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THE PUBLIC ADVOCATES OFFICE OPENING COMMENTS ON THE RISK MITIGATION ACCOUNTABILITY REPORT STAFF PROPOSAL #2

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) hereby submits these opening comments on the Safety Policy Division (SPD) Risk Mitigation Accountability (RMAR) Report Staff Proposal #2 (RMAR Staff Proposal),[1] which was served to the service list of the Risk-Based Decision-Making Framework (RDF) Rulemaking (R.) 20-07-013[2] pursuant to Commission Decision (D.) 25-08-032.[3] Cal Advocates generally supports the RMAR Staff Proposal because it will improve transparency in reporting, allow apples-to-apples comparison of risks and risk reduction between General Rate Case (GRC) periods and risk model changes, and hold utilities accountable to provide data that is as accurate as possible.[4]

[1] SPD's Email to R.20-07-013 Service List: *Revised RMAR Staff Proposal #2 and Comment Questions*, Attachment *20260115 RMAR Staff Proposal #2 (Clean)*, January 15, 2026.

[2] R.20-07-013, *Order Instituting Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities*, July 24, 2020. Accessed at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M344/K081/344081678.PDF

[3] D.25-08-032, *Phase 4 Decision*, August 28, 2025, at 98-99 ("SPD staff should hold a workshop (or workshops) on these issues before issuing a Staff Resolution for comment.")

[4] RMAR Staff Proposal at 15-16, 19-22.

II. COMMENTS

A. The RMAR Staff Proposal will enable the Commission and parties to better evaluate utilities' progress to cost-effectively reduce risks.

Cal Advocates generally supports the RMAR Staff Proposal, which will fill a fundamental gap in the current reporting requirements for utilities on their ratepayer-funded risk mitigation programs. SPD proposes to require utilities to include forecasted and actual risk reduction and benefit-cost ratios (BCRs) in RMAR submissions.[5] SPD's proposed requirement will enable the Commission and parties to assess utilities' progress to cost-effectively reduce safety risks to customers more efficiently and productively than is possible under the current requirements. Currently, utilities' Risk Spending Accountability Reports (RSARs) show only utilities' forecasted versus actual spending on risk reduction programs.[6] With only information on utilities' spending activities, the Commission and parties cannot evaluate the cost-effectiveness of risk mitigation activities or determine the amount of risk reduction achieved from the mitigation activities. SPD's proposal to require utilities to show forecasted versus actual risk reduction and BCRs[7] will allow the Commission and parties to compare utilities' achieved risk reduction side-by-side with the costs to achieve that risk reduction.

B. The utilities should be required to report risk-neutral scaling values in the RMAR.

Cal Advocates recommends modification of the RMAR Staff Proposal to require utilities to use unscaled or risk-neutral scaling for pre- and post-mitigated risks, risk

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[5] RMAR Staff Proposal at 6-7.

[6] D.14-12-025, *Decision Incorporating a Risk-Based Decision-Making Framework into the Rate Case Plan and Modifying Appendix A of Decision 07-07-004*, December 4, 2014, at 44. "…the Risk Spending Accountability Report would compare the utility's GRC projected spending for approved risk mitigation projects to the actual spending on those projects…"

[7] RMAR Staff Proposal at 6-7.

reduction, BCR, and tail risk[8] values in RMAR Tables, with the option to submit another dataset with scaled risk and BCR values. Although the RMAR Staff Proposal recommends some improvements to the RMAR Tables,[9] the RMAR Staff Proposal does not currently specify whether utilities should report RMAR Table values as scaled or unscaled values.[10]

D.25-08-032 explains that it is important to have unscaled risk values presented in the RAMP Data Template so that SPD staff and parties can properly understand the implications of selecting and prioritizing a proposed mitigation without the influence of scaled BCRs.[11] Accordingly, D.25-08-032 requires risk neutral values at the RRU level in RAMP Data Templates.[12] Similarly, it is important for RMARs to present unscaled risk values in RMAR Tables so that SPD staff and parties will be able to accurately evaluate risk and risk reduction based on comparable values without the influence of scaled BCRs.[13] Therefore, the Commission should modify the Staff Proposal to require

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[8] The completion of tail risk fields in the RMAR is optional, but Cal Advocates recommends that if a utility uses and presents tail risk in its RAMP, then the tail risk fields must be completed in its RMAR filings using unscaled or risk-neutral scaling.

[9] The Commission adopted RMAR Table Guidelines in Appendix C of D.25-08-032. However, as the RMAR Staff Proposal notes, D.25-08-032 expressly states that "[s]everal issues related to the RMAR are in need of resolution, including . . . [e]xpanding upon the list of required elements for an RMAR submission found in Appendix C of this Decision." (D.25-08-032 at 98-99; see also RMAR Staff Proposal at 10, Section 1.4).

[10] See RMAR Staff Proposal at Section 7 Additional RMAR Requirements.

[11] D.25-08-032 at 121-122 ("We agree with SPD staff that it is important to have unscaled risk values at the RRU level presented in the RAMP Data Template so that SPD staff and parties can properly understand the implications of selecting and prioritizing a proposed mitigation without the influence of scaled BCRs. As such, we retain this requirement in the RAMP Data Template.")

[12] D.25-08-032 at 122 ("We require utilities to submit a dataset with unscaled risk values, but utilities may submit another dataset with scaled risk values, if they desire.")

[13] See D.25-08-032 at 69-70 (discussing the development of RMARs as consolidated statements of risk to evaluate risk and risk reduction by using comparable performance metrics to compare benefits and costs of proposed risk mitigation programs to actual benefits and costs). See also D.25-08-032 at 69 ("the Risk Mitigation Accountability Report (RMAR) was first mentioned in D.14-12-025 as a utility report that would compare projected benefits and costs of risk mitigation programs adopted in GRCs to the actual benefits and costs realized from these risk mitigations. . . The RMAR was further conceptualized in subsequent Commission decisions, with D.16-08-018 discussing the development of a common set of performance metrics.")

utilities to use unscaled or risk-neutral scaling to accurately present pre- and post-mitigated risk, risk reduction, BCR, and tail risk values that the utilities present in RMAR Tables.

Commission Staff and intervenors have previously noted the value of risk neutral scaling. For example, both Commission Staff and intervenors raised concerns that risk scaling functions can artificially inflate risk mitigation benefits.[14],[15] Commission staff also raised concerns that a utility may use risk scaling solely to increase BCR values, rather than to guide risk-informed prioritization.[16] The use of risk-neutral scaling would prevent utilities from applying a scaling factor that effectively inflates the benefits. Moreover, different utilities may apply a different scaling function to represent risk values differently, which impedes the comparison of risk and risk reduction values across the utilities.[17] The use of a risk neutral scaling would facilitate comparability between utilities that use different risk scaling functions. Therefore, the Commission should

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[14] A.24-05-008, *Mussey Grade Road Alliance Comments on the Safety Policy Division Report and Pacific Gas and Electric Company's RAMP Filing*, December 6, 2024 at 5 ("There is a strong perverse incentive for PG&E to artificially amplify its risk estimates. Nearly $1 billion in proposed capital improvements (approximately $100 in additional profits for PG&E) are from its proposed undergrounding of secondary lines and service drops. Without the 7.5X risk multiplier, these have a CBR significantly less than 1.0, and therefore are not justifiable from a cost-benefit perspective.")

[15] SPD Report on Sempra's 2025 RAMP at 144 ("A comparison of the total risk scores and CBR values for SDG&E's strategic undergrounding [SUG] and combined covered conductor [CCC] plans, both with and without the applications of SDG&E's risk scaling function, shows that risk scaling substantially increases CBRs, giving SUG a favorable CBR of 11 compared to CCC at 5.5. This result emphasizes the importance of how risk scaling is applied and how the underlying CBR benefits and costs are determined.")

[16] A.05-05-010/13, *Safety Policy Division Evaluation Report on Sempra's 2025 RAMP Applications (A.)25-05-10* (SPD Report on Sempra's 2025 RAMP), October 10, 2025, at 143 ("SDG&E's objection to demonstrating how risk scaling affects mitigation planning…reinforces SPD's concern that SDG&E's risk scaling is not meaningfully linked to mitigation planning. Instead, the evidence suggests that SDG&E's risk scaling primarily serves to increase CBR values, rather than to guide risk-informed prioritization.")

[17] SoCalGas and SDG&E used studies from the U.S. Department of Energy (DOE) and the Gas Research Institute (GRI) to calculate their risk scaling function in their 2025 RAMP (SPD Report on Sempra's 2025 RAMP at 123.) PG&E used a methodology in its 2024 RAMP to base its risk scaling factors on the risk premium multipliers of insurance products and CAT bonds of the types that PG&E purchases (A.24-05-008, *Safety Policy Division Evaluation Report on PG&E 2024 RAMP Application (A.)24-05-008*, November 8, 2024, at 15.)

modify the RMAR Staff Proposal to require utilities to use unscaled or risk-neutral scaling for pre- and post-mitigated risks, risk reduction, BCR, and tail risk values, with the option to submit an additional dataset with scaled risk and BCR values, to effectively evaluate utilities' risks and benefits without the influence of scaling.

C. Cal Advocates' responses to RMAR Staff Proposal #2 Comment Questions.

1. Should the Commission adopt the RMAR filing schedules as presented in Tables 2.2 and 2.3 of the RMAR Staff Proposal #2?

Yes, the Commission should adopt the RMAR filing schedules as presented in Tables 2.2 and 2.3.

The Commission should adopt SPD's recommendation for the RMAR filing schedule to follow the RSAR filing schedule.[18] SPD's proposed RMAR filing schedule (as presented in Table 2.2 of the RMAR Staff Proposal #2) creates dates that coincide with the RSAR filing schedule.[19, 20] SPD's proposal to use the same filing deadlines for both the RMAR and the RSAR is consistent with the Commission's approach to the schedule initially adopted in D.14.12-025 (and reaffirmed in D.19-04-020), which provides the same deadlines for RMAR and RSAR filings.[21] Additionally, D.14-12-025 encourages[22] Commission staff working on the RMAR to collaborate closely with Commission staff working on the RSAR. SPD's proposal to use the same filing

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[18] RMAR Staff Proposal at 11.

[19] RMAR Staff Proposal at 12 (IOU RMAR Filing due date 4/30; Intervenor Comments due date 7/21; CPUC Division Reviews due date 10/31).

[20] RMAR Staff Proposal at 11 (noting Commission's adopted RSAR filing schedule), citing D.22-10-002, *Decision Addressing Phase I Tracks 3 and 4 Issues*, October 6, 2022, Appendix A at A1 (IOU RSAR filing due: 4/30; Intervenor Comments due: 7/21; Energy Division Reviews due: 10/31).

[21] D.19-04-020 at 5, Table 1 *RSAR and RMAR Schedule adopted in D.14-12-025* (providing same deadlines for RMAR and RSAR filings for each utility, i.e. PG&E RMAR and RSAR filings both due March 31; SCE RMAR and RSAR filings both due July 31; SDG&E RMAR and RSAR filings due September 30; Staff Review due 120 days after each utility report filing).

[22] D.14-12-025 at 47 ("It is appropriate, given the type of information in each report, for SED to prepare a report on the utility's Risk Mitigation Accountability Report, and for the Energy Division to prepare a report on the utility's Risk Spending Accountability Report. We encourage SED and Energy Division to work cooperatively in preparing each of those reports.")

deadlines for RMAR and RSAR will allow SPD and Energy Division to collaborate while they each work on their respective RMAR and RSAR evaluations and incorporate shared concerns into their respective staff reports.

The RMAR Plan Phase filing schedule in Table 2.3 of the RMAR Staff Proposal #2 will enable parties to review the Plan Phase filing sooner (three months after a GRC decision) instead of waiting at least one year into a GRC cycle for the first complete annual RMAR submission. The earlier schedule for the first Plan Phase filing will allow the Commission and parties to provide feedback for the utilities to consider for improvement in their first complete annual RMAR filing schedule detailed in Table 2.2.

2. *Should the Commission require PG&E to begin filing annual RMARs for its 2027 GRC, Sempra for its 2028 GRC, and SCE for its 2029 GRC?*

    a. *If yes, explain why.*

Yes, the RMAR was introduced at the beginning of the RDF, alongside the RSAR, to facilitate the goal of improving utility accountability for the ratepayer money spent on risk mitigation efforts.[23] Since then, however, RMARs have been deferred to the most recent Phase 4 of the RDF.[24, 25] Further delay is not in the public interest. Requiring utilities to begin filing the first RMAR submission now would allow parties to evaluate the reports using real-world data and determine whether refinements are needed.

3. *Should the Commission require a utility to continue filing RMARs for risk mitigations and/or the relevant risk events until at least one year after the risk mitigations are used and useful?*

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[23] D.14-12-025 at 43 ("The Refined Straw Proposal states that these reports will 'assist in the goal of improving utility accountability for the ratepayer money spent on risk mitigation efforts….'").

[24] D.19-04-020, *Phase Two Decision Adopting Risk Spending Accountability Report Requirements and Safety Performance Metrics for Investor-Owned Utilities and Adopting a Safety Model Approach for Small and Multi-Jurisdictional Utilities*, April 25, 2019, at 3 ("[This decision] defers approval of specific reporting requirements for a Risk Mitigation Accountability Report and the identification and benchmarking of industry risk-based decision-making practices to a subsequent Safety Model Assessment Proceeding (S-MAP).")

[25] R.20-07-013, *Assigned Commissioner's Phase 3 Scoping Memo and Ruling Extending Statutory Deadline*, May 31, 2023, at 14-15.

The Commission should require utilities to continue filing RMARs for risk mitigations and/or relevant risk events for least two full GRC periods after risk mitigations are used and useful so that there will be sufficient data for parties and the Commission to evaluate the effectiveness of the mitigations. The Commission conceived of the RMAR as "a utility report that would compare projected benefits and costs of risk mitigation programs adopted in GRCs to the actual benefits and costs realized from these risk mitigations."[26] Reporting risk mitigations and/or relevant risk events for only one year after risk mitigations are used and useful is unlikely to provide sufficient information to determine whether a utility has met its risk mitigation and/or risk reduction targets. Reporting for multiple years, rather than just a single year after risk mitigations are used and useful can better demonstrate whether mitigation effectiveness was due to risk mitigation programs rather than other factors, such as chance or a good weather year.[27]

4. *Is one year of post used and useful data sufficient to report the effectiveness of risk mitigations?*

    b. *If no, explain why not and explain how many years of post used and useful data should a utility be required to report.*

No, see response to question 3 above.

5. *The RMAR Staff Proposal #2 recommends that the Commission require utilities to present a methodology demonstrating its confidence that observed results were due to mitigation effectiveness as opposed to other factors. The methodology should include, but is not limited to, the following elements: any quantitative methods and analysis used (e.g., statistical analysis, mathematical formulas, assumptions); any experimental procedures; any supporting datasets. Should the methodology include other elements?*

    a. *If yes, explain what the elements are and why the methodology should include these elements.*

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[26] D.25-08-032 at 69.

[27] D.25-08-032 at 78 ("The Staff RMAR Proposal recommends that the utilities should discuss in the Results Phase the extent to which observed results are due to mitigation effectiveness as opposed to other factors such as chance, or changes in models, data, assumptions, or impacts from other risk drivers.")

Yes, utilities' methodologies should also include all datasets that the utilities use to assess and evaluate mitigation effectiveness and performance of mitigations, including but not limited to frequency of events, ignition rates, leak rates, unplanned maintenance, etc. The Commission currently requires annual Safety Performance Metrics Report to measure general utility safety performance.[28] Similarly, a utility should provide full details on what additional specific metrics it uses to evaluate progress and the effectiveness of risk mitigations.

6. *Should the Commission adopt the triggers for recast, backcast, and replan as presented in Table 5.2 of the RMAR Staff Proposal #2?*

    a. *If yes, explain why.*

Yes, these triggers are necessary to ensure utilities report accurate data on how their risk mitigations reduce risk to customers.

7. *Should the Commission not require a utility to complete any of the RMAR tables for the original RAMP backcast?*

    a. *If yes, explain why.*

Yes, the Commission should require a utility to complete all of the RMAR tables for the original RAMP backcast. Backcasting is crucial to ensure an "apples-to-apples" comparison of the impact of risk model changes.[29] Changes to risk models can affect the results of what is reported in the RMAR and can impede comparison between different GRC periods; therefore, backcasting can facilitate better comparison of risk reduction between reporting periods.

8. *Should the Commission require a utility to complete all RMAR tables for recasts and backcasts?*

    a. *If yes, explain why.*

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[28] D.19-04-020 at 2 ("To improve understanding of the metrics, [D.19-04-020] requires the IOUs to include in their reports examples of how they used the metrics to improve safety training, take corrective action and support risk-based decision-making. It directs the IOUs to include in the reports summaries of how reported data reflect progress against the risk mitigation and management goals approved in the applicable Risk Assessment Mitigation Phase filing and General Rate Case (GRC) application . . .")

[29] RMAR Staff Proposal at 19 ("Backcasting achieves the same "apples-to-apples" comparison with the original plan, this time by restating the history in terms of current models, data, and knowledge. Backcasting has the advantage of incorporating the most current views on the risk environment.")

Yes, the purpose of recasts and backcasts is to allow an "apples-to-apples" comparison of how changes to risk models can impact model results.[30] To be able to achieve an apples-to-apples comparison of risk reduction between different model versions and different GRC periods, all RMAR tables for recasts and backcasts should be completed. These tables will help the Commission and parties better assess the cost-effectiveness of a utility's mitigation program and evaluate the level of risk reduced to the system over time.[31]

9. Should the Commission adopt a process for making changes to the RMAR Guidelines similar to the process adopted in D.25-08-032 for making changes to the RAMP Data Template?

a. If yes, explain why.

Yes, the Commission should adopt a process for making changes to RMAR Guidelines similar to the RAMP Data Template. A process similar to the RAMP Data Template process would provide an adequate opportunity for parties to respond to proposed changes: (1) comments and reply comments on change(s) proposed by the Commission Staff, utilities, and/or parties to identify potential concerns with the proposed change(s), (2) participation in workshops or working groups to discuss proposed change(s), and (3) a protest period to object to the approved changes.[32]

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[30] RMAR Staff Proposal at 21 ("The triggers for recast and backcast should be the same because both methods achieve the same goal: ensuring that the current scenario is "apples-to-apples" comparison with the original plan.")

[31] RMAR Staff Proposal at 22 ("Ideally, the risk reduction projections of future RMARs would reference the level of overall residual risk as of 2016, the risk reduction achieved since 2016, and the related mitigation capital and operating expenditures. The backcast…would serve to capture a more holistic view of risk and risk reduction since the beginning of the Risk-based Decision-making Framework (RDF) process.")

[32] RMAR Staff Proposal at 23-24 ("Parties shall have 15 calendar days to comment on a proposed change and 15 calendar days to reply to comments." SPD "may also convene workshops or working group meetings to discuss any proposed changes." Any party may file and serve upon SPD "a protest to SPD's disposition on approved changes.")

Furthermore, as SPD explains, this process would ensure an expeditious process for making uncontroversial changes.[33]

10. Should the Commission add the "Expected Value Risk Mitigation Benefit and Mitigation Cost by Risk Event Table (Stock)" as a required table in the Reporting Phase of the RMAR?

a. If yes, explain why.

Yes, the current draft RMAR tables already consist of a Flow Table,[34] thus, the Commission should add a Stock table in the Reporting Phase of the RMAR. The Stock Table describes risk reduction at a point in time,[35] while the Flow Table describes the sum of risk reduction over time relative to its cost.[36] Having both the Stock and Flow Tables would enable the Commission and parties to effectively evaluate the cost-effectiveness of risk mitigation programs.[37]

11. Should the Commission improve existing RMAR tables by adding total fields and/or relevant "compared-to-what" fields?

a. If yes, explain why.

Yes, the Commission should improve existing RMAR tables by adding total fields and relevant "compared-to-what" fields. The total fields offer better readability and quicker summaries than requiring reviewers to compare individual results across multiple

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[33] RMAR Staff Proposal at 23 (D.25-08-032 and the first RMAR Staff Proposal contemplated allowing SPD to make future limited changes to the required elements in the RMAR Guidelines without the need for opening a proceeding or issuing a Resolution, which would be cumbersome and slow.)

[34] RMAR Staff Proposal at 25.

[35] SPD's Email to R.20-07-013 Service List: *Revised RMAR Staff Proposal #2 and Comment Questions*, Attachment *20260115 Appendix C - RMAR Guidelines (Redlined)* (RMAR Guidelines), January 15, 2026, at C-4 ("Stock describes a Risk Reduction value. Once a mitigation is completed, risk is reduced from a Pre-mitigated Risk level to a Post-Mitigated Risk level. As such, Stock is a point-in-time value.")

[36] RMAR Guidelines at C-3 ("Flow describes the calculation of a Mitigation Benefit, which contributes to the numerator in the BCR. Once a mitigation is completed, the benefit occurs every year for the expected life of the mitigation, and the total benefit is the sum over the expected life. As such, a Flow value is additive.")

[37] See RMAR Staff Proposal Footnote 7 at 7. (""Stock" connotes values that are fixed in time, such as a baseline risk value or the reduction of risk, while "flow" values can change over time, such as the sum of benefits over the life of the mitigation.")

attributes or columns.[38] The "compared-to-what" fields would enable the Commission and parties to assess a utility's performance by comparing how much risk reduction is reported in relative to its previous state.[39]

12. If a utility uses and presents tail risk in its RAMP, should the utility be required to complete the Tail Risk Reduction by Risk Event Table in its RMAR filings?

a. If yes, explain why.

Yes, a utility that uses and presents tail risk in its RAMP should be required to complete the Tail Risk Reduction by Risk Event Table in its RMAR filings. A utility may rely upon its tail risk analysis to justify its risk mitigation proposals in its RAMP filing.[40] As such, the utility must demonstrate the value of the proposed risk mitigation(s) and report how much risk it reduced. The Tail Risk Reduction by Risk Event Table requires a utility to present forecast and actual results at tail risk levels for each risk event, enabling the Commission and parties to evaluate whether the investments delivered measurable risk reduction benefits.[41]

III. CONCLUSION

Cal Advocates recommends that the Commission adopt the proposed recommendations above to ensure that utility risk levels, risk reduction values, BCR calculations, and tail risk information as reported in the RMAR is transparent and useful to the Commission and parties in evaluating utility risk reduction progress and associated funding requests.

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[38] RMAR Guidelines at C-7.

[39] SPD recommends adding "Risk reduction as % Pre-mitigated Risk" fields to two tables to show the percentage of risk reduced compared to the pre-mitigated risk state. See RMAR Staff Proposal at 25-26.

[40] The RDF allows utilities to incorporate tail risk into their decision-making processes. See D.25-08-032 Appendix A at Row 7.

[41] RMAR Guidelines at C-20 to C-21.

Respectfully submitted,

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