

2019



Annual Report

California Public Utilities Commission



Mission Statement

We empower California through:

Assuring utility services are clean and safe.

Providing for critical services and infrastructure.

Designing rates that are fair and reasonable.

Protecting the interests of consumers and ratepayers.



President's Message to the Governor and Legislature

Honorable Gavin Newsom, Governor of the State of California, and distinguished members of the California State Legislature:

Since being sworn in as president of the California Public Utilities Commission (CPUC) in August 2019, I have had the privilege of working with my fellow Commissioners and the agency's many talented and devoted employees on a variety of issues of vital importance to the people of our state.

As an agency charged with regulating industries that California residents cumulatively spend more than \$50 billion on annually, the CPUC is inextricably linked with California's quality of life, its economic prosperity, and its position as a global leader in innovation and clean energy.

At the same time, as everyone in California knows, our changing climate and other conditions have significantly increased the threat of catastrophic wildfires, as has occurred throughout the Western U.S. and elsewhere. As a result, my colleagues and I have been focused intensely on making sure the CPUC is appropriately positioned to be more proactive and effective in helping to improve the safety of people and property amidst this growing threat.

As the Legislature and Governor have directed, we have prioritized the review and modification of wildfire mitigation plans from electric utilities regulated by the CPUC, making sure the public's voice has been heard in the process. We have moved forward on creating a new Wildfires Safety Division, as well as a new Safety Policy Division that will help analyze existing safety practices and propose improvements so the CPUC can become a true leader when it comes to ensuring the safety of our utility systems.

We have elevated our focus on holding utilities accountable as they have increasingly employed Public Safety Power Shut-offs to minimize the wildfire risk during extreme weather conditions. And we have done this while ensuring that the utilities continue to work on long-term system hardening, increased vegetation management, and other safety measures required to make such outages less common and less impactful in the future.

The CPUC has also been engaged in the federal bankruptcy proceedings for Pacific Gas & Electric Company so that when it emerges from bankruptcy, the service and protection of California consumers and the state's commitment to clean, renewable energy are enhanced.

In the months before I joined the CPUC, the agency began working diligently to implement recommendations on wildfires and climate change from Governor Newsom's Strike Force, including making the CPUC more efficient and nimbler, with expanded and enhanced safety expertise. That work is crucial and ongoing.

As this 2019 Annual Report illustrates, the CPUC is committed to working with peer agencies, stakeholders, the public and with the executive and legislative branches to provide safe, clean and affordable energy and other utility services the people of California depend on. We hope you find this Annual Report informative and responsive to our shared commitment for a strong, prosperous, and safe California.

Sincerely,

Marybel Batjer, President

California Public Utilities Commission



Who We Are



The California Public Utilities Commission (CPUC) is the largest state utility regulator in the nation, with five Commissioners appointed by the Governor to six-year terms, subject to confirmation by the state Senate. With its headquarters in San Francisco and offices located in Sacramento and Los Angeles, the CPUC regulates a variety of critical and essential services. Those include privately-owned telecommunications, electric, natural gas, and water companies, as well as railroad safety, rail transit, passenger-for-hire transportation carriers, and Transportation Network Companies such as Uber and Lyft. As the only unit of state government charged with protecting private utility consumers, core missions for the CPUC include safeguarding the environment and assuring Californians access to safe and reliable utility infrastructure and services.



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In many ways, 2019 was another year of important transformation for the CPUC as it began carrying out new responsibilities related to utility wildfire safety oversight required by California Senate Bill 901 (Dodd, 2018) and Assembly Bill 1054 (Holden, 2019). The CPUC was also deeply engaged in bankruptcy proceedings of Pacific Gas and Electric Company (PG&E), the state's largest utility, which voluntarily filed for Chapter 11 protection in January.

2019 also brought on leadership changes at the CPUC as Governor Gavin Newsom made his first two Commissioner appointments, including a new President, Marybel Batjer. She was sworn in as President on August 16, 2019, after a long history of leadership helping government agencies operate more effectively, succeeding President Michael Picker, who announced his plans to retire two months earlier.

President Batjer previously served as Secretary of the California Government Operations Agency, where she led forward-looking efforts to revamp how the state approaches data and technology, modernized the civil service system, and led implementation of key initiatives to "green" state government and promote renewable energy. She also led a special strike team focused on a comprehensive modernization and reinvention of the California Department of Motor Vehicles.

In February, Governor Newsom appointed Commissioner Genevieve Shiroma, filling the vacancy left by former Commissioner Carla J. Peterman. Commissioner Shiroma, a longtime community activist and elected member of the Sacramento Municipal Utility District for 19 years, is no stranger to working on complex issues. Since 1999, before joining the CPUC, she also served on the state's Agricultural Labor Relations Board, including three different terms as Chair.

Inside this Report

In this 2019 Annual Report, as part of its public service mission and as required by law, the CPUC provides the Governor and Legislature an update of its activities for the prior year and a preview of work in the year ahead. Here, we highlight some of the most notable achievements of 2019, including wildfire mitigation, steps to make the electric grid more reliable, advances in resource adequacy, policies for greater commercialization of microgrids to be used during power outages, and other important initiatives.

In subsequent pages, a *Year in Review* section details the broad range of actions taken by the CPUC in 2019. Pursuant to Public Utilities Code Section 910 (a)(1), this Annual Report also includes an updated *Workplan for 2020* that spells out the scheduled proceedings and other decisions that may be considered by the CPUC in the year ahead. Also, in compliance with Public Utilities Code Section 911, a full

listing and status of electric and gas safety incidents reported in 2019 is available in digital format on the CPUC's website at <https://www.cpuc.ca.gov/AnnualReports>.

Throughout 2019, the CPUC continued to manage its multi-faceted responsibilities of regulating industries that affect virtually everyone in California. It took actions that advanced California's goals and values on dozens of initiatives, including: energy reliability, renewable energy, building decarbonization, environmental and social justice, disaster relief, the return of utility-owned tribal lands, transportation electrification, energy efficiency, microgrids, affordability, consumer protection, telecommunications resiliency, transportation, rail safety, and expanding participation of public purpose programs for people needing financial assistance to pay for utility services. Additional details about these initiatives can be found in the *Year in Review* section of this Annual Report.



A Top Priority: Wildfire Mitigation and Safety

In California, 10 of the most destructive fires have occurred over the last five years. This increased threat demands a new sense of urgency and focus from everyone. Wildfire mitigation and safety remained a top priority for the CPUC throughout 2019. With fresh legislative mandates and recommendations in April from Governor Newsom's Strike Force report, Wildfires and Climate Change: California's Energy Future, the CPUC has been working to ensure that the state's investor-owned utilities (IOUs) can meet climate-related challenges while protecting and enhancing California's evolving energy landscape now and well into the future.

The CPUC established a more rigorous and data-driven process for evaluating electric utilities' Wildfire Mitigation Plans (WMPs). Instead of relying on utility progress reports on system hardening, vegetation management and other mitigation steps, a newly developed "Wildfire Mitigation Maturity Model" employs a more detailed and systematic set of measurements to score effectiveness of plans. This new



This new approach is designed to drive smart, risk-based prioritization of investments to reduce the wildfire threat.

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Another notable step was CPUC's leadership in co-hosting the first international Wildfire Technology Innovation Summit in Sacramento. The two-day event in March convened dozens of experts from technology, industry, academia, research, utilities and government to examine new ways of attacking the threat of catastrophic wildfires. It exemplified a unique and important collaboration between the CPUC, California Governor's Office of Emergency Services, other state agencies, and critical partners in the private sector.



Protecting Consumers and Improving Communications Resiliency

In another vital safety area, the CPUC began Phase II of a rulemaking process (R.18-03-011) that initially established an emergency disaster relief program for customers of electrical, natural gas, water, and sewer corporations, as well as communications service providers. Phase II will now focus on having a resilient and dependable communications network that aids first responders and allows the public to communicate in a reliable manner, as well as consider fines and citations for non-compliance to CPUC orders.

Public Safety Power Shut-offs (PSPS)

Near the one-year-anniversary of the devastating Camp Fire that claimed 85 lives in Butte County in November 2018, President Batjer said the CPUC has been working diligently so “next fire season doesn’t look anything like this fire season.”

At the time of her comment, California had once again endured several weeks of destructive wildfires up and down the state. Wind-driven blazes caused mass evacuations and communications breakdowns in affected communities. Thankfully, the state did not experience a repeat of the tragedies of the past two fire seasons that resulted in so many fatalities. But disruptions to daily life were heightened as some electricity providers employed the most expansive Public Safety Power Shut-offs ever used in California.

The state’s regulated electric utilities, notably PG&E, Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E), shut off power to protect public safety under California Public Utilities Code Sections 451 and 390.2(a). These three largest investor-owned utilities have used this tool more frequently in recent years as a precaution against electrical equipment igniting a catastrophic wildfire when warm, dry, and windy weather conditions elevate the risk. However, neither PG&E nor the public were adequately prepared for the cascading impacts caused by PG&E as millions of Californians had their power turned off—in many cases lasting for multiple days.



CPUC has been working diligently so “**next fire season** doesn’t look anything like **this fire season.**”

Improving Utility Notification and Outreach During Power Shut-offs

Soon after the first round of extensive power shut-offs, President Batjer and her fellow Commissioners directed PG&E’s top executives and board members to appear at an emergency Commission meeting. The company’s leadership was asked to immediately address operational missteps and inadequate communications such as website failure; lack of communication with county emergency managers and tribal governments; failure to notify thousands of customers, including the medically impaired; and lack of notification and coordination with telecommunications providers—all of which endangered the public.

Ten days later, the CPUC announced it was launching a formal investigation to determine utility compliance with existing CPUC guidelines regarding Public Safety Power Shut-off events.

President Batjer also expanded the CPUC’s focus by directing telecommunications carriers to provide detailed information about their actions when power is shut off proactively in an effort to reduce the wildfire risk. Telecommunications executives were directed by President Batjer to attend a hearing focused on the adequacy of their efforts to keep the state’s communications grid functional during wildfires, power shut-offs, and other emergencies.

The CPUC, in partnership with the Governor’s Office, the Legislature, other state agencies, local and tribal governments, first responders, community organizations, and diverse stakeholders, has been adapting and strengthening the utility regulatory framework to better meet this challenge.

CPUC's New Wildfire Safety Division and Advisory Board

In July, the California Legislature passed and the Governor signed wildfire safety and accountability legislation, Assembly Bill 1054, which moved our state toward a safer, more affordable, and reliable energy future. An essential part of this effort was to move quickly in implementing key provisions of the legislation that involve the CPUC. Among other things, AB 1054 strengthened CPUC powers to enforce wildfire safety rules and created a new Wildfire Safety Division to ensure there is dedicated staff to analyze the effectiveness of existing safety regulations, and propose improvements and work on emerging issues such as improving utilities' safety culture.

In October, Governor Newsom appointed Caroline Thomas Jacobs as Director of the new Wildfire Safety Division. She, and the CPUC's Human Resources staff, immediately began recruiting and hiring personnel who will, among other responsibilities, evaluate the more rigorous Wildfire Mitigation Plans submitted by utilities. As required by legislation, the new Wildfire Safety Division moves to the California Natural Resources Agency in July 2021.

The legislation also created a new California Wildfire Safety Advisory Board, a board of independent expert advisors, to advise the new division on wildfire safety measures, including plans written by utilities, so the CPUC can more effectively regulate the safety of investor-owned utilities. The board will meet at least quarterly throughout the state.

Assembly Bill 1054, moved our state toward a safer, more affordable, and reliable energy future.

Wildfire Safety Advisory Board Members:

- **Jessica Block** has been a senior research associate and associate director of the WIFIRE Lab at the University of California, San Diego since 2011. She was a wildfire research officer at the University of Melbourne in 2010 and a research associate at the University of Ballarat, Australia from 2008 to 2009.
- **Marcie Edwards** has been a principal at MLE Consulting, Inc since 2017. She was general manager of the Los Angeles Department of Water and Power from 2014 to 2017, city manager of the City of Anaheim from 2013 to 2014, and general manager for Anaheim Public Utilities from 2001 to 2013.
- **Diane Fellman** was a public utility regulatory specialist at the CPUC from 2017 to 2018 and vice president of regulatory and legislative affairs for the Western Region at NRG Energy Inc. from 2010 to 2017.
- **John Mader** has been an electrical distribution engineer for PG&E since 1998. He is president of the Engineers and Scientists of California, Local 20, International Federation of Professional and Technical Engineers.
- **Alexandra Syphard** has been chief scientist at Sage Insurance Holdings LLC since 2018 and adjunct professor in the Geography Department at San Diego State University since 2011. She was also a senior research scientist at the Conservation Biology Institute from 2007 to 2019.
- **Ralph M. Armstrong** has held several positions with the International Brotherhood of Electrical Workers (IBEW) Local Union 1245 since 2007, including senior business representative and senior assistant business manager. Armstrong also held several positions with Western Area Power Administration from 1995 to 2007.
- **Christopher Porter** has held positions with IBEW Local Union 47, including business representative and assistant business manager.

(The first five members were appointed by Governor Newsom, the last two by the Senate and Assembly respectively.)



The Wildfire Fund

The CPUC also moved expeditiously on another major provision of Assembly Bill 1054 when Commissioners voted in October to authorize the funding mechanism for the state's Wildfire Fund. Recognizing that safety, reliable service, and the financial health of California's regulated utilities are inextricably linked, the legislation established the \$21 billion fund, calling for it to be financed in roughly equal parts by utility shareholders and ratepayers. Ratepayers will contribute through a monthly surcharge, likely to go into effect in late 2020, that they had been paying dating back to the electricity crisis of 2001. The charge will be collected and imposed in the same way the existing charge is collected.

With this mechanism in place, when wildfire losses exceed a utility's traditional insurance coverage, the company can utilize the fund to help pay eligible wildfire claims if the utility has been determined to have acted "prudently" in managing its equipment. The insurance funds can be accessed by a regulated electric utility only if it meets AB 1054's criteria, including having a current Certificate of Safety from the new Wildfire Safety Division, and an approved wildfire mitigation plan and executive compensation structure. Utilities also must be in good standing with their current safety culture assessments, which are under CPUC review in ongoing proceedings.

The fund is designed to spread losses more equitably and avoid severe credit downgrades

that could lead to higher borrowing costs and increased customer bills. The fund comes into play only when a regulated utility ignites a wildfire. Operation and management of the Wildfire Fund will be overseen by the new California Catastrophe Response Council. The Governor made his appointments to the Council in October, as required by Assembly Bill 111 (Committee on Budget, 2019).

As spelled out in AB 1054, PG&E will have access to the fund only if it emerges from bankruptcy by June 30, 2020 and meets other legislative requirements. The legislation also states that PG&E can participate only after the CPUC determines that the utility's post-bankruptcy reorganization plan is consistent with the state's climate goals and is neutral—on average—to ratepayers. Additionally, the CPUC must determine that the utility's resulting governance structure is acceptable, taking into account PG&E's safety history, criminal probation stemming from the San Bruno gas explosion in 2010, its recent financial condition, and other relevant factors.

To facilitate review of the statutory and other applicable criteria related to PG&E, the CPUC opened a proceeding (I.19-09-016) in September that will consider the ratemaking and other implications of the utility's eventual reorganization plan.



New Safety Policy Division

In another move to strengthen the CPUC's safety oversight, a new Safety Policy Division was established in late 2019. A dedicated Safety Policy Division will, through staff focused on policymaking, allow the CPUC to build and nurture a first-rate capacity for ensuring the safety of utility service as California continues to mitigate the growing impacts of climate change. The Safety Policy Division will complement the CPUC's inspections, audits, and enforcement actions carried out by the Safety Enforcement Division. The new Division's focus will be to develop policy and advise decision-makers on the gas and electric industries, with an emphasis on safety culture and governance, wildfire and climate adaption, risk assessment, physical and cyber security, emergency response, and Public Safety Power Shut-offs.



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Other Safety Actions

Additional progress was made in 2019 related to safety for utilities regulated by the CPUC. Under a new safety framework, IOUs are now required to employ more refined, quantitatively rigorous methodologies to identify, rank, and determine the most cost-effective mitigations for their top operational and safety risks. The framework is built on two sophisticated safety programs known as RAMP, for Risk Assessment Mitigation Phase, and SMAP, for Safety Model Assessment Proceeding. At their core, the two programs deal with how gas and electric utilities decide the amount of money they spend on reducing risks and which specific risks they seek to address with those resources. The goal of SMAP is to allow the CPUC and parties to examine the models that utilities are using to set priorities for risk mitigation and to set standards and requirements for those models. It is also designed to enable the CPUC to evaluate the relative cost-effectiveness of different risk-mitigation measures. RAMP is a separate proceeding in which each utility applies the risk prioritization methodology approved in SMAP to identify top safety risks, measures to reduce those risks, and the costs and benefits of those mitigation measures. The results of the RAMP process are then fed into the General Rate

Case for each utility and help form the basis for approving overall utility spending.

Under a 2019 CPUC decision, IOUs now must report annually on 26 safety performance metrics to measure achieved improvements. These reports will be reviewed by the CPUC's Safety and Enforcement Division. To help stakeholders fully understand these reports, the utilities are required to include examples of how they used the metrics to improve safety training, take corrective action, and support risk-based decision-making. The reports must also include summaries of how reported data reflects progress against identified risk mitigation and management goals. To advance transparency, utilities are required to present their analyses and results publicly.

IOUs are required to file RAMP reports identifying their top safety risks and outline a risk mitigation plan based on a cost-effectiveness analysis. In 2019, the CPUC's Safety and Enforcement Division evaluated PG&E and Southern California Edison's RAMP reports and identified areas for improvement. San Diego Gas & Electric filed its RAMP report in November 2019 and will go through a similar evaluation process. PG&E was evaluated a year earlier.

A hazy, wide-angle photograph of the San Francisco skyline serves as the background for the entire page. The Transamerica Pyramid is prominent on the left, and various other skyscrapers are visible against a light, overcast sky.

Physical Security of the Electric Grid

As directed by Senate Bill 699 (Hill, 2014), the CPUC also approved a decision in 2019 making California the first state to adopt rules guarding its electric distribution grid against physical threats. As a result, California's electric utilities are now required to draft security plans that identify critical assets and propose security mitigation measures.

Office of the Safety Advocate

The Office of the Safety Advocate (OSA) represented another safety emphasis within the CPUC as a unit focused on broadly advancing the cost-effective improvement of safety management and performance by California IOUs. Responsible for staff trainings on safety culture for CPUC employees, OSA staff actively participated in numerous CPUC proceedings in both an advisory and advocacy role. The 2016 legislation creating OSA called for it to sunset on January 1, 2020. The experience and expertise of staff who had been part of OSA will now be integrated into the CPUC's ongoing and future safety policy, enforcement and regulatory activities. OSA's Annual Report, highlighting its 2019 key actions and accomplishments, can be found at www.cpuc.ca.gov/safetyadvocates.

Engaging Broadly & Protecting Consumers

Throughout 2019, Commissioners and staff continued to engage with the public across California, holding Voting Meetings in Sacramento, Los Angeles, Oxnard, Coachella, and Redding. In addition to the regular Voting Meetings at CPUC headquarters in San Francisco, Voting Meetings in 2020 are scheduled for Sacramento, Bakersfield, Salinas, San Diego, Napa, and Pasadena. Workshops and other sessions on CPUC proceedings were also held during 2019 in a variety of locations.

In 2019, CPUC staff supported more than 400 meetings with local officials, community stakeholders, small businesses, and underserved communities up and down California, participating in more than 175 community events.

Additionally, the CPUC's Consumer Affairs Branch, which addresses informal complaints from consumers, offered individual support to more than 29,752 consumer cases submitted by phone or written correspondence, returning more than \$1.3 million in refunds to consumers.

Advancing California Climate Policies - Building Decarbonization

The CPUC's heightened emphasis on safety has not diminished its commitment to clean energy and carrying out California's pioneering climate policies.

In January 2019, the CPUC instituted a new rulemaking (R.19-01-011) on building decarbonization strategies called for in Senate Bill 1477 (Stern, 2018). Among other provisions, the law targets investments of \$200 million in the next four years under the state's cap-and-trade program to advance low-carbon space and water heating technologies for new and existing buildings. The rulemaking is also addressing creation of pilot programs focused on decarbonizing homes in parts of California damaged by recent wildfires. And it is coordinating with appliance energy efficiency standards administered by the California Energy Commission.

Transportation Electrification

Transportation electrification is another area the CPUC took considerable action on in 2019, as it is now a central element in California's efforts to fight climate change. With the transportation sector representing the largest share of greenhouse gas emissions in the state, at 41%, transportation is also the largest source of diesel and nitrogen oxides, and particulate matter emissions. This results in portions of California experiencing some of the unhealthiest air in the United States.

The CPUC plays a pivotal role in promoting California's goal of achieving widespread transportation electrification through reviewing and approving utility investments in charging infrastructure where needed to fill market gaps and priority areas; designing new rate structures that promote cost-effective charging of electric vehicle (EVs); and promoting EV charging behavior that supports increased integration of renewable generation. The many actions the CPUC took in 2019 to advance transportation electrification can be found in the Year in Review section of this Annual Report.



The Commission adopted a groundbreaking decision (D.19-08-020) to reduce methane emissions from the natural gas system.



Aliso Canyon Gas Reliability and Safety

The future of Southern California Gas Company's (SoCalGas) Aliso Canyon Natural Gas Storage Facility in the San Fernando Valley northwest of Los Angeles continues to be a major concern of the CPUC in light of a leak discovered on October 23, 2015, and its aftermath. The state's commitment to move from fossil fuels to clean, carbon-free energy while ensuring reliable energy supplies is another important consideration.

The CPUC continued close coordination with the California Department of Oil, Gas, and Geothermal Resources (DOGGR, renamed the Geologic Energy Management Division, or CalGEM, as of Jan. 1, 2020) under a 2016 Memorandum of Understanding to ensure that the resumption of natural gas storage activities at Aliso Canyon does not impair safety or reliability. The many actions the CPUC took in 2019 to address Aliso Canyon can be found in this Annual Report's Year in Review section.

Reducing Methane Emissions from California's Natural Gas System

Another example of California's continued leadership in combatting climate change occurred in August, when the Commission adopted a groundbreaking decision (D.19-08-020) to reduce methane emissions from the natural gas system. The action stems from passage of Senate Bill 1371 (Leno, 2014), aimed at minimizing methane emissions from the natural gas system. Methane, the main constituent of natural gas, is a powerful greenhouse gas, 84 times more potent than carbon dioxide over a 20-year time frame.

With additional data and stakeholder input, decision D.19-08-020 advances an earlier rulemaking (R.15-01-008) and requires utilities to evaluate the cost-effectiveness of their proposed measures to reduce methane emissions, and to include the social cost of methane in this evaluation. This will allow the Commission to identify measures that provide the greatest results and help ensure that limited resources are used as efficiently as possible in addressing climate change.

The CPUC also adopted a limit on how much of the cost of methane leaks from utility systems can be recovered from customers by California's two largest gas companies, creating an economic incentive for utilities to minimize these emissions. Beginning in 2025, if the IOUs fail to reduce their methane emissions by at least 20% below the 2015 baseline, they will not be eligible for rate recovery for methane emissions exceeding this target.

Climate Change Adaptation

Commissioner Liane M. Randolph led a new rulemaking (R.18-04-019) that was opened to guide how California utilities can plan for adaptation to climate change. California's state agencies, especially the California Energy Commission and Governor's Office of Planning and Research, have been leaders in developing tools from science-based climate studies for local and regional governments to plan for climate risks. Utility infrastructure, however, crosses jurisdictional boundaries, with investment choices not typically driven by long-range climate-based planning. This rulemaking provides a forum for addressing how energy utilities should plan and prepare for increased operational risks due to changing climate conditions and heightened

risks from wildfires, extreme heat and storms, drought, subsidence, and sea level rise, among other climate change phenomena. This includes identifying and setting priorities for actions to address the climate change-related needs of vulnerable and disadvantaged communities.

A CPUC workshop in November was aimed at providing guidance to utilities as they conduct Vulnerability Assessments for utility infrastructure, engage with local governments, and with disadvantaged and vulnerable communities located in areas of high risk. The workshop also focused on identifying ways to make long-term investment and adaptation proposals to the CPUC. A proposed decision is expected in the first quarter of 2020.



The background of the slide is a composite image. The top half features three wind turbines against a clear blue sky with a hint of sunset or sunrise colors on the left. The bottom half shows a close-up, angled view of solar panels, with the top half of the image being a lighter blue and the bottom half being a darker blue.

Advancing Zero Carbon and Resiliency Through Energy Storage

To reach California's goals of 100% zero-carbon electricity resources and enhanced resiliency, the state must continue advancing policies and investments in energy storage. As part of this effort, the CPUC took initial steps in 2019 to modify its Self-Generation Incentive Program (SGIP) by examining how to extend the collection of funds to 2024, and the administration of the program to 2026. Legislation required the CPUC to adopt requirements for energy storage systems to ensure that these systems reduce greenhouse gas emissions. In addition, starting in 2020, generation technologies applying for SGIP incentives will be required to use 100% renewable fuel, including biogas.

The CPUC also advanced behind-the-meter storage that can directly replace the need for fossil fuel generation facilities. In two separate decisions the Commission:

- Approved new greenhouse gas emission reduction requirements for SGIP residential and non-residential storage systems.
- Increased incentives available for SGIP's "equity budget" that focuses on low-income and disadvantaged customers to boost customer participation. This decision also established a \$100 million equity resiliency budget to provide incentives for back-up power for medically vulnerable customers and critical facilities in high fire threat areas. The decision adopted a \$10 million storage allocation for San Joaquin Valley Disadvantaged Communities Pilot projects in 2018 that will help provide access to affordable energy for disadvantaged communities.



Collaborating on a Carbon-Free Electricity Future

In 2019, the CPUC began the process of coordinating policy, planning, and procurement efforts with other agencies and stakeholders to ensure that efforts to achieve 100% renewable and zero-carbon electricity by 2045 are aligned strategically with work to achieve economy-wide carbon neutrality by that same year. This process is also designed to maintain electric grid affordability and reliability. A joint report to the Legislature detailing progress will be issued by January 1, 2021, from the CPUC, California Energy Commission, and the California Air Resources Board.

Social Justice, Equity, and Inclusion

After months of development and public consultation, in February the CPUC adopted an Environmental and Social Justice (ESJ) Action Plan as a roadmap to expand public inclusion in its decision-making and improve services to disadvantaged communities across California.

The Plan identifies ways the CPUC can use its regulatory authority to address health and safety, consumer protection, and enforcement concerns across all the industries that the CPUC regulates. The Plan also highlights how the CPUC can engage directly with communities, build supportive relationships, gather more information about the concerns Californians face, and how they can best communicate those concerns to the CPUC. The document will be reviewed and updated every two years, serving as a dynamic guide to make sure environmental and social justice considerations inform CPUC proceedings and actions.



the CPUC's Utility Supplier Diversity Program took another leap forward when it reported in September that the program had achieved a 16.7% increase to \$12.32 billion for 2018.

Tribal Land Transfer Policy

At a December meeting, the CPUC adopted a new policy that prioritizes land transfers from investor-owned utilities to Native American tribes with a historical interest in the land. When a utility decides to sell or otherwise dispose of land, the policy creates an expectation that the utility will work with the California Native American Heritage Commission to identify any tribes whose ancestral territory the land is on or adjacent to. Once the utility identifies any interested tribe or tribes, the company should try to negotiate a transfer to the tribe before putting the land on the market. This policy, which the CPUC developed after comment from utilities and tribes, furthers the CPUC's goals of recognizing and respecting native sovereignty, and of returning tribal lands to their rightful owners.

Utility Supplier Diversity Program Keeps Growing

One year after reaching the \$10 billion annual threshold for goods and services that utilities purchase from women, minority, disabled veterans, and LGBT-owned business enterprises, the CPUC's Utility Supplier Diversity Program took another leap forward when it reported in September that the program had achieved a 16.7% increase to \$12.32 billion for 2018. The report was followed a month later by the CPUC's 17th annual Supplier Diversity En Banc hearing in Fresno, with approximately 200 people in attendance. Among other concerns, the hearing focused on achieving greater geographically diverse participation in the program, improved coordination between utilities and local community based organizations, better training regarding contracts and preparing requests for proposals for potential contractors and suppliers, increasing utility contracting opportunities, and an examination of how utility board and management diversity supports and improves contracting opportunities.



The new CPUC Solar on Multifamily Housing (SOMAH) program launched in July, represents the nation's largest investment in low-income residential solar for tenants.

Focus on Affordability

As part of a proceeding launched a year earlier, CPUC staff in August issued a proposal detailing how affordability of utility services should be defined and measured. The goal is to establish a framework to assess affordability across proceedings in the industries regulated by the CPUC. This will better equip the CPUC and stakeholders to assess how utility requests and CPUC decisions affect affordability from the consumer's perspective. The CPUC will also be able to use the framework in designing customer assistance programs and other related policies.

Expanding Solar for More Californians

The new CPUC Solar on Multifamily Housing (SOMAH) program launched in July, represents the nation's largest investment in low-income residential solar for tenants. SOMAH delivers clean power and credits on energy bills to hundreds of thousands of affordable housing residents in California by providing financial incentives for installing solar photovoltaic energy systems on multifamily housing units serving low-income and disadvantaged communities throughout the state. The program dedicates \$100 million a year to:

- Provide incentives to substantially reduce the cost of PV installations for affordable housing.
- Support economic growth and workforce development via paid on-site training requirements.
- Provide tangible bill benefits to tenants via virtual net metering bill credits.



TNC Access for All

After opening a proceeding early in the year related to Transportation Network Companies (TNCs) and accessibility for persons with disabilities, in June the CPUC created the “TNC Access for All Fund.” The decision imposes a \$0.10 fee on each TNC trip for remittance to the CPUC on a quarterly basis. Funds generated from the fee support expansion of on-demand transportation for users of non-folding wheelchairs who require a wheelchair-accessible vehicle. The CPUC also hosted four public workshops in San Francisco, Sacramento, Los Angeles, and San Diego on implementation of this new program.



Solar Consumer Protections

The CPUC took another consumer protection step stemming from its Net Energy Metering (NEM) decision adopted in 2018. NEM refers to the CPUC program that allows customers who install small solar, wind, biogas, and fuel cell generation facilities to serve some of their onsite electricity needs to receive a financial credit on their bills for surplus energy fed back to their utility. Decision 16-01-044 required release of the first *California Solar Consumer Protection Guide*, a consumer document that provides prospective rooftop solar customers with information on how to avoid solar fraud and make a more informed decision about installing solar on their homes. This was followed in September with the CPUC releasing the Guide in Chinese, Korean, Spanish, Tagalog, and Vietnamese. The Guide is also available in audio formats. As of September 30, solar providers are required to provide the Guide and a consumer signature—electronic or “wet”—before being allowed to interconnect the project to the grid. This was part of an ongoing effort to enhance consumer protection for residential solar customers.

Development of the Guide dates to a 2018 decision that established a suite of consumer protections for solar consumers by ordering the IOUs to require solar providers to upload several new consumer protection documents before interconnecting a residential solar system to the electric grid. Documents include: 1) a customer-signed Guide; 2) a Contractors State License Board (CSLB) Solar Energy System Disclosure Document; and 3) a solar installation contract. Solar providers must also enter a valid Contractor State license to interconnect a residential solar system.

Electric Grid Reliability/Integrated Resource Planning

To support California's transition to a zero carbon electric sector, the CPUC completed its first Integrated Resource Planning (IRP) cycle and started the second cycle. Public Utilities Code Section 454.51 requires the agency to develop an IRP process that will allow the CPUC and load-serving entities—including utilities, Community Choice Aggregators, and direct access providers—to optimize clean energy resource procurement to meet California's greenhouse gas emissions reduction goals at the lowest costs and while maintaining a reliable electric system.

The CPUC evaluated the first round of individual IRP filings for all load-serving entities in its jurisdiction and adopted a Preferred System Portfolio to achieve 2030 greenhouse gas emissions goals established by the Legislature. The CPUC also opened a procurement track to assess midterm reliability needs, and approved a decision requiring all load-serving entities to procure a share of new system resources identified as necessary to ensure safe and reliable electric service.

Resource Adequacy

The Resource Adequacy (RA) program was established to ensure that sufficient energy generation resources are available to reliably operate the grid. The CPUC issued several decisions in 2019 to refine the RA program, adopt flexible capacity obligations, and affirm existing rules for imports. Specific changes include Resource Adequacy procurement requirements that look three years ahead, mandated proposals for how to procure RA most efficiently, and new rules clarifying how imported energy can qualify as RA.



The goal is to facilitate commercialization of microgrids for distribution customers of large electrical corporations to maintain access to essential services during Public Safety Power Shutoffs or other outages.

Microgrids

As required by SB 1339 (Stern, 2018) the CPUC initiated a new rulemaking proceeding (R.19-09-009) aimed at crafting a policy framework for microgrids. This is being done in consultation with the California Energy Commission and the California Independent System Operator. The goal is to facilitate commercialization of microgrids for distribution customers of large electrical corporations to maintain access to essential services during Public Safety Power Shut-offs or other outages. Additionally, the proceeding is intended to develop permitting standards, interconnection study guidelines, rates and tariffs, grid integration protocols, and Direct Current metering standards. The rulemaking may also consider a range of other actions to increase resiliency of electricity supply in the short, medium, and long term.

Led by Commissioner Shiroma, the Commissioner assigned to the proceeding, a well-attended workshop was held December 12 at Commission headquarters with participation and presentations by the California Energy Commission and others. A pre-hearing conference on the proceeding was also held in San Francisco the following week, with strong attendance at both events. The primary goal of the workshop was to identify and vet short-term actions related to microgrids that the CPUC can take in early 2020 to reduce the impact of any outages caused by Public Safety Power Shut-offs or other reasons. The workshop included examples of medium and long-term solutions and policy issues to be addressed as part of this rulemaking over the next two years and beyond. Another workshop will be held in Quarter 1 of 2020, which will focus on the near and long-term implementation requirements and execution of Section 8371 of the Public Utilities Code. As Commissioner Shiroma noted, the first track of the proceeding will be very tightly focused on actions that can be taken ahead of the 2020 fire season.

Conclusion

CPUC's most notable actions in 2019 were the deep and highly focused expansion of its activities related to safety of people and property.

In sum, 2019 was a year of change and transition, where the CPUC continued to play a leadership role in advancing California's ambitious climate and clean energy goals under new leadership and with guidance from the Governor and the Legislature. As a regulatory agency whose work underpins and supports so much of California's dynamic economy, the CPUC moved forward in 2019 on decarbonization, transportation electrification, resource adequacy, using microgrids to make the electrical system more resilient, and consumer protection.

But as California and the region continue to deal with the impacts of climate change, the CPUC's most notable actions in 2019 were the deep and highly focused expansion of its activities related to safety of people and property. And to do so more strategically and proactively.

Two new divisions were established within the CPUC that will focus exclusively on safety and wildfire mitigation: the Safety Policy Division and the Wildfire Safety Division, along with a new advisory committee of experts to help the latter make sure every wildfire safety option is identified and examined—and that the best, most cost-effective ones are implemented. Action was taken creating the funding mechanism for the state's new Wildfire Fund, so victims of wildfires caused by utility equipment could be compensated more fairly and quickly than in the past. A sharper focus and greater accountability was brought to getting better, less disruptive results when utilities use Public Safety Power Shut-offs to limit the risk of wildfires caused by their equipment. The CPUC acted to harden the electric grid so it is less prone to ignitions in the first place. And new regulatory tools were employed for a more resilient communication system, so when the inevitable emergency does occur in California, everyone who lives, works, and visits here is better equipped to respond and remain safe. ●

Table of Contents

01	CPUC Commissioners, Role, and Organization	28
02	Budget	40
03	Key Statistics and Accomplishments	46
04	2019 - The Year in Review	48
05	Representing California at the Federal and State Levels	67
06	Informing and Engaging California Consumers	72
07	Legislation Implemented in 2019	76
08	Workplan for 2020	86
09	Executive Director's 2019 Report and Assessment	100
10	Appendixes	104



CPUC Commissioners, Role, and Organization

CPUC Commissioners in 2019

The California Public Utilities Commission consists of five Commissioners appointed by the Governor and confirmed by the California Senate to staggered six-year terms. The Commissioners currently serving the CPUC are introduced on page 29:



Marybel Batjer, President

Marybel Batjer was appointed by Governor Gavin Newsom and sworn in as President

of the California Public Utilities Commission on August 16, 2019. President Batjer previously served as the first Secretary of the California Government Operations Agency, innovating approaches to data and technology, modernizing the civil service system, and implementing key green and renewable initiatives. President Batjer also served as Cabinet Secretary to Governor Arnold Schwarzenegger, Chief of Staff to Nevada Governor Kenny Guinn and Undersecretary at the California Business, Transportation and Housing Agency. She has served on several boards and commissions and won numerous awards, including the highest civilian honor from the Department of Defense and the Medal for Distinguished Public Service from the Department of the Navy. President Batjer obtained her BA Degree from Mills College.



Martha Guzman Aceves

Martha Guzman Aceves was appointed Commissioner at the CPUC by Governor Edmund G. Brown Jr. on

Dec. 28, 2016. She has focused on issues related to fuel switching, broadband access, water affordability, access to distributed solar and various other energy and telecommunications

issues. She previously served as deputy legislative affairs secretary in the Office of the Governor since 2011, focusing on natural resources, environmental protection, energy and food and agriculture. She was sustainable communities program director for the California Rural Legal Assistance Foundation from 2005 to 2011. From 2006 to 2008, she worked with Swanton Berry Farm on human resources issues including a new employee-stock ownership program. She was legislative coordinator for United Farm Workers from 1999 to 2005, working on labor and environmental issues. In 2010, she co-founded Communities for a New California, a charitable organization promoting increased civic engagement of underrepresented communities. Guzman Aceves earned a Master of Science degree in agricultural and resource economics from the University of California, Davis, and a Bachelor of Science in International Economics from Georgetown University.



Liane M. Randolph

Liane M. Randolph was appointed to the CPUC by Governor Edmund G. Brown Jr. in January 2015. She formerly served as Deputy

Secretary and General Counsel at the California Natural Resources Agency, as Chair of the California Fair Political Practices Commission and as City Attorney for San Leandro and Suisun City. Commissioner Randolph obtained her law degree from the University of California, Los Angeles, where she also earned a BA in History.



Clifford Rechtschaffen

Clifford Rechtschaffen was appointed to the California Public Utilities Commission by Governor Edmund G. Brown Jr. in January 2017.

Prior to his appointment, he served as a senior advisor to Governor Brown from 2011 to 2017, focusing on climate, energy, and environmental issues. Commissioner Rechtschaffen also served as a special assistant attorney general in the California Attorney General's Office from 2007 to 2010. Commissioner Rechtschaffen is a graduate of Yale Law School and Princeton University.



Genevieve Shiroma

Genevieve Shiroma was appointed to the California Public Utilities Commission by Governor Gavin Newsom on Jan. 22, 2019. Prior to joining the

CPUC, Commissioner Shiroma served as a chair or member of the Agricultural Labor Relations Board since 1999. Previously, she was Chief of the Air Quality Branch at the California Air Resources Board, where she was also an air-quality engineer. From 1999 to 2018, Commissioner Shiroma was an elected director of the Sacramento Utility Municipal District. Commissioner Shiroma resides in Sacramento and holds a degree in Materials Science and Engineering from University of California, Davis. She was born and raised as a farm worker's daughter in the Acampo-Lodi area of San Joaquin County.

CPUC Role and Activities

The CPUC holds business meetings at least monthly and throughout the state to discuss and vote on issues that require a formal Decision by the Commission. Issues come before the CPUC according to a set of procedures that are accessible to regulated entities, intervenors, and members of the public. The procedures are summarized below and explained in the CPUC's [Rules of Practice and Procedure](#).

Types of Proceedings

The CPUC exercises its regulatory authority through a variety of different proceedings and actions:

Advice Letters and Resolutions - a written request made by a regulated California entity, filed with the CPUC, typically to implement a CPUC formal Decision, or to make a request or proposal on the entity's own initiative to change services or a pricing structure, which is known as a tariff. These requests can be approved either through a disposition letter issued by the Director of the relevant industry division or through a Resolution that is approved by a vote of the Commissioners.

Application - initiated by a regulated entity to request the use or modification of ratepayer funds or assets.

Complaint - initiated by a person, business, or governmental entity alleging that a regulated entity has violated the Public Utilities Code (PU Code) or failed to adhere to a CPUC Decision or Regulation.

Orders Instituting Investigation (OI) - initiated by the CPUC to examine specific issues as a result of a regulated entity's actions that may lead to new or changed legislation, programs, enforcement, policies, or rates. An OI is comparable to the prosecution phase of an investigation, following a staff investigation initiated immediately after an action or event.

Order Instituting Rulemaking (OIR) - initiated by the CPUC to establish new rules and

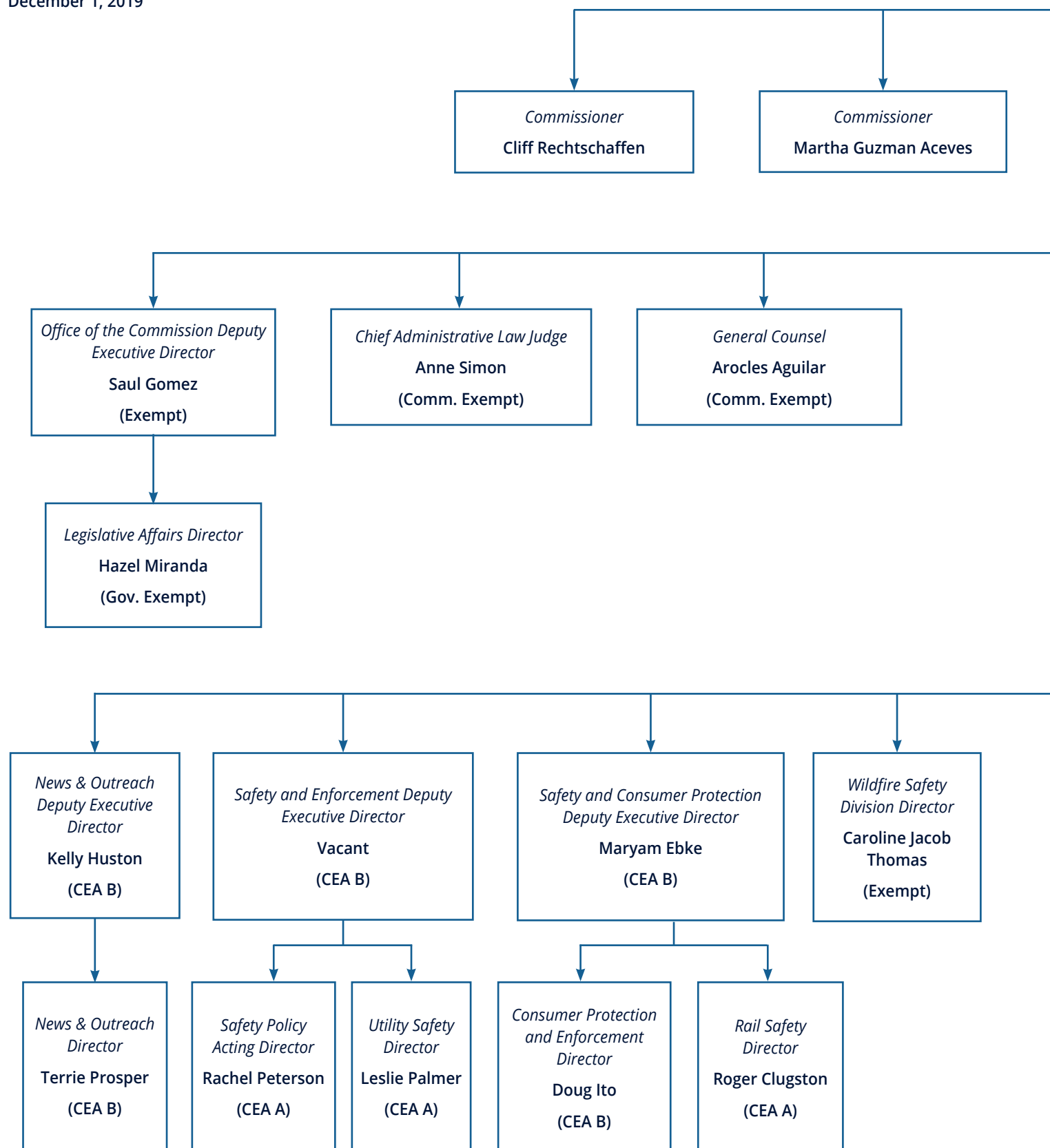
regulations. In all formal proceedings, at least one Commissioner and an Administrative Law Judge (ALJ) are assigned to establish the scope for the proceeding and guide it through the regulatory process. Generally, the ALJ conducts the hearings, meets with the assigned Commissioner to discuss developments, and prepares and issues a Proposed Decision. Any Commissioner may choose to prepare an Alternate Proposed Decision. The CPUC then votes to adopt a Decision. Most types of proceedings, with certain exceptions, must be completed within 18 months of the issuance of a Scoping Memo that explains what the proceeding will entail. After the final Decision is issued and the proceeding is closed, the CPUC can modify a Decision on its own initiative or in response to a Petition for Modification, which is a pleading citing new or changed circumstances rather than legal error.

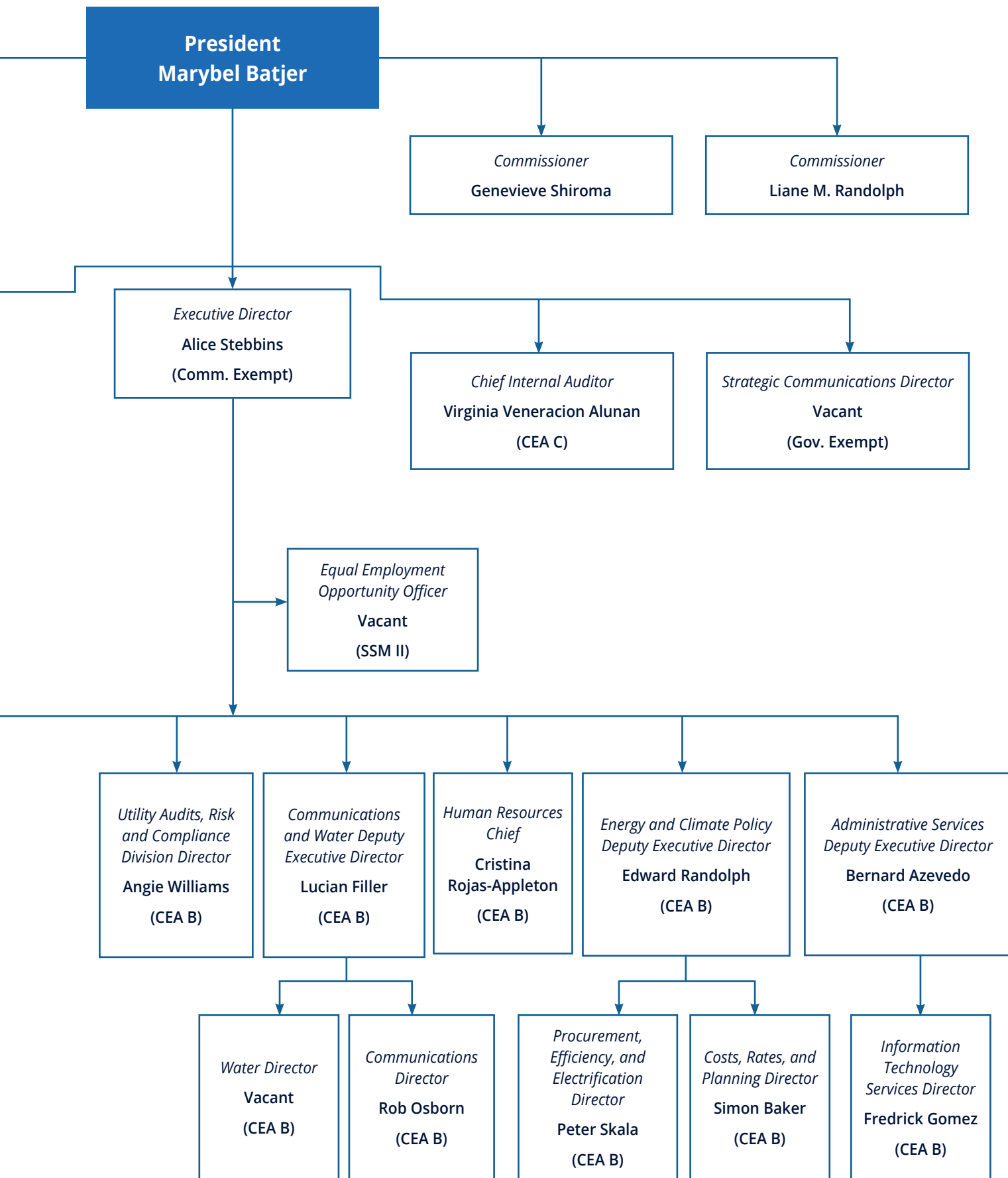
Review of CPUC Decisions - CPUC Decisions are subject to administrative and judicial review upon a party's filing of an Application for Rehearing based on an allegation of legal error. If the application is denied, the party may seek judicial review by the California Supreme Court or California Court of Appeal through a petition for a writ of review.

Citation Appeals - Appeals are initiated by a regulated entity to contest a citation from the CPUC alleging that a regulated entity has violated the Public Utilities Code or failed to adhere to a General Order, CPUC Decision, or Regulation. The introduction of a specific citation-appeal form of proceeding began in 2014. Such proceedings carry the letter "K" in the docket number.

Organizational Chart

December 1, 2019





CPUC Organization and Functions

Office of the Commission

Office of the Commission provides dedicated support to the Commissioners, as a body, for the overall coordination of Commission schedules, meetings, agendas, and associated documentation to ensure the governing body is well prepared to discharge its duties. The Office designs, maintains, and continuously enhances the information management processes relative to any and all Commissioner communication and monitors compliance with the CPUC governance framework. The Office reports to the CPUC President and works with other CPUC staff to ensure timely and accurate communication, coordination, and documentation of Commission matters. The Office is led by Deputy Executive Director Saúl Acosta Gómez (saul.gomez@cpuc.ca.gov).

Office of Governmental Affairs (OGA) facilitates the CPUC's interaction with the Legislature, provides expert policy advice to Commissioner offices, management, and staff, informs and lends technical assistance to legislative staff, and engages in the legislative process to ensure that the organization's perspective is represented in policy discussions and legislation. OGA is available to assist California ratepayers as well as state and federal legislative offices with issues pertaining to the industries under the regulatory jurisdiction of the CPUC. OGA is headed by Director Hazel Miranda (hazel.miranda@cpuc.ca.gov).

Executive Office, Administration, and Audits

Executive Office assures implementation of the CPUC's Decisions and policies. The Executive Director manages the Executive Office and the operations of the CPUC while working closely with the Commissioners. The Executive Director and her team of Deputies and Directors work closely with other state agencies, the Legislature, Governor's Office, and all external stakeholders to anticipate regulatory and agency needs and to develop and implement appropriate strategies to meet those needs. The Executive Office is led by Executive Director Alice Stebbins (alice.stebbins@cpuc.ca.gov).

Administrative Services is responsible for CPUC budget, facilities, contracts, procurement, and accounting functions. This division assists the CPUC in achieving its environmental and sustainability goals. Administrative Services is led by Deputy Executive Director Bernard Azevedo (bernard.azevedo@cpuc.ca.gov).

Office of Internal Audit Services performs audits of the CPUC's internal controls and operational management functions and provides consulting services as requested to assist CPUC operations and improve accountability and transparency. Internal Audit reports directly to the Commissioners. The Chief Internal Auditor is Virginia Veneracion-Alunan (virginia.veneracion-alunan@cpuc.ca.gov).

Human Resources (HR) aims to attract, hire, train, and retain the best and brightest

employees to ensure the CPUC is meeting its mission. HR is led by Cristina Rojas-Appleton (cris.rojas@cpuc.ca.gov).

Information Technology (IT) focuses on using technological innovations to do the CPUC's work more effectively. IT is led by Fredrick Gomez (fredrick.gomez@cpuc.ca.gov).

Utility Audits, Risk and Compliance Division (UARCD) encompasses two branches: 1) Utility Audits and 2) Risk and Compliance. The Utility Audits Branch performs audits on regulated utilities and monitors compliance with laws and CPUC directives. The Risk and Compliance Branch manages the enterprise risk system by identifying, measuring, reporting, and monitoring risk that affect CPUC's objectives. UARCD is led by Angie Williams (angie.williams@cpuc.ca.gov).

Industry Divisions

Communications Division assists the CPUC in developing and implementing policies to promote competition in all telecommunications markets and to address regulatory changes required by state and federal legislation. The Division manages six public purpose programs that are required by statute and are designed to ensure fair, affordable, access to necessary services: California High Cost Funds A and B, Lifeline, Deaf and Disabled Telecommunications Program, California Teleconnect Fund, and California Advanced Services Fund. The Communications Division was led by Rob Osborn (robert.osborn@cpuc.ca.gov) and Deputy Executive Director Lucian Filler (lucien.filler@cpuc.ca.gov).

Energy Division assists the CPUC in its regulation of electric load serving entities, as well as natural gas, steam, and petroleum pipeline companies. The Energy Division provides technical support to the Commissioners and Administrative Law Judges in proceedings and other formal matters. The Division also processes, approves, and oversees ministerial requests for changes to utility tariffs through Advice Letters and prepares Resolutions for Commissioner consideration on complex requests from utilities. Additionally, the Division represents the CPUC in Federal Energy Regulatory Commission (FERC) and court proceedings. The Energy Division is led by Deputy Executive Director Edward Randolph (edward.randolph@cpuc.ca.gov).

Water Division is responsible for ensuring California investor-owned water utilities deliver clean, safe, and reliable water and sewer service to their customers at reasonable rates. There are 93 investor-owned water utilities and 12 investor-owned sewer utilities under the CPUC's jurisdiction providing service to about 16% of California's residents. Each large water company provides its own low-income assistance program for water customers in need. The Water Division is led by Program Manager Bruce DeBerry (bruce.deberry@cpuc.ca.gov) and Deputy Executive Director Lucian Filler (lucian.filler@cpuc.ca.gov).

Safety and Enforcement Divisions

Safety and Enforcement Division (SED) promotes utility safety by performing gas and electric safety audits and conducting incident

investigations. SED experts provide leadership and technical expertise related to major threats to utility safety, such as wildfires, natural gas pipeline risks, gas storage leaks, and cyber physical risks. SED is also advancing safety by developing robust risk management measures, collaborating with state and federal agencies, and leading efforts to improve utility safety culture. SED is led by Leslie Palmer (leslie.palmer@cpuc.ca.gov) and, in 2019, was led by Deputy Executive Director Elizaveta Maleshenko.

Safety Policy Division develops policy and advises the CPUC on gas and electric industries' safety cultures, governance, wildfire and climate adaptation, risk assessment, physical and cyber security, emergency response, public safety power shut offs, and other safety issues. This safety policy function will complement SED's advocacy role. This newly created Division is led by Interim Director Rachel Peterson (rachel.peterson@cpuc.ca.gov).

Wildfire Safety Division (WSD) is responsible for evaluating for approval Wildfire Mitigation Plans (WMPs) submitted by the state's investor-owned utilities (IOUs) and monitoring compliance assurance to those plans. WSD leadership and staff provide expertise on WMP assessments, analysis, and compliance assurance to promote utility wildfire safety. In coordination with SED, the Wildfire Safety Division works closely with other state agencies including: California Department of Forestry and Fire Protection (CAL FIRE) and the Governor's office of Emergency Services (CAL OES), to advance utility wildfire safety by developing comprehensive utility

wildfire mitigation evaluation and compliance criteria, collaborating with state and federal agencies, and leading efforts to improve utility wildfire safety culture. WSD is led by Director Caroline Thomas Jacobs (caroline.thomasjacobs@cpuc.ca.gov).

Consumer Protection and Enforcement Division

The Consumer Protection and Enforcement Division (CPED) investigates allegations of utility waste, fraud, and abuse; and implements and enforces rules and regulations for transportation carriers, and issues permits and certificates for transportation companies. CPED advises the CPUC on approaches to increase disability access to TNC services and coordinates with other State agencies to implement laws that advance operation of autonomous vehicles in California. CPED is comprised of four branches, and is led by Douglas Ito (Douglas.Ito@cpuc.ca.gov) and Deputy Executive Director Maryam Ebke (Maryam.Ebke@cpuc.ca.gov).

Passenger Transportation Enforcement (TEB-North and TEB-South) investigates alleged violations made by for-hire passenger carriers including transportation network companies such as Uber and Lyft, limousines, airport shuttles, sightseeing tours, chartered and scheduled bus operators, and ferries. TEB staff may issue fines up to \$20,000 or bring formal cases before the CPUC to seek higher penalties. The CPUC also staffs a toll-free number to receive and resolve complaints against transportation carriers. TEB North is led by Valerie Beck

(valerie.beck@cpuc.ca.gov) and TEB South by Kenneth Bruno (kenneth.bruno@cpuc.ca.gov).

Passenger Transportation Licensing and Analysis (TLAB) Licensing Section analyzes applications from carriers, writes proposed decisions to approve or deny a carrier's Certificate of Public Convenience and Necessity (CPCN) application, issues permits and certificates, and tracks carrier compliance with permit requirements. TLAB's Analysis Section functions as the CPUC's subject matter expert and advises decision makers regarding for-hire carriers. TLAB is led by Jeff Kasmar (jeff.kasmar@cpuc.ca.gov).

Utilities Enforcement Branch (UEB) protects California utility consumers from fraud and abuse by ensuring that service providers comply with consumer protection laws and regulations. UEB investigates alleged violations by utilities, including communications (both wireline and wireless), energy (both electric and gas), and water companies. When sufficient evidence of violation is uncovered, UEB brings cases before the CPUC to seek appropriate penalties and remedies for consumers. UEB is led by Jeanette Lo (jeanette.lo@cpuc.ca.gov)

Rail Safety Division

Rail Safety Division (RSD) was created as an independent division on July 1, 2019. The RSD protects the public, rail workers, and the environment by enforcing state and federal laws, regulations, orders, and directives on commuter rail, freight rail, and rail transit agencies and companies. RSD is comprised of the Railroad

Operations and Safety Branch (ROSB), Rail Crossings and Engineering Branch (RCEB), and Rail Transit Safety Branch (RTSB). RSD is led by Roger Clugston (roger.clugston@cpuc.ca.gov) and Deputy Executive Director Maryam Ebke (maryam.ebke@cpuc.ca.gov).

News and Outreach

News and Outreach Office provides information and assistance to the Governor's Office, Legislature, news media, local governments, the public, CPUC staff, and other stakeholders about the CPUC's many programs, as well as collects and resolves consumer complaints. The Office is led by Director Terrie Prosper (terrie.prosper@cpuc.ca.gov) and Deputy Executive Director Kelly Huston (kelly.huston@cpuc.ca.gov). The office consists of four branches:

The News and Outreach Branch prepares news releases, consumer advisories, informational documents, newsletters, oversees a speakers bureau and Information Exchange Program for visitors from other nations, and conducts interviews. The office also provides graphic services, edits reports, oversees the CPUC's websites and maintains an extensive online presence. The News and Outreach Office is led by Director Terrie Prosper (terrie.prosper@cpuc.ca.gov).

The Public Advisor's Office (PAO) provides procedural information and advice to individuals and groups who want to participate in formal CPUC proceedings, keeps the Commission informed of barriers that prevent effective public participation, assists the public at CPUC business

meetings and other events, arranges for special accommodations such as American Sign Language interpreters, manages the CPUC's Limited English Proficient education, outreach and complaint resolution program, referred to as TEAM (Telecommunications Education and Assistance in Multiple-languages) and CHANGES (Community Help and Awareness of Natural Gas and Electricity Services), assists CPUC's Intervenor Compensation participants, which provides monetary compensation to parties that intervene and contribute substantially to CPUC Decisions, and works with the IOUs and Community Choice Aggregators (CCAs) to review, edit, and approve customer bill notices. The Public Advisor is Allison Brown (allison.brown@cpuc.ca.gov).

The Business and Community Outreach Branch (BCO) focuses on outreach to local government and community stakeholders, and leads both the Utility Supplier Diversity Program and the Small Business Program. The team helps raise awareness of the CPUC's many programs and policies and encourages participation in proceedings. The Office is led by Stephanie Green (stephanie.green@cpuc.ca.gov).

The Consumer Affairs Branch (CAB) assists consumers of gas, electric, water, and telecommunications services with billing and service matters. CAB answers questions, processes informal complaints, and helps resolve application denials for programs such as LifeLine. CAB is led by Amy Chamarty (amy.chamarty@cpuc.ca.gov).

Advocates for the Public

The Public Advocates Office, formerly known as the Office of Ratepayer Advocates, is the independent consumer advocate at the CPUC. Its mission is to advocate for the lowest possible rates for customers of California's regulated utilities consistent with safety, reliability, and the state's environmental goals. Public Advocates Office's Director is Elizabeth Echols (elizabeth.echols@cpuc.ca.gov). The Public Advocates Office's Annual Report, which highlights its 2019 key actions and accomplishments, can be found at www.publicadvocates.cpuc.ca.gov.

The Office of the Safety Advocate (OSA) was created by statute in 2016 to advocate, on behalf of the interest of public utility customers, for the continuous and cost-effective improvement of the safety management and safety performance of public utilities. Pursuant to that same statute, OSA sunset on January 1, 2020 (Senate Bill 62, Chapter 806, 2016) and the unit's safety activities will be integrated into ongoing CPUC work. OSA has been led by Christopher Parkes (christopher.parkes@cpuc.ca.gov).

Legal and Administrative Law Divisions

Administrative Law Judge Division (ALJ)

provides an independent forum that ensures fair, unbiased, reasoned, and efficient disposition of proceedings. ALJs process formal filings, facilitate alternative dispute resolution, conduct hearings, develop an adequate administrative record, prepare timely proposals for CPUC consideration, and prepare and coordinate CPUC meeting agendas. The Division administers the CPUC's Alternative Dispute Resolution Program. The Division is led by Chief Administrative Law Judge Anne E. Simon (anne.simon@cpuc.ca.gov).

Legal Division represents the people of the State of California and the CPUC in all actions and proceedings involving any questions under the Public Utilities Code or under any order or act of the CPUC. The division provides legal advice to the various divisions of the CPUC and handles Public Record Act requests and subpoenas. The Division is led by General Counsel, attorney to the CPUC, Arocles Aguilar (arocles.aguilar@cpuc.ca.gov). ●



Budget



\$388.4 million

**appropriated for state
operations in 2019-20**

The CPUC has 1,260 authorized positions and \$388.4 million appropriated for state operations in 2019-20. This funding supports staff salaries, benefits, and operational expenses including contracts, travel, and facilities.

The CPUC also distributes approximately \$1.2 billion in local assistance funding for Universal Service Telecommunications programs, low-income energy assistance, and energy efficiency programs.



\$1.2 billion

**in local assistance
funding for Universal
Service Telecommunications
programs, low-income
energy assistance, and
energy efficiency programs.**

CPUC 2019-20 Operational Budget

Program Administration	Appropriation
Regulation of Utilities	\$237,514,000
Universal Service Telecommunications Programs*	\$106,137,000
Regulation of Transportation	\$44,725,000
Total	\$388,376,000

DEFINITIONS

1. Regulation of Utilities: energy, water, sewer, and communications (other than Universal Service Telecommunications Programs) and federal funds for pipeline inspectors.
2. Regulation of Transportation: Transportation Licensing and Enforcement, Freight Safety, Rail Crossing Safety, Rail Transit Safety, and federal funds.
3. Universal Service Telecommunications Programs: California High Cost Funds A and B, Lifeline, Deaf and Disabled Telecommunications Program, California Teleconnect Fund, and California Advanced Services Fund.

* This figure refers to the resources allocated to administer the Public Purpose Programs and excludes “local assistance” such as California LifeLine subsidies.

Note: Budget appropriations are provided for statutorily-designated purposes and are not fungible between program administration and local assistance.

Support Services 2019 Highlights

Administrative Services

Project 400 R - CPUC Facilities are working to comply with the Department of General Service's new standard space allowances for managers and staff, including adding additional offices, hearing rooms, imaging area for IT, and storage rooms. The project is scheduled to be completed in two phases by May 2020.

Fleet Modernization - The CPUC Fleet is modernizing fleet management, enforcing more strict regulations for staff, public and asset safety. The CPUC has also converted to electronic fleet record keeping, and fleet records are transparent on the content server.

Accounting - The Accounting Section has successfully completed the transition to FISCAL, the State's new Budgeting, Procurement, and Accounting platform with financial statements submitted on time within the first cycle—an achievement few agencies have attained.

Business Management - The first ever asset inventory is being performed at every CPUC location, with policies and processes revisions to secure State assets.

Human Resources

LinkedIn Campaign - HR has launched a LinkedIn campaign using CPUC staff as career ambassadors to increase the department's



The CPUC Fleet is modernizing fleet management, enforcing more strict regulations for staff, public and asset safety.

brand and recruitment reach. In addition to utilizing LinkedIn, HR holds multiple workshops and scheduling photobooth events to promote and share with staff how to create and leverage their online professional profiles.

Career Counseling - HR has launched a Career Counseling program and has met with more than 100 employees, increasing the number of participants every month. CPUC's current Onboarding Series has also produced over 300 graduates since inception in 2017 with 30-50 new hires graduating bi-annually.

Improved Hiring Timelines - Streamlined processes, training, and partnership with programs significantly reduced average hiring timelines, from 150 to 74 calendar days. In addition, HR is automating the Request for Personnel Action (RPA) process to further improve HR processes and reduce hiring time.

Information Technology

Strategic Planning - The CPUC IT Services Division (ITSD) has focused intensely on strategic planning and operational improvements. This journey includes the use of industry tools and best practices to define the future state of the ITSD including a roadmap. Specific efforts were focused on contracting the necessary resources, assessing the current state of IT projects and portfolio management, and identifying industry leading enterprise applications and practices. Ongoing efforts include the Website redesign project, Website governance, Rapid Development and Deployment tools such as Salesforce and SimpliGov configuration and implementation, Video Teleconferencing equipment upgrade deployments, and enterprise roll out of WebEx software.

External Audits

Utility Audits Branch: UAB completed 34 audits on regulated utilities. UAB communicates audit findings and recommendations to industry divisions for follow up. UAB's major audit highlights include:

California LifeLine Program: UAB identified two specific carriers, i-wireless and Virgin Mobile, that overclaimed program reimbursements by a total of \$529,338 for ineligible customers that were not removed in a timely manner from the program.

315 CPUC hires

broken down by type :

San Francisco - internal hires 75, external hires 104 - Total 179

Sacramento - internal hires 24, external hires 89 - Total 113

Los Angeles - internal hires 11, external hires 12 - Total 23

Energy Procurement Program: UAB found that three energy utilities—PG&E, SCE, and SDG&E—did not completely and accurately report their respective quarterly compliance reports. The reporting errors included incorrect credit mechanism, energy trade volumes, and prices.

Energy Efficiency Program: UAB completed financial compliance examinations on PG&E, SCE, SDG&E, and SoCalGas's 2017 energy efficiency public purpose programs. UAB found that, among other things, the utilities failed to comply with accrual policy and procedures when recording expenditures and overstated their Efficiency Savings and Performance Incentive (ESPI) award amounts.

Energy Balancing Accounts: UAB found various non-compliance accounting and reporting issues by two energy utilities. In addition, UAB found a lack of accounting guidelines from the CPUC to require energy utilities to account for their balancing accounts in a consistent manner.

Water and Sewer Utility Audits: UAB found various non-compliance accounting and reporting issues by various water and sewer utilities. Specific audit findings are included in UARCD's audit reports, which are published on the CPUC website at <ftp://ftp.cpuc.ca.gov/utilityaudits>.

Risk and Compliance

Risk and Compliance Branch (RCB) implemented an enterprise risk management system for the first time to promote a risk aware culture and continuously improve the CPUC.

Public Records Act (PRA) Responses

Legal Division's PRA Team received 702 total records requests and completed processing 651 PRA requests and 29 subpoenas. These numbers represent an 18% increase in requests since 2018 and a 250% increase since 2012. Requests have increased in complexity as well. Fully 20% of requests require e-mail searches of up to tens of thousands of emails, ranging from a few days to several weeks to process. ●







Accomplishments and Key Statistics

CPUC Program Accomplishments		2019 Total
Energy	Low-Income Assistance Funding - CARE	\$1.33 Billion
	Low-Income Assistance Funding - ESA	\$573 Million
	Renewable Energy Generation Added	1,604 Mw; 9,433 Thousand Metric Tons Co2e
	Energy Efficiency Savings, Electric	3,261 Gwh; 1032 Thousand Metric Tons Co2e
	Energy Efficiency Savings, Gas	90.8 Mmt; 662 Thousand Metric Tons Co2e
	Demand Response Participation	1,917.87 Mw
	Customer-Sited Pv Added	1,114 Mw, 772 Thousand Metric Tons Of Co2e
Telco	Statewide Wired Broadband Availability	96%
	Statewide Wired Broadband Households Served	12.6 Million
	Universal Service Programs Funding - Telecommunications	\$778.7 Million
Water	Water Conserved By California IOU Water Districts	20.5% Compared To 2013
Diversity	Utility Supplier Diversity Programs Spending (General Order 195)	\$12.32 Billion

CPUC Performance Results		2019 Total
Proceedings	Decisions Adopted	521
	Days Of Evidentiary Hearings And Prehearing Conferences	335
	Public Participation Hearings	43
	Advice Letters Processed	3,116
	Resolutions Adopted	201
	Expedited Complaint Proceedings Resolved	15
	Citation Appeals	28
	Mediations	33
Reports	White Papers And Staff Reports	76
Workshops	Workshops Held	129
Complaints	Consumer Complaints And Questions Received	30,336
Investigations	Electrical Incidents Investigated	124
	Gas Incidents Investigated	215
	Railroad And Rail Transit Incidents Investigated	735
	Non Rail Transportation Investigations Completed	299
Audits	Finance And Compliance - All	34
	Safety And Enforcement Audits	68
Inspections	Natural Gas Pipeline Inspections	0
Fines And Penalties	Staff Citation Penalties Levied Against Energy Utilities	\$12,859,746
	Staff Citation Penalties Levied Against Telecommunications Companies	\$241,000
	Fines/Reparations Levied Against Energy Companies	\$9,332,400
	Fines Levied Against Telecommunications Companies	\$7,095,936
	Fines Levied Against Transportation Companies	\$438,500
Refunds	Refunds To Consumers From Informal Complaints - All	\$1,410,296
Permits	Permits And Certificates Issues - Transportation	2,813



2019 - The Year in Review

Top Utility Safety Achievements

Wildfire Safety

Wildfire Technology Innovation Summit - Co-hosted by CPUC, California Governor's Office of Emergency Services (CalOES), the University of California, San Diego, Sacramento State University, and IBM, this well-received inaugural event focused on expanding the science of climate-change challenges especially related to preventing, combatting, and mitigating wildfires. The two-day summit attracted international participants to consider wildfire prediction and data-driven modeling, signals intelligence for early detection, aerial patrols and drone integration, and leveraging machine learning, and big data to conduct smart analytics of wildfire risks. The Summit also received considerable positive media coverage around the state.

Wildfire Investigations - The CPUC and the California Department of Forestry and Fire Protection (CAL FIRE) conducted separate investigations into the events leading up to 21 major 2017-2018 wildfires. The Safety Enforcement Division (SED) determined that PG&E had violated applicable rules and requirements pertaining to the operation and maintenance of its electrical facilities that were involved in igniting at least 12 of these fires. The CPUC expects to issue a Decision on whether to impose penalties in 2020.

Wildfire Mitigation - The CPUC evaluated and approved eight Wildfire Mitigation Plans from regulated electric utilities with recommendations for improving future plans in a series of Decisions in May. This program established a requirement for utilities to construct, maintain, and operate their facilities in a manner that will minimize the risk of catastrophic wildfire posed by electric infrastructure. The CPUC will audit utilities' implementation of these plans, which identify the utilities' risk factors and describe their responsive preventive strategies and programs.

Wildfire Safety Division (WSD) - Assembly Bill (AB) 1054 (Holden, 2019) modified the WMP process and requirements. AB 111 (Committee on Budget, 2019) established a WSD within the CPUC, and that effort is ongoing with Gov. Newsom's appointment of Caroline Thomas Jacobs as the new division's director. On July 1, 2021, all functions of the WSD will be transferred to the new Office of Energy Infrastructure Safety within the Natural Resources Agency. Pursuant to AB 1054, the CPUC also established a new Wildfire Safety Advisory Board.

Rural Area Call Failure Investigation -

Rural residents need to be able to consistently make emergency calls and receive warning calls from local agencies. The CPUC completed its investigation of why calls in rural areas of California have failed, finding underinvestment in infrastructure to be a leading cause.

De-Energization of Power Lines -

De-energization refers to electric utilities' authority to shut off electric power to prevent fires caused by strong winds, tree-line contact, and downed wires. On May 30, the CPUC adopted D.19-05-042, which included guidelines for transmission-level Public Safety Power Shut-off (PSPS) events, notifications, and coordination with emergency first responders and public safety partners. On October 28, 2019, the CPUC announced it was launching a formal investigation of how recent PSPS events had been carried out.

Infrastructure Permitting and

Construction - The CPUC focused on fire-hardening of existing electrical transmission infrastructure to strengthen the grid to continue safe and reliable power delivery to Californians. Projects included Pacific Gas and Electric Company (PG&E) Fulton - Fitch Mountain, San Diego Gas and Electric Company (SDG&E), Cleveland National Forest Reconstruction, and Tie Line 649 projects, as well as Southern California Edison (SCE) reconstruction of over 640 miles of transmission line that are being brought into compliance with the North American Electric Reliability Corporation (NERC) and CPUC's General Order 95 standards for ground-to-conductor clearance.

Wildfire Recovery Costs Methodology -

In June, the CPUC adopted a methodology in D.19-06-027 for determining appropriate recovery of wildfire costs in future utility applications and to determine the maximum amount utilities not in active Chapter 11 proceedings can pay without harming ratepayers or materially impacting their ability to provide adequate and safe service. The adopted framework, known as the “stress test,” allows the CPUC to determine the company’s financial status, which includes, among other considerations, its capital structure, liquidity needs, and liabilities, as well as its capacity to raise additional debt, cash, or resources that are reasonably available to the utility.

PG&E Cost Recovery - Application 18-03-015 addresses PG&E’s Catastrophic Emergency Memorandum Account expenditures that it asserts were made pursuant to three fires in 2016, four sets of storms in 2016 and 2017, and vegetation management related to tree mortality and fire risk reduction in 2016 and 2017. D.19-04-039 denied PG&E forecasted costs, but authorized PG&E to recover \$373 million in recorded costs in interim rates in the interests of fairness and rate stability.

PG&E Bankruptcy OII - The CPUC opened investigation 19-09-016 to consider the ratemaking and other implications of PG&E’s proposed plan for resolution of its voluntary Chapter 11 bankruptcy case. The proceeding will give parties the opportunity to comment on matters related to a proposed Plan of Reorganization filed with the CPUC, any proposed settlements between PG&E and the CPUC, and

other regulatory approvals sought by PG&E in connection with its Chapter 11 bankruptcy filing. The CPUC expects to render a Decision by June 2020.

Emergency Disaster Relief - In R.18-03-011, the CPUC adopted two Decisions with new protections to ensure that Californians who experienced housing or financial crises due to devastating fires will not lose access to vital utility services or receive charges for services they were not using. D.19-07-015 directed electric, natural gas, water, and sewer corporations to implement customer relief programs during times of disaster. The second, D.19-08-025, directed communications service providers to implement customer relief programs during times of disaster. These Decisions adopted the language and outreach requirements from the WMPs.

Surcharge in Support of California’s New Wildfire Fund - Pursuant to AB 1054, the CPUC approved in D. 19-10-056 a non-bypassable charge to support California’s new Wildfire Fund.

Natural Gas Safety

Investigation of the SoCalGas Natural Gas Explosion - Pursuant to D.16-09-055, SED issued citation G.19-02-001 for \$3.3 million against SoCalGas for failing to properly and timely investigate a natural gas explosion in accordance with State and Federal Code and the company’s own procedures.

In June, the CPUC opened OII I.19-06-014 to determine whether the organizational culture and governance of SoCalGas and its parent

company, Sempra Energy, prioritize safety and adequately direct resources to promote accountability and achieve safety performance goals, standards and improvements.

Investigation into PG&E's Failure to Comply with Locate-and-Mark Program - The CPUC initiated a formal investigation (I.18-12-007) of allegations that PG&E failed to accurately record requests to mark locations of natural gas lines, falsified some tickets, and violated other rules meant to prevent damage to natural gas pipelines during excavation activities occurring over a number of years. This investigation is ongoing. In October, PG&E, California Coalition of Utility Employees and SED proposed a settlement where shareholders would pay a \$65 million penalty and the utility would enact a series of reforms related to the violations.

Aliso Canyon Leak Investigation - In October 2015, a natural gas injection and extraction well failed at SoCalGas's Aliso Canyon natural gas storage facility (Aliso Canyon), resulting in a blowout and the uncontrolled release of gas into the atmosphere for 111 days. In May, the independent Root Cause Analysis of the Aliso leak performed by Blade Energy Partners was completed, detailing several findings, including the direct cause of the leak, as well as failures by SoCalGas to conduct risk assessment focused on well integrity management. Following that analysis, the CPUC opened its own investigation on June 27, 2019 (I.19-06-016), into whether SoCalGas violated applicable California laws and regulations in the uncontrolled release of gas from Aliso Canyon. This investigation is also

examining SoCalGas's associated maintenance, operation, and recordkeeping practices.

In December, the CPUC's Safety and Enforcement Division (SED) publicly issued its opening testimony in the CPUC's investigation. The investigation is expected to conclude in late 2020. SED alleged numerous safety, health, and recordkeeping violations. It also cited multiple instances when SoCalGas did not cooperate with the investigation, resulting in additional violations of statutes, CPUC rules, and regulations.

Since the leak, the CPUC and the California Geological Energy Management Division (CalGEM) have taken aggressive steps to prevent a similar occurrence, including CalGEM's stringent new regulations for all underground natural gas storage reservoirs. Enacted immediately after the leak began and made permanent in October 2018, the regulations ensure that no single point of well failure can cause a release of gas into the atmosphere. The regulations have been cited by the federal Pipelines and Hazard Materials Safety Administration as some of the strongest in the nation.

Aliso Canyon Reliability - In February 2017, the CPUC opened an OII (I.17-02-002) to determine the long-term feasibility of minimizing or eliminating the use of Aliso Canyon. In July 2019, CPUC staff issued a revised Aliso Canyon Withdrawal Protocol to allow more flexible use of Aliso, in response to energy reliability challenges and customer price impacts in Southern California. The CPUC will obtain input from stakeholders about infrastructure and demand reduction programs that should be considered

as potential replacements for services provided by Aliso Canyon. Staff have conducted their own economic modeling, hydraulic flow modeling, and production cost modeling and analysis to support the investigation, discussing initial results with stakeholders during a November workshop. Also, in response to Governor Newsom's request that same month that the CPUC expedite this effort, the CPUC began the process of engaging a third-party independent expert to help identify possible alternatives to the facility and scenarios to inform a path to closure.

Natural Gas Leak Abatement Program -

The CPUC established the Natural Gas Leak Abatement Program under D.17-06-015. In August, the CPUC approved D.19-08-020, adopting new methodologies for evaluating costs for proposed methane reduction measures and leak compliance plans, and added a restriction on rate recovery beginning in 2025 to ensure that expenditures achieve their intended methane emissions reductions.

Gas Safety Program Regionalization - In 2018, SED received authorization to divide the Gas Safety Program into four regional units to allow quick response to gas incidents and expedite field inspections as well as build stronger relationships with other state and local agencies. Regionalization was fully implemented in 2019.

Electric Safety Investigations

Electric Safety Program Investigations -

SED responded to 124 incidents involving electric facilities, including 53 related to fire; 3 incidents at electric generating facilities; 378 customer

complaints or inquiries involving electric and communication facilities; as well as 120 forced and 167 planned power plant outages at natural gas and renewable electric generation facilities. Additionally, staff completed 29 investigations begun in 2019. Further, SED conducted 22 audits of electric and communications facilities, including 13 electrical corporation districts, 3 municipal electric utilities, 2 Communications Infrastructure Providers, and 4 electric generating facilities. Fire investigations remained a top priority.

Proceeding to Consider Amendments

to General Order 95 - The CPUC opened rulemaking R.17-10-010 to consider provisions regarding maintenance of pole climbing space, worker fall protection, pole strength requirements, use of pole steps, and related issues. In September, the ALJ issued a Ruling inviting parties to file and serve further comments to a workshop report. A Proposed Decision was filed on December 13 and may be heard, at the earliest, at the CPUC's January 16, 2020 Business Meeting.

Electric Utility Safety

Safety Model Assessment Proceeding -

In A.15-05-002 et al, the CPUC reviewed the models that major energy utilities use to identify, rank, and budget for safety risk mitigations. In April, the CPUC issued Decision 19-04-020 to adopt 26 safety performance metrics, detailed requirements for utility risk spending accountability reports, and guidelines for smaller utilities.

Modifications to Update Standards for Disaster and Emergency Preparedness Plans - The CPUC hosted workshops and worked to align relevant sections with the California Emergency Services Act, taking into account best practices from PSPS Guidelines.

Physical Security at Electric Substations - The CPUC issued D.19-010-018, establishing a physical security assessment and compliance program for electric utilities. CPUC staff continue to review, monitor, and evaluate investor and publicly-owned utilities' compliance with the new rules.

Utility Pole Database -The CPUC initiated I.17-06-027 and R.17-06-028 to create a shared database or statewide census of utility poles and conduits in California. This information will be critical to determine whether a downed or damaged pole contributes to fires. The parties submitted proposals for how to meet the pole identification requirements, and for providing CPUC staff with remote access to pole data bases.

Undergrounding Electric Distribution Infrastructure - R.17-05-010 is reviewing policies and funding mechanisms for the overhead to underground conversion program administered by electric utilities for cities and other jurisdictions. In April, the CPUC held a workshop on near-term improvements to the Program and associated tariffs.

SCE Grid Safety and Resiliency Program - In Application 18-09-002, SCE proposed investments of \$582 million for wildfire-risk mitigation measures. SCE claims that approval of its request will help address California's increasing

fire risk by further hardening the electric system and enhancing utility situational awareness and operational capabilities. In July, parties to the proceeding submitted a proposed settlement to approve the application with additional requirements for cost recovery, metrics, reporting, and other ratepayer protections. The Office of the Safety Advocate opposed the proposed settlement. The CPUC continues to consider the proposed settlement and modifications recommended by OSA.

Risk Assessment Fully Informs Utility GRC Budget Requests - (Multiple Proceedings, Including A.15-05-002, A.16-09-001, A.17-10-007/008, I.17-11-003, and A.17-11-009) The CPUC continued its multi-year effort to bring risk-informed decision making into utility general rate cases (GRC), which are proceedings to establish that rates charged by the utility to their customers are just and reasonable.

Utility Safety Investigations

Investigation into Safety Culture of PG&E - I.15-08-019 will consider changes to corporate governance, management, and structure. SED staff managed the completion of an initial safety report and recommendations by NorthStar consultants.

SCE Risk Assessment Mitigation (RAMP) Phase - In I.18-11-006 SED completed its evaluation report on SCE's RAMP submission of the utility's RAMP and conducted a workshop to review findings and recommendations. The utility's RAMP proposal examines the top safety risks identified by SCS, evaluating these risks

as required by the Safety Model Assessment Proceeding and considering mitigation plans to address these risks.

Cyber Security

California Energy Systems for the 21st Century (CES-21) - A first-of-its-kind effort to use the power of supercomputing to improve the cybersecurity of our electric system and integrate emerging renewable technologies into the grid. In December, the utilities issued a final report on the cybersecurity project in which the electric utilities and Lawrence Livermore National Laboratory explored supercomputing as a tool to develop a modeling/simulation platform to simulate cybersecurity threat and response scenarios as well as to evaluate threats on actual utility substation equipment.

Rail Safety

The CPUC's Annual Railroad Safety Report to the California State Legislature details the more than 4,463 inspections performed by CPUC staff in FY 2018/2019 and identifies more than 9,975 defects. This report describes activities in depth and is available on the CPUC website at www.cpuc.ca.gov under Rail Safety. The CPUC opened 21 new rail safety proceedings. Most of the proceedings addressed crossings for the California High Speed Rail Authority and light rail in metropolitan areas such as Los Angeles.

Pavement Marking Project - The CPUC continues working proactively with California Department of Transportation (Caltrans),

railroads and local road agencies to install the colorized dynamic envelop markings that help road users and railroads identify and keep clear of highway-rail crossings. The City of Escalon and the railroad are in support of the project and Federal Highway Administration (FHWA) determinations are pending.

Railroad Preemption - CPUC staff reviewed and accepted the Caltrans preemption standard—a method for transferring control at crossings—that all Caltrans Districts will use for future projects. RCEB hired two Senior Utilities Engineers (Specialists) to help with this program.

Autonomous Vehicles (AV) - The CPUC continues to review and research Federal and State regulations related to AVs and their safety impact for at-grade, highway-rail crossings. CPUC staff is working with both Caltrans and the California Department of Motor Vehicles as policies and guidelines develop.

STOP/YIELD Signs Contract (SYSC) - The CPUC began analysis of vendor-provided SYSC Phase 1 results, which included the final recommended “STOP” or “Yield” signage assignment at passive crossings (crossings without active warning devices). CPUC notified all impacted railroads and local agencies of the recommendations to install “STOP” or “YIELD” signs at passive crossings.

Field Inventory of Rail Crossings Contract (FICC) - The CPUC selected a contractor to conduct field inventory of 551 crossings to update CPUC baseline data information and is anticipated to complete in late 2020. CPUC prepared the request for FICC Phase 3.

Federal Transit Administration (FTA) State Safety Oversight Grant - The CPUC executed its fifth annual grant award from the FTA, bringing the total of FTA grant awards to over \$20.5 million. The grant bolsters the safety assurance directive by providing an alternative to using California state funds.

Triennial Safety and Security Audits - CPUC staff conducted comprehensive audits of rail transit systems of the Los Angeles County Transportation Authority, BART, Oakland Airport Connector Automated People Mover (APM), Sacramento County Department of Airport for its APM, and San Francisco International Airport AirTrain APM. RTSB is finalizing the triennial audit reports for the San Francisco Metropolitan Transit Authority and North County Transit District.

Bay Area Rapid Transit (BART) Fine - The CPUC assessed BART a total fine of \$1,348,000 for safety failures that led to a train striking and killing two BART workers in 2013. RTSB has been monitoring BART's implementation of the CPUC Order to change operations and safety training.

Sacramento Regional Transit District (SRTD) Fine - The CPUC cited SRTD \$115,000 for multiple speed limit violations by light rail operators.

Top Transportation Achievements

Major Enforcement Activity - Served 29 Official Notices (warnings for violations) and 200 Cease

and Desist Notices to noncompliant carriers, and 17 Telephone Disconnections (involving the preparation and service of subpoenas to telephone service providers and affidavits to transportation carriers). CPED collected unpaid regulatory fees of \$75,623 due to carriers' underreported revenues. TEB issued citations totaling \$438,500, which includes \$55,000 in fines issued at the Los Angeles Airport (LAX.). TEB litigated 13 Citation Appeal proceedings.

TNC Accessibility for Persons with Disabilities - Following public workshops, the CPUC adopted D.19-06-033 creating the "TNC Access for All Fund" and imposing a \$0.10 per-trip fee on each transportation network company (TNC) trip to subsidize the costs of increasing the availability of "on-demand" transportation to non-folding wheelchair users who need a wheelchair accessible vehicle (WAV).

Autonomous Vehicle (AV) Testing in Passenger Service - The CPUC is evaluating two pilot programs authorized under D.18-05-043 for AV testing in passenger service, increasing to four the number of entities testing AVs in passenger service.

Top Communications Achievements

Communications Consumer Programs

California LifeLine - The California LifeLine Program continued to provide roughly 1.7 million

low-income households with low-cost or no-cost phone service. LifeLine transitioned to a new Third-Party Administrator, replaced subsidies for Californian households that were cut by the Federal Communications Commission, and analyzed the costs of partially or fully making up for further declines in subsidies planned by the FCC. Staff also launched pilot programs with Boost Mobile and iFoster (approved in D.19-04-021), which use innovative methods to provide discounts to foster youth and recipients of CARE and held workshops to develop additional pilots.

California High Cost Fund A and B (CHCF-A, CHCF-B) - To help keep rates affordable in lower population density areas, the California High Cost Fund-A (CHCF-A) supports 13 small independent telephone companies. The California High Cost Fund-B (CHCF-B) provides subsidies to carriers of last resort for basic local telephone service to residential customers in high-cost areas.

Employing extensive public outreach, the CPUC met with tribes in several locales to gather information on tribal needs for broadband and voice services, and to share ideas on the most efficient ways to increase broadband and voice services in tribal and low-income underserved areas.

The CPUC adopted three Test Year 2019 General Rate Cases for Small Incumbent Local Exchange Carriers, an intrastate revenue requirement of \$5.026 million for the Foresthill Telephone Company (D.19-04-017); \$2.395 million for the Ducor Telephone Company (D.19-06-025); and \$.690 million for the Pinnacles Telephone Company (D.19-12-011).

Deaf and Disabled Telecommunications Program (DDTP)

- The CPUC continued its outreach, making 4,000 presentations throughout the state to help provide telecommunications devices to deaf, hard of hearing and people with disabilities. DDTP attracted 1,200 new consumers, in spite of the continuing decline in the use of landlines, upon which much of the program is based.

Bring Your Own Device (BYOD) - The CPUC provides training for those with disabilities on their mobile devices and the utilization of their applications. DDTP continued to partner with over 120 CBOs to provide iPhone and Android training. The BYOD pilot experienced an increase of 50 additional BYOD training monthly sessions and served 4,401 individuals with disabilities in the past year throughout the state of California.

California Teleconnect Fund (CTF) - Through the CTF's commitment to provide discounted rates for a host of telecommunications services for schools, libraries, government-owned health care providers, and qualifying CBOs through a surcharge on all customers who purchase intrastate telecommunications, the CTF began implementing program-wide changes. These include approving 128 CBOs, 3 government-owned and operated health clinics, and 65 public and private K-12 schools. CTF created a new subcategory of CBO Healthcare to support non-profits that provide telehealth and rural healthcare to their communities.

California Advanced Services Fund (CASF) - The CPUC designed and adopted new rules to implement the Line Extension program pilot

pursuant to AB 1665-the Internet for ALL Now Act (Garcia, 2017). The CPUC has approved 765 projects in excess of \$309 million dedicated to infrastructure build out in unserved communities and to increase broadband access and adoption.

Communications Regulatory Programs

T-Mobile/Sprint Merger - In 2018, T-Mobile and the Sprint Communications Company filed a Joint Application to merge, which requires applicants to prove public benefit. This proceeding has been ongoing, including testimonies, hearings, public participation meetings, data requests, and a multitude of filings. Federal activities have played a major role in reshaping the planned merger, which now includes divestments to DISH, a direct broadcast satellite provider, and a host of commitments to the FCC and other parties.

Area Codes and Telephone Numbering -

The 341 area code was overlaid on the 510 area code in Contra Costa County. Additionally, the CPUC ordered an overlay that will add the 840 area code to the existing 909 area code in San Bernardino County.

2-1-1 Informational and Referral Network -

The CPUC approved Resolution T-17679, adding disaster 2-1-1 services in 12 counties currently unserved by 2-1-1 dialing, a dedicated number to connect people to social services. The 12 counties, the selected 2-1-1 service provider, and carriers have made first steps in implementing disaster 2-1-1, such as preparing switch translations and identifying disaster resources.

Service Quality - The CPUC published the first part of a report showing that traditional wireline service quality has deteriorated, that the networks are not robust in rainy weather, that AT&T and Verizon are disinvesting in traditional landline telephone service, that AT&T specifically is focusing on higher income communities, and that areas with limited competition have lower service quality results. The CPUC continued to monitor the new penalty program for carriers, which allows for an investment of twice the fine amount to improve service. The carriers that filed for the alternate investment plan now have over \$16 million of planned work in their proposals to improve service quality.

Preferred Long Distance (PLD) Slamming

Investigation - The CPUC adopted Decision 19-10-033, a settlement that required PLD to pay \$250,000, take a number of prescribed steps to help avoid future harm to consumers, and strengthen its internal controls when switching consumers telephone service. PLD's alleged unauthorized carrier switches-an industry business practice referred to as "slamming"-resulted in numerous complaints to the CPUC from businesses.

Top Energy Achievements

Renewables Portfolio Standard (RPS) - In June, the CPUC adopted D.19-060-023 to implement Senate Bill (SB) 100 (De Leon, 2018) expanding California's commitment to clean energy by increasing the State's RPS to 60% by 2030 and

setting a goal that 100% of California's electricity come from renewables and zero-carbon resources by 2045. The CPUC also adopted D.19-09-007 and D.19-02-007 on the 2018 procurement plans of retail sellers of electricity, including IOUs, community choice aggregators, and electric service providers. In addition, the CPUC implemented the procurement quantity requirements for the California RPS program for years beginning in 2021.

Integrated Resource Planning (IRP) -

The CPUC administers an IRP process that ensures its jurisdictional load-serving entities (LSEs)-including utilities, CCAs, and direct access (DA) providers-develop optimal resource portfolios and action plans to meet California's greenhouse gas (GHG) emissions reduction goals at low costs while maintaining a reliable electric system. The CPUC evaluated the first round of individual IRP filings in R.16-02-007 for all LSEs in its jurisdiction and adopted a Preferred System Portfolio to achieve 2030 goals. The CPUC also opened a procurement track to assess reliability needs between 2021-2023. The CPUC adopted D.19-11-006 requiring all LSEs to procure a share of new resources identified as necessary to ensure safe and reliable electric service.

Power Charge Indifference Adjustment

(PCIA) - The CPUC opened R.17-06-026 to review, revise, and consider alternatives to the PCIA, which is to ensure that when electric customers of the IOUs depart from IOU service, those customers remain responsible for costs previously incurred on their behalf by the IOUs. The CPUC refined in D.19-10-001 the method,

data, and process requirements for the forecast and true-up of the Market Price Benchmarks used in PCIA rate calculations. In R.17-06-026 the CPUC continued to work with stakeholder groups that are developing proposals to improve forecasts of customer departures from IOU service, to establish a framework for customers to prepay the PCIA, and to require IOUs to optimize their generation portfolios by allocating or selling excess resources.

Energy Storage - The CPUC adopted three significant energy storage Decisions. The first, D.19-06-032, approved a portion of utilities' applications to procure energy storage required by AB 2868 (Gatto, 2016), and denied portions of the applications that did not meet cost reasonableness requirements. The second, D.19-08-001, implemented SB 700 (Weiner, 2018) by adopting new GHG emission requirements for Self-Generation Incentive Program (SGIP) storage systems. The third, D.19-09-027, modified the program requirements of SGIP's "equity budget" to increase participation of disadvantaged communities and affordable housing residents. D.19-09-027 also established a \$100 million equity resiliency budget for vulnerable customers and critical services in Tier 2 and 3 High Fire Threat Districts, and modified program requirements so SGIP systems can provide backup generation during PSPS events.

Integrated Distributed Energy Resources (IDER) and Distributed Resource Plans (DRP) -

In May, the CPUC approved D.19-05-019 to adopt a societal cost test as part of its framework for integrated Distributed Energy Resources (DERs), such as onsite energy storage and rooftop solar.

The CPUC issued a staff proposal to determine how to estimate the value that results from using DERs to defer investments in transmission and distribution infrastructure.

Demand Response Auction Mechanism

(DRAM) - After evaluating CPUC staff's DRAM Evaluation Report, the CPUC approved D.19-07-009 to extend the program four years, with critical design changes intended to improve performance and reliability of DRAM resources.

Microgrids - The CPUC initiated R.19-09-009 to begin crafting a policy framework, in consultation with the CEC and the California Independent System Operator (CAISO), to facilitate the commercialization of microgrids for distribution customers of large electrical corporations to maintain access to essential services during PSPS events and other outages.

Direct Access (DA) - The CPUC authorizes and facilitates direct transactions between electricity suppliers and retail end-use customers, subject to an annual maximum allowable total kilowatt-hour limit. The CPUC opened Rulemaking 19-03-009 to implement the two requirements set forth in SB 237 (Hertzberg, 2018). The CPUC adopted D.19-08-004, apportioning the 4,000 GWh increase in direct access, set by SB 237, to the IOUs and allowing the increase to be available to non-residential customers over a two-year period so the new service is implemented consistent with the CPUC's Resource Adequacy Program.

Resource Adequacy (RA) - The RA program was established to ensure that sufficient energy generation resources are available to reliably

operate the grid, especially during conditions of stress or scarcity. The CPUC issued several decisions in 2019 (D.19-02-022, D.19-06-026 and D.19-10-021) to refine the RA program, adopt flexible capacity obligations, and affirm existing rules for imports. Specific changes include RA procurement requirements that look three years ahead, mandated proposals for how to procure RA most efficiently, and new rules clarifying how imported energy can qualify as RA.

Solar Consumer Protections - The CPUC released the first *California Solar Consumer Protection Guide*, in accordance with D.18-09-044, a consumer document that provides prospective rooftop solar customers with information on how to avoid solar fraud and make a more informed decision about going solar. In September, the CPUC released the Guide in Chinese, Korean, Spanish, Tagalog, Vietnamese, and audio format.

Environmental Justice for San Joaquin Valley

Communities - The CPUC previously approved (D.18-12-015) up to \$56 million for pilot projects in nine disadvantaged communities in the San Joaquin Valley to electrify homes lacking access to natural gas and to extend natural gas lines to homes. The CPUC also completed implementation plans for bill protection measures for participating residents. And the CPUC adopted D.19-09-027 increasing equity-targeted subsidies for energy storage and creating a \$10 million storage budget set-aside to support the San Joaquin Valley Disadvantaged Communities Pilot projects.

Environmental and Social Justice Action

Plan (ESJAP) - After months of public outreach,

the CPUC adopted its plan to serve as a public-inclusion roadmap to expand its decision-making and improve services to disadvantaged and under-served communities across California. The plan sets forth how the CPUC can engage directly with communities, build supportive relationships, and gather more information and improve communications.

Disadvantaged Communities Advisory

Group - In 2018, the CPUC and CEC approved an 11-member Advisory Group to advise on the impact of programs in disadvantaged communities. The Advisory Group presented its first annual report in April.

Energy Efficiency - The CPUC adopted several Decisions refining energy efficiency programs. In D.19-08-034, the CPUC established electric and natural gas energy savings goals for 2020 - 2030. In D.19-08-009 the CPUC adopted new rules that allow energy efficiency budgets to be used for customers wishing to switch from gas to electric appliances. The CPUC also revised the implementation and oversight of large customized energy efficiency projects as required by SB 1131 (Hertzberg, 2018). Finally, in Decision D.19-12-021 the CPUC reaffirmed the value of Regional Energy Networks, coalitions of local governments that administer energy efficiency programs in hard-to-reach buildings, and authorized a new Market Transformation Initiative to catalyze and support the next wave of energy efficiency innovations.

Transportation Electrification -

The CPUC adopted several new transportation electrification charging infrastructure funding programs and electric vehicle (EV) rates, including:

- In D.19-08-026, the CPUC approved SDG&E's proposal to spend more than \$107 to support installation of charging infrastructure for electrification of 3,000-6,000 medium and heavy-duty vehicles. At least 30% of SDG&E's program budget must be spent in disadvantaged communities, which are disproportionately burdened and vulnerable to multiple sources of pollution. Although medium and heavy-duty vehicles represent only 10% of all vehicles in the state, they are responsible for 25% of the GHG transportation emissions. The program is expected to electrify approximately 3,000 vehicles, ranging from forklifts to school buses and semi-trucks.
- The Commission voted in September to authorize PG&E's implementation of a program specifically targeting an important priority area: ensuring that low-income residents are not left behind as California transitions to electric vehicles. PG&E can spend up to \$4 million to provide rebates for charging infrastructure for customers with low to moderate incomes. The decision includes additional incentives for those customers, including a rebate to compensate for

purchasing a home EV charger, and for the panel upgrade often necessary for installation.

- The CPUC adopted D.19-11-017 approving pilot programs by PG&E, SCE, SDG&E, and Liberty Utilities to invest \$54 million to provide up to 800 charging ports at state parks, beaches, and educational institutions pursuant to AB 1082 (Burke, 2017) and AB 1083 (Burke, 2017). Between 25% and 100% will be in disadvantaged communities.
- The CPUC adopted D.19-10-005 in October which authorized PG&E to implement a new subscription-based EV rate design for commercial and industrial customers, a group that includes transit fleet operators, owners of electric delivery trucks, and providers of public charging stations. The new rate eliminates demand charges, using instead a subscription model similar to cell phone bills, with time-of-use volumetric energy charges that encourage customers to charge off-peak. Customers will be able to “buy” a block of capacity that should meet their highest demand and then manage charging to not surpass it. The subscription charge replaces the typical demand charge, which assesses a monthly fee based on customers’ highest monthly usage. SB 1000 (Lara, 2018) directed the CPUC to consider strategies to help customers transitioning to EVs reduce and manage

demand charges. This was a first step in the CPUC’s implementation of that legislative directive.

- In addition, the CPUC launched an interagency vehicle-grid integration (VGI) Working Group to compare the value of VGI to other distributed energy resources and propose strategies to increase efficacy. CPUC staff also released a Transportation Electrification Framework (TEF) proposal to set the stage for an efficient and strategically integrated technology transformation in the Transportation Electrification sector. Further, staff has evaluated SCE’s request for a Phase 2 for its large-scale deployment of EV charging infrastructure and marketing program.

Building Decarbonization - The CPUC sought stakeholder comments on a staff proposal to create two new building decarbonization programs as authorized by SB 1477 (Stern, 2018). The Building Initiative for Low-Emissions Development (BUILD) program will provide incentives for near-zero-emission building technologies in new residential housing; the Technology and Equipment for Clean Heating (TECH) Initiative will advance the state’s residential market for low-emission space and water heating equipment.

Biomethane and Renewable Natural Gas - The CPUC adopted D.19-05-018 in May to lower the pipeline injection standard of heating value for renewable natural gas projects from 990 to 970. The CPUC also held multiple workshops

to consider a standard renewable natural gas interconnection tariff, standards for injecting and interconnecting renewable methane and hydrogen projects, and establishing a process for considering interconnection requests that allow renewable natural gas blending in pipelines.

Electric Program Investment Charge (EPIC) -

The CPUC created EPIC to provide investments in energy innovation that benefit IOU ratepayers through increased reliability, lower costs, and improved safety. The CEC, PG&E, SCE, and SDG&E administer the EPIC program within parameters set by the CPUC. The program investment budget for 2018-2020 is \$555 million for three project types: Applied Research and Development, Technology Demonstration and Deployment, and Market Facilitation. The CPUC is examining the Research Administration Plan and considering funding for EPIC past 2020, along with any appropriate administrative and programmatic changes.

Affordable Utility Services Framework - In July 2018, the CPUC launched R.18-07-006 to develop tools and a framework for evaluating affordability across regulated utility industries. Utility affordability is based on cumulative bill impacts of electricity, gas, water, and telecommunications services on a single household budget. In January and August, the CPUC held workshops to examine: (1) existing definitions and measures of affordability and applicability across water, energy, and telecommunication services, and (2) a draft staff proposal setting forth three key metrics for assessing affordability by geographic region leveraging several sets of data. The

proposal informs trade-offs necessary for reliability, choice, and safe, reliable access.

Low-Income Energy Programs - The CPUC issued guidance Decisions (D.19-08-020 and D.19-06-022) for the utilities' California Alternative Rates for Energy (CARE) and Energy Savings Assistance (ESA) program applications for the next cycle of funding (2021-2026). The CARE low-income rate assistance program has approximately 4.5 million households enrolled, while the Family Electric Rate Assistance (FERA) program has approximately 51,000 households enrolled. At the time of this report, utilities were on track to meet their 2020 goal of treating all willing and eligible low-income households in the no-cost ESA weatherization program. During the previous cycle, the ESA program included an average annual authorized budget of \$547 million and average household treatment goal of approximately 401,500 homes per year.

Gas & Electric Service Disconnections - The CPUC conducted workshops throughout the state to reduce disconnections for customers of the large IOUs. Previously, in D.18-12-013 the CPUC set temporary restrictions on when utilities can disconnect a customer's services. Additionally, in January, the CPUC formally requested the state's major energy utilities to help keep the lights on, avoid late payment penalties and prevent diminished credit scores of employees who had been affected by the 2018-2019 federal government shutdown.

Solar on Multifamily Affordable Housing (SOMAH) - The CPUC adopted D.17-12-022 to provide incentives for installation of 300 MW of

solar on affordable multifamily housing, funded at up to \$100 million annually from electric utilities' cap and trade proceeds in accordance with AB 693 (Eggman 2015). After the CPUC selected a statewide program administrator through a competitive bid process, the SOMAH Program launched in July. There has been strong interest in the program with more than 240 applications representing over 74 MW of solar and \$163 million in reserved funding. The high volume of applications resulted in SOMAH's first-year funding allocations being exhausted in three of the five utility company territories. This quick start means the SOMAH Program has, in the program's first year of operation, already reserved funds for nearly 25% of its overall goal of 300 MW of solar installations.

Climate Adaptation - The CPUC is providing guidance to utilities on how to integrate climate adaptation into planning, operations, and CPUC proceedings. The CPUC approved D.19-10-054 in October, putting forward a climate adaptation definition and proposing guidance on the climate projections and climate data to be used in planning processes. Future phases may expand or add guidance for small multi-jurisdictional utilities, water utilities, and telecommunications companies under CPUC jurisdiction.

Core Transport Agents - Core Transport Agents (CTAs) are non-utility gas suppliers who purchase gas on behalf of residential and small commercial end-use customers. CTA customers still pay the utility in their service area for delivery of the gas over the utility distribution pipelines. The CPUC adopted an annual fee assessment of \$2,860 on

each registered CTA starting July 1, 2019, and a 15% penalty if payment is not received within 30 days of billing. The CPUC continues to administer the CTA registration program and consumer protection rules on these entities that arrange for procurement of natural gas wither for their customers or their own facilities.

Rate Proceedings

SCE General Rate Case - In May, the CPUC issued D.19-05-020 authorizing a revenue requirement of \$5.117 billion for the Test Year 2018 for SCE, which is 7.53% lower than SCE's updated request but reflects the CPUC's careful assessment and determination of operating expenses and capital expenditures necessary for SCE to provide safe and reliable service at just and reasonable rates. This Decision also authorized a revenue requirement increase of \$335 million for 2019 and \$410 million for 2020.

SDG&E/SoCalGas General Rate Case -

In September, the CPUC issued D.19-09-051, adopting a revenue requirement for Test Year 2019 of \$1.99 billion for SDG&E's combined operations (\$1.59 billion for electric and \$0.400 billion for gas operations) which is \$212.5 million less than SDG&E requested. For SoCalGas, D.19-09-051 adopted a revenue requirement for Test Year 2019 of \$2.77 billion, which is \$166.109 million less than requested. The Decision also adopts post-test year adjustments for SDG&E of \$134.157 million (6.74% increase) and \$102.493 million for 2021 (4.83% increase). For SoCalGas, the post-test year adjustments are \$219.539 million for 2020 (7.92% increase) and \$149.551

million for 2021 (5% increase). Much of the increases represent costs for safety-related work, such as programs to mitigate the risk of utility equipment causing wildfires, catastrophic damage from pipeline failures and third-party dig-ins, and SoCalGas's Pipeline Safety Enhancement Plan.

PG&E General Rate Case - In December 2018, PG&E filed its General Rate Case for the test year of 2020. After testimony from parties was served in July, the CPUC held 17 Public Participation Hearings during the summer of 2019 and evidentiary hearings concluded in November. A Decision is expected to be issued in mid 2020.

Time of Use Rates - The CPUC approved D.19-07-004, authorizing default time-of-use rates for PG&E and SCE. The CPUC also held evidentiary hearings on the issue of default fixed charges for residential customers.

PG&E Gas Transmission and Storage - In D.19-09-025, the CPUC adopted the revenue requirement and rates for PG&E's gas transmission and storage system for 2019 through 2022. The CPUC disallowed \$304 million for past overspending on pipe replacements and unreasonable cost forecasts. To reduce the customer impact, the Decision also authorized PG&E to decommission a small gas storage field, Pleasant Creek, and file an advice letter in 2021 to request decommissioning of the larger Los Medanos gas storage field, if the utility demonstrates that service reliability can be maintained.

Cost of Capital - The largest electric and gas utilities filed their first cost of capital applications (A.19-04-014, A.19-04-015, A.19-04-017, and A.19-04-018) since 2012. The CPUC held extensive evidentiary hearings on investor return on equity, the cost of debt, and the capital structure of the utilities for ratemaking purposes. Given the substantial impact to customer rates and the controversies surrounding wildfire risks, many parties have intervened. A December decision maintained the status quo on return on equity.

Investigations

SoCalGas Billing Investigation - The CPUC issued D.19-04-041, finding that SoCalGas violated its Tariff Rules when it issued delayed bills and failed bills. The Decision ordered penalties of \$8,058,200. SoCalGas was also ordered to review its internal billing practices and meter reading schedules.

PG&E Disconnections Investigation - The CPUC issued D.19-09-037, adopting a settlement agreement between CPED and PG&E that requires PG&E to issue \$637,100 in bill credits to 6,371 customers whose services were disconnected without the required final notice. PG&E was further required to implement identified internal control measures.

Public Utilities Regulatory Policies Act - In R.18-07-017, the CPUC received stakeholder comments on ensuring that the CPUC's programs will be in compliance with the Public Utilities Regulatory Policies Act (PURPA).

Top Water Achievements

Water Affordability and Rate Assistance - In R.17-06-024, the CPUC is evaluating the 2010 Water Action Plan Objectives concerning low-income customers, including low-income rate assistance programs of Class A water utilities, representing approximately 95% of all CPUC regulated water services. The CPUC estimates that approximately 221,000 customers, or 18%, qualify as low-income water customers. The CPUC will also investigate assistance to low-income customers of smaller water utilities.

The CPUC held workshops covering consolidation of at-risk water systems, forecasting, rate design, program name change, the human right to water, challenges to application of low-income water programs to renters in multi-family housing units, drought considerations in forecasting and rate design, low-income water program name change, reporting mechanisms, and AB 401 (Dodd, 2015) jointly with the California State Water Resources Control Board (SWRCB).

Affordability of Utility Services, R.18-07-006 - In addition to the Rate Assistance to Low Income Customers proceeding, the Water Division is part of the Commission-wide effort to establish a framework and processes for assessing the affordability of all utility services. An updated proposal is expected in early 2020.

Consolidation of Small Water Utility Companies - The CPUC, consistent with the goals of the Water Action Plan, seeks the

consolidation of small water utility companies into larger water utilities to achieve economies of operation. Three consolidations were completed. In D.19-04-015, the CPUC approved the transfer of Rio Plaza Water Company, which served approximately 520 customers in Ventura County, to California-American Water Company (Cal-Am), which serves about 630,000 customers in 50 communities in California. In D.19-04-023, the CPUC approved the sale of Mesa Crest Water Company, with about 700 customers in Los Angeles County, to Liberty Utilities (Park Water), serving about 130,000 customers in Los Angeles County. Finally, in D.19-11-003, the CPUC approved the sale of Hillview Water Company, which serves approximately 1,500 connections spread over four sub-systems in the Sierra foothills in Madera County to Cal-Am.

Disaster Relief and Emergency

Preparedness - The CPUC approved D.19-07-015 and D.19-08-025, directing electric, natural gas, water and sewer corporations to implement customer relief programs during times of disaster. The Decision also requires all Class-A and Class-B water utilities to provide outreach to customers, informing them of the protections available in the event of an emergency. In addition, the Water Division released a staff proposal in coordination with SED to establish standards for disaster and emergency preparedness plans.

San Jose Water Group Acquisition of Out-of-State Water Company - In I.18-07-007 the CPUC is investigating San Jose Water Group's acquisition of Connecticut Water Service, Inc.

to determine whether this acquisition (1) would have an effect on California ratepayers and the California economy, and (2) to ensure that San Jose Water Company ratepayers would not be adversely affected by this acquisition.

San Jose Water Company Billing Practices -

In September 2018, the CPUC opened I.18-09-003 to investigate the billing practices of San Jose Water Company (SJWC). In July the CPED and San Jose Water Company filed a joint motion requesting approval of a settlement agreement that would refund more than \$1.7 million to Water Rate Assistance Program customers, resulting in a \$25 credit for each such customer. On December 10, the ALJ issued a Presiding Officer's Decision to adopt the settlement.

Class-A Water Utilities General

Rate Cases - The CPUC issued orders establishing just and reasonable rates for three Class-A water utility companies (those with more than 10,000 connections). Authorized rates were established beginning January 1, 2019 for Suburban Water Systems (D.19-05-029); for Golden State Water Company (D.19-05-044); and beginning July 1, 2019, for Great Oaks Water Company (D.19-09-010).

Water Conservation - The CPUC's Water Division monitors and works with the regulated water utility companies to continue water conservation programs. In 2019 the regulated water utilities' customers achieved a 20.5% reduction in water use when compared to 2013 water use, which is a higher savings than the statewide water savings of 18.9%. Cumulative water savings for regulated water utilities are 54.3 billion gallons.

Lake Alpine Water Company Long-Term Debt-Financing Practices -

The CPUC issued D.19-06-020 approving an all-party settlement between CPED and Lake Alpine Water Company. The settlement resolves issues related to the taking of two unsecured shareholder loans that were improperly classified as short-term notes payable and requires that Lake Alpine pay a penalty of \$7,500.

California State Audit of the CPUC Water Division

The California State Auditor found in Report 2018-118 that the CPUC had not provided customers with clear information about water rate increases and its process for approving rates, had not ensured that customers were notified about public hearings and proposed rate increases as required, and had not conducted audits of water utilities as required. The Water Division revised the web page to include more information about the CPUC's processes, including how to submit protests to proceedings and to participate in the advice letter process. In addition, the website now provides better accessibility to advice letters, advice letter statistics, CPUC resolutions, and how customers can participate more directly. ●



Representing California at the Federal and State Levels

Federal Energy Regulatory Commission (FERC)

Representing the People of the State of California, the CPUC's litigation at FERC focuses on promoting and defending state electric and gas regulatory programs and advocating as the sole representative of California's retail electric and retail wholesale natural gas ratepayers who purchase service from IOUs. The CPUC's litigation efforts at FERC saved California electric and gas ratepayers approximately \$400 million:

- The CPUC engaged in five rate cases of California utilities and competitive electric transmission owners: PG&E, two for SCE, SDG&E, and Trans Bay Cable LLC (Trans Bay). Each of the rate cases were or are in various stages of litigation. In total, the companies seek FERC approval to collect nearly \$6 billion in annual revenues from Californians for electric transmission services.
- The CPUC, and other intervenors, reached a settlement with SDG&E on their fifth Transmission Owner Rate Case, reducing SDG&E's transmission rates by approximately \$94 million for 2019 and additional reductions beyond 2019.
- The CPUC successfully protested two PG&E applications for recovery of abandoned plant costs, resulting in millions of dollars in cost savings for Californians.
- The CPUC continued litigating for refunds and savings as a result of the Tax Cuts and Jobs Act of 2017, which reduced the corporate tax rates of electric transmission utilities and interstate natural gas pipelines. The CPUC settled another case involving the largest interstate natural gas pipeline company delivering supplies to southern California, saving gas customers millions of dollars.

In ongoing cases, the CPUC:

- Advocated for the elimination of electric transmission incentives that are not needed to incent CAISO membership or transmission construction, expansion, and replacement projects.
- Advocated for established and tested means of calculating Return on Equity (ROE), rather than using lesser-known methods that could make FERC-approved rates unjust and unreasonable.
- Participated in a rulemaking to revise FERC's regulations implementing the Public Utility Regulatory Policies Act of 1978.
- Continued to advocate for California electric customers in the electric transmission owner rate cases of PG&E, SCE, SDG&E, and Trans Bay at FERC. The CPUC continued to challenge the utilities' recovery of a 50-basis-point incentive added to their ROE (where utilities are already CAISO participants), which costs ratepayers approximately \$50 million per year.
- The CPUC continued to advocate for transparency and accountability in electric utilities' and transmission owners' self-approved asset management, repair, and replacement projects so that expenditures are prioritized according to risk-informed analyses, safety and reliability are maximized, and costs are prudently incurred.

Federal Communications Commission (FCC)

The CPUC participated in rulemaking proceedings before the FCC, which establishes national policies affecting the provision of communications services offered by different classes of providers. These FCC proceedings addressed, among others, the following issues:

- FCC rules that may affect the CPUC's administration of billions of dollars for public purpose programs, such as California LifeLine and the Deaf and Disabled Telecommunications Program.
- Proposed mergers between telecommunications service providers, including the now-pending merger between T-Mobile and Sprint.
- FCC data collection pertaining to the deployment of broadband service across the country.
- Proposed changes to FCC rules regarding how the FCC should measure and track broadband deployment.
- Proposals by incumbent providers to eliminate or significantly modify services to many classes of customers as part of the transition to an Internet Protocol-based national communications network.

The CPUC also participated in the following FCC proceedings:

- Implementation of the FCC's Rural Digital Opportunity Fund to support broadband deployment across the nation with \$20.4 billion over ten years.
- Implementation of the FCC's Digital Opportunity Data Collection, a process to collect broadband availability data using spatial data to understand where broadband is and is not available.
- The FCC review of AT&T's Section 214 Application to discontinue domestic non-dominant carrier telecommunications and/or interconnected VoIP services.
- The FCC's filing with the Office of Management and Budget on the timeline for a Tribal priority window to obtain Educational Broadband Service licenses on Tribal lands to address Tribal communications' needs.
- The FCC's biennial review of telecommunications regulations.
- The FCC's look into improving wireless network resiliency through coordination with power companies.
- The FCC's review of the USTelecom Petition requesting forbearance from a number of required regulations including those requiring unbundled network elements.

- Implementation of a budget cap on the Universal Service Fund (USF) and potential funding priority rules among the different USF programs.
- Accelerating the deployment of next-generation networks and services within multiple tenant-environments.

Federal Litigation

The CPUC litigated 20 cases in federal district, appellate, and U.S. bankruptcy courts, in which it successfully:

- Represented California's interests in the FCC's efforts to rescind net neutrality rules; the CPUC's participation in this litigation resulted in a remand to the FCC on issues the CPUC alone raised.
- Defended the CPUC's Decision requiring utility shareholders to pay wildfire-related damages where the CPUC determined the utility was responsible for causing the wildfires.
- Defended the CPUC's Decision that approved a transmission project that improves electric reliability in Orange County.
- Defended the CPUC's implementation of the Public Utility Regulatory Policies Act.

In new and ongoing cases, the CPUC:

- Advocated for the best interests of Californians in U.S. Bankruptcy Court proceedings overseeing PG&E's bankruptcy. U.S. Bankruptcy Court (N.D. Cal.).
- Defended against a constitutional challenge to AB 1054 (Holden 2019) and an attempt to nullify it. U.S. District Court (N.D. Cal.).
- Defended California's renewable generation procurement and rooftop solar programs. U.S. Court of Appeals for the Ninth Circuit.
- Challenged the Federal Railroad Administration's preemption of California statutes prescribing train crew staffing safety standards, in favor of a federal regulation that mandates an absence of safety requirements on train crew staffing levels. U.S. Court of Appeals for the Ninth Circuit.
- Challenged FERC's denial of the CPUC's request to require transparency in electric utilities' and transmission owners' capital projects planning and replacement projects. U.S. Court of Appeals for the Ninth Circuit.
- Filed new challenges to FERC order approving incentives to transmission

owners for their CAISO membership, in order to preserve rights to additional refunds to ratepayers. U.S. Court of Appeals for the Ninth Circuit.

- Litigated to uphold the CPUC's Transportation Network Carrier program that licenses such transportation options as Uber and Lyft. U.S. Court of Appeals for the Ninth Circuit and U.S. District Court (N.D. Cal.).
- Protected California gas customers against unjust and unreasonable gas transmission costs. U.S. Court of Appeals for the District of Columbia Circuit.
- Defended California's Prepaid Mobile Telephony Services Surcharge Act, AB 1717 (Perea 2014). U.S. Court of Appeals for the Ninth Circuit.
- Challenged the FCC's repeal of rules intended to foster competitive local telephone service. U.S. Court of Appeals for the District of Columbia Circuit.

State Appellate Litigation

The CPUC's state litigation team defends the CPUC against court challenges of its Decisions in a variety of highly technical and complex subject areas. Since January 1, 2016, the CPUC has been challenged in state court at least 45 times: nine in 2016; 13 in 2017; 12 in 2018, and 11 in 2019. Most of these challenges are at the state court appellate level, in the Court of Appeal or the California Supreme Court. This year the CPUC successfully defended a case at the United States Supreme Court, where the petition for certiorari was denied. Although several matters are still pending in Court, the CPUC has successfully defended 35 of the 39 cases that have been decided. ●



Informing and Engaging California Consumers

News and Outreach Office

- Worked with Administrative Law Judge Division and Information Technology Branch to develop an online comment portal to make it easier for members of the public to provide valuable input into CPUC proceedings.
- Designed the [California Solar Consumer Protection Guide](#) in six languages, available at 855-955-1535 and online for audio download.
- Worked with telecommunication companies to develop an escalation process for complex consumer complaints.
- Reached out to Californians through assistance at more than 50 Public Participation Hearings, workshops, and public forums that hosted a total of 1,804 attendees and 569 speakers.
- Engaged with the community we serve via more than 400 meetings with local officials and community stakeholders, at more than 175 community events, and through more than 56,000 emails and 250 phone calls.
- Sponsored a tribal energy microgrid workshop with the University of California, San Diego.

- Grew the CPUC’s Supplier Diversity program to more than \$12.32 million in utility spending with diverse companies.
- Held Small Business Expos in Pomona and Citrus Heights that were attended by approximately 800 businesses.
- In addition to traditional outreach through 77 news releases, a monthly newsletter (*Working for California*), and 30 blogs, the CPUC is rapidly increasing its online presence and providing valuable information on a wide variety of topics across several industries.
- Grew social media presence, including gaining more than 4,000 Twitter followers and more than 3,900 LinkedIn followers.



**CAB directly assisted
Californians by handling
more than 22,478 consumer
cases that were submitted
via phone calls or written
correspondence received
online or by US Mail.**

Consumer Affairs Branch

The CPUC’s Consumer Affairs Branch (CAB) supports the overall CPUC mission of serving the public interest by addressing consumer informal complaints, questions, and concerns regarding their regulated utility service. CAB also serves as an essential communication channel for the public, for stakeholders, and for decision makers, sharing information about consumer protection activities.

CAB directly assisted Californians by handling more than 29,752 consumer cases that were submitted via phone calls or written correspondence received online or by US Mail. CAB assists consumers of communications, energy and water utility companies.

These cases were resolved by providing consumers with informal complaint resolution assistance, information about regulatory matters, and referrals to other resources better equipped to address the issue. CAB’s work this year resulted in \$1,370,282 in refunds to consumers as follows: \$750,761 from communications companies, \$583,767 from energy providers, and \$35,754 from water companies.

2019 Annual Summary Of Informal Contacts From Consumers

Contacts Received by CAB

	Communications	Energy	Water	Other**	Total
Phone	6,228	7,414	500	1,428	15,570
Written	8,655	4,330	290	907	14,182
Total	14,883	11,744	790	2335	29,752

Total Refunds from Consumer Complaints Submitted to CAB

Communications	Energy	Water	Other	Total
\$750,761.00	\$583,767.00	\$35,754.00	0	\$1,370,282.00

**Other Contacts represent cases received by CAB regarding entities the CPUC does not regulate, such as municipal utilities, the Legislature, etc. In these cases, CAB refers consumers to the appropriate entity that can assist them.”

The majority of informal CAB contacts pertain to billing and service issues that consumers are seeking assistance with regarding regulated utilities and service providers. CAB also handles consumer contacts regarding public purpose programs, (e.g., eligibility and billing issues for the LifeLine program, which discounts telecommunications service and issues related to the California Alternative Rates for Electricity (CARE) program, which discounts energy service for qualified households, as well as complaints regarding utility rate changes, utility policies and practices, and other matters.)

In addition, CAB analyzes and reports on utility-related data gathered from its consumer protection activities. CAB’s analysis and

reporting is used to inform the public, respond to stakeholder requests, support internal operational needs, and underlie CPUC Decision making regarding regulated utilities.

Core Transport Agents (CTAs) -

Consumer Affairs Branch collects consumer contacts regarding CTAs to assist the CPUC with monitoring these entities, and to support the Utility Enforcement Branch with their citation program efforts.

Solar and Net Energy Metering Issues -

The Consumer Affairs Branch assists consumers who contact the CPUC regarding Solar and Net Energy Metering (NEM) Issues and participates in the Joint Agency Solar Task Force (Taskforce) with the Contractors State License Board (CSLB), and the California Department of Business Oversight (DBO). The Taskforce has continued coordinated efforts to identify and address solar-related fraud impacting consumers in Fresno, and areas such as Parlier, Huron, and Delano counties.

CAB presented the Agency Jurisdiction Blueprint to stakeholders, including Commissioner Guzman Aceves at CSLB headquarters. This blueprint outlines the agency referral roadmap and jurisdictional authority for each agency going forward and will be useful in guiding CAB in its development of future operational procedures as they relate to solar and NEM issues. Under D.18-09-044, Decision Adopting Net Energy Metering Consumer Protection Measures Including Solar Information Packet, CAB is currently a participant in the ongoing Complaint Tracking Working Group.

Wildfire Relief Assistance - CAB helped utility consumers impacted by the various wildfires in the state through our informal complaint process. CAB assistance includes helping consumers with service restoration after the disaster, obtaining bill credits due to loss of service, navigating changes in utility infrastructure (e.g., types of lines, services available, etc.) as communities are rebuilt, and assisting with issues related to wildfire mitigation measures including PSPS and utility vegetation management.

Utility Safety Issues: CAB will continue to address safety concerns raised by consumers. Approximately 2% of the consumer contacts CAB handled this year contained a safety-related concern. Frequently reported items include utility service-related issues perceived to impact consumer safety (e.g., service restoration delays), potential outages and events that may present safety concerns (such as inability to reach 911 or use medical

equipment during phone outages), and utility infrastructure that is faulty or in disrepair (e.g., hanging cables, exposed wires, leaning utility poles, meters and transformers). While CAB advises consumers to contact 911 regarding imminent concerns, it also refers safety issues to the CPUC's SED to be addressed. These referrals include gas leaks, unsafe utility infrastructure, dangerous debris, and road hazards caused by utility construction work, etc. ●



Legislation Implemented in 2019

Mitigating, Responding and Recovering from Utility Caused Wildfires

Bill: SB 901 (Dodd, 2018)

Mandate: Established new requirements to address wildfire prevention, response, and recovery—including funding for mutual aid, fuel reduction, forestry policies, Wildfire Mitigation Plans (WMPs) by electric utilities and cost recovery by electric IOUs of wildfire-related damages.

This bill increased the maximum penalty for violation of the Public Utilities Act, required the CPUC to determine if costs and expenses incurred by electric IOUs for wildfires in 2017 are just and reasonable, and to allow cost recovery by first finding how much an electric IOU can pay without harming ratepayers.

This bill authorized the CPUC, for wildfires since January 1, 2019, to allow electric IOUs to recover just and reasonable costs and expenses; repealed a provision related to excess annual compensation of electric IOU officers; required WMPs to include new elements; required an independent evaluator to assess compliance with the WMPs as well as to conduct a safety culture assessment of each electric IOU. The bill further curtailed electric IOU contracts with third-party fire prevention services.

This bill required the CPUC and CalFire enter into a collaboration Memorandum of Understanding, authorized the CPUC to issue financing orders for recovery of wildfire costs and expenses, required electric IOUs to retain employees in the event of a restructure, expanded the fuels and feedstocks eligible to meet wildfire risk reduction for biomass facilities and required the electric IOUs to extend contracts if fuel requirements are met.

Actions: The CPUC evaluated eight WMPs, including those of each of California's electric IOUs, on an expedited basis in spring 2019. The CPUC held workshops in proceeding R.18-10-007 on topics related to the content and evaluation of future WMPs. In a series of Decisions (D.19-05-036, D.19-05-041, D.19-05-040, D.19-05-038, D.19-05-037, and D.19-05-039), the CPUC found

that these initial WMPs met the requirements of this bill and provided recommendations for improving future plans. Concurrently, in R.19-01-006 the CPUC adopted a methodology, often referred to as the "stress test," in Decision D.19-06-027 to determine the maximum amount the electric IOUs, which are not in active Chapter 11 proceedings, can pay without harming ratepayers or materially impacting their ability to provide adequate and safe service. The methodology ultimately adopted by the CPUC measures the maximum incremental debt capacity of a utility, while still maintaining investment grade credit ratings and contemplating customer protections. In addition, the CPUC approved a Resolution in December 2018 requiring the electric and gas IOUs to establish memorandum accounts to track office compensation to ensure that these costs are removed from the annual revenue requirement funded by ratepayers. Finally, in January 2019, the CPUC issued a Resolution ordering the IOUs to amend their BioRAM contracts to expand the eligible fuel stock that can be classified as High Hazard Zone fuel, offer BioRAM sellers a monthly opt-out and reporting option for annual fuel use requirements, and remove missed fuel requirements as an event of default. The Resolution also ordered the IOUs to seek to extend eligible BioRAM and other biomass contracts by five years.

Bill: AB 1054 (Holden, 2019)

Mandate: Requires the CPUC, when considering certain electric IOU wildfire costs and expenses, to determine if they are just and reasonable based on reasonable conduct by the electrical corporation.

This bill also requires that the CPUC find that an electric IOU's conduct was reasonable if it, related to the ignition, was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available to the electric IOU at the time, as provided.

The bill specifies that an electric IOU bears the burden to demonstrate, based on a preponderance of the evidence, that its conduct was reasonable, unless it has a valid safety certification for the time period in which the covered wildfire ignited. The bill further required that the CPUC assess a penalty in an amount up to three times the penalty authorized by law for certain utility-related violations. The bill requires the CPUC to determine whether a proceeding is a catastrophic wildfire proceeding, and would establish applicable procedures and standards. Finally, AB 1054 requires the electric IOU WMPs, starting in 2020, to cover at least a three-year period, for the CPUC to consider authorization of a non-bypassable charge to support California's new electric IOU Wildfire Fund and to exclude the first \$5 billion in electric wildfire mitigation capital expenditures from each electric IOU's rate base.

Actions: The CPUC adopted D.19-10-056 in R.19-07-017 that would authorize a non-bypassable charge assessed on all ratepayers in electric IOU territories to support California's new electric IOU Wildfire Fund. The CPUC worked to implement modifications to the review process for future WMPs, including the development of a new Wildfire Safety Division and Wildfire Safety Advisory Board.

In addition to the electric IOU Wildfire Fund, the CPUC began to implement another section of AB 1054 which requires the CPUC to remove the first \$5 billion of aggregate wildfire mitigation capital expenditures from equity rate base for PG&E, SDG&E, and SCE. The implementation of this provision will continue through 2020.

Building on SB 901 (Dodd, 2018) and pursuant to this bill, the CPUC established the Fire Risk Mitigation Memorandum Account and Wildfire Mitigation Plan Memorandum Account subsequent to the adoption of the electric IOUs' WMPs to track all electric IOUs' wildfire mitigation activities and expenditures.

Mitigating Gas Leaks and Reducing Short-Lived Climate Pollutants

Bill: SB 1371 (Leno, 2014)

Mandate: Requires the CPUC to adopt rules and procedures governing the operation, maintenance, repair, and replacement of gas pipeline facilities to minimize leaks, and reduce methane gas, a short-lived climate pollutant, from those facilities to the maximum extent feasible.

Actions: The CPUC adopted D.19-08-020 in R.15-01-008 to reduce methane gas leakage, adding a restriction on rate recovery beginning in 2025 for methane emissions greater than 20% below the 2015 baseline levels for PG&E and SoCalGas to ensure that expenditures authorized to implement their Compliance Plans achieve their intended methane emissions.

Bill: SB 1383 (Lara, 2016)

Mandate: Among other provisions, requires ratepayer recovery for the infrastructure costs of interconnecting at least five dairy digester biomethane projects to the gas pipeline system.

Actions: The CPUC continued its work to implement SB 1383, which requires the CPUC to direct gas utilities to implement dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system. Six projects were chosen in 2018, and in 2019, the CPUC worked with the utilities and the CEC to oversee funding and monitor project development milestones

Bill: SB 380 (Pavley, 2016)

Mandate: Requires the CPUC to consider the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region, and to consult with specified entities in making its determination.

Actions: In response to Governor Newsom's November 18, 2019 letter, the CPUC is beginning the process of engaging a third-party independent expert who will work to identify possible alternatives to the facility and scenarios to inform a path to closure. In addition, the CPUC has several initiatives in place or underway aimed at reducing demand for natural gas, including the building decarbonization proceeding (R.19-01-011), gas-to-electric appliance fuel substitution supported by energy efficiency funds, San Joaquin Valley pilots to provide heat

pumps and other technologies to residents of 11 disadvantaged communities in the Central Valley who lack access to natural gas (R.15-03-010).

Connecting Californians with Broadband

Bill: AB 1665 (Garcia 2017)

Mandate: Extends the California Advanced Services Fund (CASF) program and requires the CPUC to design and adopt new rules to implement the Broadband Adoption, Broadband Public Housing, Rural and Urban Regional Broadband Consortia, and Revolving Loan Accounts.

Actions: The CPUC continued to address CASF program implementation elements and established strategies to provide broadband access to no less than 98% of California households in each consortia region. Specifically, the CPUC adopted Decision 19-02-008 to make modifications and clarifications to the Adoption Account. Rules for the new Line Extension pilot program were adopted in Decision 19-04-022, allowing individual households or property owners to offset the costs of connecting to an existing or proposed facility-based broadband provider. The CPUC opened a new round of solicitation for consortia pursuant to AB 1665 and the deadline for proposals to build out infrastructure in eligible areas was May 1, 2019. The CPUC approved \$25.5 million in grant funding for 13 projects to build high-speed broadband Internet infrastructure and access to unserved Californians.

Accelerating the Deployment of Clean Energy Resources

Bill: SB 100 (De Leon, 2018)

Mandate: Increases California's RPS to 60% by 2030; sets a goal for 100% of California's electricity to come from renewable and zero-carbon resources by 2045; and requires the CPUC, CEC, and CARB to issue a joint report on SB 100 policy to the Legislature by January 1, 2021, and every 4 years thereafter.

Actions: CPUC issued D.19-06-023 in the CPUC's RPS proceeding, R.1807003 which implemented the procurement quantity requirements for the California RPS program for years beginning in 2021 that were revised by SB 100. The CPUC also incorporated the SB 100 2045 goal into long-term modeling for its Integrated Resource Planning process in R.16-02-007. CPUC is participating in a joint agency process to develop the first SB 100 report.

Improving Electric Distribution Planning

Bill: AB 327 (Perea, 2013)

Mandate: Requires electrical corporations to file Distributed Energy Resources Plans (DRPs) for approval by the CPUC.

Actions: The CPUC continued to work in R.14-08-013 to implement the Distribution Investment Deferral Framework. The CPUC continued to work in R.14-10-003 to implement Competitive Solicitation Framework pilot,

began to explore alternative DER sourcing mechanisms, and adopted a societal cost test for informational purposes to be used in the Integrated Resource Plans in D.19-05-019.

Deploying Distributed Energy Storage

Bill: SB 700 (Weiner, 2018)

Mandate: Requires the CPUC to modify the Self-Generation Incentive program (SGIP) by extending the collection of program funds to December 31, 2024, and the administration of the program to January 1, 2026. Requires the CPUC to adopt requirements for energy storage systems to ensure that eligible energy storage systems reduce the emissions of GHGs.

Actions: D.19-08-001 approved new GHG emission requirements for SGIP storage systems.

Bill: SB 1144 (Friedman, 2019)

Mandate: Requires the CPUC, in administering the SGIP, to allocate at least 10% of the annual collection for the program in the 2020 calendar year for the installation of energy storage and other distributed energy resources for customers that operate critical facilities or critical infrastructure serving communities in High Fire-Threat Districts (HFTD) to support resiliency during a de-energization event. Further requires the CPUC, when allocating these funds, to prioritize funding to projects for eligible

customers meeting specified criteria. Finally, requires the CPUC to include an evaluation of the performance and impact of projects funded in a relevant SGIP evaluation report no later than December 31, 2022.

Actions: D.19-08-001 approved new GHG emission requirements for SGIP storage.

Bill: AB 2868 (Gatto, 2016)

Mandate: Requires the CPUC, in consultation with the CARB and the CEC, to direct the state's three largest electric IOUs to file applications for programs and investments to accelerate wide spread deployment of distributed energy storage systems.

Actions: The CPUC approved D.17-04-039 and D. 19-06-032 to address the 2018 Energy Storage Procurement and Investment Plans of the electric IOUs and a framework to implement this bill going forward.

Improving Electric System Resiliency

Bill: SB 1339 (Stern 2018)

Mandate: Requires the CPUC, in consultation with the CEC and the CAISO, to take action to facilitate the commercialization of microgrids for distribution customers of large electrical corporations.

Actions: The CPUC initiated R.19-09-009 to begin crafting a framework for the commercialization of microgrids.

Capturing Energy Savings

Bill: SB 350 (De Leon, 2015)

Mandate: Among other provisions, requires state agencies to establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end-uses of retail customers by January 1, 2030.

Actions: The CPUC continued efforts in R.13-11-005 to evolve energy efficiency programs to support the doubling of energy savings by 2030. This primarily involved overseeing the allocation of the \$7.5 billion that the CPUC authorized utilities and other program administrators to spend on energy efficiency programs through 2025 and adopting updated energy efficiency goals for 2020 - 2030, in Decision D.19-08-034. The CPUC also issued D.19-11-005 and D.19-06-022, which included guidance to program administrators for their Energy Savings Assistance Program applications, targeting low-income energy efficiency programs, for the next cycle of funding (2021-2026).

Bill: SB 1131 (Hertzberg, 2018)

Mandate: Requires the CPUC to develop clear criteria for the evaluation of custom energy efficiency projects and make numerous modifications to the custom energy efficiency project review evaluation process.

Action: The CPUC developed a process to complete the review of ratepayer-funded custom energy efficiency projects within 30 days from

submission, created a Custom Projects Review Guidance detailing the CPUC's policies and procedures and the electric and gas IOU rules to determine custom energy efficiency project eligibility criteria, developed an update to the Industry Standard Practice Guidance document, and created common statewide Project Feasibility Study and Post-installation Report templates.

Phasing Out Nuclear Electric Generation

Bill: SB 968 (Monning, 2016)

Mandate: Requires the CPUC to oversee an economic impact assessment of Diablo Canyon's shutdown as performed by an independent third party.

Action: The CPUC completed and presented the Diablo Canyon Power Plant economic impact assessment in at a public forum in San Luis Obispo in June 2019 and the final report is posted on the CPUC website.

Encouraging Bioenergy Development

Bill: SB 1122 (Rubio, 2012)

Mandate: Requires California's electric IOUs to procure 250 MW of RPS-eligible generation from bioenergy generation facilities.

Action: The RPS program continued to implement SB 1122 through the Bioenergy Market Adjusting Tariff (BioMAT) program,

including a BioMAT program review that concluded in 2019 with staff recommendations to expand program participation, address program barriers, reduce ratepayer expenditures, and help achieve statewide goals. The electric IOUs signed nine contracts for a total of 18.1 MW across all three bioenergy technology categories.

Bill: SB 1440 (Hueso, 2018)

Mandate: Authorizes the CPUC to develop biomethane procurement goals and targets for gas IOUs if specified requirements and criteria are met.

Actions: The CPUC began working with the CARB to consider the cost-effectiveness of specific biomethane procurement targets or goals for each gas utility. These efforts begin the process to determine whether biomethane procurement targets are a cost-effective means of achieving short-lived climate pollutants and GHG reductions.

Decarbonizing Buildings & Transportation

Bill: SB 1477 (Stern, 2018)

Mandate: Requires the CPUC to develop two new pilot programs to promote building decarbonization. The Building Initiative for Low-Emissions Development (BUILD) program provides incentives for the deployment of near-zero-emission building technologies in new residential housing. The Technology and Equipment for Clean Heating (TECH) Initiative

provide incentives to advance the state's market for low-emission space and water heating equipment.

Actions: The CPUC spent much of 2019 designing the two pilot programs established by this bill through R.19-01-011. A Phase 1 Proposed Decision is anticipated in early 2020.

Bill: AB 2127 (Ting, 2018)

Mandate: Requires CPUC and CEC to assess the amount of EV infrastructure needed to meet the goals of putting at least five million zero-emission vehicles on the road - as required by SB 350 (De Leon, 2015) - and reducing GHG emissions 40% below 1990 levels by 2030.

Actions: The CPUC held workshops with stakeholders in R.18-12-006 to discuss vehicle-to-grid integration and submetering. The CPUC expects to release a Transportation Electrification Framework (TEF) proposal for public comment.

Bill: AB 1082 (Burke 2017) and AB 1083 (Burke 2017)

Mandate: Authorizes electric IOUs to file applications for pilot programs to install electric vehicle charging stations at state parks and beaches, as well as schools and other educational facilities, giving priority to educational facilities located in disadvantaged communities.

Actions: The CPUC adopted D.19-11-017 addressing applications filed by PG&E, SCE, SDG&E and Liberty Utilities (A.18-07-020, et al.) for \$54 million in funding to provide electric vehicle charging infrastructure at state parks, beaches, and educational institutions.

Expanding Retail Electric Choice

Bill: SB 237 (Hertzberg, 2018)

Mandate: Reopens Direct Access (DA) by another 4,000 GWh and directs the CPUC to develop recommendations to the Legislature regarding the reopening of DA to all non-residential customers. These recommendations must demonstrate that they are consistent with the state's energy and environmental goals.

Actions: The CPUC completed the first phase of implementing these requirements in R.19-03-009 by issuing D.19-08-004, that apportions the 4,000 GWh increase to the electric IOUs and allows the increase to be available to non-residential customers over a two-year period so that the new service is implemented consistent with the CPUC's RA Program. Due to RA compliance filings, the load will become available on January 1, 2021. The 4,000 GWh will be equally divided between the 2019 and 2020 DA waitlist.

Protecting Consumers

Bill: AB 1070 (Gonzalez-Fletcher, 2017)

Mandate: Requires the CPUC to consult with the Contractors' State Licensing Board (CSLB) on the development of a "solar energy system disclosure document" and to send complaints regarding solar energy systems companies and solar contractors to CSLB. In addition, requires the CPUC to post the CSLB annual report documenting consumer complaints relating to solar contractors on the CPUC's website and to

develop standardized inputs and assessments to be used in the calculation and presentation of electric utility bill savings to a consumer that can be expected by using a solar energy system. The inputs and assessments must additionally be posted on the CPUC and electric IOU websites.

Actions: The CPUC completed the development of the solar energy system disclosure document in R.14-07-002 after providing multiple opportunities for stakeholder input.

Bill: SB 598 (Hueso, 2017)

Mandate: Requires the CPUC to develop policies, rules, or regulations with a goal of reducing, by January 1, 2024, the statewide level of gas and electric service disconnections for nonpayment by residential customers and to assess the impact of any proposed increase in rates on disconnections for nonpayment. In addition, the CPUC must adopt residential electric and gas IOU disconnections for nonpayment as a metric and incorporate the metric into each gas and electric IOU General Rate Case annually report to the Legislature information on residential and household gas and electric service disconnections, disaggregated by certain customer categories. Finally, this bill prohibits a gas or electric IOU from disconnecting service for specified residential customers and requires the CPUC to identify reasonable cost recovery strategies for gas or electric IOUs providing service to customers in complying with this prohibition.

Actions: The CPUC opened R.18-07-005 to evaluate the causes of disconnections and possible solutions. The CPUC conducted workshops throughout the state on how to immediately reduce disconnections for customers of the large IOUs. Additionally, the proceeding set temporary restrictions as to when the gas and electric IOUs can disconnect a customer's energy services in D.18-12-013.

Increasing Access to Essential Energy Services

Bill: AB 2672 (Perea, 2014)

Mandate: Requires the CPUC to identify disadvantaged communities in the San Joaquin Valley and open a proceeding to evaluate the economic feasibility of extending natural gas pipelines, increasing electric subsidies, and implementing other options to improve access to affordable energy for these communities.

Actions: The CPUC worked with the gas and electric IOUs to implement the pilot projects authorized by D.18-12-015 which approved up to \$56 million for pilot projects in nine communities to electrify homes lacking access to natural gas and in two communities to extend natural gas lines to homes. In another proceeding, R.12-11-005, the CPUC issued D.19-09-027 which increased subsidies for behind-the-meter residential and non-residential storage and adopted a \$10 million storage budget set-aside to support the San Joaquin Valley Disadvantaged Communities Pilot projects adopted in D.18-12-015.

Clean and Accessible TNCs

Bill: SB 1014 (Skinner, 2018)

Mandate: Instructs the California Air Resources Board (CARB) to establish a baseline by 2020 for GHG emissions from TNCs on a per-passenger-mile basis. CPUC is required to adopt and implement CARB's targets and goals that reduce emissions beginning in 2023.

Actions: The CPUC collected extensive data from TNCs to enable the calculation of an emissions baseline per passenger-mile.

Bill: SB 1376 (Hill, 2018)

Mandate: Seeks to ensure that Californians with disabilities have access to TNC services and requires the CPUC to develop regulations for TNC companies on accessibility for people with special needs. The bill also requires the CPUC to engage in workshops with stakeholders, levy a minimum fee of 5 cents per ride on TNCs to help pay for wheelchair-accessible vehicles (WAVs) and create a program for groups to spend that fee to advance deployment of the vehicles.

Actions: The CPUC approved D.19-06-033 to impose a new 10-cent per-trip fee on TNC trips to establish a surcharge-funded program to subsidize the costs of increasing the availability of "on-demand" transportation to non-folding wheelchair users who need a wheelchair accessible vehicle (WAV).

Safe Water

Bill: AB 746 (Gonzalez Fletcher, 2017)

Mandate: Requires community water systems that serve public schools constructed before 2010 to test for lead in the potable water systems and to take corrective actions where the excess lead levels may exist.

Status and Action: CPUC-jurisdictional water utility companies serve a total of 1,932 public and private schools, and they completed testing, with 1,371 schools tested and 561 schools exempted. The exempted schools were either private schools, were constructed or modernized after January 1, 2010, or they conducted their own tests. Of the schools tested, 19 -less than 1% of the total - had lead exposure exceeding the 15 parts per billion maximum contaminant level. In those cases, the water fixture was permanently removed or replaced. ●



Workplan for 2020

Wildfire Related Issues

Wildfire Safety Division - The Wildfire Safety Division will hire staff and establish the Division's initial organizational structure during 2020. It will also develop Division policies, procedures, and protocols, and conduct its statutory responsibilities per legislation (SB 147, AB 111, and AB 1054), including but not limited to assessing for approval the 2020 IOU Wildfire Mitigation Plan (WMP) submissions, reviewing for issuance any and all IOU requests for Safety Certificates required by legislation and conducting compliance assurance audit and field inspections throughout the year.

Wildfire Mitigation Plans - Rulemaking 18-10-007 will consider how to improve metrics for assessing the effectiveness of wildfire mitigation measures. The proceeding will also consider how to implement new legislative mandates, SB 167 (Dodd, 2019), regarding WMPs, and SB 70 (Nielson, 2019), regarding the undergrounding of electrical infrastructure. The proceeding will also consider how to communicate with customers and communities before, during and after a wildfire, including linguistically isolated communities. Additionally, the CPUC will implement mandates from AB 1054 regarding safety culture, safety certification, and workforce stability. The CPUC will continue to assess how to implement the new statutory scheme for WMPs adopted by the Legislature in 2019 in AB 1054 and AB 111.

Wildfire Mitigation Cost Containment -

The CPUC will help establish the Wildfire Fund pursuant to AB 1054. Tasks will likely include calculating, adopting and implementing a non-bypassable charge to support the Wildfire Fund (authorized under D.19-10-056) to coincide with an orderly cessation of the existing Department of Water Resources bond charge to ensure a seamless transition for customers. In addition, the CPUC will also implement the AB 1054 mandate that the first \$5 billion in aggregate WMP capital expenditures are removed from PG&E's, SCE's, and SDG&E's equity rate base, thereby removing the shareholder profit from these capital investments.

Forest Management and Wood Utilization -

The CPUC will continue efforts to address

wildfires and the State's tree mortality emergency through its participation in the State's Forest Management Task Force and the Task Force's Wood Utilization Working Group. CPUC staff will also continue to oversee the Bioenergy Renewable Auction Mechanism (BioRAM) program, monitor its effectiveness in addressing wildfire threats, and ensure that the IOUs seek to extend their contracts as required by SB 901 (Dodd, 2018). Additionally, CPUC staff will implement BioMAT program changes that seek to, among other things, better align the program with state wildfire and wood utilization goals.

Emergency Disaster Relief and Emergency Preparedness - Rulemaking 18-03-011 is the

ongoing venue for emergency preparedness and disaster response. The CPUC may consider issues relating to having a resilient and dependable communications grid that aids first responders and communicates with the public in a timely manner during a disaster as well as communications providers' compliance with CPUC requirements. The proceeding will implement requirements of SB 560 (McGuire, 2019) for electric utilities to mitigate the impact of de-energization events on specified customers and critical services. The CPUC will also implement the requirements of AB 1699 (Levine, 2019) to prohibit throttling (slowing internet service) of public safety accounts during emergencies.

Public Safety Power Shutoff - The CPUC will address notification and communication during and after PSPS events, as well as mitigations, notifications and identification of Access and

Functional needs populations, mitigation during and after PSPS events, transmission level de-energization and other issues in R.18-12-005. The proceeding will also implement requirements of SB 560 (McGuire, 2019).

PG&E Mobile Wildfire Reporting Pilot

Application - The CPUC will consider a PG&E application (A.19-07-019) to pilot a mobile platform for members of the public to report utility infrastructure conditions, potentially reducing the risk of catastrophic wildfires. PG&E suggested focusing the pilot on a limited number of users in a subset of Tier 3 HFTD locations.

PG&E Company Cost Recovery - The CPUC will review PG&E's 2018 vegetation management costs with an independent auditor.

Investigation into PG&E Electrical Facilities and 2017 Wildfires - The CPUC will continue its investigation (I.19-06-015) on the maintenance, operations, and practices of PG&E with respect to its electric facilities, and whether the CPUC should impose penalties for the role that the utility's electric facilities had in igniting fires in its service territory in 2017.

Surcharge in Support of California's New Wildfire Fund - The CPUC will continue implementing R.19-07-017 by considering the specific non-bypassable charge to be imposed to support California's Wildfire Fund.

Utility Safety Related Issues

Safety Model Assessment Proceeding -

The CPUC may open a successor rulemaking to address refinements to utility safety model

requirements and consider the need for additional safety performance metrics and coordination with other proceedings.

Natural Gas Leak Abatement Program -

The CPUC continues to perform ongoing administration of the Program through review and approval of utility annual reports and biennial compliance plans.

Aliso Canyon Gas Reliability - The CPUC anticipates completing the modeling process to evaluate the impact on rates and reliability of reducing or eliminating the use of the Aliso Canyon Natural Gas Facility. The CPUC will launch a stakeholder discussion of the resources that could replace the facility, including new infrastructure, renewable generation, and demand reduction programs. Additionally, in response to the Governor's request in November that the CPUC expedite the matter, the CPUC began the process of engaging a third-party independent expert to help identify possible alternatives to the facility and scenarios to inform a path to closure.

Aliso Canyon Investigation - The CPUC anticipates receiving testimony, holding evidentiary hearings, and issuing a presiding officer's Decision in I.19-06-016 regarding the investigation into the operations and practices of SoCalGas with respect to the Aliso Canyon facility. In Phase 1, the CPUC will consider whether SoCalGas violated applicable California laws and regulations with respect to the uncontrolled release of gas from Aliso Canyon and SoCalGas's associated maintenance, operation, and recordkeeping practices for Aliso

Canyon. Phase 2 will consider appropriate remedies for any violations.

SCE Risk Assessment Mitigation Phase -

Following the evaluation of top safety risks identified by SCE and consideration of mitigation plans, the CPUC will assess SCE's integration of the developments within the Risk Assessment and Mitigation Phase (RAMP) proceeding into SCE's general rate case testimony.

Utility Pole Database - The CPUC will use information gathered pursuant to I.17-06-027 and R.17-06-028, which creates a shared database or statewide census of utility poles and conduits in California, to determine whether a downed or damaged pole contributes to fires and to set metrics for tracking purposes. The CPUC anticipates issuing a Decision on Track 1 (Pole Data) and Track 2 (Pole Attachment Data) in 2020. This proceeding is consolidated with R.17-03-009 that considers how our existing Rights-of-Way Rules should be applied to wireless support facilities (lines and antennas).

SCE Grid Safety and Resiliency Program -

The CPUC will conclude its consideration of a proposal by SCE to invest \$582 million in wildfire risk mitigation measures.

Natural Gas Leak Abatement Program -

CPUC staff will continue working with CARB to complete the analysis of the annual emissions report filings and annual report in support of R.15-01-008. This will identify and update the annual reporting templates for potential

changes to the reporting requirements. The focus is on developing a process for updating Emissions Factors used for quantifying emissions.

Undergrounding - The CPUC initiated R.17-05-010 to review policies and funding mechanisms for the overhead to underground conversion program administered by electric utilities for cities and other jurisdictions. CPUC staff will monitor the proceeding with an interest in adding safety as one of the program eligibility criteria. Phase I is focused on identifying and evaluating various potential near-term improvements to the Program and associated tariffs.

Physical Security of Electrical Supply Facilities -

In R.15-06-009, the CPUC will establish standards for emergency preparedness plans for electrical corporations and water companies regulated by the CPUC in accordance with AB 1650 (Portantino, 2012).

Investigation into Safety Culture of SoCalGas and Sempra Energy -

The CPUC will engage the services of an independent consultant to perform a comprehensive assessment of the effectiveness of SoCalGas and Sempra Energy's corporate governance and overall management system in advancing and achieving safety for the general public, the company's customers and workers. The assessment will also examine the company's safeguarding of property, such as utility infrastructure and public and private assets, and the environment.

Utility Cyber Security Program - The CPUC will continue to identify key cybersecurity challenges facing the distribution grid and help mitigate

incidents by reviewing the current state of cybersecurity efforts by IOUs, participating in electric sector cybersecurity exercises, and collaborating with Federal and State agencies to foster increased threat intelligence sharing.

Utility Disconnections - The CPUC will determine in R.18-07-005 how to reduce utility disconnections in the short-term as well as develop long-term solutions for reducing the number of disconnections statewide.

Rail Safety Issues

Approximately 21 new rail safety proceedings were opened this year. The CPUC anticipates that 25 new cases will be opened in 2020. Most of the proceedings addressed crossings for the California High Speed Rail Authority or for light rail in metropolitan areas such as Los Angeles.

Pavement Marking Project - Caltrans and CPUC will continue to work with the Federal Highway Administration. Upon approval, the CPUC and Caltrans plan to implement the proposed Pavement Marking project in the summer and provide an achievement report upon completion.

Railroad Preemption - The CPUC plans to inspect approximately 750 signalized intersections with railroad crossing preemption, which is a means of transferring controls.

Autonomous Vehicles (AV) - The CPUC plans to participate in industry forums involving State and Federal regulations guidelines that will impact highway-rail crossing safety.

STOP / YIELD Signs Contract (SYSC) - The CPUC will coordinate SYSC recommendations with each roadway agency (city, county, and/or Caltrans), and railroad.

Field Inventory Crossings Contract (FICC) - The CPUC will continue work on the FICC Phase 2, conduct the Request for Proposal (RFP) solicitation process, select a vendor and begin work for Phase 3.

Future Power Outages - The CPUC will monitor and address PSPS safety impact at freight, commuter, and transit rail crossings.

AB 1017 Implementation - In accordance with AB 1017 (Horvath 2019), the CPUC will assist local governments and make an RCEB engineer available to assist and advise on the safety of proposed crossings before applying for the new or modified railroad crossings.

Rail Transit Safety Plan Approvals - Prior to receiving new federal grants, Rail Transit Agencies (RTA) must adopt a Public Transportation Agency Safety Plan (PTASP). The CPUC will present a resolution to require the seven federally-funded RTAs to submit their PTASP for CPUC review no later than March 1, 2020.

Rail Transit Bridge, Tunnel, and Aerial Structure Evaluation Program - CPUC will expand its inspection program by implementing a safety oversight program for bridges, tunnels, and aerial structures used by RTAs.

Database Updates - CPUC's RSD has an online database. CPUC is making major upgrades to this database. Additionally, RTSB is developing

an online platform to oversee and track implementation of corrective action plans by RTAs.

Expanding Rail Transit Systems and New

Lines - The CPUC will continue to conduct safety oversight of numerous major transit agency capital projects, system expansions, and major rail vehicle procurement. Each project requires a Safety Certification Plan and continual involvement of CPUC staff to oversee project implementation and inspect installations and vehicles for safety and compliance.

Communications Issues

California LifeLine - The California LifeLine Program will continue to provide discounted phone service to 1.7 million low-income households, oversee the work of the Third-Party Administrator and advise the CPUC on how to address ongoing changes to Federal Lifeline that reduce federal support for California households. Staff will continue to enroll consumers in the CARE and iFoster pilots with Boost Mobile and will advise the CPUC on whether to approve additional pilots workshopped by staff. As staff learns from its pilot programs, it will make modifications to the core LifeLine program, such as the enrollment and renewal processes, to improve user experiences and increase participation. The CPUC will consider how to address changes to federal policies that would affect participants of the California LifeLine program in R.11-03-013 or a successor proceeding.

T-Mobile/Sprint Merger - The CPUC expects to issue a Decision on the amended application for merger by T-Mobile and the Sprint Communications Company (A.18-07-011 and A.18-07-012). CD staff continues to support decision-makers with data discovery, analysis, summary and interpretation of filings; a comprehensive compilation of merger conditions to maximize the public benefit; additional rulings and the Proposed Decision; and monitoring relevant developments. The FCC has voted to approve the merger, but the deal will not close pending a federal anti-trust lawsuit filed by the California State Attorney General's office and 16 other state AG's. A decision is expected in 2020, after which the CPUC will issue its Decision.

Area Codes and Numbering - Consumer education for the 909 area code overlay will begin in the summer. The overlay will become effective in early 2021.

California High-Cost Fund A and B (CHCF-A, CHCF-B) - The CPUC will issue Decisions in R.11-11-007 on broadband revenue imputation, numerous ratemaking issues related to the California High-Cost Fund A subsidies, and criteria for allowing competition in the small rural communication companies' service territories. These Decisions will be informed by hearings and a stakeholder workshop.

California Advanced Services Fund - The CPUC will continue to fine-tune CASF program implementation across all grant programs to meet the goal of broadband availability for 98% of California's households by 2022. The CPUC will accept applications, in January and July, to

facilitate broadband adoption via local governments, senior centers, schools, libraries, nonprofits, and community-based organizations. The CPUC also will accept a new cycle of applications in April to fund the buildout of broadband infrastructure to unserved communities and public housing.

California Teleconnect - The CPUC will continue to review the California Teleconnect Fund (CTF) in Rulemaking 13-01-010 to improve the program in light of the public's evolving preferences for communications technologies. CTF has expanded its eligible services to include mobile broadband services, discontinued support for voice services, and will develop a platform to track technology usage and cost-effectiveness for CTF participants. Staff has begun a three-year recertification of more than 12,000 CTF participants pursuant to D.15-07-007 and adopted further changes to eligibility for Community Based Organizations to ensure that they provide services directly to their community.

Deaf and Disabled Telecommunications Program - The DDTP "Bring Your Own Device" pilot will continue to expand partnerships with CBOs to provide iPhone and Android training to Californians. The Program also has plans to expand the pilot to offer BYOD training in American Sign Language, Spanish and Chinese, as well as considering development of an

intermediate level BYOD training curriculum. In addition, the Program continues to evaluate the current telecommunications, service and safety needs of people with disabilities in California. This includes holding workshops throughout the State to hear about what participants consider their greatest areas of need, considering new equipment and looking at ways to utilize new technologies in areas that involve apps.

2-1-1 Informational and Referral Network -

2-1-1 is designed to be a memorable phone number that connects families in need with community-based organizations or government agencies. CPUC will begin implementing disaster 2-1-1 service for many unserved counties in the state, and it will continue managing the \$1.5 million budget allocated by SB 1212 (2016, Hueso) for this purpose. The CPUC also anticipates expanding full-service 2-1-1 dialing in Placer and Siskiyou counties in 2020.

Service Quality - The Communications Division will continue to analyze service quality data to determine if the G.O. 133-D penalty mechanism is effective at improving carriers' service quality performance.

Measuring Consumer Broadband Quality -

Collaborating with Cal State University campuses, the CPUC will continue to deploy DSL broadband testing devices. The CPUC is fabricating, programming, and delivering five hundred boxes to testing locations around California. All such locations selected are based on statistical sampling methods and will measure the performance, reliability, and quality of broadband services.

Consumer Support

Communications En Banc

The Communications Division is holding an En Banc, the second in a series of stakeholder engagement opportunities envisioned to address how the state's processes and regulations will need to evolve to stay relevant to Californians. The public is invited to this En Banc to hear providers' perspectives regarding the state's communications grid, challenges, and future work relating to network resiliency, reliability, affordability, and consumer protection. Commissioners will hear from stakeholders in business, education, government, and non-profit sectors.

Related Issues

Consumer Support - The CPUC will continue to provide ongoing assistance to consumers affected by the wildfires in California (e.g., assistance with service restoration, bill credits, etc.). The CPUC will continue to collect and respond to PSPS complaints. In addition, the CPUC expects to handle increased consumer complaints related to bill impacts from utility rate increases.

Energy-Related Issues

RPS - In R.18-07-003, CPUC will continue to closely monitor the procurement activities of all retail sellers to track their progress towards

achieving the increased RPS target established by SB 100 (De Leon, 2018), and issue a Decision on RPS procurement plans and improved coordination with the Integrated Resource Planning (IRP) proceeding in accordance with SB 155 (Bradford, 2019). Enforcement of RPS requirements and penalties will also continue.

SB 100 Joint Agency Report - The CPUC will coordinate policy, planning, and procurement efforts with sister agencies and stakeholders to ensure that efforts to achieve 100% renewable and zero-carbon electricity by 2045 are aligned strategically with efforts to achieve economy-wide carbon neutrality by 2045 and that these efforts maintain electric grid affordability and reliability. To that end, the CPUC, CEC, and CARB will issue a joint report on SB 100 policy to the Legislature by January 1, 2021.

Integrated Resource Plans - The CPUC will continue to ensure that the electric sector is progressing toward California's 2030 GHG target and adopt an optimal portfolio of future resources needed to achieve that target at lowest cost while maintaining reliability. The CPUC will then evaluate the progress of all load-serving entities toward meeting those goals as indicated in their individual IRP filings, due May 1, 2020.

Distributed Resource Plans - DRPs identify optimal locations for the deployment of distributed energy resources (DER), including distributed renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies. The CPUC will consider updates for how utilities compare the costs of distributed resources with

major infrastructure investments in distribution and transmission in R.14-10-003 and conduct procurement solicitations for cost-effective DERs as alternatives to traditional utility infrastructure investments. The CPUC will further determine whether to launch a pilot for streamlined sourcing mechanisms for DER procurement including tariffs.

Interconnecting Distributed Energy Resources

(Rule 21) - In R.17-07-007, the CPUC will continue to refine and streamline Rule 21 policies for interconnecting demand-side resources. The CPUC will continue its efforts to provide optimal customer and system benefits and allow California to reach its climate and system planning objectives. The PUC expects to redefine the scope of the proceeding. The CPUC will also implement AB 1026 (Wood, 2019) mandates to make modifications to the interconnection process.

Demand Response - The CPUC will continue to refine the Demand Response Auction Mechanism. Applications 17-01-012 et al. request approval for the demand response programs, pilots, and budgets for program years 2018-2022 for PG&E, SCE, and SDG&E.

Adaptation to Climate Change - The CPUC issued D.19-10-054 in Rulemaking 18-04-019, addressing climate change-related needs of disadvantaged and vulnerable communities and developing a framework for climate-related decision-making. The CPUC will also identify future phase issues.

Advancing Zero Carbon and Resiliency Through Energy Storage - The SGIP proceeding will issue a third Decision to address remaining SB 700 (Weiner, 2018) issues, including new ratepayer

collections for the 2020-2024 period. The SGIP proceeding will also implement the requirements of AB 1144 (Friedman, 2019) in 2020, which directs the CPUC to allocate no less than 10% of SGIP funds for energy storage and distributed energy resources to support resiliency in communities at high risk of wildfires.

Energy Efficiency - The CPUC will continue to refine policies related to energy efficiency and energy conservation. In addition to continuing oversight of ratepayer-funded energy efficiency programs, the CPUC will develop a strategy for including low Global Warming Potential refrigerants in equipment funded by state energy efficiency programs in accordance with SB 1013 (Lara, 2016). Major initiatives for 2020 include examining the energy efficiency market and economic potential in several sectors, setting rules for rapid meter-based energy savings evaluation, assessment of the utility shareholder incentive program, and review of energy efficiency portfolios by 9 program administrators across California.

PG&E Energy Resource Recovery Account

(ERRA) Compliance - The CPUC will determine whether the proposed settlement of PG&E's application regarding compliance with its bundled procurement plan and electric ERRA entries, among other matters, is in the public interest.

Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) Programs - The CPUC will consider the utilities' new applications and budgets for the ESA

and CARE program for 2021-2026. The CARE Program is a low-income energy rate assistance program instituted in 1989, providing a discount on energy rates to low-income households. The ESA provides no-cost weatherization services to low-income households who meet the CARE income guidelines. The CPUC will consider the IOU applications for the program years of 2021 to 2026, focused on setting new goals for these programs and encouraging innovative program design to provide deeper energy savings as well as health, comfort, and safety to low-income households.

Building Decarbonization - The CPUC will issue a Decision in R.19-01-011 implementing SB 1477 in early 2020. This Decision will introduce two new pilot programs - BUILD and TECH - designed to provide incentives for adoption of near-zero-emission building technologies in new residential housing and to transform the state's market for low-emission space and water heating equipment. As those programs are being implemented, the CPUC will turn its attention to reconstruction in areas of California devastated by recent forest fires in an effort to assist with the rebuilding effort in a way that minimizes carbon emissions. In coordination with the CEC, the CPUC also anticipates exploring additional ways to encourage building decarbonization.

Microgrids - the CPUC will undertake a number of specific activities within R.19-09-009 to facilitate the commercialization of microgrids, including developing permitting standards, interconnection study guidelines, rates and tariffs, grid integration protocols, and Direct

Current metering standards. The rulemaking may also consider a range of other actions to increase resiliency of electricity supply in the short, medium and long-term.

Electric Program Investment Charge (EPIC) -

The CPUC will hold workshops and hearings and expects to issue a proposed Decision in R.19-10-005, which will address funding for EPIC after 2020, along with any appropriate administrative and programmatic changes.

Direct Access - The CPUC will conduct a study for Phase 2 of R.19-03-009 which will analyze the reopening of DA. The recommendations must be consistent with the state's GHG emissions reduction goals, shall not increase local air quality conditions, ensure electric system reliability, and does not cause cost-shifting.

Resource Adequacy - The CPUC will continue ensuring that generation sources are developed to support an electricity market that provides reliable, clean and affordable electricity for customers. This includes implementing multi-year local RA requirements, considering central procurement of local RA, counting conventions for resources, and refinement of RA requirements.

Biomethane - The CPUC will address two issues in Phase 4 of Rulemaking (R.) 13-02-008: (1) standards for injection of renewable hydrogen into gas pipelines, and (2) implementation of Senate Bill 1440 (2018, Hueso). The CPUC will also continue efforts to create a uniform process across the state for connecting renewable natural gas projects to the gas pipeline system.

The CPUC will consider a proposed Renewable Gas Interconnection Rule that was submitted by the utilities in November. In addition, the CPUC will continue to implement SB 1383 (Lara, 2016) which requires the CPUC to direct gas utilities to implement dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system. The CPUC will work with the utilities and the CEC to oversee funding and monitor project development milestones. The CPUC also expects to issue a Decision on Southwest Gas Corporation's (SWG) Application 19-02-002, which proposes to implement a new Biomethane Gas Program (BGP) provision in its Gas Cost Incentive Mechanism.

Transportation Electrification - The CPUC will issue a Decision on SCE's application A.18-06-015 requesting \$738 million in funding for charge-ready infrastructure and market education programs. Further, in A.19-07-006, the CPUC will issue at least one Decision adopting a rate in SDG&E's service territory to serve electric vehicle (EV) direct-current fast-charging and medium-and-heavy duty charging to accelerate this EV market and reduce GHG emissions.

In addition, the CPUC will implement SB 676 (Bradford, 2019), which establishes specific criteria intended to advance EV grid integration (VGI) strategies and requires the CPUC to adopt strategies and quantifiable metrics to maximize the use of feasible and cost-effective EV grid integration by January 1, 2030. The VGI working group, which will issue its final report by April, will feed into the CPUC's efforts to establish metrics and set targets for the IOUs and CCAs.

Solar Consumer Protections - The CPUC will continue to implement AB 1070 (Gonzalez Fletcher, 2017) consumer protection and notifications and will consider enhanced consumer protection measures for solar net energy metering customers.

Affordable Utility Services Framework -

The CPUC plans to adopt a framework in R.18-07-006 for assessing the impacts on affordability in a myriad of individual CPUC proceedings, programs, and utility rate requests.

Gas and Electric Service Disconnections -

The CPUC will adopt a Decision in R.18-07-005 on how to reduce disconnections for customers of the large IOUs. Phase 1(A) of the proceeding will focus on reducing disconnections for the smaller IOUs, and Phase 2 will develop long-term solutions for reducing the number of disconnections on a statewide basis.

Public Utilities Regulatory Policies Act (PURPA) -

The CPUC expects to resolve R.18-07-017 with a Decision in 2020 on ensuring that the CPUC's programs will be in compliance with the federal PURPA.

Mobile Home Park Pilot Program - The CPUC will issue a Final Decision in R.18-04-018 that will determine whether utilities will adopt the Mobile Home Park Pilot Program as a permanent program based on the comprehensive evaluation of the pilot.

Provider of Last Resort - The CPUC will implement Provider of Last Resort requirements and regulation. A Provider of Last Resort is the Load Serving Entity (LSE) to which retail customers'

electric service would be transferred in the event that the customer's current LSE is unable to provide electric service to the customer. Before SB 520 (Hertzberg, 2019) the Provider of Last Resort was considered to be the Electrical Corporation in each service territory. SB 520 now allows for other LSEs to be designated as the Provider of Last Resort by the CPUC.

Electric and Gas Rate Proceedings

The CPUC will consider several significant rate cases, including the following:

- Applications by PG&E, SCE, and SDG&E to implement residential default time-of-use rates and fixed charges (A.17-12-011, A.12-012, A.17-12-013).
- SDG&E application to update its electric marginal costs, revenue allocation and rate design. This proceeding will also examine dynamic pricing and real-time pricing options, potential reforms to demand charges, and evaluation of a new schools-only rate and class proposal.
- Application of PG&E to increase its authorized revenues for natural gas and electric service in 2020.
- Application of PacifiCorp to increase its authorized revenues for electric service (A.18-04-002).
- Application of Liberty Utilities (formerly CalPeco Electric) to increase its authorized revenues for electric service in 2019 (A.18-12-001).

- Application of SCE to increase its authorized revenues for electric service in 2021 (A.19-08-013).
- Application of SWG to increase its authorized revenues for natural gas service in 2021 (A.19-08-015).
- SDG&E and SoCal Gas are expected to file applications to adjust revenues for natural gas and electric service in September 2020 effective on January 1, 2020.

Power Charge Indifference Adjustment -

Phase 2 of the PCIA rulemaking created a working group process to further develop a number of PCIA-related proposals for consideration and adoption by the CPUC. The issues addressed in Working Group 1 were addressed; Working Group 2 will address issues of PCIA billing and payments and is scheduled to issue a report in early 2020. Working Group 3 is addressing issues of portfolio optimization, cost reduction, and the processes needed to re-allocate resources from the IOUs to CCAs and DA providers as load departs from the IOUs. Working Group 3 is scheduled to issue a report by the middle of 2020.

PG&E Bankruptcy OII - This Investigation 19-09-016, opened in September, will give parties the opportunity to comment on matters related to a proposed Plan Of Reorganization (POR) filed with the CPUC, any proposed settlements between PG&E and the CPUC, and other regulatory approvals sought by PG&E in connection with its Chapter 11 bankruptcy filing.

This proceeding will continue at least through the first half of 2020.

Environmental and Social Justice Action Plan (ESJAP) - CPUC will continue to implement its ESJAP and to support the Disadvantaged Communities Advisory Group, with regular public meetings. In late 2020, the CPUC may initiate Phase 2 of R.15-03-010 to address an economic feasibility study for the 179 disadvantaged communities in the San Joaquin Valley.

Supplier Diversity Program - The CPUC plans to open a new proceeding in 2020 to implement SB 255 (Bradford, 2019) which requires expansion of the CPUC supplier diversity program by lowering the annual revenue threshold for participation from \$25 million to \$15 million, including electric service providers in the program, and requiring CCAs to report specified information, among other changes.

Transportation-Related Issues

TEB will continue its ongoing enforcement activities in 2020 which will include an analysis of the highest priorities for the locations and types of transportation enforcement needs throughout California.

AVs in Passenger Service - As part of R.12-12-011, CPUC will continue to implement the Autonomous Vehicle (AV) Pilot Programs, authorized by D.18-05-043, and to evaluate how to regulate AVs in passenger service on a commercial basis.

TNC Accessibility for Persons with

Disabilities - As part of R.19-02-012, CPUC will continue to implement SB 1376 (Hill, 2018), the “TNC Access for All Act,” pursuant to D.19-06-033 and begin authorizing expenditures and disbursements from the newly created fee-funded program to facilitate on-demand access to wheelchair accessible vehicles (WAVs).

TNC GHG Emissions Reductions -To continue implementing SB 1014 (Skinner, 2018), the California Clean Miles Standard and Incentive Program, related to TNCs and lowering their GHG emissions, CPUC will continue to work with CARB on its design of regulations on GHG reduction targets and goals. CPUC will also initiate its own rulemaking process to begin addressing implementation actions including but not limited to compliance monitoring, verification, and enforcement.

Transportation Carrier Portal - To better regulate more than 6,000 transportation carriers and stop needing to manually process all new applications, renewals, refiles, and permit requests received in paper form, the CPUC is currently sponsoring the Transportation Carrier Portal (TCP) project. This large-scale IT effort will provide an online portal to (1) allow carriers to submit applications electronically, (2) make payments electronically, (3) allow electronic handling of internal CPUC Transportation Licensing and (4) integrate with CHP, DMV, and Secretary of State databases to enable CPUC Transportation Licensing to quickly validate required carrier authorities. The portal is scheduled to go live in March 2021.

Water-Related Issues

Water Affordability and Rate Assistance -

The CPUC anticipates issuing a Decision on water issues for low-income customers, including low-income rate assistance programs of Class A water utilities in R.17-06-024.

Class A Water Utilities General Rate Cases

(GRC) - The CPUC continues review of the pending General Rate Cases for San Gabriel Valley Water Company, Liberty Apple Valley Water Company and Park Water Company, California Water Service Company, and Cal-Am Water Company.

Small Water Utility Consolidation - The CPUC will continue to facilitate consolidation of small water utility systems in coordination with the State Water Resources Control Board. The CPUC is also investigating whether it should adopt criteria to allow municipal water utilities to access investor-owned energy utilities' data concerning low-income customers.

CPUC Water Action Plan - The Water Division will update the CPUC Water Action Plan. The CPUC Water Action Plan sets forth policy objectives for regulating investor-owned water utilities and highlights actions that the CPUC would consider taking to implement these objectives.

Support Services

Administrative Services

Project 400 R - The completion of Project 400 R

will meet Department of General Services (DGS) standards and provide adequate space and support areas to accommodate growth through 2022.

Fleet Modernization - The CPUC plans to implement a real-time fleet tracking solution, OneStepGPS, in 2020, to further modernize fleet management, enhance compliance and reporting, ensure accountability, and facilitate the safety of employees and vehicles.

Human Resources

Automated Request for Personnel Action

(RPA) - With the launch of the automated RPA, HR will continue to improve customer service, becoming more efficient by reducing processing time, with improved collaboration, reporting functionality, and transparency.

Online Training - The HR Training unit will launch a web-based online training to accomplish the newly mandated Sexual Harassment Prevention training of all staff.

Information Technology

IT Strategy - Will continue to emphasize Change Management principles with a commitment to proactive communication, consistent messaging with a focus on successes during this evolution.

Video Conferencing - IT will continue installing additional VTC hardware and WebEx software video throughout the CPUC to enhance location-neutral management and communications in support of a decentralized environment. ●



Executive Director's 2019 Report and Assessment

Pursuant to SB 512 (Hill, 2016), the CPUC must assess the performance of the Executive Director and the CPUC. The review of the Executive Director's performance is based on "criteria established in the prior year's Work Plan." This chapter assesses the Executive Director's performance against the criteria adopted in the 2018 Work Plan and the overall performance of the CPUC.

The CPUC appointed a new Executive Director, Alice Stebbins, on February 21, 2018. The information below lists the criteria established in the 2018 Work Plan and how the Executive Director has performed in each benchmark. The information provides accomplishments at a high-level.

1. **Compliance with state rules** - The CPUC continues to work closely with all the state control agencies, including the Department of Finance, DGS, California Human Resources, State Controller's Office, and the California Department of Technology (CDT), and will continue to build upon these relationships ensuring strong compliance with state rules. In 2019, there was a weakness identified in CPUC training on and compliance with Financial Information System for California (FI\$Cal). Once identified, appropriate staff were trained and the CPUC became current with FI\$Cal mandates.
2. **Effective business systems that meet and exceed the standard expected at California state agencies** - The CPUC is focused on continuous improvement and pursuing independent evaluations of key programmatic and administrative areas, such as accounting, contracts, and procurement, IT functions, Human Resources, Water, Communications, Transportation, etc. Private consultants have been engaged to identify weaknesses and improve operations of these core functions.
3. **Dissemination and embodiment of CPUC Core Values** - Accountability, Excellence, Integrity, Open Communication, and Stewardship are important values the CPUC considers in all aspects of its business decisions. The Executive Director continues to instill these values throughout the organization by conducting "all hands"

meetings—these are now called Operational Forums—with CPUC staff, periodic meetings with specific Divisions, weekly meetings with Directors, bi-weekly meetings with Deputy Executive Directors and regular meetings with Commissioners, stakeholders and the public as appropriate.

4. **Safety culture at the CPUC** - During the last year, the Safety Enforcement Division completed a day-long safety training on April 10, 2019, covering broad safety issues. Additionally, individual branches have held internal safety training sessions over the last year within their areas of expertise; for example, generation operation and safety issues, emergency preparedness and PSPS events. In 2020, the CPUC is kicking off a safety initiative with staff and holding organization-wide safety meetings, highlighting best practices for further instilling a culture of safety in various industries and throughout the agency.
5. **Compliance with the CPUC's adopted strategic directives** - In 2019, the CPUC continued the progress begun in 2017 of assessing its performance against a set of 12 (previously 15) refined Strategic Directives. Strategic Directives are reported at regular Committee Finance and Accountability meetings to the CPUC by the Executive Director, Deputy Executive Directors and staff. This process is ongoing, and continuously being assessed for improvement opportunities throughout the organization.

6. **Increased public and legislative confidence in the CPUC** - The CPUC continues to brief legislative leaders. In 2019, the CPUC held several workshops and public participation hearings, attended town hall meetings and traveled throughout the state to engage with stakeholders and local leaders. A communications liaison for Broadband was established in November 2019, as a pilot to assist Northern California tribes and remote populations with telecommunication challenges.

7. **Progress in Human Resources, including hiring and training** - The CPUC continued to successfully cut its vacancy rate from 11% to 7% in the 2018-2019 fiscal year. For FY 2019-2020, the CPUC received 74.5 authorized positions and 93 AB 1054 funded-only positions. With the increase in authorized positions, the vacancy rate increased to 12.8%; however, the hiring process was streamlined, and the average hiring time was reduced by 50%, which equates to 73 days on average.

8. **Progress on decentralization** - In 2016, a CPUC reform package entitled "Principles for Reform: Governance, Accountability, Transparency and Oversight of the California Public Utilities Commission" was released by Governor Brown. The Principles included the decentralization of CPUC responsibilities and logistical changes to improve the CPUC's ability to function; establishment of cross-agency cooperation to foster coordinated actions; and the

sharing of information to facilitate cultural exchanges.

As a result of the effort to have a greater presence outside of San Francisco, the Sacramento and Los Angeles CPUC offices have increased in size. However, the San Francisco office has not decreased in size due to CPUC expansion in Sacramento and Los Angeles. The CPUC is also working with DGS on additional space options in Southern California as well as consolidating the Sacramento Offices.

9. **Progress towards improving IT Governance at the CPUC** - IT has made significant strides toward implementing an Enterprise Governance structure. The first stages of the Governance Framework are currently under review for acceptance by the Chief Information Officer. The framework includes IT Governance Assessment, Change Management, IT Standards and Intake and Project Portfolio Management.

10. **External Audits and Risk Assessment** - The CPUC hired a new Utility Audits, Risk and Compliance Division Director, Angie Williams, on March 25, 2019. Angie has made considerable progress in filling 11 positions and establishing policies and procedures. The CPUC has adapted the program to maximize audit coverage with limited resources to improve accountability over utilities and has implemented an Enterprise Risk Management system, a first for the CPUC.

11. **Progress towards an effective Records**

Retention Program (RRP) - The CPUC continues to make progress with the RRP after the adoption of the Records Management Policy on November 2, 2017. Each CPUC division has conducted and recorded inventory of all retained records in the standard Records Inventory Worksheet. In 2019, the CPUC reached 62% completion and will finish this process in 2020.

12. **Progress towards reform and fewer silos -**

The CPUC has created Deputy Executive Directors to help unify and streamline the Divisions' functions and processes. Deputy Executive Directors report directly to the Executive Director, which has created a more systematic and efficient approach to overall problem-solving.

Summary Evaluation Of Executive Director Performance

Based on the criteria set forth, we find that the Executive Director has met the performance criteria established in the 2018 and 2019 Work Plan. We intend to follow the current criteria in the following year to ensure continuity and progress, with the addition of some specific reporting. We also note that the format of the Annual Report's first section is a general review of the CPUC performance. ●

Appendixes

Table of Abbreviations

AB: Assembly Bill

AL: Advice Letter

ALJ: Administrative Law Judge

APM: Automated People Mover

AT&T: American Telephone and Telegraph

AV: Autonomous Vehicle

BART: Bay Area Rapid Transit

BCO: Business and Community Outreach

BGP: Biomethane Gas Program

BioMAT: Bioenergy Market Adjusting Tariff

BioRAM: Bioenergy Renewable Auction Mechanism program

BPP: Bundled Procurement Plan

BUILD: Building Initiative for Low-Emissions Development program

BYOD: Bring Your Own Device

CAB: Consumer Affairs Branch

CAISO: California Independent System Operator

Cal-Am: California-American Water Company

CAL FIRE: California Department of Forestry and Fire Protection

CalOES: California Governor's Office of Emergency Services

Caltrans: California Department of Transportation

CARB: California Air Resources Board

CARE: California Alternative Rates for Electricity

CASF: California Advanced Services Fund

CBO: Community-Based Organization

CCA: Community Choice Aggregator, Community Choice Aggregation

CDFA: California Department of Food and Agriculture

CDT: California Department of Technology

CEC: California Energy Commission

CES-21: California Energy Systems for the 21st Century

CHANGES: Community Help and Awareness of Natural Gas and Electric Services

CHCF-A: California High-Cost Fund - A

CHCF-B: California High-Cost Fund - B

CIMS: Consumer Information Management System

CIO: Chief Information Officer

CIP: Communication Infrastructure Provider

CPCN: Certificate of Public Convenience and Necessity

CPED: Consumer Protection and Enforcement Division

CPUC: California Public Utilities Commission

CSLB: Contractors State Licensing Board

CTA: Core Transportation Agent

CTF: California Teleconnect Fund

DA: Direct Access

DAC: Disadvantaged Communities

DBO: Department of Business Oversight

DDTP: Deaf and Disabled Telecommunications Program

DER: Distributed Energy Resource

DGS: Department of General Services

DOGGR: California Department of Oil Gas and Geothermal Resources

DRAM: Demand Response Auction Mechanism

DRP: Distributed Energy Resources Plans

ECP: Expedited Complaint Process

EPIC: Electric Program Investment Charge

ERRA: Energy Resource Recovery Account

ESA: Energy Savings Assistance Program

ESJAP: Environmental and Social Justice Action Plan

EV: Electric Vehicle

FCC: Federal Communications Commission

FERA: Family Electric Rate Assistance

FERC: Federal Energy Regulatory Commission

FHWA: Federal Highway Administration

FICC: Field Inventory of Crossings Contract

FTA: Federal Transit Administration

GHG: Greenhouse Gas

GO: General Order

GRC: General Rate Case

HFTD: High Fire Threat District

HR: Human Resources

IOU: Investor-Owned Utility

IRP: Integrated Resource Planning

IT: Information Technology

ITSD: Information Technology Services Division

LAX: Los Angeles Airport

LEP: Limited-English Proficient

LEP: Line Extension Program

LGBT: lesbian, gay, bisexual and transgender

LSE: Load-Serving Entity

MHP: Mobile Home Park

MW: Megawatt

N.D. Cal.: Northern District of California

NEM: Net Energy Metering

NERC: North American Electric Reliability Corporation

OGA: Office of Government Affairs

OII: Order Instituting Investigation

OIR: Order Instituting Rulemaking

OSA: Office of the Safety Advocate

PAO: Public Advisor's Office

PCIA: Power Charge Indifference Adjustment

PG&E: Pacific Gas & Electric Company

PLD: Preferred Long Distance

POR: Plan of Reorganization

PSPS: Public Safety Power Shutoff

PTASP: Public Transportation Agency Safety Plan

PU Code: Public Utilities Code

PURPA: Public Utilities Regulatory Policies Act (federal)

RA: Resource Adequacy

RAMP: Risk Assessment Mitigation Phase

RCEB: Rail Crossings and Engineering Branch

RFP: Request for Proposals

ROE: Return on Equity

ROSB: Rail Operations Safety Branch

RPA: Request for Personnel Action

RPS: Renewable Portfolio Standard

RRP: Records Retention Program

RSD: Rail Safety Division

RTA: Rail Transit Agencies

RTSB: Rail Transit Safety Branch

SB: Senate Bill

SCE: Southern California Edison Company

SDG&E: San Diego Gas & Electric Company

SED: Safety and Enforcement Division

SFMTA: San Francisco Municipal Transportation Agency

SGIP: Small Generator Incentive Program

SJWC: San Jose Water Company

S-MAP: Safety Model Assessment Proceeding

SoCalGas: Southern California Gas Company

SOMAH: Solar on Multifamily Affordable Housing

SRTD: Sacramento Regional Transit District

SWG: Southwest Gas Company

SWRCB: California State Water Resources Control Board

SYSC: Stop/Yield Signs Contract

TCP: Transportation Carrier Portal

TEAM: Telecommunications Education and Assistance in Multiple Languages

TEB: Transportation Enforcement Branch

TECH: Technology and Equipment for Clean Heating Initiative

TEF: Transportation Electrification Framework

TLAB: Transportation Licensing and
Analysis Branch

TNC: Transportation Network Carrier

UARCD: Utility Audits, Risk and Compliance
Division

UEB: Utilities Enforcement Branch

USF: Universal Services Fund

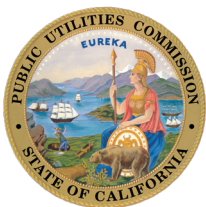
US: United States

VGI: Vehicle-Grid Integration

VoIP: Voice over Internet Protocol

WMP: Wildfire Mitigation Plans

WSD: Wildfire Safety Division



California Public Utilities Commission

505 Van Ness Ave,
San Francisco, CA 94102

cpuc.ca.gov