



CPUC Public Agenda 3353
Thursday, March 12, 2015 9:30 a.m.
San Francisco, CA



Commissioners:
Michael Picker, President
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Liane M. Randolph

www.cpuc.ca.gov





The Pledge of Allegiance



“I pledge allegiance to the Flag of the
United States of America,
and to the Republic for which it stands,
one nation under God,
indivisible,
with liberty and justice for all.”





Safety and Emergency Information

- In the event of an emergency, please calmly proceed out the exits.
- We have four exits: Two in the rear and one on either side of the speakers.
- In the event that we do need to evacuate the building:
- **(For the Rear Exits)** - Head out through the courtyard, and down the front steps. Continue west on McAllister Street. Turn north onto Franklin Street. Turn west onto Turk Street and proceed to Gough Street.
- **(For the Side Exits)** - Go out of the exits and you will be on Golden Gate Avenue. Proceed west to Franklin Street. Turn north onto Franklin Street. Turn west onto Turk Street and proceed to Gough Street.
- Our assembly point is Jefferson Square Park on Turk and Gough Streets.





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

The following items are NOT subject to Public Comment:

- 15, 19 and 20
- All items on the Closed Session Agenda





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

The following items are NOT subject to Public Comment:

- 15, 19 and 20
- All items on the Closed Session Agenda





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 1 minute to address the Commission.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.
- **The following items are NOT subject to Public Comment:**
 - 15, 19 and 20
 - All items on the Closed Session Agenda





Public Agenda Changes

- Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.
- Items on Today's Consent Agenda are: **1, 2, 3, 4, 5, 6, 8, 9, 10, 13, 14, 15, 16, 17, 18, 23, 24, 25 and 26.**
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **Item 28** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **Items 7, 19 and 20** have been moved to the Regular Agenda.
- **Item 27** has been withdrawn.
- The following items have been held to future Commission Meetings:
Held to 3/26/15: **11, 12, 21 and 22.**





Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda – Energy Resolutions

Item # 7 [13688] – Southern California Edison Company Seeks Approval of a Renewables Portfolio Standard Power Purchase Agreement with Panoche Valley Solar, LLC

Res E-4707, Advice Letter No. 3119-E filed on October 27, 2014 - Related matters.

PROPOSED OUTCOME:

- Approves without modifications the cost recovery for long-term renewable energy power purchase agreement between Southern California Edison Company and Panoche Valley Solar, LLC.

SAFETY CONSIDERATIONS:

- The power purchase agreement requires the seller of the generation to comply with all applicable safety requirements relating to the project, including environmental laws.

ESTIMATED COST:

- Actual costs of the power purchase agreement are confidential at this time.





Regular Agenda – Water Orders

Item # 19 [13760] – Order Extending Statutory Deadline

C14-03-018 – Robert Pack vs. California-American Water Company.

Adjudicatory

Comr. Picker / Judge Weatherford

PROPOSED OUTCOME:

- Extends statutory deadline for this proceeding to September 24, 2015.

SAFETY CONSIDERATIONS:

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST:

- There are no costs associated.





Regular Agenda – Transportation Orders

Item # 20 [13761] – Order Extending Statutory Deadline

I13-09-012 – Order Instituting Investigation on the Commission’s Own Motion into the fatal accident at the San Francisco Municipal Transportation Agency’s Mission Rock Station in the City and County of San Francisco, on December 1, 2012.

Adjudicatory

Comr. Picker / Judge Mason

PROPOSED OUTCOME:

- Extends statutory deadline for this proceeding to September 14, 2015.

SAFETY CONSIDERATIONS:

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST:

- There are no costs associated.





Commissioners' Reports





Regular Agenda – Commissioner Reports

Item #29 [13758]

Report by Commissioners Randolph and Sandoval on Establishing Commissioner Subcommittees to Enhance Oversight and Governance

Discussion of proposals to create additional Commissioner-level committees to improve the oversight and governance of the Commission.





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item #30 [13691]

Report and Discussion by Safety and Enforcement Division on Recent Safety Program Activities





Gas Safety and Reliability Branch Management and Operations Review

Report and Recommendations



GSRB Management and Operations Review

- Project Charter
- Project Methodology and Timeline
- Report and Recommendations
 - Report Structure and Contents
- Report Key Findings
 - GSRB Challenges, Opportunities, and Progress To Date
 - Recommendations, Implementation Steps, and Performance Metrics

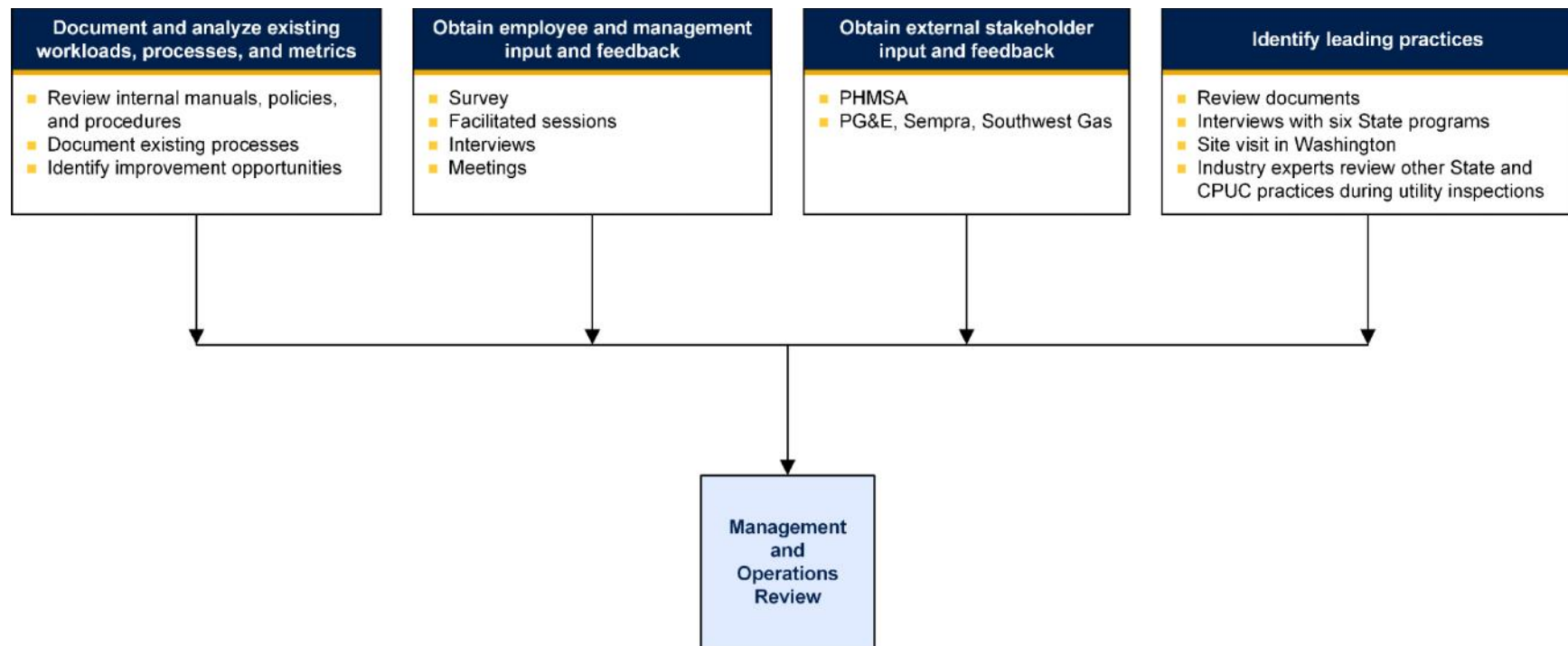
Project Charter

- CPUC's Independent Review Panel (IRP) recommendation:
 - “Undertake an independent management audit of the USRB [now GSRB] organization, including a staffing and skills assessment, to determine the future training requirements and technical qualifications to provide effective risk-based regulatory oversight of pipeline safety and integrity management, focused on outcomes rather than process.”

- Project objectives in Spring 2014:
 - “The goals of the proposed audit will be to
 - 1) Analyze and evaluate GSRB activities in the context of their effectiveness in adhering to existing safety regulations;
 - 2) Provide the CPUC with new ideas, insights, and practical, implementable recommendations; and
 - 3) Develop implementation plans designed to evolve the program into one that is more proactive in addressing gas safety issues.”

Project Methodology and Timeline

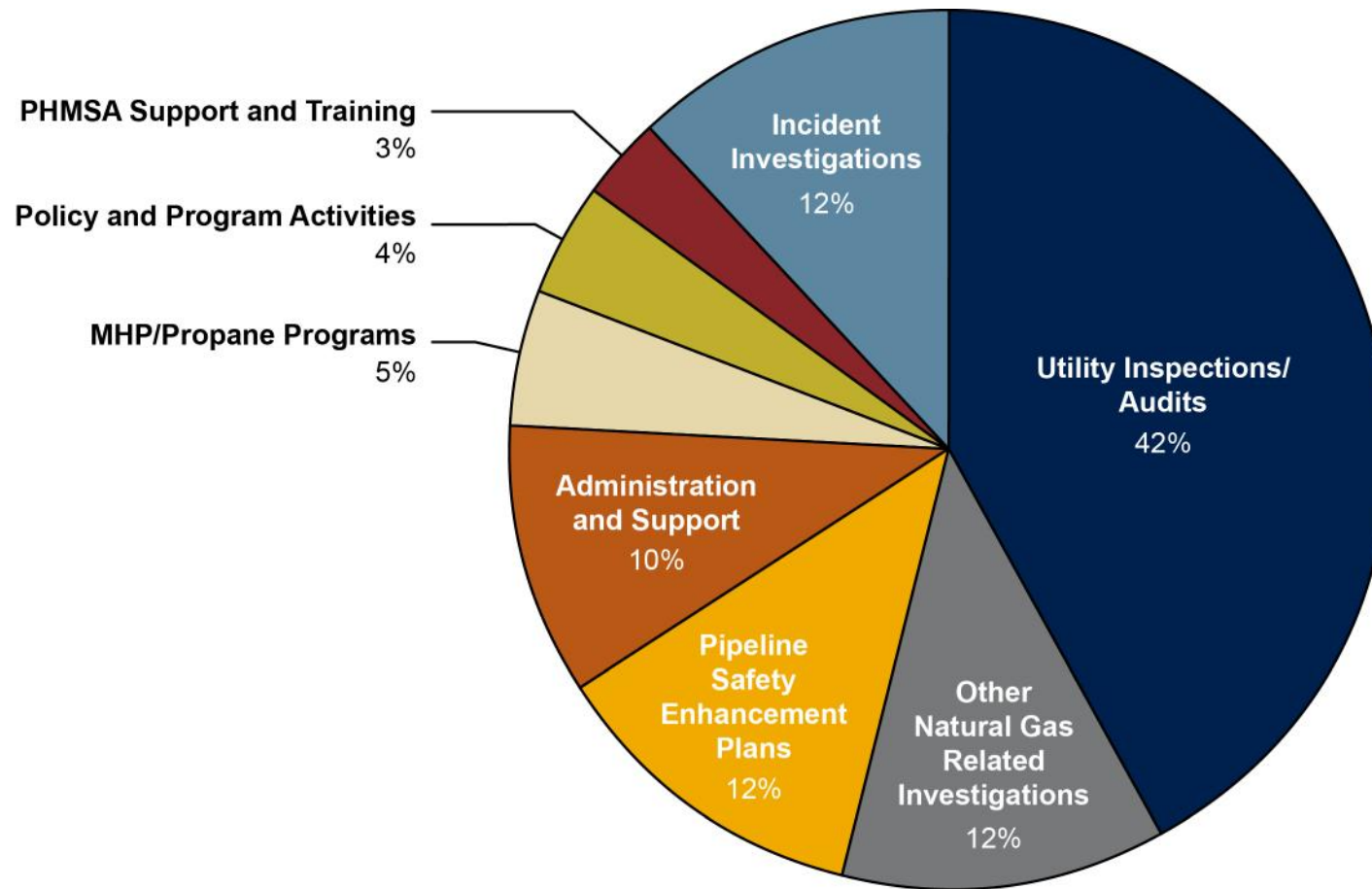
- April 2014-March 2015



Report and Recommendations

- Executive Summary
- Introduction and Approach
- GSRB Challenges, Opportunities, and Progress To Date
- Recommendations, Implementation Steps, and Performance Metrics
 - Utility Inspection Recommendations
 - Incident Investigation Recommendations
 - Work Prioritization, Staffing, and Training Recommendations
 - Technology and Tools Recommendations
 - Communication and Change Management Recommendations
 - Risk Assessment Approach Recommendations

GSRB Roles and Responsibilities



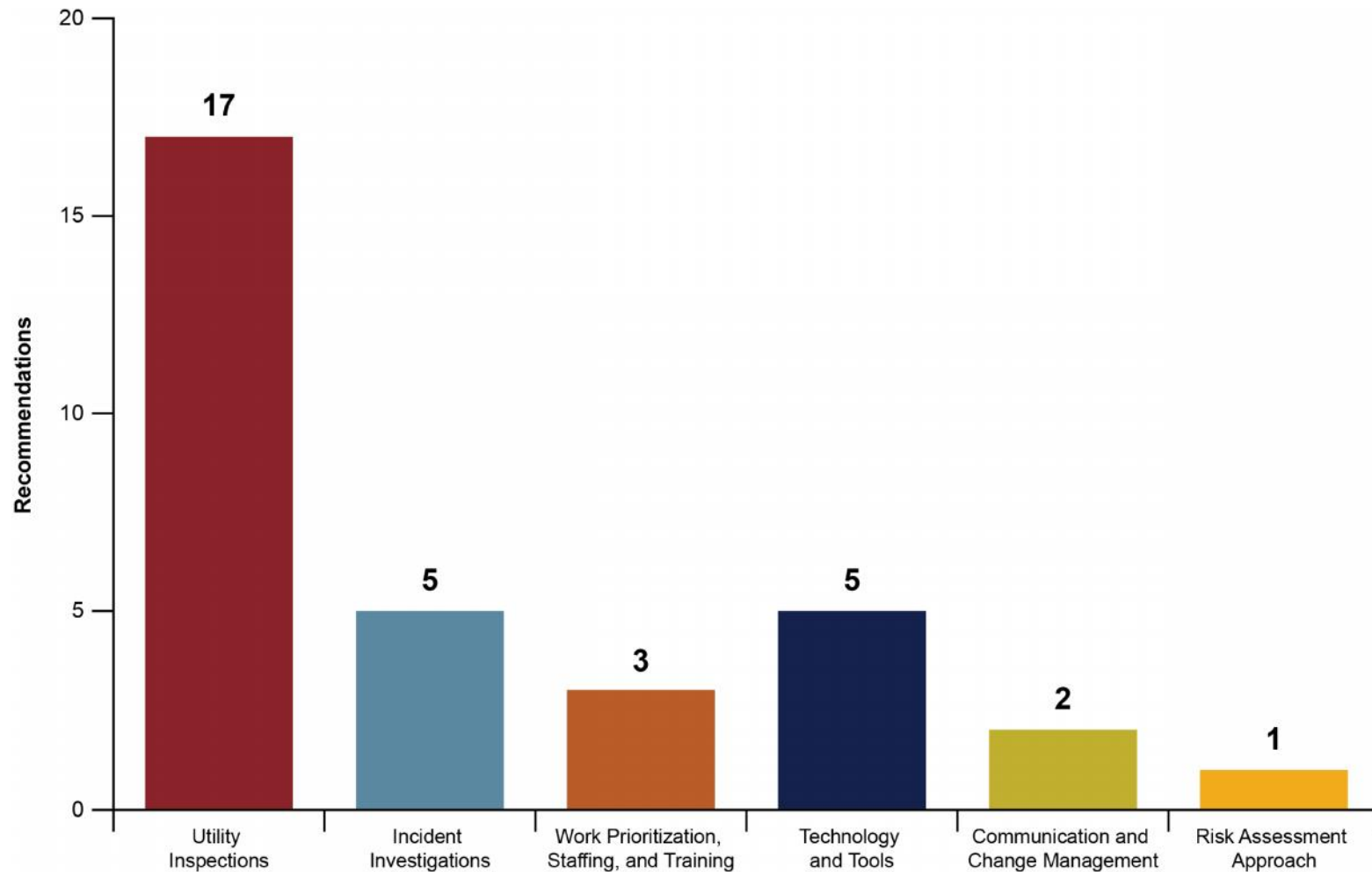
GSRB Challenges and Opportunities

Challenge/Opportunity	
1	Frequent management changes, shifting priorities, and reactive responses to internal and external recommendations post-San Bruno led to a loss of focus, lack of clear direction, loss of trust in leadership, and unacceptable work backlogs.
2	Disparate, cumbersome, and inadequate database systems that are challenging to use and not conducive to organized recordkeeping, identifying and responding to higher risk areas, monitoring progress, or tracking performance.
3	Lack of consistency, focus, organization, depth and rigor, adequate recordkeeping, clear expectations, and follow-through in utility inspection practices.
4	Delays in completion of utility inspection reports and lack of follow-through on violations, recommendations, observations, and concerns.
5	Delays in completion of incident investigation reports and lack of follow-through on violations, recommendations, observations, and concerns.
6	Inability to analyze trends, risks, and other safety-related concerns across incidents, utility inspection findings, self-reported violations, and complaints.
7	Assignment of staff to multiple tasks without clear prioritization of activities to those with the greatest impact on safety.
8	Lack of communication.
9	Lack of performance measures, clear expectations, and accountability.
10	Mix of staff experience and training does not provide a balance of regulatory, policy, or industry expertise to best support GSRB activities.
11	Implementation of new citation program is challenging due to concerns on precedent, legal issues, and lack of clarity and specificity in applying penalties.
12	Lack of integration of newly formed Risk Assessment and Enforcement Section.

GSRB Progress To Date

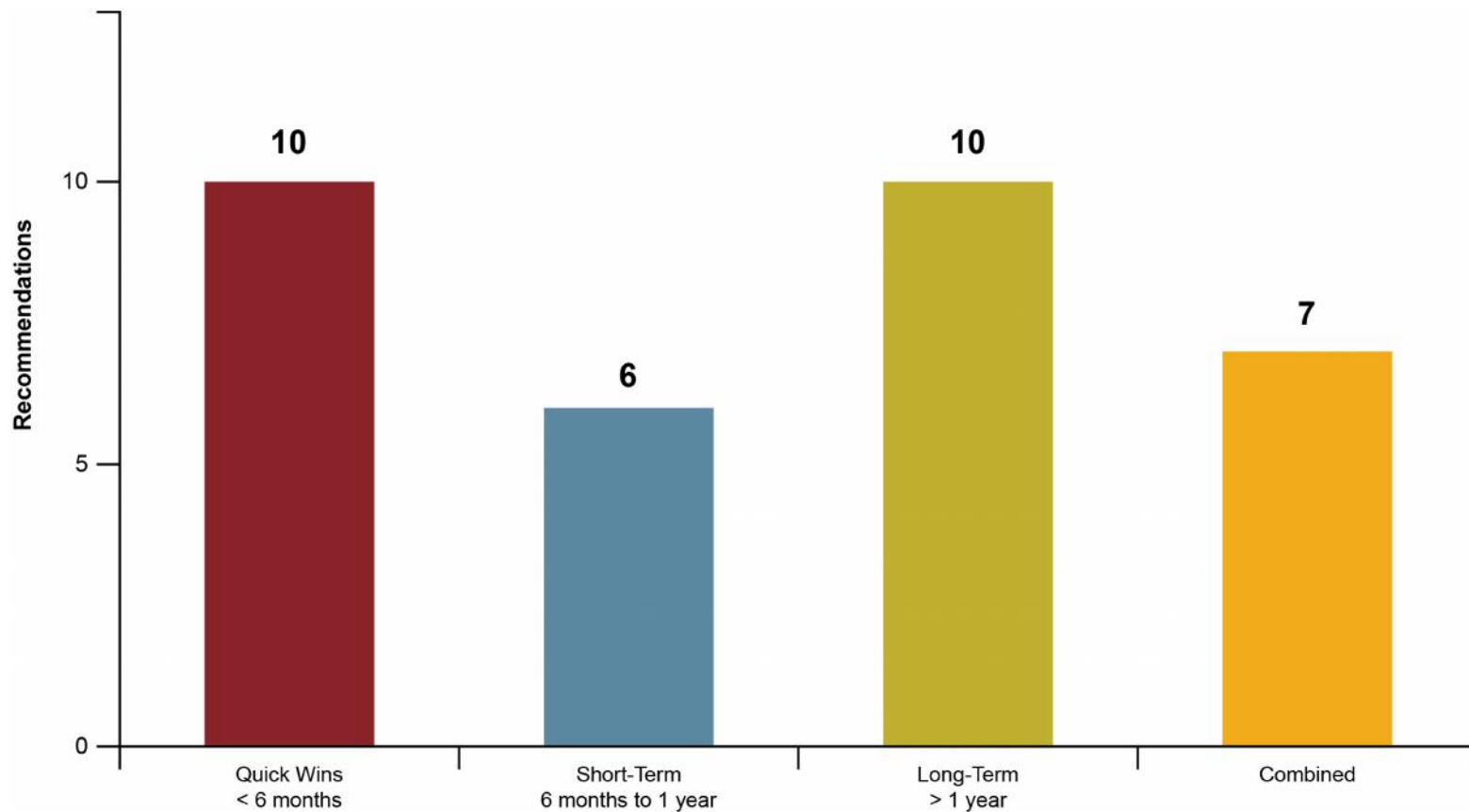
Year	Activities	
2011	<ul style="list-style-type: none"> ■ Split Utility Safety and Reliability Branch (USRB) into Gas and Electric branches ■ Initiated rulemaking proceeding R-11-02-019 to strengthen natural gas safety rules ■ Closed NTSB recommendation P-10-7 on notifications to utilities ■ Required CPUC voting meetings to include safety presentation 	<ul style="list-style-type: none"> ■ Added Utility Engineers ■ Created Risk Assessment and Enforcement Section (RAS) ■ Required utility pressure testing plans ■ Authorized citations by GSRB engineers
2012	<ul style="list-style-type: none"> ■ Developed hazard report (RAS) ■ Required utilities to prepare PSEPs ■ Monitored PSEP activities (ongoing) ■ Added Utility Engineers 	<ul style="list-style-type: none"> ■ CPUC established Safety Council ■ Initiated specialized utility inspections/audits ■ Increased flexibility in MHP/Propane inspections ■ Increased whistleblower protections
2013	<ul style="list-style-type: none"> ■ Reorganized CPUC to create Safety and Enforcement Division (SED) ■ Developed Audit (Utility Inspection) best practices ■ Initiated rulemaking proceeding R-13-11-006 to incorporate risk assessment into general rate cases 	<ul style="list-style-type: none"> ■ Developed a Standard Operating Procedure for Gas Safety Citation Audits ■ Issued over \$8 million in citations ■ Established bi-weekly coordination meetings with Energy Division
2014	<ul style="list-style-type: none"> ■ Prepared Utility Office of Safety and Reliability Annual Plan with goals and metrics ■ Added Supervisor positions ■ Reorganized GSRB to improve reporting and supervisory roles ■ Adopted CPUC Safety Policy Statement ■ Conducted 15 integrity management audits of utilities as of August 2014 	<ul style="list-style-type: none"> ■ Closed NTSB recommendation P-10-5 on PG&E Maximum Allowable Operating Pressure ■ Closed NTSB recommendation P-11-22 to conduct audits of PG&E with PHMSA ■ Evaluated, with RAS, PG&E's risk assessment approach in cost of service proposal ■ Developed improved incident process ■ Developed Self-Identified Violation process ■ Revised approach to utility inspections

Recommendations and Implementation Steps



Recommendations and Implementation Steps

- Timing

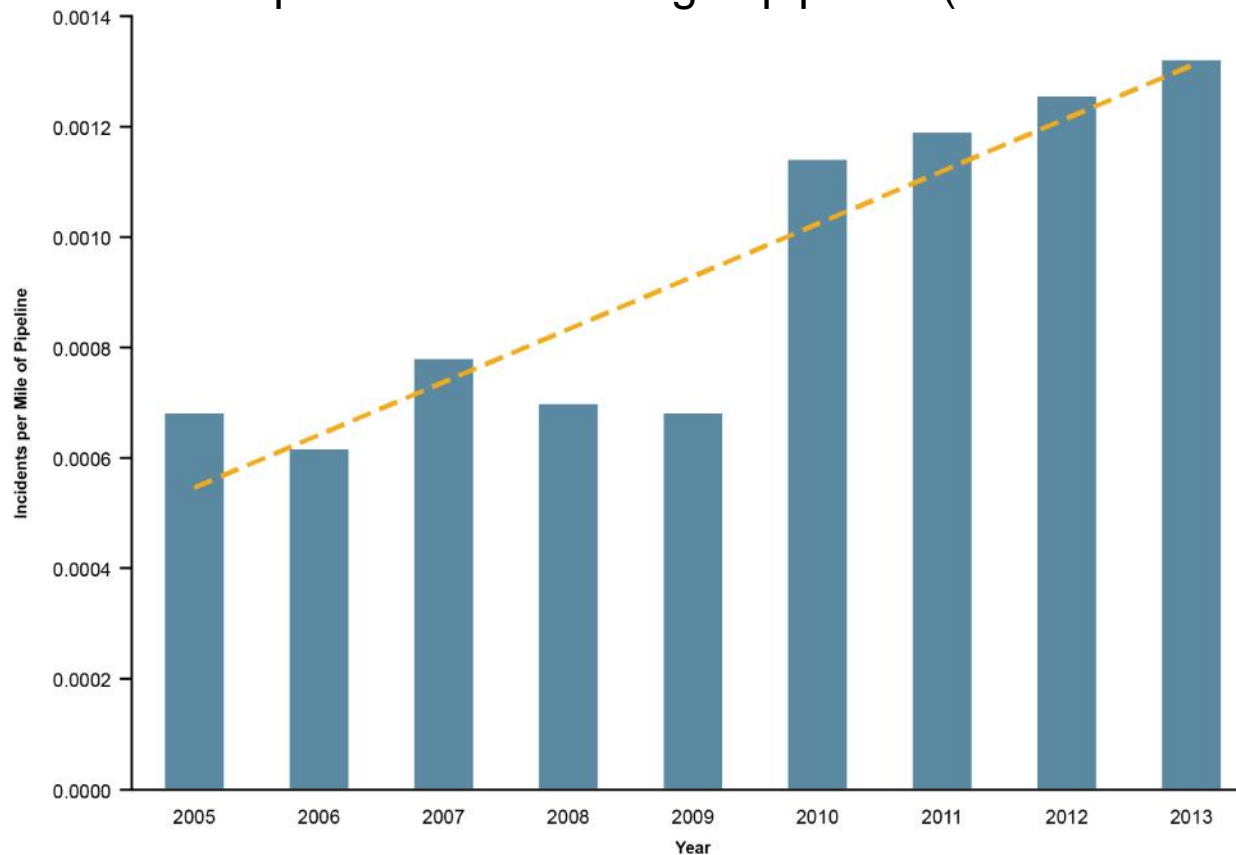


Recommendations and Implementation Steps

- **Priorities**
 - Improving utility inspection performance
 - Upgrading outdated technology
 - Providing risk assessment capabilities
 - Addressing backlogs
 - Prioritizing and focusing work
 - Communicating activities, processes, and goals
 - Increasing PHMSA evaluation score

Performance Metrics

- Recommended 19 performance metrics to track and measures progress
- Example: incidents per mile of natural gas pipeline (2005 to 2013)



Thank you

The report will be available at:

<http://www.cpuc.ca.gov/PUC/safety/Pipeline/>

Wendy Pratt

wendy.pratt@crowehorwath.com

www.crowehorwath.com

Crowe Horwath LLP is an independent member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath International is a separate and independent legal entity. Crowe Horwath LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath International or any other Crowe Horwath International member. Accountancy services in Kansas and North Carolina are rendered by Crowe Chizek LLP, which is not a member of Crowe Horwath International. © 2014 Crowe Horwath LLP



Regular Agenda – Management Reports and Resolutions

Item #30 [13691]

Report and Discussion by Safety and Enforcement Division on Recent Safety Program Activities





Management Reports





The CPUC Thanks You For Attending Today's Meeting

**The Public Meeting is adjourned.
The next Public Meeting will be:**

**March 26, 2015 at 9:30 a.m.
in San Francisco, CA**

