COM//mph **Date of Issuance 7/24/2020**

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.	FILED PUBLIC UTILITIES COMMISSION JULY 16, 2020 SAN FRANCISCO, CALIFORNIA RULEMAKING 20-07-013

ORDER INSTITUTING RULEMAKING TO FURTHER DEVELOP A RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES

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ORDER INSTITUTING RULEMAKING TO FURTHER DEVELOP A RISK-BASED DECISION-MAKING FRAMEWORK FOR ELECTRIC AND GAS UTILITIES

Summary

The Commission initiates this rulemaking 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 will build on requirements for a utility risk framework adopted in the first Safety Model Assessment Proceeding (first S-MAP), Application 15-05-002 et al, and in Rulemaking 13-11-006, the Risk-Based Decision-Making proceeding. Our goal is to further the prioritization of safety by electric and gas utilities.

To accomplish this, the proceeding will address three inter-related issue areas. First, what are the lessons learned thus far from the first S-MAP and Risk-Based Decision-Making proceedings and how might these inform potential improvements to S-MAP related activities, such as requirements for utility Risk Assessment Mitigation Plans, annual Risk Spending Accountability Reports, or consideration of safety issues in general rate cases? Relatedly, what refinements, if any, are needed to the risk-based decision-making framework adopted in Decision (D.) 18-12-014? Second, should the Commission adopt a risk tolerance standard and/or the related concepts of an "As-Low-As-Reasonably-Practicable" framework or a gross disproportionality ratio? Third, should the Commission modify or adopt any additional safety performance metrics beyond those adopted in D.19-04-020?

1. Background

The Safety Model Assessment Proceeding (S-MAP) and related Risk Assessment Mitigation Phase (RAMP) filings, Risk Spending Accountability Reports (RSAR) and Safety Metrics Performance (SPM) reports are a complex set of interacting requirements intended to ensure that energy utilities place safety as their highest priority, consistent with the requirements of Public Utilities Code Section 451 requiring just and reasonable rates.[1] The California Public Utilities Commission (Commission) adopted initial S-MAP, RAMP and RSAR requirements in Decision (D.) 14-12-025 in Rulemaking (R.) 13-11-006 to *Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities* (Risk-Based Decision-Making Proceeding). The Commission further refined RAMP and RSAR requirements and adopted SPM report requirements in Application (A.) 15-05-002, et al, *the Safety Model Assessment Proceeding* (first S-MAP), in 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 Multijurisdictional Utilities*. In D.18-12-014, *Phase Two Decision Adopting Safety Model Assessment Proceeding Settlement Agreement with Modifications*, the Commission adopted detailed and standardized requirements for a risk-based decision-making framework (RDF) for the investor-owned utilities (IOUs).

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

D.18-12-014 also reviewed progress on the S-MAP Long-Term Roadmap adopted in D.16-08-018, *Interim Decision Adopting the Multi-Attribute Approach (or Utility Equivalent Features) and Directing Utilities to Take Steps Towards a More Uniform Risk Management Framework*.[2] This order instituting rulemaking (OIR) will address pending S-MAP Roadmap items as well as additional items to improve energy utility prioritization of safety consistent with Section 451.

We structure this OIR as follows. First, we summarize existing S-MAP and related RAMP, RSAR, SPM report and other requirements adopted in A.15-05-002, et al. Next, we discuss the issues surrounding our three key objectives for this rulemaking and request party comment:

- What are the lessons learned thus far from the first S-MAP and Risk-Based Decision-Making proceedings and how might these inform potential improvements to S-MAP activities such as requirements for utility RAMPs, annual RSARs or consideration of safety issues in general rate cases (GRCs)? Relatedly, what additional refinements, if any, should the Commission consider to the RDF adopted in D.18-12-014?
- Should the Commission adopt a risk tolerance standard and/or related policies and requirements, and if so, what should the risk tolerance standard specify?
- Should the Commission modify or adopt any additional safety performance metrics beyond those adopted in D.19-04-020?

Next, we propose a Preliminary Scoping Memo and schedule and finally, we address related procedural matters.

[2] D.18-12-014 at sections 5 and 6.

2. Jurisdiction

Section 963(b)(3) states that it is the policy of the state of California that the Commission and each gas corporation place safety of the public and gas corporation employees as the top priority and that the Commission shall take all reasonable and appropriate actions necessary to carry out a safety priority policy consistent with the principle of just and reasonable cost-based rates. Section 961(b)(1) requires gas corporations to develop plans for the safe and reliable operation of facilities that implement Section 963(b)(3) requirements.

Section 750 requires the Commission to develop formal procedures to consider safety in a rate case application by an electrical corporation or gas corporation which must include a means by which safety information acquired by the Commission through monitoring, data tracking and analysis, accident investigations, and audits of an applicant's safety programs may inform consideration of the application. Section 321.1(a) requires the Commission to assess and mitigate the impacts of its decisions on customer, public and employee safety.

Section 451 requires the Commission to ensure that electric and gas utilities adopt just and reasonable rates.

3. Safety Model Assessment Proceeding

As adopted in D.14-12-025, the S-MAP reviews and approves utility safety models and processes.[3] In April 2015, in accordance with D.14-12-025, the IOUs

[3] D.14-12-025 at 25-27 sets forth Commission goals for the S-MAP as follows: to provide the Commission and parties a forum to examine, understand and formally comment on the models used by energy utilities to prioritize and mitigate risks; to provide for transparency and participation regarding how energy utilities identify and mitigate safety risks; and, to determine

Footnote continued on next page.

filed applications describing their risk-based decision-making processes and models, thus establishing the first S-MAP proceeding, A.15-05-002, et al. As reviewed above, the Commission adopted three major decisions in A.15-05-002, et al.

3.1. Risk-Based Decision-Making Framework

The RDF adopted in D.18-12-014 is based on a Settlement Agreement and sets forth minimum requirements for IOU risk assessment models and the presentation of the results of these models in IOU RAMP filings.[4] In brief, the RDF requires the utilities to:

- Employ consistent methods to identify and prioritize risks;
- Model risk impacts across three required risk impact categories (safety, financial, reliability), and other categories as desired, and assign a weight to these categories;[5]
- Assign a minimum 40 percent weight to the category of safety impacts;

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whether energy utilities can develop uniform and consistent standards to assess, manage, mitigate, and minimize the risks that are inherent in each utility's operations and services, and if so, whether consistent methods should be required of some or all energy utilities to reduce the work necessary for a party to understand how utility risk models work. Additionally, D.14-12-025 at 27 states that in the Commission can decide in the second S-MAP proceeding whether S-MAP proceedings should continue in the future or be terminated. D.14-12-025 at 43 also notes that it may be feasible to eliminate RAMP proceedings in the future as the utilities adjust and include comprehensive risk assessments and mitigation plans in all future GRC applications.

[4] See D.18-12-014 and, in particular, Attachment A, Appendix A of D.18-12-014 for a full list of RDF requirements.

[5] This OIR uses the term "impact categories" instead of multi-value attribute function in order to simplify the concepts discussed for a non-technical audience.

- For risks representing the top 40 percent of safety impacts greater than zero, use a probabilistic, quantitative approach to estimate the likelihood and consequences of risk events across the required and optional risk impact categories;
- Translate all risk impacts into a 100-unit linear scale;
- Include a bow tie illustration for each risk and each mitigation, and identify which element(s) of its associated bow tie the mitigation addresses;[6]
- Consider and model the amount of risk-reduction per dollar spent, or "risk-spend efficiency ratio" (RSE ratio), for each mitigation alternative considered, for each of the top 40 percent of safety risks; and,
- Rank (prioritize) all mitigation options by RSE scores.

The RDF represents a significant advancement in the sophistication, comparability and transparency of utility risk models.

3.2. Risk Assessment and Mitigation Phase Proceedings

RAMP filings provide an opportunity for the Commission to verify that each utility has appropriately used the RDF adopted in the first S-MAP.[7] RAMP proceedings also offer parties the opportunity to carefully review and suggest modifications to a utility's proposed safety approach before that approach and

[6] D.18-12-014 at A-2 defines a bow tie illustration as a tool that consists of the risk event in the center, a listing of the drivers on the left side that potentially lead to the risk event occurring, and a listing of consequences on the right side that show the potential outcomes if the risk event occurs.

[7] D.14-12-025 at 35.

related funding authorization requests are considered in the utility's GRC.[8] D.18-12-014 requires the IOUs to explain their RAMP filings in a dedicated RAMP workshop and to refine their risk mitigation approach based on party feedback prior to filing their GRC application, as warranted. As of 2019, each IOU's RAMP filing must use the RDF adopted in D.18-12-014 and, as part of that, must provide an RSE ratio for each mitigation alternative considered.[9] The aim of these combined activities is to ensure that the energy utilities prioritize safety in their GRC applications consistent with Section 451.

3.3. Risk Spending Accountability Reports

D.14-12-025 and D.18-12-014 require the IOUs to file annual RSARs that compare the safety mitigation program budgets approved in the utility's GRC with the utility's actual risk mitigation spending and to explain any significant deviation between the two.[10] Commission staff are required to annually serve a Review of each IOU's RSAR in the relevant GRC proceeding and related proceedings and to post their Review on the Commission website. D.19-04-020 adopted extensive requirements for annual RSARs and a schedule for Commission staff Reviews.[11] The RSAR and staff Review schedule will need to be updated given the transition to four-year GRC cycles adopted in D.20-01-002, *Decision Modifying the Commission's Rate Case Plan for Energy Utilities.*

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[8] *Ibid*.

[9] D.18-12-014 at 34.

[10] D.14-12-025 at 44; D.19-04-020 at 37-40.

[11] D.19-04-020 at 49.

3.4. Safety Performance Metrics Reports

The Commission adopted 26 safety performance metrics in D.19-04-020 and required IOUs to annually file SPM reports in their respective open or most recent GRC proceeding.[12] D.19-04-020 also directed the Commission's Safety and Enforcement Division to collaborate with a previously established S-MAP technical working group to develop and propose additional safety metrics. D.19-04-020 identifies the areas of safety management system and overhead electric wires as short-term priorities for work to develop additional safety performance metrics. D.19-04-020 directs Commission Safety Enforcement Division (now Safety Policy Division) staff to annually serve and post online a staff Review of the IOU SPM reports.[13]

D.19-04-020 did not adopt additional requirements for Risk Mitigation Accountability Reports (RMARs) as described in D.14-12-025. Rather, D.19-04-020 held this requirement in abeyance and allowed SPM reports to serve as an interim location for reporting of much of the information that D.14-12-025 envisioned for the RMARs. D.19-04-020 reasons that this is an acceptable approach until such time as the IOUs gain sufficient experience with the RDF to allow for RMAR filings capable of comparing changes in a single utility's RSE scores over time, as envisioned in D.14-12-025. D.19-04-020 estimates that it will take until 2024 for all four IOUs to have the data to compare changes in a

[12] *Id* at 27-28.

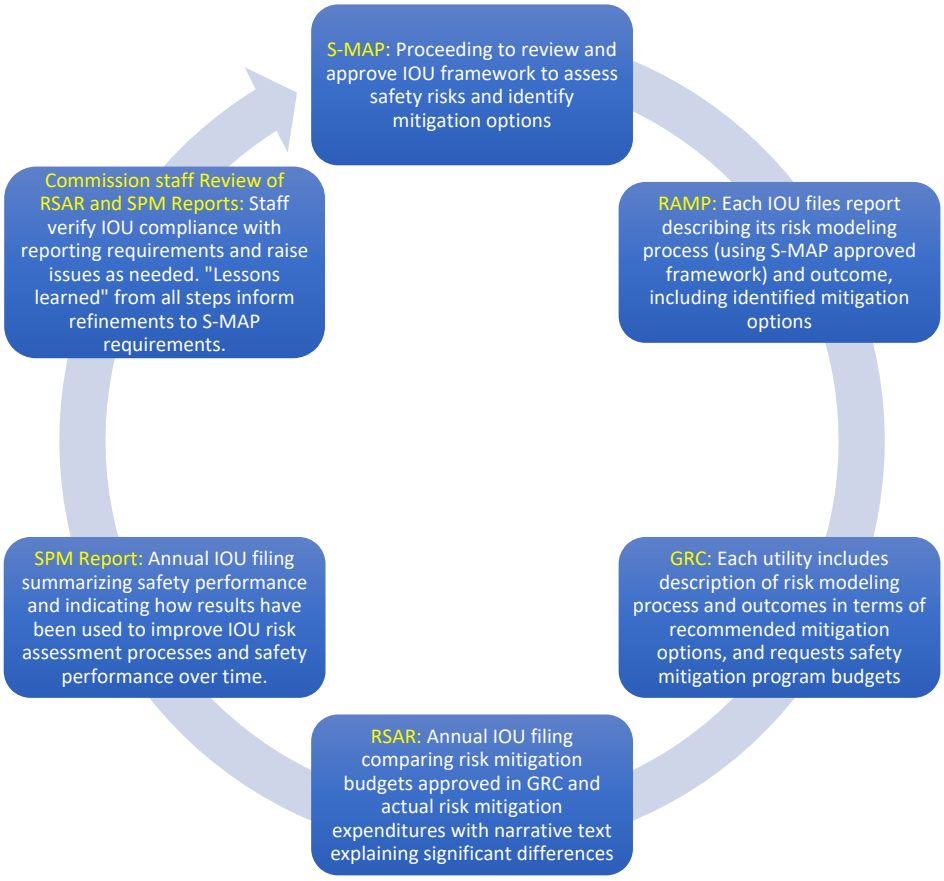
[13] *Id* at 28.

mitigation activity's RSE ratio across successive GRC applications.[14] This timeframe will likely be extended now that D.20-01-002 adopted four-year GRC application cycles.

3.5. Relationship Between S-MAP and Related Proceedings

Figure 1 illustrates the general relationship between the various S-MAP and related filings:

Figure 1: Relationship Between S-MAP, RAMP and GRC Proceedings and RSAR and SPM Reporting Requirements



[14] *Id* at 34.

4. Rulemaking Objectives

Pursuant to Sections 963(b)(3), 961(b)(1), 750, and 321.1(a), the goal of this OIR is to further the prioritization of safety by electric and gas utilities consistent with Section 451 requirements to ensure just and reasonable rates.

This proceeding will be conducted in three Tracks. Track 1 will review lessons learned and consider whether refinements are needed to the RAMP, GRC, RDF and other requirements adopted in D.14-12-025, D.16-08-018, D.18-12-014, and D.19-04-020. Track 2 will examine the need for the Commission to adopt a risk tolerance standard and related policies and requirements. Track 3 will consider refining existing or adopting additional safety performance metrics.

4.1. Track 1: Proceeding Coordination and Risk-Based Decision-Making Framework Requirements

Track 1 will examine lessons learned thus far as a result of the Risk-Based Decision-Making proceeding and the first S-MAP proceeding. Activities may be roughly grouped into two sub-tracks. Track 1A will start by reviewing lessons learned and will focus on whether refinements are needed to better align RAMP, GRC proceedings and annual RSARs, whether there is a need for better coordination mechanisms across safety-related proceedings, S-MAP requirements for Small and Multijurisdictional Utilities (SMJUs), and guidance on future S-MAP applications. Track 1B will focus on the need for refinements to the RDF adopted in D.18-12-014.

4.1.1. Track 1A: Refining Coordination and Reporting Requirements

The Commission has provided extensive guidance to utilities on our expectations for RAMP filings and the relationship between RAMP filings and

utility GRCs.[15] As of mid-2020, SoCalGas, SDG&E, PG&E and SCE have filed RAMP reports with all but SCE required to use the updated RDF and RAMP information presentation requirements adopted in D.18-12-014 in their most recent filings. Additionally, all four of the IOUs have filed GRC applications reflecting the interim RAMP requirements adopted in D.16-08-018 and the Commission has approved at least one GRC application for each of these utilities.[16] Commission staff, IOUs, and parties have in this way gained valuable experience with the RAMP and GRC processes. Track 1A will review lessons learned thus far and potential modifications to improve the presentation of safety-related information in RAMPs and GRCs, including potential further refinements to the treatment of safety issues in the Rate Case Plan as modified in D.14-12-025.

The S-MAP is a complex endeavor, intended as an iterative process that considers and introduces refinements on an ongoing basis. Track 1A of this new OIR provides an opportunity to revisit and refine the progress we have made so far. As an example, the RDF allows the IOUs to include updated RSE scores in their GRC applications, using updated cost and other information, and requires them to explain any modifications.[17] However, the RDF does not require the IOUs to also provide the updated underlying data, and the quality of data

[15] *See* D.14-12-025, D.16-08-018 and D.18-12-014.

[16] *See* Commission Risk Assessment webpage for RAMP filings and summaries: https://www.cpuc.ca.gov/riskassessment/.

[17] D.18-12-014, Attachment A, Appendix A at A-14, Row 26, "Mitigation Strategy Presentation in the RAMP and GRC."

provided in response to staff data requests thus far has been variable. Cost data provided in utility RAMP filings has also been outdated in some cases. Track 1A could discuss and consider how to address this issue.

Another area to discuss and consider addressing relates to a lack of clear and comparable definitions of risk and maintenance "programs" across GRC applications and utility RSARs. The lack of clear and comparable definitions of risk and maintenance programs and their authorized budgets across different IOU filings makes staff review of utility RSARs difficult and hampers Commission goals of accountability and transparency. Clearly and comparably defining risk and maintenance programs across GRC applications and IOU RSARs and ensuring that GRC applications and decisions approving GRC applications clearly indicate authorized budgets for such programs could help ensure better transparency and accountability in risk reduction spending.

Additionally, utility GRC applications are sometimes approved via a Commission decision adopting a Settlement Agreement between parties that contains few specifics on approved risk and maintenance programs and authorized program costs. In such instances, staff review of a utility's subsequently filed RSAR is difficult and undermines the goals of transparency and accountability around utility risk spending. Track 1A will consider whether the Commission should provide additional guidance on required information on risk and maintenance programs and approved budgets in the case of GRC applications approved via Settlement Agreement.

RAMP and GRC proceedings generally address different aspects of IOU risk mitigation prioritization, selection and cost. A third discussion area could

focus on intervenors' ability to participate in both RAMPs and GRC proceedings and what answers to this question might imply. For example, RAMP proceedings are the primary forums in which stakeholders review and discuss the appropriateness of a given mitigation measure to reduce a given risk. In contrast, GRC proceedings are the primary forums that discuss the reasonableness of the cost of proposed risk mitigations. The current separation of these two topics may contribute to gaps in the continuity of stakeholder review and Commission oversight and could merit discussion.

An additional area for consideration in Track 1A could be the requirements for and appropriate timing to initiate utility RMARs. D.14-12-025 directs the IOUs to annually file RMARs that compare the projected costs and benefits of a utility's risk mitigation programs, as approved in a GRC decision, to the actual costs and benefits. D.14-12-025 also envisions RMARs as describing any deviations between authorized risk-mitigation activities and those actually performed, and the reasons for those deviations.[18] As discussed in section 3.4, D.19-04-020 held RMAR requirements in abeyance and instead required IOUs to include limited reporting on the impacts of approved mitigation activities in their SPM reports. D.19-04-020 defers consideration of specific RMAR requirements until a later date.

Track 1A will consider the need for Commission adoption of interim RMAR requirements. Interim RMAR requirements could include narrative reporting on differences between authorized utility risk mitigation activities to

[18] D.14-12-025 at 44. See also D.19-04-020 at 29.

those actually performed. In addition, the Commission could consider requirements and related methodologies for the IOUs to compare projected and actual RSEs in RMARs in a manner distinct from the presentation of RSE information in RAMP filings and GRC applications.

Refinements to S-MAP requirements based on lessons learned and these discussion areas could necessitate updates to the GRC Rate Case Plan. As such, Track 1A will consider refinements based on S-MAP, RAMP and GRC lessons learned such as:

1. Providing further direction to align terms, definitions and processes across RAMP and GRC proceedings to enable improved tracking of safety expenditures and related risk reductions;
2. Providing further guidance on how mitigation and related support costs should be presented in both the RAMP and the GRC to better enable the comparison of proposals over time and to distinguish such costs from non-RAMP related costs;
3. Addressing potential redundancies between RAMP, GRC and RSAR filings;
4. Considering the need for modifications to the timing of utility filing of RAMP or RSAR reports, GRC applications, and related staff Reviews;
5. Considering the timeline and specific requirements for utility RMARs as directed in D.14-12-025;
6. Addressing RAMP and RSAR requirements for GRC proceedings resolved via Settlement Agreement;
7. Considering the need for coordination methods between the S-MAP, RAMP and related proceedings, such as R.18-10-007, the Wildfire Mitigation Plan proceeding, and R.18-04-019, the Climate Change Adaptation proceeding; and,

8. Other lessons learned and related potential modifications as identified by parties.

4.1.2. Track 1A: Small and Multijurisdictional Utilities

D.19-04-020 adopted a Voluntary Agreement on a Risk-Based Decision-Making Framework Between the Safety and Enforcement Division and the Small and Multijurisdictional Utilities (Voluntary Agreement) for use by Southwest Gas Corporation, Bear Valley Electric Service, Liberty Utilities, and PacifiCorp (doing business as Pacific Power) (collectively SMJUs) in their GRCs. Much simpler than the RDF adopted for the IOUs, the Voluntary Agreement requires each SMJU to include a discrete chapter of testimony in their GRC applications describing its process to develop and implement a risk-based decision-making framework and sets forth information and analytical requirements for these chapters. There are two areas relating to SMJU risk assessments that this proceeding will consider.

First, D.19-04-020 states the Commission's intent that the SMJUs should move toward a more probabilistic approach to risk-based decision-making as required for the IOUs in D.18-12-014, to the extent feasible, and that the Commission may revisit and formalize the Voluntary Agreement in a future S-MAP proceeding.[19] This rulemaking will consider the need to further refine the Voluntary Agreement to move it further towards the RDF required for the larger IOUs and/or for the Commission to formally adopt the agreement as is.

[19] D.19-04-020 at 55-56.

Second, Section 591 requires all electric and gas utilities to annually notify the Commission each time that capital or expense revenue authorized by the Commission for maintenance, safety, or reliability was redirected to another purpose.[20] However, D.19-04-020 did not adopt specific RSAR requirements for the SMJUs.

Track 1A will consider the need for the Commission to adopt specific RSAR and other requirements for the SMJUs. This may include consideration of RSAR requirements for SMJU GRCs resolved via Settlement Agreement and/or RAMP and RMAR requirements for the SMJUs.

4.1.3. Track 1A: Ongoing Review of Other Risk Management Models

D.18-12-014 recommends that the Commission discuss the topic of benchmarking, defined in D.16-08-018 as "reaching out to industry associations, utilities in other states, or possibly to other nonutility companies, to understand how and to what extent those companies use risk-informed decision-making, how they inject it into their GRCs, how they measure and evaluate the results, and what success or failure they have had."[21] This rulemaking will incorporate this activity as warranted and feasible. Doing so could provide a useful basis of comparison between the Commission's S-MAP and RDF requirements and the risk assessment requirements adopted elsewhere for regulated energy utilities or other inherently higher-risk industries.

[20] *Id* at 9.

[21] D.16-08-018 at 163.

4.1.4. Track 1A: Guidance on Future S-MAP Applications

D.14-12-025 directed the IOUs to file S-MAP applications containing their current risk-based decision-making models no later than May 1, 2015 and every three years thereafter, unless directed otherwise by the Commission.[22] The IOUs filed their first S-MAP applications in April 2015, consolidated by the Commission as A.15-05-002, et al. D.18-12-014 held in abeyance the requirement that the IOUs submit additional S-MAP applications every three years.[23] Track 1A will consider the requirements for and timing of future S-MAP applications.

4.2. Track 1B: Refining the Risk-Based Decision-Making Framework

The objective of Track 1B is to identify and adopt priority refinements to the RDF adopted in D.18-12-015, as needed. The following discussion draws on the Long-Term S-MAP Roadmap and other recommendations presented in D.18-12-015.

4.2.1. Identifying and Ranking Pre-Mitigation Risk Events

D.18-12-014 identifies the need for additional work to develop consistent methods for the IOUs to identify and rank the pre-mitigation risk events that form the starting point for their analyses. Although the RDF requires utilities to use their Enterprise Risk Registers (ERRs) to identify risks for further analysis, Settling Parties state in the Settlement Agreement adopted in D.18-12-014 that

[22] D.14-12-025 at Ordering Paragraph 5.

[23] D.18-12-014 at 63.

further utility filtering of identified risks by "risk events" could yield more transparent and meaningful results.[24]

D.18-12-015 defines the concept of a "risk event" as "an occurrence or change of a particular set of circumstances that may have potentially adverse consequences and may require action to address," and states that "the occurrence of a risk event changes the levels of some or all of the attributes [consequences] of a risky situation."[25] Assessing whether the Commission should provide additional guidance on identifying and ranking pre-mitigation risk events could involve review of utilities' current ERRs and whether and how these can become more transparent to the Commission and parties.

4.2.2. Improving Consideration of Interacting Risk Drivers

The risk evaluation approach required in the RDF assumes that threats, or "risk drivers," act independently of one another. However, the Commission recognizes that it is common for many risk drivers to contribute to the creation of risks.[26] As has been made abundantly clear in recent years, it is common for risk drivers to compound with each other to magnify the likelihood of a devastating risk event.

Improving methods for modeling interacting risk drivers in the RDF could support better utility prioritization of risks exposed to multiple risk drivers.

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[24] D.18-12-014, Attachment 1 at 3, Future Matters.

[25] *Id,* Attachment 1, Appendix A at A-2.

[26] D.16-08-018 at 176 includes improving the modeling of interacting risk drivers in the S-MAP 2016 Long-Term Roadmap.

Additionally, work to improve the modeling of interacting risk drivers could address interacting mitigation strategies, which in turn could result in synergies in the selection of mitigation methods across multiple risk drivers, better coordination of risk mitigation strategies, improved ranking of risks, or reduced risk mitigation expenditures. The potential improvements in mitigation efficiency and savings in mitigation expenditures could be significant if interacting risk drivers or mitigations are properly accounted for.

While improving modeling of risk driver interactions could yield multiple benefits, significant additional work will be necessary to achieve these benefits because of the mathematical complexity involved. Track 1B will lay the groundwork on methodologies to account for risk driver and mitigation interactions over time.

4.2.3. GRC Backstop Issue

D.18-12-014 states that additional work may be needed to address the "GRC backstop" approach included in the RDF.[27] The GRC backstop approach requires the IOUs to provide supplemental analysis for certain safety programs presented in their GRC applications but not in their RAMP filings. Specifically, the GRC backstop approach requires the IOUs to conduct supplemental analysis when forecast costs of the safety program(s) in question exceed certain thresholds (Table 1).[28]

[27] D.18-12-014, Attachment A at A-3 and Appendix A at A-14, see Row 28, "Step 3 Supplemental Analysis in the GRC."

[28] *Id* at Attachment A, Appendix A, A-15.

Table 1: Programs Requiring Supplemental GRC Risk Analysis

Utility	Capital Programs[29]	Expense Programs
PG&E, SCE, SoCalGas	$75 million	$15 million
SDG&E	$37.5 million	$7.5 million

Work on the GRC backstop approach in Track 1B could review concerns identified to date and provide additional guidance or refinements to the RDF as needed.

4.2.4. Simple Optimization

The RDF requires utilities to identify and rank risks and produce RSE scores for a range of risk mitigation options.[30] Mitigation options must then be ranked, or prioritized, based on their RSE scores.[31] The RDF does not require the utilities to select mitigation options for implementation based on RSE scores alone, however.[32] One reason for this is that RSE scores do not incorporate other important factors or constraints such as such as budget limits, lack of personnel, operational, permitting, or other issues.

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[29] Refers to cumulative costs over three years.

[30] D.18-12-014, Attachment A, Appendix A at A-7, "Step 2A: Risk Assessment and Risk Ranking in Preparation for RAMP."

[31] D.18-12-014, Attachment A, Appendix A at A-14, Row 26, "Mitigation Strategy Presentation in the RAMP and GRC."

[32] *Ibid*. "In the RAMP and the GRC, the utility will clearly and transparently explain its rationale for selecting mitigations for each risk and for its selection of its overall portfolio of mitigations. The utility is not bound to select its mitigation strategy based solely on RSE ranking. Mitigation selection can be influenced by other factors including funding, labor resources, technology, planning and construction lead time, compliance requirements, and operational and execution considerations. In the GRC, the utility will explain whether and how such factors affected the utility's mitigation selections."

D.16-08-018 suggests that the Commission could explore basic risk mitigation optimization techniques by requiring the IOUs to identify and quantify the key constraints affecting their selection of mitigation options for implementation.[33] D.16-08-018 observes that the Commission can explore multi-attribute mitigation optimization methods independent of a risk tolerance standard or an "As-Low-As-Reasonably Possible" (ALARP) framework, the subjects of Track 2.[34]

Exploring simple risk mitigation optimization techniques in Track 1B could start with the IOUs clearly identifying the key constraints they face, including cost constraints. The RDF could serve as a basis for the utilities to model one or more mitigation selection scenarios reflecting these constraints.[35] The results of these scenarios could be reviewed by the Commission and parties for learnings and/or to form the basis for developing a Roadmap towards a more complex optimization approach that includes an ALARP framework and a risk tolerance standard.

Track 1B may explore the benefits and milestones needed to develop an optimization framework that is more advanced and sophisticated than the simple numerical ranking of RSE scores required in the RDF.

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[33] *Id* at Conclusion of Law 18, 92-92 and 136.

[34] D.16-08-018 at Finding of Fact 53.

[35] *See* "ALJ Ruling Entering Intervenor White Paper into the Record and Seeking Comments," January 29, 2016 at 31, where the paper observes that, "prioritization is <u>not</u> the same thing as optimization, and… ranking projects based on benefit/cost ratios may not result in the most cost-effective portfolio when more than one constraint is present."

4.2.5. Defining Additional Terms

D.18-12-014 defines a list of significant terms known as the S-MAP 2018 Revised Lexicon.[36] The 2018 Revised Lexicon defines over 30 terms, including the concept of "risk score."[37] However, the 2018 Revised Lexicon does not define a number of other concepts that could be important in continuing S-MAP discussions. This rulemaking will define additional terms as needed, including potentially the concepts of relative, quasi-absolute and absolute risk scores.

Adopting a clear definition of the concept of absolute risk could be beneficial because doing so could add clarity to proceeding discussions on simple optimization methods and/or the need for risk tolerance standards. For example, advancing discussions of optimization or risk tolerance standards may require specifying physical units of measurement, such as miles of distribution conductors or miles of transmission gas pipelines, or the number of injuries, or other factors. Further, it may be necessary to clarify how such physical specifications translate into absolute risk.

The first S-MAP discussed the concepts of relative, quasi-absolute, and absolute risk and began to define these terms but did so incompletely. While these concepts are not defined in the 2016 or the 2018 Revised Lexicon, D.16-08-018 does state the following:

> A "relative" risk score calculates the relative value of a risk in relation to other risks, but it does not have standalone

[36] D.18-12-014 at 16- 19.

[37] The 2018 Revised Lexicon defines risk score as: "numerical representation of qualitative and/or quantitative risk assessment that is typically used to relatively rank risks and may change over time."

> meaning. A relative risk score only has meaning in terms of its ranking (or order) in relation to other relative risk scores. The magnitude of a relative risk score does not relate to the true magnitude of risk in a linear fashion. An "absolute" risk score is a representation of the magnitude of risk based on a linear-scale risk formula, often expressed by risk = [likelihood of failure] LoF x [consequences of failure] CoF. An absolute risk score may have direct physical interpretation if the scores are expressed in physical units (e.g., injuries/per unit of asset per unit time). An absolute risk score may also be expressed without physical units depending on how LoF and CoF are defined. These two definitions may be refined in Phase Two of the S-MAP proceeding.[38]

Similarly, although D.16-08-018 observes that "quasi-absolute risk scores have little to no direct physical interpretation in the real world," it does not specifically define this concept.[39] Further, when adopting the RDF, D.18-12-014 observes that because the RDF did not define "absolute risk score," this concept

[38] D.16-08-018 at 21, footnote 24.

[39] *Id* at 36. D.16-08-018 at 17 notes that "quasi-absolute risk scores have little, if any, direct-physical interpretation in the real world. The first reason is that the different impact dimension scores that go into the risk score calculations are simply added together without any conversion into a common unit of measurement. This results in the aforementioned apples plus oranges effect of mixing non-comparable units. The second reason is that the logarithm-scale impact (consequence) index scores estimated by [subject matter experts] SMEs are not based on any uniform calibration standard that anyone else outside of SCE can relate to. For these two reasons, the quasi-absolute risk scores, though they have the appearance of being absolute and being on a linear scale, do not have the physical interpretation that truly absolute risk scores have."

requires much more groundwork and may need be refined in a future rulemaking.[40]

Track 1B will consider the need to define additional key terms to support meaningful discussions of issues moving forward.

4.2.6. Utility Weighting of Risk Impact Categories

D.18-12-014 directs the IOUs to weight their safety risk impact category, or attribute, at a minimum of 40 percent of all impacts considered, unless the IOU can justify a lower weight based on analysis.[41] D.18-12-014 also suggests that future S-MAPs should consider the 40 percent minimum weight for safety impacts to see how well this is working and whether a different weight is more appropriate.[42]

As discussed above, aside from the safety category, D.18-12-014 allows IOUs to choose the weights they assign to the impact categories modeled in their RDFs. D.18-12-014 also observes, however, that there may be a need for the Commission to consider ways to minimize the "subjectivity and variability" inherent in each utility's selection of the weight it applies to different categories of risk impacts in favor of more quantitative approaches.[43] Track 1B will

[40] D.18-12-014 at 56-57. D.18-12-014 at 56-57 also points out that the Settling Parties state that adopting the RDF does not preclude consideration of "moving from relative to absolute risk scores" in the future.

[41] *Id*, Ordering Paragraph 2.

[42] *Id* at 55.

[43] D.18-12-014 at 54.

consider the need to review utility selection of impact category weights, including the 40 percent safety weight adopted in D.18-12-014.

4.2.7. Addressing Uncertainties and Data Requirements

D.16-08-018 discussed concerns that the Commission avoid adopting risk assessment models that communicate a sense of "false precision."[44] Parties to A.15-05-002, et al echoed these concerns in Phase Two when they recommended that the Commission examine methods for utilities to better reflect uncertainties within their analyses.[45] Explicitly managing and communicating uncertainties in the RDF may be particularly important in the area of projected mitigation costs. In addition, uncertainties related to climate change as a risk driver may benefit from Commission review and consideration of developments in R.18-04-019, which addresses adaptation to climate change.

Similarly, parties have consistently called for improved data sharing across utilities. The RDF adopted in D.18-12-014 will be most useful if based on high quality data that accurately quantifies risks and the risk reduction benefits of mitigation activities. Collecting, cleaning, verifying and sharing IOU data represents a new challenge, which could be supported by identifying best practices and improved coordination methods.

Track 1B will consider these issues as feasible and necessary.

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[44] D.16-08-018 at 99 and 106.

[45] D.18-12-014 at 51-53; *See also*, "ALJ Ruling Entering Phase Two July 6, 2018 Final Workshop Report Into the Record," October 26, 2019 at 5 and 15-16.

4.2.8. Developing Comparable Risk Scores Across Utilities

The Commission has previously stated that the development of risk scores that can be compared across utilities may be a desirable outcome of the S-MAP efforts.[46] Workshops in Phase One of A.15-05-002, et al touched on the necessary elements to allow risk and/or risk reduction scores to be compared across utilities but did not adopt require this. Adopting requirements that allow for the full comparison of risk and/or risk reduction scores across IOUs would be a significant undertaking and would rest on the RDF adopted in D.18-12-014.

The RDF standardizes the model and methods that the IOUs must use to identify and rank risks and risk mitigation options but does not standardize the inputs that they must use. For instance, the RDF allows IOUs to customize model inputs based on their previous risk assessment models, unique contexts and/or company values. As mentioned above, the RDF also offers IOUs discretion in how they assign relative weights to the impact categories they select as long as they meet the minimum 40 percent weight for the safety impact category. The RDF requires use of the same model and methods but because IOU model inputs vary, RSE scores cannot be meaningfully compared across IOUs.

RDF requirements adopted in D.18-12-014 illustrate why IOU model inputs can vary so widely and provide a sense of the complexity. The RDF allows IOUs considerable discretion in the specifics of how they build a "multi-

[46] D.14-12-025 at 26, 30; D.16-08-018 at Finding of Fact 15, 19 and 40; D.18-12-014 at 5-6.

attribute value function" that forms the basis of IOU risk scores.[47] The RDF discusses requirements for IOUs to identify top-level and lower level risk "attributes," each of which has its own minimum and maximum ranges expressed in natural units.[48] Each IOU is required to "construct a scale that converts the range of natural units to scaled units to specify the relative value of changes within the range… the scaling function can be linear or non-linear."[49] Each IOU must also assign a weight to each attribute "based on actual attribute measurement ranges, not a fixed weight arbitrary assigned to an attribute."[50] The benefit of affording this discretion in RDF model inputs is that it allows each IOU to build upon its existing, company-specific risk assessment data and valuation methods, which in turn eases the transition to a new model. However, this variation also prevents true comparability of risk and RSE scores across IOUs and adds complexity to Commission and party review.

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[47] Rows one through seven of the RDF adopted in D.18-12-014, Attachment A, Appendix A, at A-5 through A-6. The RDF contains rows setting out the minimum required "steps" for IOUs to use to analyze risk and mitigation choices.

[48] The RDF adopted by the Commission in D.18-12-014 (Attachment A, Appendix A, A-2) 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. The attributes of a [multi-attribute value function] should cover the reasons that a utility would undertake risk mitigation activities."

[49] D.18-12-014, Attachment A, Appendix A, at A-5, Row 7.

[50] *Id* at A-6, Row 6; *See also* D.16-08-018 at 94, "Comparison of Utility Risk Evaluation Formulas and Risk Frameworks" for insight into the many different inputs to IOU risk and RSE scores and how these can vary.

Track 1B will consider the benefits of this longstanding Commission goal as compared to the work required to achieve it and will provide further guidance.

4.3. Track 2: Risk Tolerance Standard

The objective of Track 2 is to determine if the Commission should adopt a risk tolerance standard and/or an ALARP risk management framework or an alternative framework that includes a risk tolerance standard.

The ALARP principle, and the associated concepts of risk tolerance standard and gross disproportionality ratio were introduced in Phase One of A.15-05-002, et al in a Commission staff White Paper and proceeding workshop.[51] Although extensive discussions and work occurred, A.15-05-002, et al did not adopt a risk tolerance standard or an ALARP framework.[52] D.16-08-018 explains that prior to taking these steps, the Commission must first put in place utility risk frameworks that are quantitative, probabilistic, more transparent and more comparable across utilities.[53]

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[51] *Administrative Law Judge's Ruling Entering Staff White Paper and Combined Utilities Report into the Record and Seeking Comments*, December 28, 2015, Attachment 1 (Staff ALARP White Paper). *See* also December 4, 2015 workshop materials, available here: https://www.cpuc.ca.gov/General.aspx?id=9099.

[52] A.15-05-002, et al also did not adopt the related concept of a value of statistical life. The Staff ALARP White Paper at 32 defines value of statistical life as "a measure of the additional cost that individuals or society would be willing to bear for improvements in safety, that is reductions in risks, that, in aggregate, reduce the number of fatalities by one." See also D.16-08-018 at 71-73.

[53] D.16-08-018 at Conclusion of Law 14.

An ALARP framework is a decision-making tool used to determine if risk mitigation is needed and, when it is needed, how much is appropriate to spend on mitigation until the costs become "grossly disproportional" to the benefits.[54] The structure of an ALARP framework assumes and emphasizes that risks cannot be entirely eliminated and that there is always some tradeoff between safety, as measured by residual risk after mitigation, and utility rate affordability. An ALARP framework is data-driven and is based on probabilistic representations of the impacts and frequencies of the risks facing a utility.

An ALARP framework supports risk mitigation spending by establishing risk tolerance thresholds for the mitigation of individual risks and using these thresholds to guide risk mitigation choices. It uses an enhanced cost-benefit test that incorporates the concept of gross disproportionality to address activities that pose a threat to human life or safety.[55]

An ALARP framework conceptually divides utility activities into three categories of "broadly acceptable," "intolerable" and ALARP, based on their physical risk to human lives or property.[56] When an activity is in the intolerable region, risk mitigation must be applied to move it out of the intolerable region and into the ALARP region. In the ALARP region, mitigation must be continued

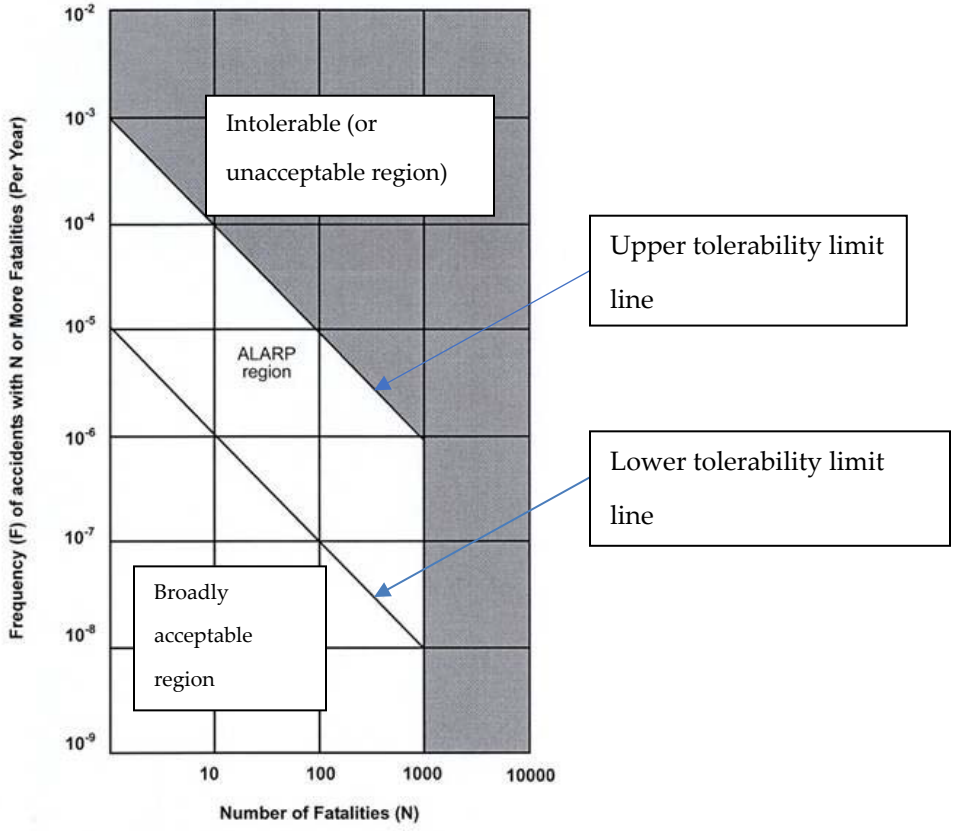
[54] Staff ALARP White Paper at 10.

[55] Staff ALARP White Paper at 7.

[56] Staff ALARP White Paper at 15-18. Intolerable activities are defined as those that possess such high risk that no such activities are to be tolerated unless the risk can be reduced to below an identified threshold that defines an "intolerable" region; broadly acceptable activities are those that possess such low risk that society generally deems the risk to be broadly acceptable.

until expenditures for risk mitigation have reached a point where any further spending would be considered grossly disproportionate relative to the incremental risk reduction benefits to be derived.[57] Figure 2 illustrates this relationship.

Figure 2: Basic ALARP Diagram[58]



The thresholds or limit lines between the intolerable, ALARP and broadly acceptable regions and a gross disproportionality ratio are typically determined via regulatory action. An ALARP framework's limit lines effectively constitute a

[57] Staff ALARP White Paper at 7.

[58] Staff ALARP White Paper at 10, Figure 2.

company or industry risk tolerance standard, and as such, can be considered a social good that merits broad stakeholder input. Even without regulatorily established limit lines, however, an ALARP framework can be useful as it supports stakeholder discussions focusing on the benefits and tradeoffs of risk mitigation options and costs.[59]

Commission adoption of an ALARP and/or risk tolerance framework may require the following steps:

1. Adopting upper and lower risk tolerability limits at the enterprise, line of business, or threat levels;
2. Adopting a value of statistical life based on well known, published sources;
3. Adopting a gross disproportionality ratio (or a range of ratios) to be used in specific circumstances before the Commission;
4. Building probabilistic models to describe the likelihood and consequences of risk events and collecting data; and,
5. Refining these probabilistic risk models with better data and increased quantification over time.[60]

The RDF model and data produced through SPM reporting lay the groundwork for the data collection necessary to apply a probabilistic analysis using an ALARP framework. Two decisions in the first S-MAP proceeding

[59] Staff ALARP White Paper at 35. In this context, risk tolerance is the maximum amount of residual risk that an entity and its stakeholders are willing to accept after application of risk control measures.

[60] D.16-08-018 at 79. See also Staff ALARP White Paper at 46.

recommend that the Commission explore an ALARP framework and explicit risk tolerance standards.[61]

The benefits of establishing a risk tolerance standard and applying it within an ALARP framework are the potential realization of more moderate utility rate increases and/or increased overall risk reduction for the same cost. These benefits can be further enhanced by applying optimization techniques to arrive at an optimal balance between safety and rate affordability. Having a defined risk tolerance standard also promotes uniformity across the utilities in their approaches to risk management.

4.4. Track 3: Safety Performance Metrics

This rulemaking will consider the safety performance metrics developed by the S-MAP technical working group over the last year and whether additional metrics are needed at this time. This rulemaking will also consider the method needed, if any, to coordinate development and/or review of safety-related metrics between this rulemaking and R.18-10-007, which addresses wildfire mitigation plans, or other proceedings. As appropriate, Track 3 may consider safety performance metric requirements indicated in Commission decisions in Investigation (I.) 19-09-016, the PG&E Bankruptcy Proceeding.[62]

[61] D.16-08-018 at 78-81; D.18-12-014 at 55. These decisions stated that this would "not be easy," however.

[62] *See* PG&E, "Notice of Amended Plan of Reorganization," December 13, 2019.

5. Preliminary Scoping Memo

As required by Rule 7.1(d) Commission's Rules of Practice and Procedure,[63] this OIR includes a preliminary scoping memo that describes the issues to be considered in this proceeding and the timetable for resolving the proceeding.

5.1. Issues

The preliminary list of issues in this rulemaking are as follows. Guidance on party responses to this preliminary list of issues is at the end of this section.

Track 1A Issues: Refining Reporting, Coordination and SMJU Requirements

1. What are the lessons learned from the RAMP and GRC processes as they relate to the S-MAP?
2. How can the Commission build on lessons learned thus far to:
    a. Provide further direction to align terms, definitions and processes across RAMP and GRC proceedings to enable improved tracking of safety expenditures and related risk reductions;
    b. Provide further guidance on how risk mitigation and related administration or other costs should be presented in both the RAMP and the GRC to better enable comparisons of proposals over time, and distinguish such costs from non-RAMP related costs;
    c. Address potential redundancies between RAMP, GRC and RSAR filings;
    d. Consider the need for modifications to the timing of utility filing of RAMP or RSAR reports, GRC applications, and related staff Reviews;

[63] All references to "Rules" are to the Commission's Rules of Practice and Procedure unless otherwise indicated.

e. Consider the timeline and requirements for the RMARs, as directed in D.14-12-025;

f. Address RAMP and RSAR requirements for GRC proceedings resolved via Settlement Agreement;

g. Consider the need for coordination between the S-MAP, RAMP and related proceedings, such as R.18-10-007, the Wildfire Mitigation Plan proceeding and R.18-04-019, the Climate Change Adaptation proceeding; and,

h. Other lessons learned and related potential modifications as identified by parties.

3. Should the Commission review the SMJU Voluntary Agreement and consider refinements? Should the Commission adopt RAMP, RSAR or other requirements for SMJUs, including RSAR requirements for SMJU GRC applications resolved through Settlement Agreements?
4. Should the Commission conduct ongoing review of the risk management models required to be used by other regulated energy utilities or in other inherently higher-risk industries to provide a basis of comparison for S-MAP and RDF requirements?
5. Should the Commission identify a scope and timeline for future S-MAP applications?
6. Should the Commission address other outstanding issues relating to S-MAP in this proceeding as they arise?

Track 1B Issues: Refining Risk-Based Decision-Making Framework

7. Should the Commission adopt additional requirements to further refine the RDF adopted in D.19-12-014?
8. When considering whether to adopting additional requirements to further refine the RDF adopted in D.19-12-014, should the Commission consider one or more of the following issues:

a. Identifying and Ranking Pre-Mitigation Risk Events: Refining energy utility methods of identifying and ranking risks including consistently defining utility pre-mitigation risk events?

b. Improving Consideration of Interacting Risk Drivers: Reviewing best practices for the IOUs to identify and quantify interacting risk drivers and adopting a framework or milestones to advance this goal?

c. GRC Backstop Issue: Modifying the GRC backstop approach adopted in D.18-12-014?

d. Simple Optimization: Testing and implementing simple risk mitigation optimization approaches, including considering what optimization approaches should be tested, how should this testing occur, and what type of guidance the Commission should adopt?

e. Defining Terms: Defining additional terms such as the term absolute risk score?

f. Utility Weighting of Risk Categories: Reviewing and providing guidance on IOU methods of weighting risk categories in the RDF?

g. Incorporating Uncertainties: Incorporating uncertainty concepts into energy utility risk and risk mitigation analyses including uncertainties relating to climate change as a risk driver?

h. Addressing Data Requirements: Considering methods to address challenges associated with energy utility risk quantification, data availability and data sharing?

i. Developing Comparable Risk Scores Across Utilities: Developing a framework and milestones to allow for comparison of risk and/or risk reduction scores across utilities?

j. Other refinements to the risk assessment approach adopted in D.18-12-014 as identified now or during the proceeding?

Track 2 Issues: Risk Tolerance Standard

9. Should the Commission adopt an ALARP framework and/or a risk tolerance standard?
10. If the Commission adopts a risk tolerance standard and/or an ALARP framework, what are the minimum necessary building blocks that must be adopted concurrently or sequentially?

Track 3 Issues: Safety Performance Metrics

11. Should the Commission review the 26 safety performance metrics adopted in D.19-04-020 and consider adopting additional safety performance metrics?
12. Should the Commission consider adopting safety management system metrics and/or metrics related to electric overhead conductors?
13. Should the Commission adopt any mechanism to coordinate the development and IOU reporting of S-MAP safety performance metrics with the development of safety metrics or safety reporting required in other proceedings to avoid duplication and minimize confusion?

The precise issues to be addressed in this rulemaking and the processes for addressing these issues will be set forth in an Assigned Commissioner's Scoping Memo. In comments in response to this OIR, we request that parties comment on the following:

- Are any issues and related questions missing from the preliminary list of issues included this section?
- Should any issues and related questions be eliminated from the scope of this rulemaking?

- How should the Commission prioritize consideration of issues in this rulemaking?

We request that parties do not provide substantive comments in response to the questions posed on potential issues in scope at this time. Parties shall provide substantive comments on the final list of issues included in scope in this rulemaking as directed in the Assigned Commissioner's Scoping Memo.

5.2. Preliminary Schedule

The preliminary schedule for this proceeding is below. A schedule for each Track of this proceeding will be set forth in the Scoping Memo. Separate prehearing conferences may subsequently be conducted for each Track.

In comments on the preliminary schedule in response to this OIR, we request that parties recommend procedural approaches to address the issues in scope in this proceeding.

- Which issues listed in section 5.1 are appropriate for workshops, for consideration by a technical working group, for staff, party or technical working group proposals, for party comments in response to rulings, or for some other procedural approach?
- In light of your procedural recommendations, please provide recommendations on a high-level proceeding schedule.

Initial comments on the preliminary list of issues in scope and the preliminary proceeding schedule must be filed within 30 days from Commission adoption of this OIR. Reply comments must be filed within 45 days after Commission adoption of this OIR.

Preliminary Schedule

Activity	Date
Commission Adopts OIR	July 16, 2020
Opening Comments	August 15, 2020
Reply Comments	August 30, 2020
Prehearing Conference	September 15, 2020
Scoping Memo	Mid-October
Work on all Tracks	Fall 2020 – Spring 2021
Issue proposal(s) on S-MAP or RDF refinements, simple optimization, risk tolerance standard, and/or safety performance metrics	Fall – Winter 2020
Comments on proposal(s)	Winter 2021
Proposed/ Final decision(s)	Spring 2021

5.3. Proceeding Category and Need for Hearing

The Commission's Rules require that an OIR preliminarily determine the category of the proceeding and the need for hearing.[64] As a preliminary matter, we determine that this proceeding is categorized as quasi-legislative, because our consideration and approval of this matter would establish policy or rules affecting a class of regulated utilities.

We are also required to preliminarily determine if hearings are necessary. We preliminarily determine that hearings are not necessary.

Any person who objects to the preliminary categorization of this rulemaking or to the preliminary hearing determination shall state their objections in comments on the rulemaking. After considering the comments, the

[64] Rule 7.1(a).

assigned commissioner will issue a scoping memo making a final category determination; this final category determination is subject to appeal as specified in Rule 7.6.

6. *Ex Parte* Communications

For this proceeding, *ex parte* communications are permitted without restriction or reporting requirement.

7. Respondents

The utilities covered by the current General Rate Case Plan for energy utilities are made respondents and, thereby, parties to this rulemaking (*See* Rule 1.4(d).) The following Commission-jurisdictional large investor owned utilities shall be the primary respondents to this proceeding: Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company.

The following SMJUs are encouraged to participate in this proceeding to the extent feasible. Decisions made on issues in scope in this rulemaking associated with the SMJUs will apply to the SMJUs regardless of their participation: Bear Valley Electric Service, Liberty Utilities, PacificCorp (doing business as Pacific Power), and Southwest Gas Corporation.

Within 15 days of mailing of this rulemaking, each respondent shall inform the Commission's Process Office of the contact information for a single representative.

8. Service List or Subscription Service

This OIR will be served on respondents and named entities that we encourage to participate and on the service lists indicated below. Service of the OIR does not confer party status or place any person who has received such

service on the official service list for this proceeding, other than respondents. Respondents are parties to the proceeding.[65] Persons who file responsive comments become parties to the proceeding and will be added to the "Parties" category of the official service list upon such filing.[66]

This OIR will be served on the Official Service Lists for the following proceedings:

- A.15-05-002, et al (First S-MAP Application proceeding, closed);
- R.18-12-005 (De-Energization proceeding, open);
- R.18-10-007 (Wildfire Mitigation Plan proceeding, open);
- R.18-04-019 (Climate Change Adaptation proceeding, open);
- R.18-03-011 (Emergency Disaster Relief Program, open);
  R.15-01-008 (Pipeline Leakage proceeding, closed);
- I.19-11-010/I.19-11-001 (consolidated; SDG&E and SoCalGas RAMP proceeding, open);
- I.18-11-006 (SCE RAMP proceeding, open);
- I.17-11-003 (PG&E's RAMP proceeding, closed);
- A.19-08-015 (Southwest Gas GRC application, open);
- A.19-08-013 (SCE GRC application, open);
- A.19-06-001 (PG&E GRC application, open);
- A.18-12-001 (Liberty Utilities' GRC application, open);
- A.18-04-002 et al (PacifiCorp GRC application, closed);
- A.17-10-008 (SoCalGas GRC application, reopened);

[65] Rule 1.4(d).

[66] Rule 1.4(a)(2).

- A.17-10-007/A.17-10-008 (SDG&E GRC application reopened);
- A.17-05-004 (Bear Valley GRC application, closed);
- I.19-09-016 (PG&E Plan of Reorganization, open);
- I.18-12-007 (PG&E Locate and Mark proceeding, closed); and,
- I.19-06-015 (PG&E Wildfire Penalties proceeding, closed).

In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the "Information Only" category as described below; they will be removed from that category upon obtaining party status. Any person will be added to the "Information Only" category of the official service list upon request, for electronic service of all documents in the proceeding, and should do so promptly in order to ensure timely service of comments and other documents and correspondence in the proceeding.[67] The request must be sent to the Process Office by e-mail (process_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket Number of this rulemaking in the request.

With respect to subscription service, persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission's website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at http://subscribecpuc.cpuc.ca.gov/.

[67] Rule 1.9(f).

9. Public Advisor

Any person or entity interested in participating in this rulemaking who is unfamiliar with the Commission's procedures should contact the Commission's Public Advisor in San Francisco at (415) 703-2074 or 1-(866) 849-8390 or e-mail public.advisor@cpuc.ca.gov. The TTY number is 1-(866) 836-7825.

10. Intervenor Compensation

Intervenor Compensation is permitted in this proceeding. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must file its notice of intent to claim intervenor compensation within 30 days of the filing of reply comments, except that notice may be filed within 30 days of a prehearing conference in the event that one is held. (*See* Rule 17.1(a)(2).) Intervenor compensation rules are governed by §§ 1801 et seq. of the Public Utilities Code. Parties new to participating in Commission proceedings may contact the Commission's Public Advisor.

O R D E R

IT IS ORDERED that:

1. This Order Instituting Rulemaking is adopted pursuant to Rule 6.1 of the Commission's Rules of Practice and Procedure and Public Utilities Code Sections 963(b)(3), 961(b)(1), 750, 321.1(a), 451 with the goal of furthering the prioritization of safety by electric and gas utilities.
2. The preliminary categorization is quasi-legislative.
3. The preliminary determination is that a hearing is not needed.
4. The preliminarily scope of issues is as stated above in Section 5.

5. A prehearing conference is set for Wednesday September 15, 2020 at 9:30 a.m. via phone, Webex, or the Commission's hearing room.

6. Comments on the Order Instituting Rulemaking as directed in section 5 are due on August 15, 2020. Reply comments are due on August 30, 2020. The schedule for the remainder of the proceeding will be adopted in the Assigned Commissioner's Scoping Memo.

7. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Southern California Gas Company are named as respondents to this Order Instituting Rulemaking.

8. Bear Valley Electric Service, Liberty Utilities, PacificCorp (doing business as Pacific Power), and Southwest Gas Corporation (collectively Small and Multijurisdictional Utilities) are encouraged to participate in this rulemaking to the extent feasible. Decisions made on issues in scope in this rulemaking associated with the Small and Multijurisdictional Utilities will apply to the Small and Multijurisdictional Utilities regardless of their participation.

9. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall, and any other person may, file comments responding to this Order Instituting Rulemaking by August 15, 2020.

10. The Executive Director will cause this Order Instituting Rulemaking to be served on all respondents, on Bear Valley Electric Service, Liberty Utilities, PacificCorp (doing business as Pacific Power), and Southwest Gas Corporation, and on the service lists for the following Commission proceedings: 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,

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.17-10-008, A.17-05-004, I.19-09-016, I.18-12-007, and I.19-06-015.

11. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must file its notice of intent to claim intervenor compensation within 30 days of the prehearing conference (*See* Rule 17.1(a)(2).)

This order is effective today.

Dated July 16, 2020, at San Francisco, California.

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners