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R2007013

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 20-07-013

**ASSIGNED COMMISSIONER'S PHASE 3 SCOPING MEMO
AND RULING EXTENDING STATUTORY DEADLINE**

This Assigned Commissioner's Phase 3 Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope Phase 3 of this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules). In addition, this Scoping Memo extends the statutory deadline for this proceeding from December 31, 2023, to June 30, 2025.

1. Procedural Background

The Commission opened Rulemaking (R.) 20-07-013 on July 16, 2020, to consider ways to strengthen the risk-based decision-making framework that regulated energy utilities use to assess, manage, mitigate and minimize safety risks. The rulemaking builds on requirements for a utility risk framework adopted in the Safety Model Assessment Proceeding (S-MAP), Application (A.) 15-05-002 *et al*, and in R.13-11-006, which was opened to address the requirements of Pub. Util. Code Sections 963(b)(3) and 750. The purpose of this rulemaking is to further the prioritization of safety by gas and electric

utilities in alignment with the requirement of Pub. Util. Code Section 451 of just and reasonable rates.

The Commission adopted two decisions in Phase 1 of this proceeding, Decision (D.) 21-11-009, *Decision Addressing Phase 1, Track 1 and 2 Issues*, and D.22-10-002, *Decision Addressing Phase 1, Tracks 3 and 4 Issues*. In Phase 2 of this proceeding, the Commission adopted D.22-12-027, *Phase 2 Decision Adopting Modifications to the Risk-Based Decision-Making Framework Adopted in Decision 18-12-014 and Directing Environmental and Social Justice Pilots* (see Attachment A for summaries of the Phase 1 and 2 decisions).

On March 13, 2023, an Assigned Commissioner and Assigned Administrative Law Judges' (ALJ) *Ruling Issuing Phase 3 Roadmap for Comment and Scheduling Prehearing Conference* was issued with a Phase 3 Roadmap proposed by Staff attached. Parties filed comments on the Phase 3 Roadmap on March 30, 2023.

A prehearing conference (PHC) was held on April 11, 2023, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the outstanding issues in this proceeding, and address other matters as necessary. Parties filed reply comments on the Phase 3 Roadmap and Post-PHC Statements on April 21, 2023.

2. Phase 3 Priorities

We have determined the issues and initial schedule of Phase 3 to be as set forth in this Scoping Memo. We developed the schedule and list of issues considering parties' opening and reply comments on the Phase 3 Roadmap, discussion at the April 21, 2023 PHC and parties' Post-PHC Statements, as well

as the potential Phase 3 priorities outlined in D.22-12-027.¹ We have also considered ongoing Commission Staff work to retain a technical consultant to assist with the complex issue of risk tolerance. As a result, and despite its importance, this Scoping Memo defers consideration of the issue of risk tolerance until Phase 4 of this proceeding.

The following is a summary of the issues in scope for Phase 3.

2.1 Evaluation of Post-Test Years

Staff review has found that the investor-owned utilities (Pacific Gas and Electric Company [PG&E], Southern California Gas Company [SoCalGas], Southern California Edison Company [SCE], and San Diego Gas & Electric Company [SDG&E], or collectively, IOUs) are inconsistent in how they present Risk Spend Efficiency (RSE) calculations for mitigations beyond the Test Year in their general rate case (GRC) applications.² The Risk-based Decision-making Framework (RDF) adopted in D.18-12-014 and modified in D.22-12-027 does not require IOUs to provide Post-Test Year RSE or cost-efficiency calculations. Providing this information could be important, however, because it could help

¹ D.22-12-027 at 28 observes that Phase 3 of this proceeding should prioritize addressing the issues of Risk Tolerance, Risk Attitude (hereafter referred to as “Risk Scaling”), uncertainty and tail risk. D.22-12-027 authorizes continuation of a Technical Working Group established in Phase 1 of this rulemaking, with the following guidance: to (a) prepare and propose recommendations regarding the application of Risk Attitude, Risk Tolerance, uncertainty, and tail risks in the RDF; (b) explore ways to identify a suitable standard that could be used for establishing a dollar valuation for gas reliability; and, (c) explore if there is a need for, and, if so, recommend a formal process for authorizing exceptions to the recommended standard dollar valuations for consideration later in this proceeding (D.22-12-027, Ordering Paragraph 4). D.22-12-027 notes that “the IOUs will be afforded the opportunity to offer formal proposals in these areas.... which will then be subject to party comment” (D.22-12-027 at 41).

² See Phase 3 Roadmap proposal at 1. Pursuant to D.22-12-027, IOUs will transition from presenting RSEs to presenting cost-benefit risk ratios starting with PG&E’s 2024 RAMP filing.

decision-makers determine whether a mitigation program has diminishing safety reduction benefits from one year to the next.³

Discussions on this issue will center on whether the Commission should provide more prescriptive guidance regarding Post-Test Year cost-efficiency calculations, potentially including a template with instructions.

2.2 Uncertainty: Transparency Pilot

The Commission, in D.21-11-009, ordered SCE to “test drive,” or pilot, a transparency proposal prepared by PG&E. D.21-11-009 ordered SCE to serve the results of its test drive to the SCE 2022 Risk Assessment Mitigation Phase (RAMP) proceeding service list, within 60 days after SCE filed its 2022 RAMP application.⁴ On July 12, 2022, SCE served the results of its Transparency Pilot to the A.22-05-013 service list.⁵

The Commission ordered the test drive to explore if the framework increases the transparency of uncertainties inherent in the parameters and estimated values used in and produced by the RDF. The Commission required SCE to complete the templates appended to D.21-11-009 to the “best of its ability,” did not require SCE to use the completed template to select its mitigation choices, and indicated that the results of SCE’s test were intended to be “purely informational.”⁶ D.21-11-009 also noted that while the Commission ordered testing of the PG&E proposal, “additional proposals to refine PG&E’s

³ See Phase 3 Roadmap proposal at 1, footnote 3.

⁴ D.21-11-009, *Decision Addressing Phase 1 Track 1 and 2 Issues in Rulemaking 20-07-013* at 40-42 and OP 3.

⁵ SCE 2022 RAMP Data Transparency Pilot. Available as of May 3, 2023 at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/reports/sce-2022-ramp-transparency-submission_071222.pdf.

⁶ D.21-11009 at 41.

Proposal should be considered” to improve IOU disclosure of uncertainties surrounding mitigation benefits estimates.⁷ In this regard, D.21-11-009 highlighted the Risk Quantification Framework included in SDG&E and SoCalGas’s most recent RAMP filing, and parties feedback on that framework, as additional sources of ideas that should be considered.⁸

Work in this area will focus on whether the PG&E transparency proposal, as modified and appended to D.21-11-009, should be further modified and adopted for use by all IOUs, whether the framework should continue to be piloted or tested, or whether some other course of action is more appropriate. The goal is to improve the transparency associated with uncertainties inherent in parameters and estimated values used in and produced by the RDF for inclusion in RAMP filings.⁹

To assist in consideration of these issues, SCE shall serve and file the results of its Transparency Pilot as ordered in in D.21-11-009, no later than June 14, 2023.

2.3 Tail Risk: Consequence Modelling

Phase 1 of this proceeding considered the question of whether the Commission should adopt best practices for IOU modeling of wildfire risks using the RDF. As low probability, high consequence risk events - also called “tail risks” or “tail values” events - the RDF allows the IOUs the flexibility to select their own risk modeling method for including wildfire risks in RAMP

⁷ *Ibid.*

⁸ *Ibid.*

⁹ D.21-11-009 at 41 requested that staff provide an updated Transparency Proposal for consideration in this proceeding.

filings.¹⁰ Phase 1 discussions regarding tail risks focused on whether it was appropriate for the Commission to continue to allow this flexibility, or whether the Commission should identify a “best practice” for modeling wildfire risks in the RDF such as a practice called “the power law probability distribution function.”

The Commission, in D.21-11-009, declined to adopt any wildfire risk modeling best practices, including use of the power law probability distribution method. However, D.21-11-009 noted PG&E’s intent to use the power law distribution function to model wildfire risk consequences and to share its findings. D.21-11-009 further stated the Commission’s intent to continue to examine this issue “as part of exploring better ways for climate change risks, impacts, and uncertainties to be reflected in the RDF.”¹¹ D.21-11-009 directs Commission Staff to continue monitoring this issue in its review of RAMP filings and to provide a follow-up recommendation in later stages of this proceeding. In line with this, the Phase 3 Roadmap proposal identified tail risk and related uncertainties as a high priority for further work.¹²

Work on this issue in Phase 3 will center on understanding the IOUs’ use to date of the power law probability distribution function to model wildfire tail

¹⁰ D.22-12-027 at Appendix A, A-14 (row 24) states that if a “utility chooses to present Alternative Analysis of monetized pre- and post-mitigation [consequences of risk event] CoRE using a computation in addition to the expected value of the Cost-Benefit Approach, such as tail value, it does so without prejudice to the right of parties to the RAMP or GRC to challenge such Alternative Analysis.”

¹¹ *Ibid.*

¹² Phase 3 Roadmap proposal at 4.

risk,¹³ the results, strengths and any weaknesses of this approach, and what further guidance by the Commission may be needed. Specifically, work will address whether the Commission should require use of the power law probability distribution function to model wildfire risk, whether the Commission should recommend use of this approach as a best practice, or whether the Commission should take some other course of action to ensure appropriate modeling of wildfire tail risk and communication of associated uncertainties in IOU RAMP filings?

Additionally, discussions will consider how the IOUs have represented other low probability, high consequence risk events in their RAMP filings to date, including risks related to hydro dam safety and seismic events. Work in this area will explore whether additional guidance is needed regarding modeling of low probability, high risk events more generally in the RDF and RAMP filings.

2.4 Climate Change

In 2021, Commission Staff recommended the Commission consider the need for more explicit guidance on how climate change related risks should be incorporated into the RDF.¹⁴ The Commission, in D.21-11-009, concurred that the issue of climate change impacts, risks and mitigation measures is worthy of consideration in this proceeding.¹⁵ Due to the number of pressing priorities in this proceeding, however, this has not yet occurred.

¹³ MGRA states in Opening Comments on the Phase 3 Roadmap proposal at 7 that both PG&E and SDG&E have adopted use of a “power law risk model (Pareto Type 2).” MGRA provides additional comment with regard to use of such models as part of Wildfire Mitigation Plans.

¹⁴ See Administrative Law Judge’s Ruling providing Staff recommendations for comment (June 4, 2021), “Appendix A: Staff Recommendations on Phase 1 Track 1,” at 23 - 29.

¹⁵ D.21-11-009 at 44.

The Phase 3 Roadmap proposal observed that as a baseline issue, D.18-12-014, as modified by D.22-12-027, does not provide explicit guidance for how IOUs should reflect climate hazards in their RAMP filings. By climate hazards, here, we mean changes in the historical frequency, extent or variability of wildfires, flooding, precipitation, cascading events and sea level rise that are expected to occur in the future, and that are already occurring, as a result of climate change.¹⁶ D.20-08046, adopted in R.18-04019, addresses climate adaptation planning and ordered the IOUs to prepare Climate Adaptation Vulnerability Assessments, amongst other actions. To ensure consistency with R.18-04-019, development of any additional guidance regarding addressing climate hazards within the RDF must consider experience with the Climate Adaptation Vulnerability Assessments ordered in D.20-08-046.

According to Staff, the IOUs have until now primarily addressed climate change in their RAMP filings as a cross-cutting issue and via qualitative assessments of risks.¹⁷ Phase 3 work in this area will consider, amongst other questions, whether analyses or outputs from the IOUs' Climate Adaptation Vulnerability Assessments should inform quantitative risk modelling of climate hazards using the RDF. Discussions will also consider more generally how climate hazards should be reflected in RAMP filings. To facilitate cross-proceeding coordination, we will seek to convene a joint workshop on the topic of climate change modeling considerations with R.18-04-019.

¹⁶ See D.20-08-046, Ordering Paragraph 9.11 for a list of the climate hazards that the IOUs are required to consider in the Climate Adaptation and Vulnerability Assessments ordered in that decision.

¹⁷ Phase 3 Roadmap proposal at 2.

We defer questions regarding the potential role of discount rates to reflect the long-term accrual of benefits from mitigation investments intended to address climate hazards manifesting over longer time scales (*i.e.*, 20- 50 years) to Phase 4 of this proceeding following the more general consideration of discount rates planned for Phase 3 (see section 2.6 below).

2.5 Risk Scaling (formerly Risk Attitude)

As outlined in the RDF, a “risk attitude function” (now risk scaling) is “a function or formula applied to monetized levels of an attribute to express the attitude towards uncertainty, *i.e.* risk aversion, neutrality, or seeking.”¹⁸ When using the RDF, IOUs are required to apply a chosen risk scaling function to the monetized level of an attribute¹⁹ to obtain a “risk-adjusted” level of an attribute.²⁰

At a high level, risk scaling represents a stakeholder’s willingness to accept or avoid risks when making decisions. A risk scaling function can be either linear or non-linear and, if non-linear, can be described as either convex or concave.²¹ Although the adopted RDF describes how the IOUs must apply a chosen risk scaling function, it is not explicit about whose perceptions of risks should be reflected in the chosen risk scaling function—the IOU’s, ratepayers, or some subset of ratepayers.

The Phase 2 scoping memo in this proceeding included the issue of whether the Commission should develop best practices or adopt minimum

¹⁸ D.22-12-027, Appendix A at A-5.

¹⁹ *Id.* at A-5.

²⁰ The RDF defines an attribute as “an observable aspect of a risky situation that has value or reflects a utility objective, such as safety or reliability. Changes in the Levels of Attributes are used to determine the Consequences of a Risk Event....” *Id.* at A-3.

²¹ *Id.* at A-8. See also Staff Phase 3 Roadmap proposal at 2.

requirements regarding the risk scaling function.²² Numerous party comments identified risk scaling as an important topic, but D.22-12-027 did not take action on this issue.²³ Instead, D.22-12-027 recommended that further work on risk scaling occur in Phase 3.²⁴

As parties have already provided significant comment on this topic, discussions on this issue in Phase 3 should focus primarily on changes in parties' previous comments on this topic in light of the significant refinements to the RDF adopted in D.22-12-027. Discussions and work should address the question of whether the Commission should identify best practices for risk scaling or adopt minimum requirements regarding the risk scaling function for use in the RDF.

2.6 Discount Rates

Discount rates are used when calculating the present value of risk reduction benefits and mitigation costs to account for the time value of money. Because of their importance in cost estimates, Staff discussed discount rates extensively in their 2022 Evaluation Report of SCE's 2022 RAMP Application. In their evaluation, Staff supported SCE's use of a three percent rate to discount risk reduction benefits and a 10 percent rate for discounting incremental mitigation costs.²⁵ Subsequently, however, parties, including The Utility Reform Network

²² D.22-12-027 at 11.

²³ See D.22-12-027 at 22-24 and 34 for high level summary of party comments on this topic. D.22-12-027 adopted the Staff recommendation at that the risk scaling function requirements within the RDF remain unchanged until further record development could occur, as D.22-12-027 made other considerable refinements to the RDF. See also *Id.* at 17.

²⁴ *Id.* at Ordering Paragraph 4 and Conclusion of Law 9 and 14.

²⁵ *Safety Policy Division Staff Evaluation Report on the Southern California Edison Company's 2022 Risk Assessment and Mitigation Phase (RAMP) Application (A.)22-05-013*. Available as of May 3, 2023 at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/reports/sce-2022-ramp-evaluation-report-final_111022.pdf.

(TURN), argued that discounting benefits at a lower rate than costs would result in RSE calculations biased towards multi-year projects rather immediate implementation.²⁶

Discussion in this area will consider whether the Commission should provide guidance regarding the use of varying discount rates (*i.e.* dual-rate discounting) for mitigation costs and benefits within the Cost-Benefit Ratios in the RDF. Discussion will also center on whether the Commission should identify an appropriate discount rate (or range of discount rates) for mitigation costs and benefits in the RDF and whether the Commission should authorize IOUs to vary their use of discount rates by mitigation.

2.7 RAMP Reporting Templates

RAMP filings are complex and cover hundreds of program areas and related risk mitigations, risk scores, and other information. In comments on the Phase 3 Roadmap, the Commission's Public Advocates Office (Cal Advocates) emphasized the need for the Commission to consider requiring the IOUs to use templates as part of their RAMP filings to ensure clear utility provision of "granular detail, data and information to support utilities' risk mitigation programs."²⁷ Cal Advocates proposed that the Commission prioritize consideration and adoption of such templates in Phase 3 in order to ensure transparent utility reporting of:

- Appropriate units used for a specific mitigation, such as circuit miles, pipeline miles, asset units, staffing levels, inspection levels;
- The cost-effectiveness for the specific levels of risk mitigation programs;

²⁶ Phase 3 Roadmap at 3.

²⁷ Cal Advocates comments on Phase 3 Roadmap at 2.

- Past and proposed effectiveness of risk mitigation programs, considering safety performance metrics, safety and operational metrics, or other specific mitigation effectiveness measures; and
- Past, current and projected progress on all risk mitigation programs.²⁸

At the request of the assigned ALJ, Cal Advocates provided two high level RAMP template “straw proposals” for discussion during Phase 3, namely a “Sample Mitigation Program Selection Template,” and a “Sample Mitigation Program Progress Template.”²⁹ Work in this area will center on the question of whether the Commission should adopt required templates for use in the RAMPs and, if so, the information requirements and the format of the templates.

2.8 Ongoing Environmental and Social Justice Pilots

The Commission, in D.22-12-027, directed each IOU to conduct environmental and social justice (ESJ) pilot projects.³⁰ Pursuant to that direction, and as the first IOU to undertake the ESJ pilot, PG&E will be preparing, vetting, and conducting their ESJ pilots over the same time period of Phase 3 activities. D.22-12-027 directed PG&E to file the results of their ESJ pilot in May 2024 and to file a White Paper summarizing the ESJ pilot in July 2024.³¹ Thus, further consideration of ESJ issues in this proceeding consistent with the Commission’s Environmental and Social Justice Action Plan is deferred until Phase 4.

²⁸ Cal Advocates comments on Staff Phase 3 Roadmap proposal at 3.

²⁹ Cal Advocates Reply and Post Prehearing Conference Comments at Attachments A and B.

³⁰ D.22-12-027 at Ordering Paragraphs 5 - 7 and pages 47- 52.

³¹ D.22-12-027 Ordering Paragraphs 5 and 6. The IOUs’ ESJ Pilot White Papers will address at least the following topics: (a) identify areas for further exploration and challenges they faced incorporating ESJ into the Risk-Based Decision-Making Framework; (b) discuss how to better target Mitigations that improve local air quality; and, (c) explore how to better target Mitigations that improve climate resilience in disadvantaged and vulnerable communities.

3. Phase 3 Issues

As discussed above, the issues to be determined or otherwise considered in Phase 3 of this proceeding are: Should the Commission refine the RDF guidance adopted in D.18-12-014, D.19-04-020, and D.22-12-027, including, but not limited to the following:

- a. Should the Commission provide more prescriptive guidance regarding Post-Test Year cost-efficiency calculations, potentially including a template with instructions?
- b. Whether the PG&E transparency proposal, as modified and appended to D.21-11-009, should be further modified and adopted for use by all IOUs, whether the framework should continue to be piloted or tested, or whether some other course of action is more appropriate?
- c. Should the Commission require use of the power law probability distribution function to model wildfire risk, recommend use of this approach as a best practice, or take some other course of action to ensure appropriate modeling of wildfire tail risk and communication of associated uncertainties in IOU RAMP filings? Is additional Commission guidance needed regarding modeling of low probability, high risk events more generally in the RDF and in RAMP filings?
- d. Should analyses or outputs from the IOUs' Climate Adaptation Vulnerability Assessments inform quantitative risk modelling of climate hazards using the RDF? More generally, how should climate hazards be reflected in RAMP filings?
- e. What methodologies are appropriate to track the effectiveness of risk mitigation investments over time and provide accountability and transparency to IOU revenue requests for safety mitigations and the associated risk mitigation benefits? Could improved use of data derived from the IOUs' Safety Performance Metrics Report be used to advance these aims?

- f. Should the Commission identify best practices for risk scaling or adopt minimum requirements regarding the risk scaling function for use in the RDF?
- g. Should the Commission provide guidance regarding the use of varying discount rates (*i.e.* dual-rate discounting) for mitigation costs and benefits within the Cost-Benefit Ratios in RDF? Should the Commission identify an appropriate discount rate (or range of discount rates) for mitigation costs and benefits in the RDF? Should the Commission authorize IOUs to vary their use of discount rates by mitigation?
- h. Should the Commission adopt required templates for data presentation for use in the RAMPs? If so, what should be the information requirements and format of the templates?

4. Phase 4 Priorities

The Phase 3 Roadmap and parties' comments, post-PHC statements and discussion during the Phase 3 PHC identified several other pressing priorities that will need to be deferred until Phase 4. Upon completion of the Phase 3 decision, the assigned ALJ and assigned Commissioner will work to review and update priorities with party input to plan for Phase 4. Remaining issues identified to potentially address in Phase 4 are indicated below. This list also includes an initial identification of parties that may prepare proposals in each area, based on comments during the Phase 3 PHC and post-PHC statements, or if Staff may provide a proposal.

- a. Risk tolerance standard (SCE, TURN, EPUC/IS;³² Staff)
- b. Simple optimization (TURN, EPUC/IS)
- c. Interacting risk drivers (Staff)

³² Energy Producers and Users Coalition (EPUC) and Indicated Shippers (IS). See EPUC/IS Reply Comments and Post-PHC Statement.

- d. Sensitivity analysis for costs of mitigations and cost-benefit ratios, including thresholds for updating risk scores (Staff; PG&E)
- e. Risk Mitigation Accountability Reports (Staff)
- f. GRC “backstop” requirements
- g. Dollar valuation of gas reliability
- h. Formal process for authorizing exceptions to the standard electricity reliability valuation (Staff)
- i. Discount rates as they may pertain to long-term climate change mitigation and adaptation planning (Staff)
- j. Consideration of any impacts on environmental and social justice communities including achievement of any of the nine goals of the Commission’s Environmental and Social Justice Action Plan.

5. Need for Evidentiary Hearing

At present, no issues of material disputed fact have been identified. Accordingly, no evidentiary hearing is needed.

6. Schedule

The following schedule is adopted here and may be modified by the assigned ALJs as required to promote the efficient and fair resolution of the rulemaking.

Phase 3 Schedule (By Issue)

Phase 3 Issue <i>(expected proposals indicated in italics)</i>	Planning	Notification and Proposals	Workshop Date	File Proposal or Workshop Summary	Opening Comments	Reply Comments
Evaluation of Post-Test Years <i>(Staff Proposal)</i> Uncertainty: Transparency Pilot <i>(SCE "Test Drive" documents)</i>	Wed., Jun 21	Wed., Jun 14 (SCE) Wed., June 28 (party questions)	Wed., Jul 12	Tues., Jul 21	Thurs., Aug 10	Tues., Aug 17
Tail Risk: Consequence Modeling <i>(Mussey Grade Road Alliance (MGRA) Proposal)</i>	Wed., Jul 5	Mon., Jul 13	Wed., Jul 26	Tues., Aug 1	Fri, Sep 8	Fri., Sep 15
Climate Change <i>(Staff Proposal and PG&E)</i>	Wed., Aug 23	Wed., Aug 30	Wed., Sep 13	Tues., Sep 19	Mon., Oct 9	Mon., Oct 16
Risk Scaling <i>(PG&E and TURN proposals)</i>	Thurs., Sep. 14	Wed., Sep 20	Wed., Oct 4, and Fri, Oct 6	Thurs., Oct 12	Wed., Nov 1	Wed., Nov 8
Discount Rates <i>(Staff and TURN Proposals)</i> RAMP Reporting Templates <i>(Cal Advocates Proposal)</i>	Thurs., Oct 5	Wed., Oct 11	Wed., Oct 25	Tues., Oct 31	Fri., Dec 1	Fri., Dec 8
Additional Workshop, TBD	TBD	TBD	Wed., Dec 6	TBD	TBD	TBD
Proposed Decision	March 2024					

Phase 3 Schedule (By Date)

Topic	Activity	Date
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	SCE serves and files the results of its Transparency Pilot	June 14
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	Planning (Staff serve their initial questions and/or issues to discuss)	June 21
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	Notification and Proposals (Staff serve workshop notice. Parties serve questions for SCE/PG&E for workshop)	June 28
Tail Risk Consequence Modeling	Planning (Staff serve their initial questions and/or issues to discuss)	July 5
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	Workshop	July 12
Tail Risk Consequence Modeling	Notification and Proposals (Staff serve workshop notice. MGRA [and any other party] serve(s) proposal for discussion at workshop)	July 13
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	IOUs serve and file workshop summary	July 21
Tail Risk Consequence Modeling	Workshop	July 26
Tail Risk Consequence Modeling	File Proposal: MGRA [and any other party] serves and files final proposal for comment	August 1
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	Opening comments on IOU workshop summary	August 10
Evaluation of Post-Test Years; Uncertainty Transparency Pilot	Reply comments on IOU workshop summary	August 17
Climate Change	Planning (Staff serve their initial questions and/or issues to discuss)	August 23
Climate Change	Notification and Proposals (Staff serve workshop notice. Staff and PG&E [and any other party] serve proposals for discussion at workshop)	August 30
Tail Risk Consequence Modeling	Opening comments on MGRA [and any other party] proposal	September 8
Climate Change	Workshop	September 13
Risk Scaling	Planning (Staff serve their initial questions and/or issues to discuss)	September 14
Tail Risk Consequence Modeling	Reply comments on IOU MGRA [and any other party] proposal	September 15
Climate Change	File Proposal: PG&E [and any other party] serves and files final proposal for comment; Final Staff proposal issued via ruling for comment	September 19

Risk Scaling	Notification and Proposals (Staff serve workshop notice. PG&E and TURN [and any other party] serve proposals for discussion at workshop)	September 20
Risk Scaling	Workshop(s)	October 4 October 6-TBD
Discount Rates / RAMP Reporting Templates	Planning (Staff serve their initial questions and/or issues to discuss)	October 5
Climate Change	Opening comments on PG&E and Staff [and any other filed party] proposals	October 9
Discount Rates / RAMP Reporting Templates	Notification and Proposals (Staff serve workshop notice. Cal Advocates [and any other party] serve(s) proposals for discussion at workshop)	October 11
Risk Scaling	File Proposal: TURN and PG&E [and any other party] serve and file proposals	October 12
Climate Change	Reply comments on PG&E and Staff [and any other filed party] proposals	October 16
Discount Rates / RAMP Reporting Templates	Workshop	October 25
Discount Rates / RAMP Reporting Templates	File Proposal: Cal Advocates and TURN [and any other party] serve and file proposals; Final Staff proposal issued via ruling for comment	October 31
Risk Scaling	Opening comments on TURN and PG&E [and any other party] proposals	November 1
Risk Scaling	Reply comments on TURN and PG&E [and any other party] proposal	November 8
Discount Rates / RAMP Reporting Templates	Opening comments on Cal Advocates, TURN, and Staff proposals [and any other party] proposal	December 1
Additional workshop, TBD		December 6
Discount Rates / RAMP Reporting Templates	Opening comments on Cal Advocates, TURN, and Staff proposals [and any other party] proposal	December 8
Proposed Decision issued		Q1 2024

Rule 1.10 of the Commission's Rules of Practice and Procedure is waived for Phase 3 of this proceeding. Accordingly, parties are not required to serve hard copies of filings on the assigned ALJs.

Phase 3 of this proceeding will stand submitted upon the filing of reply comments on the last topic in the schedule unless the ALJs require further evidence or argument. To provide sufficient time to resolve the issues included in Phase 3 and Phase 4 of this proceeding, the statutory deadline for this proceeding is extended from December 31, 2023, to June 30, 2025, as provided for in Pub. Util. Code Section 1701.5.

7. Alternative Dispute Resolution Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJs can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.³³

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules of Practice and Procedure and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

8. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the determinations in the Phase 1 and 2 Scoping Memos that this is a quasi-legislative proceeding. Accordingly, *ex parte*

³³ See D.07-05-062, Appendix A, § IV.O.

communications are allowed without restriction pursuant to Article 8 of the Rules.

9. Public Outreach

Pursuant to Pub. Util. Code Section 1711(a), we hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

In addition, the Commission served the Order Instituting Rulemaking on the following Service Lists: Application (A.) 15-05-002 *et al*, R.18-12-005, R.18-10-007, R.18-04-019, R.18-03-011, R.15-01-008, Investigation (I.) 19-11-010/I.19-11-001, I.18-11-006, I.17-11-003, A.19-08-015, A.19-08-013, A.19-06-001, A.18-12-001, A.18-04-002 *et al*, A.17-10-008, A.17-10-007/A.17-10008, A.17-05-004, I.1909-016, I.18-12-007, and I.19-06-015.

10. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must have filed and served a notice of intent to claim compensation by May 11, 2023, 30 days after the Phase 3 PHC.

11. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

12. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at

<http://consumers.cpuc.ca.gov/pao/> or contact the Commission's PublAdvisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

13. Filing, Service, and Service List

The official Service List has been created and is on the Commission's website. Parties should confirm that their information on the Service List is correct and serve notice of any errors on the Commission's Process office, the Service List, and the ALJs. Persons may become a party pursuant to Rule 1.4³⁴.

When serving any document, each party must ensure that it is using the current official Service List on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requiring two paper copies of filings to the assigned ALJs is waived for Phase 3 of this proceeding.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official Service List, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official Service List pursuant to Rule 1.9(f).

³⁴ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

The Commission encourages those who seek information-only status on the Service List to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

14. Receiving Electronic Service from the Commission

Parties and other persons on the Service List are advised that it is the responsibility of each person or entity on the Service List for Commission proceedings to ensure their ability to receive emails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

15. Assignment of Proceeding

Commissioner John Reynolds is the assigned commissioner and Cathleen A. Fogel and Ehren D. Seybert are the assigned ALJs for the proceeding.

IT IS RULED that:

1. The scope of Phase 3 of this proceeding is described above and is adopted.
2. The schedule of Phase 3 of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is not needed in Phase 3 of this proceeding.
4. The category of this proceeding remains quasi-legislative.
5. Commission Rule 1.10 requiring service of hard copies of filings on the assigned ALJs is waived.

6. SCE shall serve and file the results of its Transparency Pilot as ordered in in D.21-11-009 no later than June 14, 2023.

7. PG&E, TURN, Cal Advocates, and MGRA shall serve and file issue proposals as indicated no later than the dates indicated in the Phase 3 Schedule (By Date).

Dated May 31, 2023, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner

ATTACHMENT A

Summary of R.20-07-013 Phase 1 and 2 Decisions

Summary of R.20-07-013 Phase 1 and 2 Decisions

Phase 1:

D.21-11-009

- Adopts 32 Safety and Operational Metrics (SOMs) for use by PG&E in accordance with D.20-05-053, which approved PG&E's post-bankruptcy plan;
- Requires PG&E to report on progress against these SOMs every six months;
- Adopts new Safety Performance Metrics (SPMs) for application to PG&E, SCE, SoCalGas, and SDG&E, and deletes and modifies some SPMs adopted in D.19-04-010;
- Requires SCE to test "Transparency Guidelines" proposed by PGE and to serve completed test documents to the Service List of R.20-07-013 during 2022;
- Updates the Safety Model Assessment Proceeding (S-MAP) Lexicon; and,
- Adopts other minor technical clarifications to D.18-12-014.

D.22-10-002 (Phase 1 decision)

- Refines certain Risk Spending Accountability Report (RSAR) requirements adopted in D.19-04-020;
- Updates information requirements for IOU Risk Assessment and Mitigation Phase (RAMP) and related GRC filings, as such modifying the Rate Case Plan (RCP) for GRC applications adopted in D.20-01-002; and,
- Eliminates the separate gas safety reporting requirements D.19-09-025, D.17-05-013, Resolution G-3534, D.13-05-010, and D.11-05-018.

Phase 2:

D.22-12-027

- Modifies the Risk-Based Decision-Making Framework (RDF) adopted in D.18-12-014;
- Replaces the "Multi-Attribute Value Function" adopted in D.18-12-014 with a Cost-Benefit Approach that includes standardized dollar

valuations of Safety, Electric Reliability and Gas Reliability
Consequences from Risk Events;

- Requires the IOUs to implement the modified RDF to assess and rank risks and mitigations in their RAMP and GRC filings, starting with PG&E's 2024 RAMP filing;
- Further updates the RCP; and,
- Directs the IOUs to undertake Environmental and Social Justice Pilots as part of each IOU's next RAMP filing.