

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to
Refine the Risk-Based Decision-
Making Framework for Electric and
Gas Utilities.

Rulemaking R.26-04-016
(Filed April 30, 2026)

**MUSSEY GRADE ROAD ALLIANCE REPLY TO PARTY COMMENTS
ON THE ORDER INSTITUTING RULEMAKING TO
REFINE THE RISK-BASED DECISION FRAMEWORK**

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1. INTRODUCTION

On May 7, 2026, the Commission issued Rulemaking R.26-04-016, which had been filed on April 30, 2026.¹ The Mussey Grade Road Alliance (MGRA or Alliance) submitted comments² pursuant to Rule 6.2 of the California Public Utilities Commission (CPUC) Rules of Practice and Procedure, and the Preliminary Schedule put forth in the OIR, setting a due date for replies of 40 days after date of issuance of the OIR.³ Comments were filed by a number of parties, including Pacific Gas and Electric Company (PG&E),⁴ Southern California Edison (SCE),⁵ Southern California Gas Company and San Diego Gas and Electric Company (Sempra),⁶ Cal Advocates,⁷ and TURN.⁸

Additionally, on June 9, 2026, ALJ Sarah Thomas issued an email ruling directing parties that had not filed responses to Appendix A of the OIR to file by June 11.⁹ Additional responses, were filed by Sempra, PG&E, and SCE.

Rather than file a reply to each party comment or response, the following responses will reply to topics raised by parties.

¹ R.26-04-016; ORDER INSTITUTING RULEMAKING TO REFINE THE RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES; May 7, 2026. (OIR)

² R.26-04-016; MUSSEY GRADE ROAD ALLIANCE COMMENTS ON THE ORDER INSTITUTING RULEMAKING TO REFINE THE RISK-BASED DECISION FRAMEWORK; June 8, 2026. (MGRA Comments)

³ Id.; p. 17.

⁴ R.26-04-016; OPENING COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY ON THE ORDER INSTITUTING RULEMAKING TO REFINE THE RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES. June 8, 2026. (PG&E Comments)

⁵ R.26-04-016; SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) OPENING COMMENTS ON ORDER INSTITUTING RULEMAKING TO REFINE THE RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES; June 8, 2026. (SCE Comments)

⁶ OPENING COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) ON ORDER INSTITUTING RULEMAKING TO REFINE THE RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES; June 8, 2026. (Sempra Comments)

⁷ THE PUBLIC ADVOCATES OFFICE OPENING COMMENTS ON THE ORDER INSTITUTING RULEMAKING TO REFINE THE RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES; June 8, 2026. (Cal Advocates Comments).

⁸ OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON THE ORDER INSTITUTING RULEMAKING; June 8. (TURN Comments)

⁹ Thomas, Sarah T; Email ruling requiring respondents to answer questions in Appendix A, R.26-04-016; June 9, 2026.

2. SCOPING AND PROCEDURAL QUESTIONS

2.1. Scoping

2.1.1. Unified Framework for Risk Aversion

MGRA comments supported a track either in the current phase or the next for the development of a unified approach to risk aversion.¹⁰ Cal Advocates makes a similar request, requesting that this activity occur in Phase 1 of the current proceeding.¹¹ This will possibly be a controversial and complex topic, and take some considerable time and effort, particularly if it is done in parallel with the equally difficult topic of risk tolerance. If this topic is taken up in the current proceeding, it might be wise to set limited goals for completion within Phase 1 in order to define the deliverables, and then finalize the joint risk scaling approach in the next phase.

Cal Advocates raises a number of other potential scoping topics. MGRA does not object to Cal Advocates' proposals.

2.1.2. Evidentiary Hearings

PG&E is alone in recommending evidentiary hearings, stating that “*a Commission-established Risk Tolerance standard is supported by a complete factual record including evidence and testimony that has been subjected to the hearing process. A workshop process will be inadequate to develop such a record.*”¹² MGRA also notes that PG&E is “*in the process of developing a proposal for Risk Tolerance requirements in the RDF.*”¹³

This combination is both remarkable and alarming. MGRA, since it began participating in Commission Rulemakings in 2008, has never encountered one that required evidentiary hearings. Workshops of one form or another allowed discussion and the narrowing of differences between

¹⁰ MGRA Comments; pp. 3-4.

¹¹ Cal Advocates Comments; p. 6.

¹² PG&E Comments; p. 1.

¹³ PG&E Response; p. 3.

party positions. Evidentiary hearings are only required if disputed facts are discovered that are critical to the outcome of the proceeding.

MGRA proposed that Staff should author an initial Risk Tolerance Proposal, and that parties could provide alternatives according to Commission guidance. MGRA also concurs with Sempra's statement that "*The Joint Utilities recommend Commission-led guidance and guardrails as imperative initial steps before party proposals are solicited.*"¹⁴ SCE makes a similar recommendation that "*The Commission can solicit party proposals after Staff submits a proposal establishing a common set of conceptual and analytical foundation elements of a risk tolerance framework. Notably, this product from Staff must be carefully and fully informed by the review and comment of parties, particularly the utilities that manage the electric system and the attendant risks.*"¹⁵.

SCE states that: "*Although SCE is not requesting evidentiary hearings at this time, the Commission should allow 'room' for evidentiary hearings in the procedural schedule in case hearings ultimately prove to be necessary as the record develops. SCE emphasizes the importance of ensuring that all parties are afforded a fair and transparent process to present their proposals, provide written comments on the proposals of others, and participate in workshop(s) that facilitate constructive dialogue.*"¹⁶ This is a reasonable approach.

3. QUESTIONS FROM APPENDIX A

3.1. Risk Tolerance

3.1.1. Affordability

MGRA's comments supported the need to incorporate affordability, and this concern is shared by TURN¹⁷ and Cal Advocates¹⁸ as well. Cal Advocates notes that D.25-08-032 anticipated

¹⁴ Sempra Comments; p. 4.

¹⁵ SCE Response; p. 3.

¹⁶ SCE Comments; pp. 7-8.

¹⁷ TURN Comments; p. 4.

¹⁸ Cal Advocates Comments; p. 15.

that affordability would be part of the risk tolerance discussion: “*The development of a Risk Tolerance standard will allow the Commission to answer the question of how much risk reduction is sufficient, given the cost of that risk reduction, and allow the Commission to appropriately weigh safety and affordability.*”¹⁹

The IOUs strongly oppose the inclusion of affordability. Sempra writes “*While affordability is an important consideration across several CPUC proceedings, it must not come at the expense of safety.*”²⁰ SCE states that “*From a policy perspective, discussing affordability concerns when defining risk tolerance may incorrectly assume that affordability and safety are zero-sum tradeoffs that must be sacrificed for one another.*”²¹

The IOUs err in their understanding of risk tolerance as tied exclusively to safety. If a risk were to have zero mitigation cost, then tolerance for that risk, even if small, should be extremely low. At the other end of the spectrum, if ratepayers are faced with a choice between tolerating a moderate risk and a massive increase in rates to mitigate that risk, they may decide that the risk is more tolerable than the spending.

As an example, say someone is diagnosed with a condition that gives them a 25% chance of developing a fatal cancer. This is a large risk. If the patient is offered the opportunity to take a course of free medication that eliminates the risk, most patients would probably take the medication. Now assume that instead the same patient learns that they can eliminate the risk, but only by taking a medication that costs \$800,000. Many, probably most patients would opt to tolerate the 25% risk. However, this would not be universal. Wealthy patients may well opt to pay for the medication to eliminate the risk even at the high price. This is why MGRA’s suggestion that stakeholders and their ability to pay be identified when studying risk tolerance. It also shows another example of how risk tolerance is tightly bound to the definition of risk aversion.

As SCE correctly states: “*...any risk tolerance framework or requirement must specify whose risk tolerance is embedded into the process.*”²²

¹⁹ D.25-08-032, Phase 4 Decision, August 28, 2025, at 10

²⁰

²¹ SCE Response; p. 1.

²² SCE Response; p. 2.

3.2. Risk Tolerance Standard or Framework

MGRA joins other parties and strongly supports the development of a Risk Tolerance Standard or Framework. MGRA notes that other IOUs such as SCE quoted from MGRA's position in R.20-07-020: "*The Commission alone has the authority to determine and represent California stakeholder interests. The role of any stakeholder group under this structure is to inform the CPUC of the various interests and needs of the interest groups they represent so that the Commission can carefully weigh how to balance competing interests. Responsibility for any determination of risk tolerance therefore is the Commission's and the Commission's alone.*"²³

TURN is the only party that does not support the development of Risk Tolerance standards and instead favors affordability benchmarks and spending optimization.²⁴ MGRA respectfully disagrees because risk tolerance represents an absolute limit on risk reduction and thereby allows affordability baselines to be set. TURN's legitimate concerns about potential utility dominance of the proceeding and affordability need to be addressed carefully in the scoping and scheduling of the proceeding.

3.2.1. Risk Tolerance proposals

Should the Commission ask parties to develop Risk Tolerance proposals? If so, what guidance should the Commission provide to parties to develop Risk Tolerance proposals?

In its opening comments MGRA suggested that SPD staff be asked to develop risk tolerance proposals and guidelines regarding risk tolerance proposals. These are expanded upon below:

The Commission should direct the Safety Policy Division to develop 1) Guidelines for risk tolerance proposals and 2) a Draft Risk Tolerance proposal. After issuance and review of the SPD Draft proposal in a collaborative workshop, parties should be allowed to issue comments on the proposal. Then SPD should issue a final version. Parties should be allowed sufficient time to

²³ PG&E Response; p. 4.

²⁴ TURN Comments; p. 3.

develop alternative Risk Tolerance proposals. Multiple workshops may be beneficial if there is the potential for one or two Joint Proposals to be developed.

MGRA believes that the Commission should offer a guiding hand in this process, and that it provide at least a framework and a draft of a proposal to be considered. TURN expresses a legitimate concern, shared with MGRA that: *“If presenting proposals is left solely to the parties, then it is entirely possible that only the utilities will present such proposals. As previously noted, whether they acknowledge this reality or not, the utilities can be expected to base their proposals on a view of risk tolerance that centers the utilities’ financial objectives, not the wide-ranging attitudes toward risk of their customers and not their customers’ affordability concerns.”*²⁵

Ideally this process of collaborative workshops and feedback would allow parties to agree on a single risk tolerance proposal. Even if not, they would reduce the differences between party proposals and make them easier to compare.

3.3. RAMP

3.3.9. Due dates

PG&E expresses a concern that *“delay in the issuance of Staff’s evaluation, and feedback from intervenors, carries the risk that it may not be feasible for the utility to perform any extensive analysis requested by Staff or intervenors in time to be incorporated into the GRC.”*²⁶ PG&E’s concern is moot: The SPD Reports have been delayed every year since 2021 and PG&E and other utilities have always incorporated SPD and intervenor feedback into their RAMP comments and GRCs.

²⁵ TURN Comments; p. 4.

²⁶ PG&E Response; p. 8.

	Sempra 2021 RAMP Actual Dates	SCE 2022 RAMP Actual Dates	PG&E 2024 RAMP Actual Dates	Sempra 2025 RAMP Proposed Dates	Cal Advocates, SCGC, SBUA, MGRA, TURN, IS Recommendation
Application Filed	5/17/2021	5/13/2022	5/15/2024	5/15/2025	
Protests and Responses	6/21/2021	6/20/2022	6/14/2024	6/16/2025	
Post-filing workshop	6/17/2021	6/30/2022	6/18/2024	6/20/2025	
Reply to Protests and Responses	7/1/2021	6/30/2022	6/27/2024	6/28/2025	
PHC	7/13/2021	8/15/2022	7/19/2024	7/2025	
Scoping Memo and Ruling	7/30/2021	9/19/2022	8/8/2024	7/30/2025	
Parties send workshop topics to service list					7/31/2025
Additional Workshop (s)					August 2025
Informal Comments on RAMP Report due to SPD and 2025 RAMP Service List	10/22/2021	10/10/2022	10/9/2024		10/10/2025
SPD Report	11/5/2021	11/10/2022	11/8/2024	9/1/2025	11/7/2025
Opening Comments on RAMP and SPD Report	12/6/2021	12/9/2022	12/6/2024	11/15/2025	12/5/2025
Reply Comments on RAMP and SPD Report	12/15/2021	1/4/2023	12/17/2024	12/1/2025	12/19/2025
GRC Application	5/16/2022	5/12/2023	5/15/2025	5/15/2026	5/15/2026

Table 1 - RAMP schedule for IOUs between 2021 and 2025

As can be seen, no GRC application has historically been delayed by the allowance of informal comments and the shifting of the date of the SPD Report. Due dates should be adjusted to allow for SPD to do a full review of informal comments prior to submitting its Report, consistent with the Sempra 2021, SCE 2022, and PG&E 2024 RAMP proceedings.

For the 2025 Sempra RAMP the joint proposal by all intervenors was rejected by the ALJ, and an October 10 date was required for the SPD Report, with insufficient time for intervenors to conduct adequate discovery and analysis prior to the submission of Informal Comments.

MGRA asks for the schedule to be changed to align with the 2021-2024 RAMP proceedings, which were highly successful. The 2025 RAMP proceeding was almost disastrous from an intervenor point of view, in that SPD had no time to incorporate original intervenor work. The situation was saved by the recent 2026-2028 WMP reviews, which provided additional data for SPD to review. Given the changes in the WMP schedule introduced by SB 254, this circumstance will not be repeated. Changing the schedule on an as-needed basis when it is always needed and leaving

parties guessing as to final schedules simply introduces confusion into the process, which nevertheless was highly successful between 2021 and 2024.

3.3.10. Informal comments

MGRA agrees with IOU comments that note: *“It is not clear what the status of “informal” comments is – in the RAMP reports that have been filed to date, such comments have been authorized, and SPD has adopted the practice of attaching the informal comments to its report. The better approach would be to formalize this practice.”*²⁷ From 2021 to 2024, SPD received intervenor comments relatively early, used them in its evaluation, and attached them to its report. This transparent process allowed the utilities to address potential intervenor concerns far earlier in the process than they would if intervenors introduced technical comments in the RAMP and Report Comments. Only in 2025 did SPD not include intervenor comments, purported because of the rushed SPD schedule and the date the comments were received.

4. SCHEDULE

ALJ Thomas has given clear direction to parties that she would like them to develop limited number of alternate schedules for this proceeding.²⁸ As there are a number of topics that MGRA will not be participating in, MGRA is perhaps not the best party to lead a unified schedule.

However, MGRA has submitted two new potential topics into the scope of the proceeding: development of a common risk scaling framework, and integration of Wildfire Mitigation Plans with the rate case process given the changes introduced by SB 254, including the place of public intervenors in this process.

While not being in a position to comment on the priority of topics that it will not be addressing, MGRA has strong positions regarding the priority of specific topics:

²⁷ PG&E Response; p. 9.

²⁸ R.26-04-016; Email; 6/11/2026; From: Thomas, Sarah, R. Subject: R2604016 PHC prep – schedule R.26-04-016; Email; 6/15/2026; From: Thomas, Sarah, R. Subject: Re: Procedural email - R.26-04-016 RRDF: Joint schedule discussion

4.1. Risk Tolerance

Risk Tolerance has been a topic that has been successively postponed since 2016. Many years later California is in a domain where utility mitigations are resulting in substantially lower levels of wildfire risk and it is important at this point, prior to the next GRC, to determine how far it is reasonable to go. That being said, as TURN stated there is the potential that without active Commission involvement the only Risk Tolerance proposals will come from utilities, and this is potentially harmful to ratepayers. Instead, as stated in MGRA opening comments, SPD staff would develop 1) guidelines and 2) a risk tolerance proposal. Other parties would be able to provide comments, suggestions for improvement, or alternative proposals. This would then enter a comment/briefing cycle and a candidate would be chosen.

As this proposal would make an imposition on SPD Staff time and resources, any proposed schedule should be developed taking SPD's staff and availability into account prior to setting a final schedule. There should ideally be no need for evidentiary hearings in this track because evidentiary hearings are to determine issues of fact and law. Rather, the development of a tolerance standard should be collaborative to the extent that it can be given the disparate interests involved. To this end, interactive workshop series aimed at joint development of a standard might be helpful rather than "informational" workshops. The outline for the Risk Tolerance track would then look like this:

Draft SPD Guidelines + Risk Tolerance Proposal	Scoping Memo + 6 months (as per SPD staff availability. – Day 0
Informational Workshop	Day 0 + 1 week
Collaborative Workshops (if necessary)	Weeks 3-5
Comments, Recommendations, Alternative Proposals	Week 8
Final SPD Guidelines and Proposal	Week 10
Final Motion for Evidentiary Hearings	Week 11
Comments / Briefs	Week 18
Replies	Week 19

4.2. Risk Scaling Functions Standards

While it is tightly bound to risk tolerance, risk scaling is a separate concept and should be developed independently from risk tolerance. Developing common Risk Tolerance and Risk Scaling standards may prove controversial and highly challenging. Attempting both at the same time could lead to a complex, long and drawn out proceeding.

MGRA recommends that the development of risk scaling function standards be deferred to Phase 2 of this proceeding.

4.3. SB 254 Integration of Wildfire Mitigation Plans into Commission Processes

This is an urgent topic because it should be resolved prior to the initiation of the next major WMP cycle in 2027. Current CPUC policy encourages public participation in Energy Safety's WMP cycles and reviews. Both Commission (Cal Advocates) and intervenors have participated in and substantively contributed to WMP reviews. Furthermore, with Commission mandated review and ratification of Energy Safety's WMP decision, the resulting Resolutions have evidentiary weight within Commission proceedings and are regularly used by the Commission in Decisions.

With the new process, there is not currently a ratification step, and the thought is that the latest approved WMP would be updated by IOUs and submitted with their GRC applications. While this still, theoretically, allows intervenor participation in all practical terms participation is untenable. The WMP may be three years old at the time a utility submits a version of it, at which time it needs to go through the GRC process, and then any intervenor compensation claim would need to follow the GRC decision. This could result in a delay of up to 8 ½ years between the time the work is done and the intervenor claim is paid. (1 year WMP, up to 4 years for GRC start, 2 years in GRC, 1.5 years IC claim processing), which is simply not practical and would effectively end intervenor participation in the WMP process.

Developing processes to ensure both the active utility of Energy Safety WMP Decisions within the CPUC and also enabling reasonable public participation under the intervenor compensation program, if legally and technically feasible, should not take up much time in this proceeding. MGRA requests that this be handled as a separate track in Phase 1. Third parties that

may be necessary in this proceeding would be 1) Safety Policy Division (in charge of writing any necessary resolutions) and 2) CPUC Legal Division (to help determine what the Commission’s appropriate response should be to this problem.

MGRA requests that these steps be added as a separate Track in Phase 1:

SPD / Legal Divison Workshop to outline possibilities for incorporating WMPs into Commission processes	Scoping Memo + 10 weeks
Party Comments and Proposals	Scoping Memo + 14 weeks
Party Replies	Scoping Memo + 16 weeks
Decision	Included in scope of first Decision

5. CONCLUSION

Effectively, the purpose of risk tolerance is to be able to say “how much is enough” – when has enough risk mitigation been done to have protected the public to a reasonable standard. Utilities have a financial interest in the outcome of this question, so it is vital that they or the only ones writing the rules. We request that the Commission carefully consider the input of MGRA and other non-utility intervenors in order to ensure that ratepayer interests are fully represented in this process.

Respectfully submitted this 16th day of June, 2026,

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