



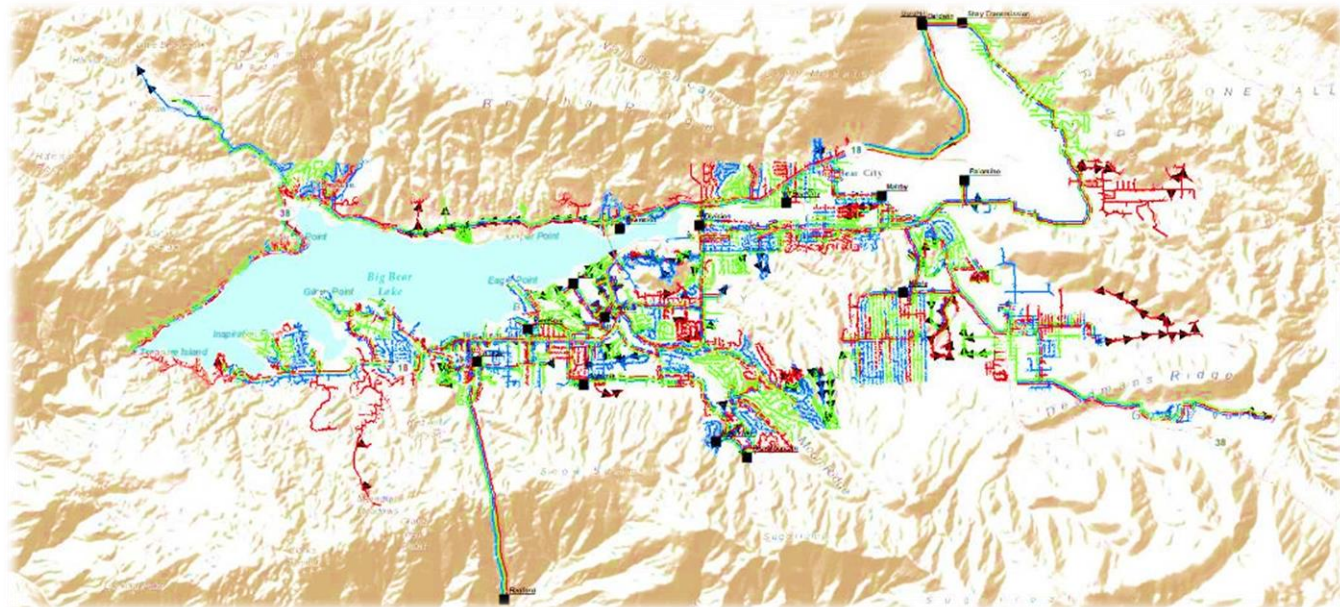
Bear Valley
Electric Service
A Division of Golden State Water Company

BVES Risk Based Decision Making Framework – Workshop Panel

February 22, 2018

Overview

- BVES' approach to developing a Risk Based Decision Making Framework
- Our process
- Our challenges
- What we produced



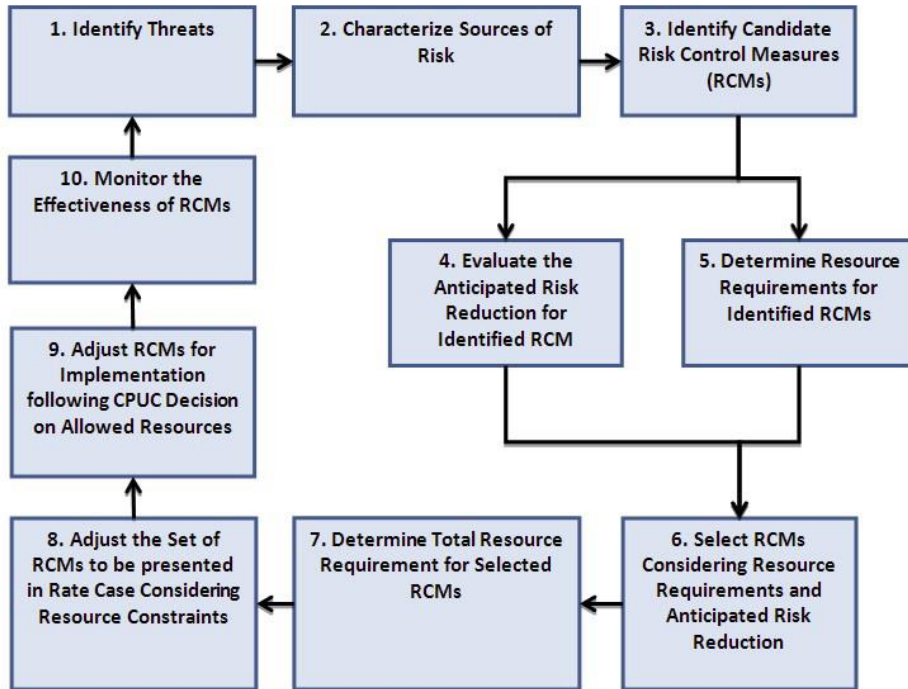
The Requirement (D.14-12-025)

- “The small energy utilities, which consist of Bear Valley Electric Service, Liberty Utilities, PacifiCorp doing business as Pacific Power, and Southwest Gas Corporation, shall transition to including a risk-based decision-making framework into their General Rate Case application filings beginning three years from the effective date of this decision.”
- “Due to the size of the small energy utilities, conducting a separate S-MAP and RAMP processes may not be practical or appropriate for these small energy utilities. However, the small energy utilities shall, in three years, begin the transition to include a risk-based decision-making framework into their future GRC application filings. That means the GRC presentations of these small energy utilities will have to address the safety risks that each utility faces in its system and operations, and to explain how it plans to manage, mitigate, and minimize those risks during the GRC cycle in the context of its GRC revenue requirement request.”

BVES' Approach

- We wanted a process that:
 - Used the same language as everyone else in this process – lexicon
 - Was grounded in a recognized risk management process – ISO 31000
 - Was conceptually along the lines of what other California Utilities and the CPUC were discussing
- We worked with a consultant expert to get us to the point of having a program in place

Our Process

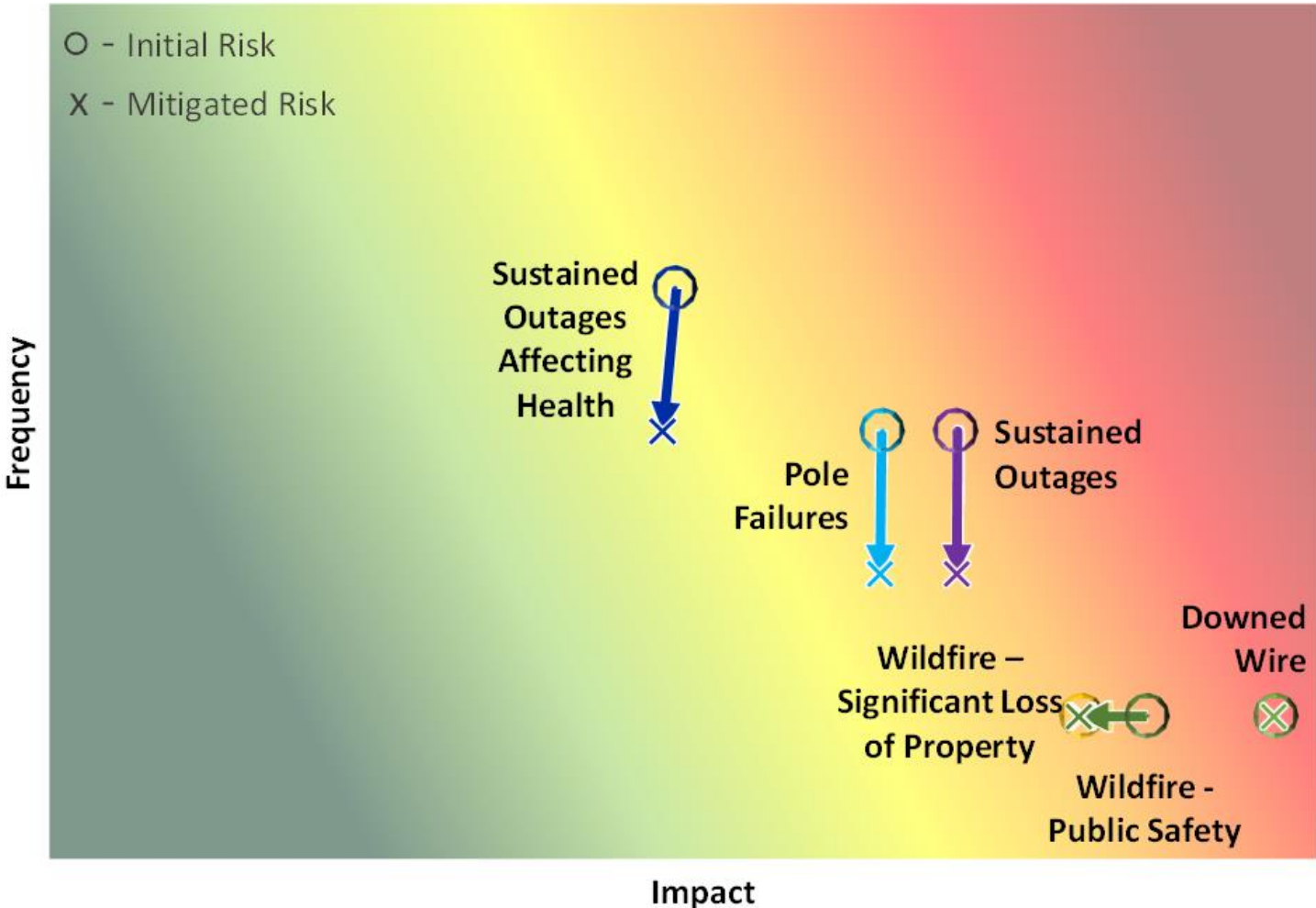


BVES	Cycla
Risk identification	Steps 1 and 2
Risk analysis:	
Risk evaluation and scoring	
Risk mitigation determination	Steps 3, 4, and 5
Risk informed project decision making	Steps 6, 7, 8 and 9
Risk monitoring	Step 10

Based on Cycla 10 process

Risk Heat Maps - Example

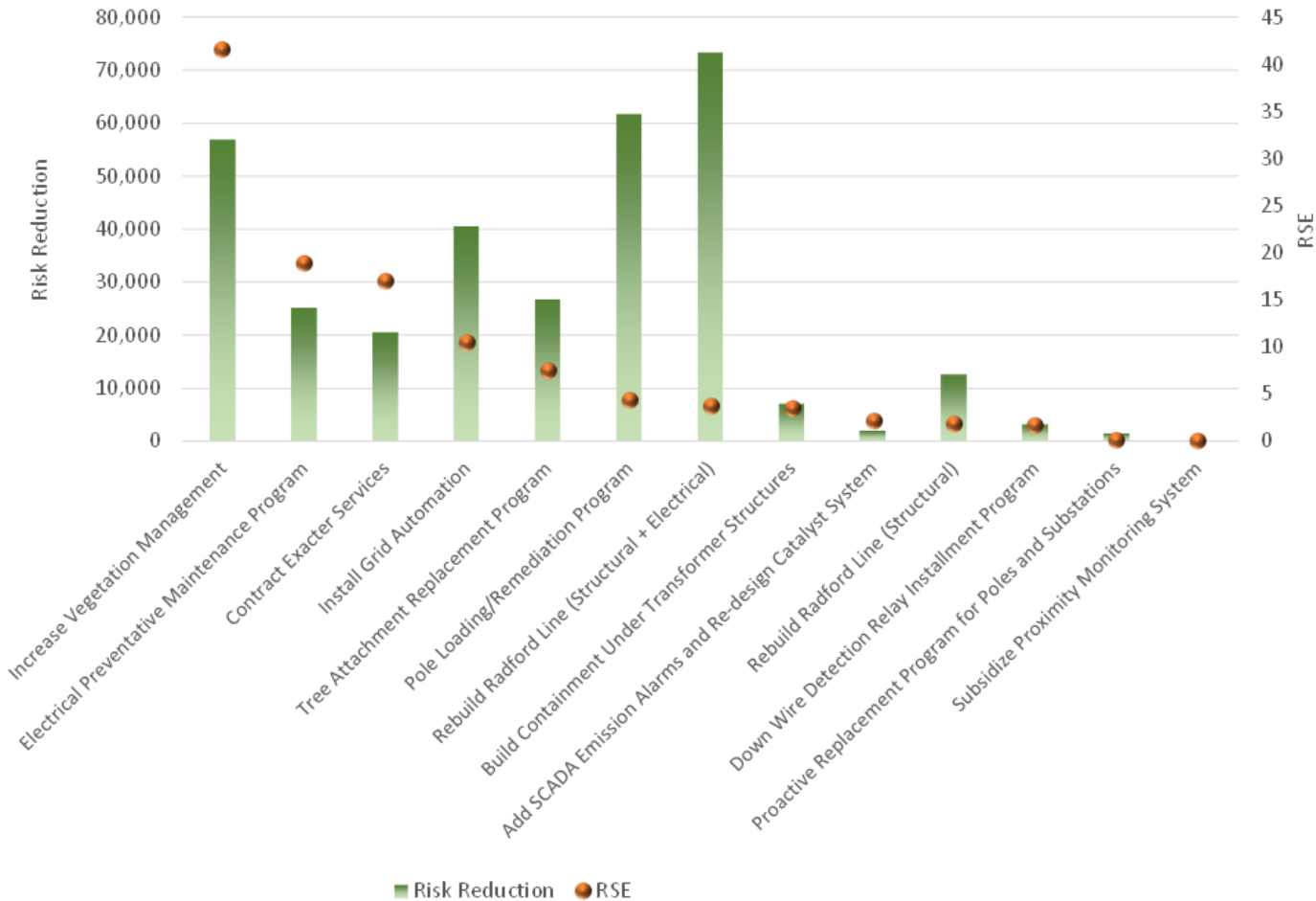
MITIGATION #3 - Increase Vegetation Management



Risk Informed Decision Making



Risk Reduction and Risk Spend Efficiencies of Mitigation Initiatives



Our Challenges

- Small stretched staff that is streamlined to handle day-to-day issues and business operations (not extra projects)
 - So we needed to convert this from an extra project to our way of doing business
 - Our goal is that all employees become “risk managers” who are encouraged to identify and ultimately help mitigate risks
 - Required paradigm shift
- Lack of data to support modelling probability of an event occurring
 - First round was heavily reliant upon Subject Matter Experts
- Getting staff to describe proposed operational actions in terms of risk mitigation and quantifying risk reduction
- Keeping financial risk out of the operational risk discussion



Questions?



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