

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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

**THE PUBLIC ADVOCATES OFFICE'S PROPOSAL ON RISK
MITIGATION ACCOUNTABILITY REPORT ENFORCEMENT FRAMEWORK**

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**THE PUBLIC ADVOCATES OFFICE’S PROPOSAL ON RISK MITIGATION
ACCOUNTABILITY REPORT ENFORCEMENT FRAMEWORK**

I. INTRODUCTION

Pursuant to Decision (D.) 25-08-032,¹ the Safety Policy Division (SPD) asked parties to the Risk-Based Decision-Making Framework (RDF) Rulemaking (R.) 20-07-013² to submit proposals for an approach for utility accountability that explores a potential enforcement framework in the context of Risk Mitigation Accountability Reports (RMARs).³ In response to SPD’s request for proposals, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) hereby submits its Enforcement Framework for RMARs. Cal Advocates supports, with modifications discussed below, the proposed enforcement framework in SPD’s first

¹ D.25-08-032, *Phase 4 Decision*, August 28, 2025, at 98-99 (D.25-08-032 identified Risk Mitigation Accountability Report [RMAR] issues that are in need of resolution, including “Determining a final Approach for Utility Accountability that explores the Potential Enforcement Framework, the applicability of PUC 451.8 or some other approach.”)

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 SPD Email to R.20-07-013 Service List: *Call for a Proposed Approach for Utility RMAR Accountability*, December 2, 2025 (“SPD is calling parties to submit proposals for ‘a final Approach for Utility Accountability that explores the Potential Enforcement Framework . . .’ in the context of RMAR”).

RMAR proposal introduced during Phase 4 of the RDF (RMAR Staff Proposal #1).⁴ Cal Advocates' recommendations are to enhance SPD's RMAR Staff Proposal #1. Our recommendations are designed to hold utilities accountable to the commitments they make for risk reduction in a cost-efficient manner, and to promote the accuracy and completeness of the information that utilities report in RMAR submissions.

II. BACKGROUND

During Phase 4 of the RDF, SPD filed its initial RMAR proposal (RMAR Staff Proposal #1) which included a framework for establishing utility accountability and a potential approach for enforcement actions and utility corrective actions.⁵ D.25-08-032 deferred discussion of a potential enforcement framework to future workshop(s).⁶ Pursuant to D.25-08-032, SPD is now asking for party proposals on approaches to utility accountability.⁷

SPD's proposed enforcement framework in the RMAR Staff Proposal #1 would address infractions that are based on utilities' incomplete or inaccurate information, infractions based upon insufficient progress, and/or failures to comply with conditions or requirements adopted in a GRC Decision.⁸ In response to such infractions, the RMAR Staff Proposal #1 provides three types of action: 1) Warning Email, 2) Notice of

⁴ R.20-07-013, *Administrative Law Judge's Ruling Entering Phase 4 Workshop #3 Materials and Related Staff Proposal into the Record and Setting Comment Schedule*, January 2, 2025, Attachment 2: *Risk Mitigation Accountability Reports (RMAR) R.20-07-013 Phase 4 Staff Proposal for Workshop 3*, at 48-51. Accessed at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M551/K489/551489339.PDF>

⁵ RMAR Staff Proposal #1 at 48-51.

⁶ D.25-08-032, *Phase 4 Decision*, August 28, 2025, at 98 ("We agree with the Staff RMAR Proposal recommendation to defer discussion of the Potential Enforcement Framework and support the development of a workshop and Staff Resolution to address the topic of accountability in full." SPD staff "should hold a workshop (or workshops) on these issues before issuing a Staff Resolution for comment.")

⁷ SPD Email to R.20-07-013 Service List: *Call for a Proposed Approach for Utility RMAR Accountability*, December 2, 2025 ("SPD is calling parties to submit proposals for 'a final Approach for Utility Accountability that explores the Potential Enforcement Framework . . .' in the context of RMAR").

⁸ RMAR Staff Proposal #1 at 48-50.

Violation, and 3) Administrative Action, such as an Administrative Enforcement Order.²

Cal Advocates generally supports the enforcement framework set forth in the RMAR Staff Proposal #1 because it would provide SPD with the authority and procedures necessary to hold utilities accountable for the accuracy and completeness of the information that utilities report in RMAR submissions. However, without express authority for SPD to enforce the Commission's RMAR requirements through a specific framework, SPD's ability to act independently and consistently is uncertain and may be limited. To ensure the utilities are properly held accountable for their obligation to maintain a safe and reliable system,¹⁰ Cal Advocates recommends two modifications to SPD's enforcement framework set forth in the RMAR Staff Proposal #1, detailed in Section III, below.

III. CAL ADVOCATES' PROPOSED MODIFICATIONS TO THE RMAR STAFF PROPOSAL #1.

Cal Advocates recommends two modifications to the RMAR Staff Proposal #1. First, the Commission should require utilities to file and serve any Warning Emails or Notices of Violation issued by SPD, along with documentation of the final resolution of each matter (e.g., corrective actions, compliance status, and/or any penalties), in the current GRC docket and the related service list within 30 days of issuance, and append it as part of their upcoming GRC application.¹¹ This will provide notice to the Commission and parties of any material infractions so that the Commission and parties will be aware of those infractions and can review relevant materials and utility responses to SPD's Warning Emails or Notices of Violation. With such notice, parties can make appropriate recommendations as part of the GRC, and the Commission can issue further instructions

² RMAR Staff Proposal #1 at 48-50.

¹⁰ Public Utilities Code 451 states, in relevant part: Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

¹¹ RMAR Staff Proposal #1 at 48-50.

or requirements, as necessary.

Second, the utilities must be required to correct any problems at shareholder expense, not at ratepayer expense. Utilities are obligated to prudently manage their operations, which includes proper financial management and risk assessment. Ratepayers pay for utilities to do work right, and to do that work right the first time. Accordingly, the Commission must hold utilities to account – and not ratepayers – when a utility fails to meet their obligations. For example, if a utility demonstrates insufficient progress in meeting its forecasted risk reduction or benefit-cost ratio, or if it fails to meet a requirement or condition related to risk mitigations, shareholders must bear the costs associated with any further work necessary to attain the appropriate level of risk reduction.

In the section below, Cal Advocates’ proposed changes to the RMAR Staff Proposal #1’s Table 8.2: Potential Approach for Utility Accountability are shown in red underline (additions).

Table 8.1: Framework for Establishing Utility Accountability¹²

Error Type	Materiality	Impact	Action
I. “White flag”: (delays in reporting, one time blips, unintentional.)	Immaterial – errors would not change how report is viewed and interpreted.	Decision. Would the error have impacted important decisions, such as mitigation portfolio selection?	Next cycle. Root causes are fixed and corrections in place for subsequent RMAR. Additional penalties possible based on error type.
II. “Yellow flag”: repeated delays, repeated errors, suggestive of poor control environment.	Material – errors could change how report is viewed and interpreted.	Financial: Would the error have caused financial harm to any stakeholder?	Restate. Root causes are fixed, RMAR is restated based on materiality and impact thresholds. Internal RMAR processes overhauled. Additional penalties possible based on error type and impact of errors.
III. “Red flag”: systemic errors, refusal to comply.			

¹² RMAR Staff Proposal #1 at 48 (“The following table in Table 8.1 lays out one potential approach for holding the utilities accountable through the RMAR process. This approach is consistent with the Commission’s Enforcement Policy.”), citing Resolution M-4846.

Table 8.2: Potential Approach for Utility Accountability

Hypothetical Infraction	Error Type	Materiality	Impact	Hypothetical Commission Action	Utility Action
1) Staff evaluators discover risk accounting errors	I	Immaterial	None	Staff sends Warning Email.	<p><u>a) Utility will submit corrective action plan for next RMAR cycle within seven (7) days.</u></p> <p><u>b) Utility will serve/file the Warning Email to its current GRC, along with documentation of the final resolution of each matter, and append it as part of its upcoming GRC application.</u></p>
2) Lack of supporting data in workpapers	I	Immaterial	Decision	Staff issues Notice of Violation.	<p><u>a) Utility will submit corrective action plan within twenty-one (21) days.</u></p> <p><u>b) Utility will serve/file the Notice of Violation to its current GRC, along with documentation of the final resolution of each matter, and append it as part of its upcoming GRC application.</u></p>
3) Staff evaluators discover incorrect aggregation of risk data	II	Material	Decision, Financial	Staff sends Warning Email to Utility. Based on utility response, determines whether restatement is necessary.	<p><u>a) Utility will submit workpapers related to the aggregation errors within seven (7) days. May have to restate RMAR.</u></p> <p><u>b) Utility will serve/file the Warning Email to its current GRC, along with documentation</u></p>

Hypothetical Infraction	Error Type	Materiality	Impact	Hypothetical Commission Action	Utility Action
					<u>of the final resolution of each matter, and append it as part of its upcoming GRC application.</u>
4) Utility files incomplete RMAR and misses deadlines for submitting corrections and data requests, even after extensions granted	II	Material	Decision	Staff issues Notice of Violation.	<u>a) Utility must pay fine and will submit justification for delay within 7 days and corrective action plan within 21 days.</u> <u>b) Utility will serve/file the Notice of Violation to its current GRC, along with documentation of the final resolution of each matter, and append it as part of its upcoming GRC application.</u>
5) The utility demonstrates insufficient progress towards achieving any of the following metrics adopted in a GRC Decision: a) Risk Reduction b) Benefit-Cost Ratio	II	Material	Decision	Staff sends Warning Email requiring utility to justify the insufficient progress or issues Notice of Violation directing utility to issue a corrective action plan.	a) Utility will submit justification for insufficient progress and correction action plan within twenty-one (21) days to Staff. b) A letter must also be sent to the Commissions, the Governor's Office and the California State Assembly's Committee on Utilities and Energy explaining how the utility intends to make progress towards risk reduction and

Hypothetical Infraction	Error Type	Materiality	Impact	Hypothetical Commission Action	Utility Action
					<p>benefit-cost ratios goals.</p> <p>c) Within six months the utility must host a CPUC workshop / en banc detailing the progress they have made, or lack thereof, to the Commissioners.</p> <p>d) <u>Utility will serve/file the Warning Email or Notice of Violation to its current GRC, along with documentation of the final resolution of each matter, and append it as part of its upcoming GRC application.</u></p>
6) The utility fails in some material respect to comply with the requirements and conditions adopted in a GRC Decision related to Risk Mitigations	II	Material	Decision, Financial	Staff issues Notice of Violation.	<p>a) Utility must pay fine and will submit corrective action plan within twenty-one (21) days to staff. <u>All costs associated with implementing the Corrective Action Plan, including any remedial or corrective work, should be covered by shareholders.</u></p> <p>b) <u>Utility will also serve/file the Notice of Violation to its current GRC, along with documentation of the final resolution of each</u></p>

Hypothetical Infraction	Error Type	Materiality	Impact	Hypothetical Commission Action	Utility Action
					<u>matter, and append it as part of its upcoming GRC application.</u>
7) Repeated instances of infractions 1, 2, and 3 above.	III	Material	Decision, Financial	Staff issues an Administrative Enforcement Order with appropriate penalties. Based on utility response, determines whether restatement is necessary.	<p>a) Utility will submit corrective action plan within 21 days. Utility can file a Request for Hearing within 30 days. May have to restate RMAR.</p> <p><u>All costs associated with implementing the Corrective Action Plan, including any remedial or corrective work, should be covered by shareholders.</u></p>
8) Utility refuses to comply with data requests.	III	Immaterial	Decision	Staff issues an Administrative Enforcement Order with appropriate penalties.	Utility must pay the penalty and issue a corrective action plan. The utility can file a Request for Hearing within thirty (30) days.
9) Utility fails to meet conditions of Corrective Action Plan within deadline.	III	Material	Decision, Financial	Staff issues an Administrative Enforcement Order with appropriate penalties.	<p>Utility must pay the penalty and issue a corrective action plan. The utility can file a Request for Hearing within thirty (30) days.</p> <p><u>All costs associated with implementing the Corrective Action Plan, including any remedial or</u></p>

Hypothetical Infraction	Error Type	Materiality	Impact	Hypothetical Commission Action	Utility Action
					<u>corrective work, should be covered by shareholders.</u>

IV. CONCLUSION

Cal Advocates recommends that the Commission adopt SPD's proposed enforcement framework in the RMAR Staff Proposal #1, as modified by Cal Advocates' recommendations set forth above, to hold the utilities accountable to deliver measurable, cost-effective risk reductions as promised, and to promote the accuracy and completeness of the information that utilities report in RMAR submissions. These recommendations establish a clear and enforceable link between ratepayer funding and risk reduction outcomes.

Respectfully submitted,

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