety Report requirements adopted in the decisions mentioned. The Joint Motion also states that PG&E and the Sempra companies will merge

any non-duplicative gas safety reporting requirements into RSAR requirements, Safety Performance Metric (SPM) reports, RAMP reports and GRC applications or provide the information through discovery. The Joint Motion states that eliminating the separate Gas Safety Report requirements would eliminate redundancies and improve efficiency, while retaining all information required to be reported by statute and in the Decisions.

Regarding the GTDSSR required from the Sempra companies, the Joint Motion states that:

- The spend and units that comprise the majority of the GTDSSR are also the prominent piece of the RSARs. The unique aspects of the GTDSSR can be met by the RSAR and other filings, by expanding their service lists.
- Although the GTDSSR is distributed twice a year, the Legislature gave the Commission the authority to determine the frequency of such reports.[25]
- The GTDSSR also requires explanations of the companies' planning and decision-making with respect to transmission, distribution, and storage. This information is explained in the RAMP reports, in the GRC, in the SPM report[26] and also in the annual gas safety plans.
- The GTDSSR requires details on activities over a certain threshold. The RSAR includes the details at a somewhat higher level – at a level consistent with how costs are presented in the GRC.
- The GTDSSR requires dates for new projects that proceed ahead of other projects. The RSAR includes a requirement to explain emergent, deferred, or canceled projects.

[25] Section 958.5(a), "[t]wice a year, or as determined by the Commission."

[26] D.19-04-020 at 32 ("As discussed in Section 4.4 of D.19-04-020, we require the IOUs to include in their annual Safety Performance Metrics Reports a general description of how their risk mitigation activities and risk spending are meeting their RAMP and GRC goals for managing and minimizing safety risks.").

- The GTDSSR requires a spreadsheet of the data underlying the report. For the RSAR, Energy Division routinely requests Excel versions of the RSARs, and the Utilities anticipate the requests and timely provide them shortly after filing.
- Finally, the GTDSSR has two further requirements in the appendices: a copy of the Work Order Authorization (WOA) Request Form and a Baseline Assessment Plan Completion and Reassessment Due Dates (Basement Assessment Plan Dates). The WOA Request Form is not regularly reported externally but is available upon request at any time. The Baseline Assessment Plan Dates have not been generally provided historically; however, they have been provided as part of Transmission Integrity Management Program audits upon request.[27]

Regarding PG&E's GDPSR and GTSR, the Joint Motion states that most requirements in the Decisions are met by the RSAR, RAMP, and GRC reports, and related processes:

- Much of the material included in PG&E's GDPSR (Appendix 3 [to Joint Motion]) is similar to and repetitive of the information provided in the RSAR, for example, details related to recorded spend, units, and variance explanations to imputed regulatory values at the Maintenance Activity Type (MAT) level for safety, reliability, and maintenance MATs.
- Many of the unique aspects of the GDPSR, like the overview of the decision-making process and distribution planning, pipeline records discrepancies, inspection details, and compliance drivers, can be met by the SPM report, the Gas Safety Plan or through other publicly available filings like the GRC and RAMP.

[27] Joint Parties, Joint Motion, at 7, February 18, 2022.

- For PG&E's GTSR, similar to the GDSPR, much of the information duplicates imputed and actual data that will be provided in the RSAR.
- Many of the unique aspects of the GTSR, like progress on PG&E's storage and transmission programs, safety developments, integrated planning process, inspection details, and overall compliance status with transmission regulations can be met by the SPM report, the Gas Safety Plan or through other publicly available filings like the GRC and RAMP.
- Unique information in the GDPSR and GTSR that is not available in another filing including information related to budget, project details, procurement and disposition will be provided through RAMP and GRC filings or can be obtained through discovery.
- Related to timing of the reports, the GDPSR is submitted annually on March 31, concurrent with the RSAR. The GTSR is filed and served twice a year, once in March and once in November. However, there is no statutory requirement governing a semiannual submission. Section 958.5 allows the Commission to modify the schedule for submission of the reports.[28]

3.4.2. Party Comments

PCF and Cal Advocates commented on the Joint Motion. PCF states the Commission should continue to require separate Gas Safety Reports because eliminating them could dilute IOU reporting. Cal Advocates expressed concerns about potentially losing IOU reporting of imputed or authorized and actual spending values and work units, which they state are critical to oversight and ensuring IOU spending accountability.

[28] Joint Parties, Joint Motion, at 8, February 18, 2022.

3.4.3. Eliminating Separate Gas Safety Reporting Requirements and Merging Requirements into the RSAR

We adopt the Joint Motion as filed. The separate Gas Safety Report requirements for PG&E and the Sempra companies adopted in D.19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018 are eliminated. The IOUs are directed to merge all non-duplicative information required in the Gas Safety Reports in decisions D.19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018 that is not currently required in the RSAR reports pursuant to D.19-04-020 and this decision into their future RSAR filings, or to provide this information in their SPM reports, their RAMP reports and/or their GRC applications, starting in 2023. The IOUs shall clearly mark information included in these filings for this reason. Starting in 2023, PG&E, SoCalGas and SDG&E shall serve their annual RSAR reports on the service lists for the following additional proceedings: A.17-11-009, A.15-09-001, A.10-12-005, A.10-12-006, A.09-12-020, and I.10-07-027.

Eliminating separate Gas Safety Reports and merging the requirements of Section 958.5 into the RSAR reports and related filings promotes efficiency and reduces duplication. No critical information is lost with this action. Authorizing the IOUs to fulfill Section 958.5 requirements via RSAR reporting and related filings maintains IOU compliance with this code section. We note the Joint Motion's statement that "[u]nique information in the GDPSR and GTSR that is not available in another filing including information related to budget, project details, procurement and disposition will be provided through RAMP and GRC filings or can be obtained through discovery."[29]

[29] Joint Motion at 8.

We do not share PCF's concerns that the gas IOUs' reporting may be diluted, because our adopted RSAR requirements are robust, and the Joint Motion as approved here encompasses all non-duplicative information provided by the other reports. Further, in D.19-04-020, the Commission recognized the need to avoid excessive or duplicative reporting.

Consolidation of the separate Gas Safety Reports into the RSAR does not impact existing IOU reporting requirements regarding imputed or authorized spending values and work units.

4. Track 4 Issues (Pertain to SMJUs)

The Commission, in D.19-04-020, adopted SMJU-specific RSAR requirements and directed the SMJUs to file an annual RSAR in the applicable GRC proceeding in which the funding for risk mitigation activities was authorized and in the current or the most recent GRC at the time of its filing.[30] Attachment 2 of D.19-04-020 includes RSAR guidance for IOUs and SMJUs. The Voluntary Agreement appended to D.19-04-020 outlines SMJU risk assessment requirements for presentation in the GRC. D.19-08-027 modifies D.19-04-020 to require BVES to file its annual RSAR as an information only Tier 1 advice letter on March 31 annually.

4.1. Staff Proposal Regarding the SMJU Voluntary Agreement

Staff's Track 4 Proposal addresses the need for the Commission to formally adopt or modify the Voluntary Agreement appended to D.19-04-020. The Voluntary Agreement contains requirements for SMJUs to address risk in their GRCs. SMJUs are not required to file RAMP reports in the same manner as D.19-04-020 requires for the large IOUs.

[30] D.19-04-020 at 59, Finding of Fact 36.

Staff's Track 4 Proposal states that the SMJUs have demonstrated they are conforming with and in some cases surpassing the Voluntary Agreement's minimum requirements. The Staff Proposal states that the Office of Energy Infrastructure Safety reviews the SMJUs' WMPs, which provide analysis of wildfire risk and develop mitigations that represent a significant portion of SRM spending. The Staff Proposal observes that Phase II of this proceeding is considering refining the risk calculation framework for the larger IOUs. As such, Staff propose that the Commission should address any additional refinements of risk assessment requirements for SMJUs at a later date.

Staff recommend the Commission not further refine or formally adopt the Voluntary Agreement at this time. Staff additionally suggest that the Commission may wish to consider the need to adopt SPMs for the SMJUs following the further refinement of IOU requirements for SPMs in Phase II or III of this proceeding.

4.1.1. Party Comments

Cal Advocates filed opening comments and BVES/Liberty/PacificCorp filed reply comments. Both Cal Advocates and BVES/Liberty/PacificCorp state they support Staff's Track 4 recommendations, which include Staff's recommendation that the Commission not formally adopt the Voluntary Agreement.

4.1.2. Declining to Formally Adopt Voluntary Agreement or Modify Voluntary Agreement at This Time

We adopt Staff's Track 4 recommendation regarding the Voluntary Agreement without modification.

We concur with Staff that formal adoption or modification of the Voluntary Agreement is not necessary at this time. The current process of

implementation of the Voluntary Agreement by the SMJUs appears to be working well.

Regarding Staff's recommendation that we consider developing SPMs for the SMJUs, we do not address that here. We may consider in a later phase of this proceeding whether it is appropriate to consider SPMs for the SMJUs.

4.2. Refining SMJU RSAR Requirements

Staff's Track 4 Proposal recommends the Commission refine SMJU's RSAR reporting requirements in two areas:

a. RSAR Schedule Changes and Filing Instructions.
b. RSAR Project, Cost, and Work Unit Information, and Project Status.

Regarding the first issue, Staff's Track 4 Proposal recommends the Commission refine the SMJU's RSAR filing schedule and instructions as follows:

a. SMJU RSAR schedule changes are at the discretion of the Commission Energy Division Director, with questions or requests for changes directed to the Energy Division Director by April 1;
b. Energy Division Staff provides the SMJU RSAR Review by November 1st annually;[31]
c. The Commission requires SMJUs to file the RSARs annually by May 1 in their most recent GRC proceeding, the GRC proceeding where the RSAR costs are imputed, and with the Energy Division to: energydivisioncentralfiles@cpuc.ca.gov.

In the second issue area, that of refining the project, cost and work unit information required in the SMJU's RSARs and project status information, Staff's Track 4 Proposal recommends the Commission require the SMJUs to:

[31] Staff's annual reviews of SMJU RSARs are available here: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/risk-spending-accountability-reports.

a. File imputed costs for all years in the GRC cycle for all spending categories and SRM programs within six months of the adoption of a GRC revenue requirement, including for GRC applications approved via Settlement Agreement or the first RSAR related to a new GRC, whichever comes first. Associate each spending category or SRM program with a major line of business.
b. Report units for each RSAR SRM program. If no units are available provide explanation for not tracking units.
c. Provide variance explanation if variance is greater than +/- 15 percent of the imputed cost or units.
d. Track annual and cumulative costs and annual and cumulative work units through the entire GRC cycle.
e. Forecast SRM program scope, schedule, and budget for the GRC cycle.
f. Identify SRM program status as proceeding as planned, canceled, deferred, emergent, or expanded.
g. Report all costs, not only SRM costs. Non-SRM programs do not require units or variance explanations. The roll-up of O&M expense and Capital programs should represent the total direct costs for each type of spend for the year.
h. Support each RSAR filing with an electronic submittal of RSAR tables as a single table.
i. Clearly identify WMP programs in the GRC applications and track through the RSAR.

4.2.1. Party Comments

Cal Advocates supports Staff's Track 4 recommendations regarding the SMJU's RSAR schedule and requirements and offers two additional recommendations. As it did in its comments on Staff's Track 3 Proposal regarding the IOUs, Cal Advocates recommends that the Commission require the SMJUs to submit RSAR Action Plans that detail a utility's plans to complete RSAR-eligible safety and reliability activities that were authorized but have not

been completed by the end of the relevant GRC cycle. Cal Advocates also recommends the Commission adopt SPMs for the SMJUs.

BVES/Liberty/PacifiCorp support Staff's Track 4 recommendations but oppose Cal Advocates' recommendations. Regarding the latter's two proposals, BVES/Liberty/PacifiCorp state that requiring RSAR Action Plans would duplicate the risk-related reports already provided to the Office of Energy Infrastructure Safety, which Commission Staff review. They also state that additional guidance would be necessary for the SMJUs to implement such a requirement. BVES/Liberty/PacifiCorp oppose Cal Advocate's proposal for SPMs for the SMJUs, stating that the SPMs adopted for the IOUs do not necessarily coincide with the risk mitigation activities performed by the smaller SMJUs.

4.2.2. Discussion

We adopt Staff's Track 4 recommendations without modification. These are reasonable clarifications to requirements for SMJU RSAR reports that no party opposed. The SMJUs shall each implement Staff's recommended changes described in Section 4.4 starting no later than the individual utility's next GRC decision.

We appreciate Cal Advocates' attention to the SMJU requirements; however, we do not adopt the proposals for either a RSAR Action Plan or for SPMs for the SMJUs at this time. By adopting Staff's recommendation that the SMJUs report cumulative costs and work units in the RSAR reports, we will now receive additional information to help Staff and parties track SMJU spending on risk mitigation activities and ensure that costs are not recovered twice for the same activities.

Regarding adopting SPMs for the SMJUs, we agree with the SMJUs that it would be necessary to review the SPMs adopted for the IOUs to determine if it would be appropriate to adopt the same SPMs to the SMJUs. We may consider this in future phases of this rulemaking.

5. Instructions to Commission Process Office

The Commission's Process office shall serve this proposed decision on the service lists to R.20-07-013, A.17-11-009, A.15-09-001, A.10-12-005, A.10-12-006, A.09-12-020, I.10-07-027 and R.13-11-006.

6. Comments on Proposed Decision

The proposed decision of Commissioner Rechtschaffen in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

7. Assignment of Proceeding

Commissioner Clifford Rechtschaffen is the assigned Commissioner and Cathleen A. Fogel is the assigned ALJ in this proceeding.

Findings of Fact

1. The Staff recommendations on Tracks 3 and 4, as modified by this decision and summarized in Appendix A, are not burdensome and add transparency to Commission oversight of IOU SRM spending as summarized in RSAR reports, RAMP reports, and via GRC processes.

2. Commission Staff will lead one or more WGs in 2022 and 2023 to implement the guidance adopted here on chapter headings, RAMP and GRC mapping, RSAR table structure, reporting of project completion status, inclusion in RAMP reports of graphics that illustrate what safety work has been accomplished and remains to be accomplished, and additional RSAR guidance,

and will provide additional implementation details to implement the modified requirements adopted in this decision.

3. Staff identified two concerns that this decision does not resolve, namely: (a) if a decision approving a GRC application alters the IOU's requested revenue requirement, it may be difficult for Staff and intervenors to understand the impacts of that change on funding for risk mitigation activities and on the effectiveness of those activities; and (b) if a decision approving a GRC application reduces the requested revenue requirement and this impacts risk mitigation activities in unspecified ways, it may be difficult for Staff and intervenors to compare the utility's projections of the benefits and costs of adopted risk mitigation activities with their actual benefits and costs, as required in D.14-12-025.

4. It is important for parties and the Commission to understand if an IOU made changes to its RAMP model in response to parties' comments in a RAMP proceeding and, if not, why not.

5. Addressing risk issues after an IOU files a GRC can be difficult because RAMP filings are organized by risk categories rather than by spending category, as in the GRC application.

6. There are a variety of ways that identified flaws in RAMP models are resolved.

7. Eliminating separate Gas Safety Reports and merging the requirements of Section 958.5 into the RSAR reports and related filings promotes efficiency and reduces duplication, and no critical information is lost with this action as unique information in the Gas Safety Reports that is not available in another filing including information related to budget, project details, procurement and

disposition will be provided through RAMP reports , SPM reports or GRC filings.

8. The Voluntary Agreement appended to D.19-04-020 outlines SMJU risk assessment requirements for presentation in the GRC.

9. The SMJUs have demonstrated they are conforming with and in some cases surpassing the Voluntary Agreement's minimum requirements.

10. Staff's Track 3 and 4 recommendations as modified are reasonable.

Conclusions of Law

1. The Staff recommendations on Tracks 3 and 4, as modified by this decision and summarized in Appendix A, should be adopted.

2. Staff's concerns as outlined in Finding of Fact 3 should be considered in R.20-07-013 in the future.

3. Significant issues identified with RAMP models in the RAMP proceeding, including non-compliance issues, should be clearly addressed by the IOU and reflected in the related GRC application.

4. Authorizing the IOUs to fulfill Section 958.5 requirements via RSAR reporting maintains IOU compliance with this code section.

5. The Commission should adopt the Joint Motion as filed and eliminate the separate Gas Safety Report requirements adopted in D.19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018.

6. The Commission should direct PG&E, SoCalGas, and SDG&E to merge all non-duplicative information required in the Gas Safety Reports pursuant to decisions D.19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018 that is not currently required in the RSAR reports pursuant to D.14-12-025, D.19-04-020 and this decision into their future SPM reports, RAMP reports or GRC applications, starting in 2023.

7. The Commission should not formally adopt the Voluntary Agreement at this time.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric company shall implement the requirements for Risk Spending Accountability Reports (RSAR), Risk Assessment and Mitigation Phase (RAMP) filings, and General Rate Case (GRC) applications contained in Appendix A to this decision, effective immediately. The RSAR, RAMP, and GRC requirements contained in Appendix A add to and do not replace those adopted in Decision (D).14-12-025, D.16-08-018, D.18-12-014, D.19-04-020 and D.20-01-002, which are retained unmodified.

2. The separate Gas Safety Reports adopted in Decision (D.) 19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018, namely the Gas Transmission, Distribution, and Storage Safety Report, required of Southern California Gas Company and San Diego Gas & Electric Company, and the Gas Transmission and Storage Report and Gas Distribution Pipeline Safety Report, required of Pacific Gas and Electric company, are eliminated.

3. Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) are directed to merge non-duplicative Gas Safety Report information required in Decision (D.) 19-09-025, D.17-05-013, D.13-05-010, and D.11-05-018 that is not currently included in the Risk Spending Accountability Reports (RSAR) requirements adopted in D.14-12-025, D.19-04-020 and in this decision, in their future Safety Performance Metrics reports, their Risk Assessment and Mitigation

Phase reports or their general rate case applications, starting in 2023. PG&E, SoCalGas, and SDG&E shall clearly mark information included in these filings for this reason. Starting in 2023, PG&E, SoCalGas and SDG&E shall serve their annual RSAR reports on the following additional proceedings: Application (A.) 17-11-009, A.15-09-001, A.10-12-005, A.10-12-006, A.09-12-020, and Investigation 10-07-027.

4. Bear Valley Electric Service, Inc., PacifiCorp, d.b.a. Pacific Power, Liberty Utilities (CalPeco Electric) LLC , and Southwest Gas shall implement the following changes to their Risk Spending Accountability Reports (RSAR), starting with the RSAR report due immediately following each utility's next general rate case (GRC) application:

   a. File imputed costs for all years in the GRC cycle for all spending categories and safety, reliability and maintenance (SRM) programs within six months of the adoption of a GRC revenue requirement, including for GRC applications approved via Settlement Agreement or the first RSAR related to a new GRC, whichever comes first. Associate each spending category or SRM program with a major line of business.
   b. Report units for each RSAR SRM program. If no units are available provide explanation for not tracking units.
   c. Provide variance explanation if variance is greater than +/- 15 percent of the imputed cost or units.
   d. Track annual and cumulative costs and annual and cumulative work units through the entire GRC cycle.
   e. Forecast SRM program scope, schedule, and budget for the GRC cycle.
   f. Identify SRM program status as proceeding as planned, canceled, deferred emergent, or expanded.
   g. Report all costs, not only SRM costs. Non-SRM programs do not require units or variance explanations. The roll-up

of operations and maintenance expense and capital programs should represent the total direct costs for each type of spend for the year.

h. Support each RSAR filing with an electronic submittal of RSAR tables as a single table.

i. Clearly identify wildfire mitigation plan programs in the GRC applications and track through the RSAR.

5. The following scheduling process for Bear Valley Electric Service, Inc., PacifiCorp, d.b.a. Pacific Power (PacifiCorp), Liberty Utilities (CalPeco Electric) LLC (Liberty), and Southwest Gas (collectively Small and Multi-Jurisdictional Utilities, or SMJUs) Risk Spending Accountability Reports (RSAR) is adopted:

a. SMJU RSAR schedule changes are at the discretion of the Commission's Energy Division Director. Questions or requests for changes shall be annually directed to the Energy Division Director by April 1;

b. Energy Division Staff will provide a review of SMJU RSARs by November 1st annually; and

c. The SMJUs shall file their RSARs annually by May 1 in their most recent general rate case (GRC) proceeding, the GRC proceeding where the RSAR costs are imputed, and with the Energy Division to: energydivisioncentralfiles@cpuc.ca.gov.

6. Rulemaking 20-07-013 remains open.

This order is effective today.

Dated _____, at Sacramento, California.

APPENDIX A

R.20-07-013 Phase 1 Track 3
Additional RSAR, RAMP and GRC Requirements, as Adopted

RSAR Schedule Changes

1. RSAR schedule changes are at the discretion of the Energy Division Director and questions or requests for changes shall be directed to the Energy Division Director by January 31 for each calendar year. The Energy Division Director shall notice any schedule changes to relevant proceedings and the Commission website.
2. The April 10th RSAR Schedule notice approach adopted in D.19-04-0209 is eliminated and a simplified schedule is adopted as follows:
    a. IOU RSAR filing due: 4/30
    b. Intervenor Comments due: 7/21
    c. Energy Division Reviews due: 10/31

Linking RAMP and RSAR Content to the GRC

3. The IOUs shall standardize chapters and headings in the RSARs, RAMPs and GRCs. Specifically, where RAMP risks pertain to only one GRC program, the filings should simply have the same name.

RAMP to GRC Mapping

4. The IOUs shall explicitly map costs and comments between the RAMP and GRC filings. The cost mapping must identify expenses as either capital or operating expenses.
5. The IOUs shall identify capital expenditures and operating costs stemming from an approved WMP as such in the GRC or other applications for cost recovery. Each WMP mitigation shall be mapped to at least one GRC cost category and tracked in the RSAR.
6. The IOU's GRC Application shall contain GRC Workpapers with chapter or risk information, RAMP mitigation cost estimates, proposed GRC cost estimates and the difference from RAMP estimates.

RSAR Improvements

Filing Standardized Table Structures

7. The IOUs shall use a single, standardized table structure for programs including canceled, deferred, or expanded programs.
8. The IOUs shall supply excerpted attachments, exhibits, chapters and page number references with every RSAR.
9. The IOUs shall provide RSAR spreadsheets to the same distribution list as the RSAR when they file the PDF.

Reporting Variances: Completion Status

10. The IOUs shall provide an overview of how they defined program or project completion status.

11. When the program lacks authorized units: (i) the IOUs shall cite workpaper activity descriptions to explain how much work was accomplished and the degree to which the goals described in GRC testimony were met. If the authorized amount deviates from the GRC workpaper, IOUs shall provide a description of the change from the workpaper; and (ii) IOUs shall explain why programs lack work unit information for each program in the RSAR when units are not provided.

Reporting Variances: Cost Imputation

12. Each IOU shall include its imputation methodology in its GRC testimony when the utility files its GRC application, with any updates to that methodology filed as supplemental testimony.

Variance Explanations

13. When an IOU indicates a variance is the result of a forecast error, the IOU shall list the assumptions used to make forecasts and identify the assumption(s) that resulted in the forecast error.

14. When an explanation indicates a variance is the result of activities shifted between programs, the IOU shall disclose the other programs, and their pre- and post-cost shifting variances.

15. IOUs shall mark programs with less than five percent of authorized expenditures as either canceled or deferred. Alternatively, the IOU shall explain why the program was not marked as canceled or deferred as a separate column.

16. Where a positive variance is due to new activities that are in-scope to the program description (also known as emergent activities), the IOU shall explain what caused the new activity.

17. Where an IOU incurs a positive variance because the program's scope was expanded to include new mandates, the IOU shall explain the new mandate and cite any new regulations or orders.

18. Since authorized GRC spending does not always align with RSAR program activities, variances are often explained as inaccurate forecasts or recorded elsewhere. In such cases, the IOUs shall provide enough information to explain the cause of the variance.

<u>Updating Requirements for the Presentation of Cost and Other Information in RAMP Reports</u>

19. The IOU's RAMP cost estimates shall include funding levels, unit costs, the scope of mitigation programs, and the source of estimates.

20. The IOUs shall provide graphics of historical progress in their RAMP reports that clearly illustrate what safety work has been accomplished and what work remains to be done.

<u>RAMP Revision Process</u>

21. IOUs shall file a summary of RAMP SPD and party comments in the docket of the RAMP proceeding as well as in the docket of the relevant GRC proceeding. The comment summary would be subject to informal discussions between parties.

22. IOUs shall address all RAMP comments and explain how any recommendations found in the RAMP comments were or were not adopted and why in their GRC testimony when they ask for GRC cost recovery.

Additional RSAR Improvements

23. IOUs shall track programs over a full GRC cycle in the RSAR. Each program shall include the cumulative GRC imputed costs, imputed costs to date, actual costs by year, cost to date, and variance to date. IOUs shall provide a statement regarding the anticipated completion status for each line item as to whether the program is anticipated to be completed during the GRC cycle. For the last year of the GRC cycle, the completion status will summarize the entire GRC cycle and discuss any deferred or cancelled scope.

24. IOUs shall provide a statement regarding the anticipated completion status for each line item as to whether the program is anticipated to be completed during the GRC cycle. For the last year of the GRC cycle, the completion status will summarize the entire GRC cycle and discuss any deferred or cancelled scope.

25. IOUs shall include reporting of total expenditures (not only SRM) for all GRC programs and all memorandum and balancing accounts to provide context for the SRM spending as a subset of total GRC spending. Variance should be calculated, but units and variance explanation for non-SRM spending would not be required. Examples will be provided in a subsequent technical working group.

(END OF APPENDIX A)

APPENDIX B

RSAR REPORTING TEMPLATE

Project Information

A	B	C	D	E	F
Type	Line of Business	Spending Category	Roll-up	Project Life (years)	Project Year
O&M Expense	Line of Business	Level 1 to Level n	yes/no	On-going	annual
Capital	Line of Business	Level 1 to Level n	yes/no	n	i^{th} year

A. **Type** is either O&M Expense or Capital.

B. **Line of Business** is highest level in the hierarchy and is defined by the utilities business practices. Examples include Gas Distribution or Electrical Generation.

C. **Spending Category** can be multiple columns depending on the utilities cost category hierarchy. A spending category can be used to identify WMP mitigations. The lowest level in the hierarchy and can be a specific mitigation, SRM program, or a non-SRM category.

D. **Roll-up** is "yes" if the program cost is unique to other line items and when rolled up it will sum to the level above. If spending is not unique to a defined category but is required tracking such as a WMP mitigation program it is marked "no" indicating that the cost will not be included in a roll-up.

E. **Project life** could be an integer of years, as is common with capital projects, or continuous as is common with on-going O&M projects.

F. **Project Year** is to identify, for each project, the number of years into implementation of that project in the reporting year. This provides insight for projects that may extend beyond the GRC cycle, such as large capital construction projects or projects that have carried over from previous GRC cycles.

Cost Information

G				H	I				J	K	L
Imputed Annual Cost				Imputed Cost to Date ($)	Actual Annual Cost				Actual Cost to Date ($)	Difference ($)	Percent Variance
Year 1	Year 2	Year 3	Year 4		Year 1	Year 2	Year 3	Year 4			
$	$	$	$	$	$	$	$	$	$	$	%

G. **Imputed Cost** is the cost imputed for each year in the GRC.

H. **Imputed Cost to date** is the sum of all the imputed costs for a given GRC cycle up to the reporting year.

I. **Actual Cost** is the actual spend for each year in the GRC cycle.

J. **Actual Cost to Date** is the sum of all actual costs for each year in the GRC cycle up to the reporting year.

K. **Difference** is the difference of J - H. Overspend to be reported as positive. Underspend to be reported as negative.

L. **Percent Variance** is (K/H)*100.

Unit Information

M	N				O	P				Q	R	S
Unit Type	Imputed Units				Imputed Units to Date	Actual Units				Actual Units to Date ($)	Difference	Percent Variance
	Year 1	Year 2	Year 3	Year 4		Year 1	Year 2	Year 3	Year 4			
Type of unit	n	n	n	n	n	n	n	n	n	n	n	%

M. **Units Type** is type of work being tracked. Examples include miles of pipeline or number of inspections. If no units are tracked the explanation of why there are no work units should be provided in this column.

N. **Imputed Units** are the work units imputed for each year in the GRC.

O. **Imputed Units to date** is the sum of all the imputed work units up to the reporting year.

P. **Actual Units** are the actual work units completed for each year in the GRC.

Q. **Actual Units to Date** is the sum of all work units for GRC years in a given GRC cycle up until the reporting year.

R. **Difference** is the difference of Q - O. Additional units to be reported as positive. Shortfall of units to be reported as negative.

S. **Percent Variance** is R/O*100.

Project Status

U	V	W			X
Cost Variance Explanation	Unit Variance Explanation	Forecast			Status
		Scope	Schedule	Budget	
Text	Text	U, T, O	U, T, O.	U, T, O	proceeding as planned, deferred, canceled, emergent, expanded

U. Cost Variance is a discussion on the reasons why the cost variance threshold was exceeded. For example, an underspend might occur due to permitting or a global pandemic.

V. Unit Variance is an explanation of what caused the difference between actual and authorized units found in column R.[32] An example could be a new regulation requiring more inspection. In such cases the regulation should be cited.

W. Forecast is predicted scope, schedule, and budget and is defined as "Under", "On-Target", or "Over" (U, T, or O). A program could be below the variance threshold for units in the first years of a GRC cycle but still on target to catch-up with the total units for the GRC cycle. Similarly, a program could show overspend in the early years the GRC due to equipment purchases but could be forecasted as on-target for budget because of reduced spending during the remaining years in the cycle.

X. Status is a function of five choices: proceeding as planned, deferred, canceled, expanded, or emergent, irrespective of whether the forecast is over or under budget/schedule. Proceeding as planned indicates no change from the original imputed cost or units. Expanded program refers to new activities that are out-of-scope to the program description. Emergent program refers to new activities that are in-scope to the program description.

(END OF APPENDIX B)

[32] D.19-04-020 at 42.

APPENDIX C

R.20-07-013 Phase 1 Track 3
Additional RSAR, RAMP and GRC Requirements, as Adopted
(redline version)

RSAR Schedule Changes

1. RSAR schedule changes are at the discretion of the Energy Division Director and questions or requests for changes shall be directed to the Energy Division Director by January 31 for each calendar year. The Energy Division Director shall notice any schedule changes to relevant proceedings and the Commission website.
2. The April 10th RSAR Schedule notice approach adopted in D.19-04-0209 is eliminated and a simplified schedule is adopted as follows:

    d. IOU RSAR filing due 4/30
    e. Intervenor Comments due: 7/21
    f. Energy Division Reviews due: 10/31

Linking RAMP and RSAR Content to the GRC

3. The IOUs shall standardize chapters and headings in the RSARs, RAMPs and GRCs. Specifically, where RAMP risks pertain to only one GRC program, the filings should simply have the same name.

~~4. Staff recommend that the Phase II scope for R.20-07-013 be updated to include exploration of: a) Whether the Commission should initiate a process to measure changes in safety benefits as a result of approved mitigation programs prior to 2024; and/or b) How, IOUs should estimate on changes in projected mitigation program benefits as a result of changes to revenue requirements adopted in a GRC.~~

RAMP to GRC Mapping

5. The IOUs shall explicitly map costs and comments between the RAMP and GRC filings. The cost mapping must identify expenses as either capital or operating expenses.
6. The IOUs shall identify capital expenditures and operating costs stemming from an approved WMP ~~should be tracked and identified~~ as such in the GRC or other applications for cost recovery. Each WMP mitigation shall be mapped to at least one GRC cost category and tracked in the RSAR.

~~7. IOUs shall identify each mitigation proposed in a WMP with the relevant program cost categories and at the same level of detail as reported in the RSAR. This is necessary to easily track proposed WMP costs across the RAMP-GRC-RSAR cycle.~~

8. The IOU's GRC Application shall contain ~~file~~ GRC Workpapers with ~~containing~~ chapter or risk information, RAMP mitigation cost estimates, proposed GRC cost estimates ~~revenue requirement~~ and the difference from RAMP estimates.

RSAR Improvements

Filing Standardized Table Structures

9. The IOUs shall use a single, standardized table structure for programs including canceled, deferred, or expanded programs.

10. The IOUs shall supply excerpted attachments, exhibits, chapters and page number references with every RSAR.

11. The IOUs shall provide ~~public access to~~ RSAR spreadsheets to the same distribution list as the RSAR when they file the PDF.

Reporting Variances: Completion Status

12. The IOUs shall provide an overview of how they defined program or project completion status.

~~13. When work units are available, the IOUs shall continue to use work units to report how much of the work described in program workpapers had been accomplished during the reporting period.~~

14. When the program lacks authorized units: (i) the IOUs shall cite workpaper activity descriptions to explain how much work was accomplished and the degree to which the goals described in GRC testimony were met. If the authorized amount deviates from the GRC workpaper, IOUs shall provide a description of the change from the workpaper; and (ii) IOUs shall explain why programs lack work unit information for each program in the RSAR when units are not provided.

Reporting Variances: Cost Imputation

15. ~~To provide an opportunity to review the way an IOU derives authorized RAMP program costs,~~ ~~e~~Each IOU ~~should~~ shall include its imputation methodology in its GRC testimony when the utility files its GRC application, with any updates to that methodology filed as supplemental testimony.

~~16. To provide an opportunity to review the way an IOU derives authorized RAMP program costs, each IOU should be required to include its imputation methodology in its GRC testimony when the utility files its GRC application, with any updates to that methodology filed as supplemental testimony.~~

~~17. Each IOU should be required to file, as needed, amendments to its imputation methodology as discussed in GRC testimony and/or amendments in the IOU's imputed authorized amounts for RAMP costs after every GRC decision that modifies a revenue requirement.~~

Variance Explanations

18. When an IOU indicates a variance is the result of a forecast error, the IOU shall list the assumptions used to make forecasts and identify the assumption(s) that resulted in the forecast error.

19. When an explanation indicates a variance is the result of activities shifted between programs, the IOU shall disclose the other programs, and their pre- and post-cost shifting variances.

~~20. IOUs should place work activity dependencies, or activities which rely upon another program (e.g., inspections), in the same category or program.~~

21. IOUs shall mark programs with less than five percent of authorized ~~zero or nearly zero~~ expenditures as either canceled or deferred. Alternatively, the IOU shall explain why the program was not marked as canceled or deferred as a separate column.

22. Where a positive variance is due to new activities that are in-scope to the program description (also known as emergent activities), the IOU shall explain what caused the new activity.

23. Where an IOU incurs a positive variance because the program's scope was expanded to include new mandates, the IOU shall explain the new mandate and cite any new regulations or orders.

24. Since authorized GRC spending does not always align with RSAR program activities, variances are often explained as inaccurate forecasts or recorded elsewhere. In such cases, the IOUs shall provide enough information to explain the cause of the variance.

Updating Requirements for the Presentation of Cost and Other Information in RAMP Reports

25. The IOU's ~~should explain in their~~ RAMP cost estimates shall include ~~reports how they determine~~ funding levels, unit costs, the scope of mitigation programs, and ~~work requirements~~, the source of estimates.

26. The IOUs shall provide graphics of historical progress in their RAMP reports that clearly illustrate what safety work has been accomplished and what work remains to be done.

RAMP Revision Process

27. IOUs shall file a summary of RAMP SPD and party comments in the docket of the RAMP proceeding as well as in the docket of the relevant GRC proceeding. The comment summary would be subject to informal discussions between parties.

28. IOUs shall address all RAMP comments and explain how any recommendations found in the RAMP comments were or were not adopted and why in their GRC testimony when they ask for GRC cost recovery.

Addressing RAMP Issues

~~29. The Commission expand the scope of RAMP proceedings to include resolving compliance concerns, such as compliance with the RAMP guidance adopted in D.18-12-014 and D.20-01-002.~~

~~30. The scope of RAMP proceedings should continue to allow for rulings or orders requiring that risk modeling concerns be addressed prior to the GRC being filed.~~

~~31. That IOUs may fundamentally change risk and RSE scores, selected mitigations, and other issues in response to the RAMP process and comments means that sometimes the IOUs should be required to update their RAMP models and file this before or with their GRC.~~

~~32. The scope of GRC proceedings should continue to allow for a revision and resubmittal of an IOU's RAMP model. Critical issues raised in the RAMP should flow through and be addressed and integrated into the GRC review process. The integration process may include the ALJ in the GRC proceeding directing the IOU to revise and resubmit its RAMP model.~~

Additional RSAR Improvements

33. IOUs shall track programs over a full GRC cycle in the RSAR. Each program shall include the cumulative GRC imputed costs, imputed costs to date, actual costs by year, cost to date, and variance to date. IOUs shall provide a statement regarding the anticipated completion status for each line item as to whether the program is anticipated to be completed during the GRC cycle. For the last year of the GRC cycle, the completion status will summarize the entire GRC cycle and discuss any deferred or cancelled scope.

34. IOUs shall provide a statement regarding the anticipated completion status for each line item as to whether the program is anticipated to be completed during the GRC cycle. For the last year of the GRC cycle, the completion status will summarize the entire GRC cycle and discuss any deferred or cancelled scope.

35. IOUs shall include reporting of total expenditures (not only SRM) for all GRC programs and all memorandum and balancing accounts to provide context for the SRM spending as a subset of total GRC spending. Variance should be calculated, but units and variance explanation for non-SRM spending would not be required. Examples will be provided in a subsequent technical working group.

(End of Appendix C)

APPENDIX D

R.20-07-013

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

Glossary of Terms

Term	Definition
A.	Application
ALJ	Administrative Law Judge
BVES	Bear Valley Electric Service, Inc.
Cal Advocates	Public Advocates Office
Commission	California Public Utilities Commission
D.	Decision
ED	Energy Division
GDPSR	Gas Distribution Pipeline Safety Report
GRC	General Rate Case
GTDSSR	Gas Transmission, Distribution, and Storage Safety Report
GTSR	Gas Transmission and Storage Report
I.	Investigation
IOU	Investor-Owned Utility
Liberty	Liberty Utilities (CalPeco Electric) LLC
MAT	Maintenance Activity Type
O&M	Operation and Maintenance
PacificCorp	PacificCorp, d.b.a. Pacific Power
PCF	Protect Our Communities Foundation
PG&E	Pacific Gas and Electric Company
Pub. Util. Code	Public Utilities Code
R.	Rulemaking
RAMP	Risk Assessment and Mitigation Phase
RDF	Risk-Based Decision-Making Framework
RSAR	Risk Spending Accountability Reports
RSE	Risk Spend Efficiency
SCE	Southern California Edison Company
SDG&E	San Diego Gas & Electric Company
Sempra Companies	SoCalGas and SDG&E
SMJUs	Small and Multi-Jurisdictional Utilities
SoCalGas	Southern California Gas Company
SPD	Safety Policy Division
SPM	Safety Performance Metric
SRM	Safety Reliability and Maintenance
TURN	The Utility Reform Network
TY	Test Year
WG	Working Group
WMP	Wildfire Mitigation Plan
WOA	Work Order Authorization

(End of Appendix D)