

# California State Senate

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October 28, 2013

Senator Alex Padilla  
Chair, Senate Committee on Energy, Utilities and Communications  
State Capitol, Room 5046  
Sacramento, CA 95814

## **RE: Subcommittee Report on the Safety Progress of the California Public Utilities Commission**

Chairman Padilla,

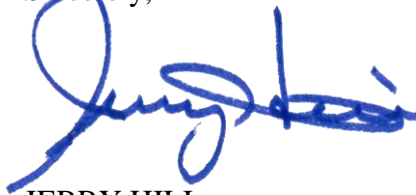
As chair of the Subcommittee on Gas and Electric Infrastructure Safety, I am pleased to present you with the attached report, *Slow Progress Toward Safety: Improving Performance and Priorities in the Safety Plans of the California Public Utilities Commission*. I am sorry to write that the report finds that the management and organizational problems identified by the Department of Finance in its audit of the CPUC's special funds and by the Bureau of State Audits in its examination of the CPUC's intervenor compensation program can also be found in the agency's safety oversight.

The overarching themes of the report are that 1) leadership has not figured out how to make safety a priority, that 2) the quality of the safety-related decisions appears to be no one's responsibility (therefore no quality control exists), and that 3) the CPUC is simply not organized for success. As an agency-wide focus on safety is new to the CPUC, and I believe that these weaknesses in part stem from that human quality that leads us, when faced with a choice of two tasks, to choose to do the one we know how to do first and put off the second. For whatever reason, the CPUC appears to be a year behind where it should be in its safety transformation—a transformation that was supposed to have begun with an explosion only three years ago.

Despite the serious deficiencies this report identifies—and there are many—I have reason to be hopeful. The CPUC has an extremely talented and hard-working staff with a will to be the best at what they do. Many improvements can be made simply with the development of procedures and through better organization. In many ways, the challenges the CPUC faces when regulating safety are the same ones it faces in other areas of its operations. I believe this report on safety progress offers a window into the entire organization. A serious, thoughtful, and persistent effort by CPUC leadership and staff to improve safety decision-making and oversight would bleed into other areas of its operations and help lift the agency out of the morass in which it has recently discovered it resides.

I hope that you find this report enlightening. I plan to hold a hearing of the subcommittee on November 18<sup>th</sup> to further explore the issues raised in it. Please contact me with any questions you may have.

Sincerely,



JERRY HILL

Chair, Senate Subcommittee on Gas and Electric Infrastructure Safety

cc: Governor Edmund G. Brown, Jr.  
Michael R. Peevey, President, California Public Utilities Commission  
Catherine J.K. Sandoval, Commissioner, California Public Utilities Commission  
Michel Peter Florio, Commissioner, California Public Utilities Commission  
Mark J. Ferron, Commissioner, California Public Utilities Commission  
Carla J. Peterman, Commissioner, California Public Utilities Commission