



PUBLIC UTILITIES COMMISSION
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March 24, 2014

The Honorable Jerry Hill
California State Senate
State Capitol, Room 5064
Sacramento, CA 95814

**Re: Your February 11th Letter on Improving Safety Oversight
at the California Public Utilities Commission**

Dear Senator Hill,

Thank you for your February 11th letter regarding improving the Commission's safety oversight roles and activities. We understand your concerns regarding the Commission's overall safety programs and efforts. I would like to briefly summarize our ongoing efforts to address these issues.

Safety is a core value of the Commission, with goals of performing at an optimum level and a high level of public trust. To do this, we have been working continuously to engrain safety in all we do, to ensure that it is a value shared by all, and that it is a clear part of our organizational structure. We also have been looking at ways to develop a foundation to improve our understanding and perceptions relative to safety and our "safety culture."

As part of developing our foundation at the executive level, at the March 13, 2014 Commission business meeting President Peevey appointed Commissioner Picker to take the lead role in overseeing the status and ongoing development of our safety culture and overall safety responsibilities. This oversight will include internal issues specific to the Commission, as well as external issues relating to the utilities we regulate.

We also established an executive-level CPUC "Safety Council" last year, made up of all agency Directors and Commissioner Chiefs of Staff. The Safety Council takes a leadership role in implementing both internal and external safety issues outside of those considered in formal proceedings. The primary task for the council for the coming year will be the development of the agency "Safety Plan," which will include a comprehensive management structured plan for safety-related and safety-impacted activities with the goal of a thorough and competent consideration of safety in everything we do. The plan scope

will include agency-wide policy direction from the executive-level, division-level management, program-level risk assessment, and activity level procedures. The plan's development will include a review of performance metrics and measurement, risk analysis, emergency preparedness and response, and community engagement.

Staff involvement in the development and implementation of the Safety Plan also certainly will be encouraged, and we will be open to all staff suggestions. One element of the plan will be for staff and management to develop a vertical and horizontal awareness of the duties and responsibilities of each other, and to hold each other accountable for their work.

With respect to safety-related formal proceedings, as you describe in your letter, we already opened a rulemaking (R.13-11-003) to incorporate safety and risk-based decision-making into the ratemaking process (a three-day workshop in this proceeding was held last week). As you also noted, we are developing a zero-based budget process that will analyze not just safety, but all of our programs and processes.

We also have several other open, upcoming or recently completed safety-related proceedings. Some of these of interest include:

- OIIs 11-02-016, 11-11-009, and 12-01-007 - the three San Bruno explosion investigations;
- Expected New Rulemaking – Citation program (in compliance with your authored SB 291);
- R.11-02-019, the ongoing gas safety rulemaking;
- A.12-11-009 - PG&E's General Rate Case (GRC), where for the first time a risk-based approach is being used to evaluate capital expenditures;
- A.13-11-003 – Southern California Edison's GRC, where the CPUC's Risk Assessment team and the Electric Safety and Reliability staff will work in an advisory capacity to the ALJ;
- PSEPs - Pipeline Safety Enhancement Plans for PG&E (update- A.13-10-017), and Sempra (So Cal Gas and SDG&E, A.11-11-002);
- A.13-12-012 - PG&E's Gas Transmission and Storage rate increase request;
- A.13-12-013 - So Cal Gas North-South Project, plan to construct 150 miles of transmission line and build/upgrade compressor stations;

- D.14-03-021, approved by the Commission on March 13, 2014, that adopted a three-year pilot program for the conversion of master-metered electric and gas systems at Mobile Home Parks to direct utility-to-customer systems;
- D.12-09-019, D.13-09-026, and D.13-09-028 - Malibu Fire verification and follow-up on settlement agreements addressing the 2007 fire;
- R.08-11-005 - Pole Safety Rulemaking-wildfire mapping project, staff to support Calfire; and
- I.14-03-004 - Investigation of triple-fatality electrocution in San Bernardino County.

We hope you find the above informative, but also realize that "safety culture" development is an ongoing continued effort. We expect many more issues to arise and evolve as the year progresses and look forward to working with you in the future as we all strive to improve our own culture and that of the utilities we regulate.

Sincerely,

A handwritten signature in black ink that reads "MFL Florio". The signature is written in a cursive, slightly slanted style.

Michel Florio
Commissioner

Cc: Commissioner Michael Peevey, President
Commissioner Carla Peterman
Commissioner Michael Picker
Commissioner Catherine Sandoval
Paul Clanon, Executive Director
Brian Turner, Deputy Executive Director