

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



December 16, 2019

**Advice Letter 4184-G**

Erik Jacobson  
Director, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: Process for Transition to Risk Assessment Mitigation Phase in Compliance  
with Ordering Paragraph 33 of Decision 19-09-025**

Dear Mr. Jacobson:

Advice Letter 4184-G is effective as of November 21, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division



**Erik Jacobson**  
Director  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-3582

November 21, 2019

**Advice 4184-G**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Process for Transition to Risk Assessment Mitigation Phase in Compliance with Ordering Paragraph 33 of Decision 19-09-025**

**Purpose**

Pacific Gas and Electric Company (PG&E) submits this advice letter pursuant to Ordering Paragraph (OP) 33 of PG&E's 2019 Gas Transmission and Storage (GT&S) Decision (D.) 19-09-025 (the Decision) to propose a process for transition to its Risk Assessment Mitigation Phase (RAMP) process.

**Background**

On November 17, 2017, PG&E filed an application at the CPUC requesting that the Commission adopt its gas transmission and storage (GT&S) revenue requirement, cost allocation, and rate design for the period of 2019-2022. On September 23, 2019, the CPUC issued D.19-09-025 addressing the issues before the Commission related to PG&E's application. In the Decision, the CPUC directed PG&E to restructure its current risk management procedures to incorporate its Commission authorized RAMP process and Safety Modeling Assessment Phase (S-MAP) procedures in time to integrate the results of the RAMP into the next rate case that modifies the revenue requirement for PG&E's GT&S assets.

PG&E submits this Advice Letter in compliance with OP 33 which required PG&E to "submit a Tier 1 Advice Letter within 60 days of the date that this decision is final, to propose a process for transition to its Risk Assessment Mitigation Phase process as discussed in Section 4.3 of the instant decision."

**Transition to RAMP Process**

As discussed in Section 3.3 of the Decision, the combination of the GT&S Rate Case with PG&E's GRC is being considered in the Rate Case Plan (RCP) Order Instituting Rulemaking (OIR) (R.13-11-006). On September 4, 2019, a proposed decision (PD) in

the RCP OIR was issued which, among other things, proposes to require that the GT&S rate case be merged with PG&E's GRC going forward. No party opposed this proposed requirement. In addition, the RCP PD schedule proposes to require the Utilities to submit their RAMP Reports on March 1 of GRC test-year minus 3 years and to submit their GRCs on March 1 of GRC test-year minus 2 years. Under this proposed schedule, PG&E's next RAMP would be due on March 1, 2020 and its next GRC would be due on March 1, 2021. However, the RCP PD recognizes that these filing dates may be unworkable and therefore invited alternative submitting dates for PG&E's next RAMP Report and GRC.<sup>1</sup> In its opening comments, PG&E proposed its next RAMP Report be submitted on June 30, 2020, and its next GRC be submitted on June 30, 2021.<sup>2</sup> No Party opposed PG&E's proposals.

Whether the final decision in R.13-11-006 merges the GT&S Rate Case with the GRC or not, if PG&E's proposed timing changes to the RCP PD are accepted, PG&E's next RAMP will be due on June 30, 2020 and its next rate case reflecting GT&S will be due in 2021, consistent with Operating Paragraph 4 of D.19-09-025.

### **GT&S RAMP Transition Process**

On December 20, 2018, the CPUC issued D.18-12-014 adopting a settlement agreement (SA) in the S-MAP proceeding (A.15-05-002).<sup>3</sup> The SA establishes a quantitative risk-based decision-making framework for the RAMP and GRC, including criteria by which PG&E will select Enterprise-wide Risks to be submitted in its RAMP. The GT&S assets are subject to the selection criteria and submittal requirements as set forth in the SA.

Regarding forecasts, pursuant to D.18-12-014, Attachment A (Settlement Agreement), Appendix A, Global Items, No 26:

The utility's RAMP submittal will provide a ranking of all RAMP mitigations by RSE.

In the GRC, the utility will provide a ranking of mitigations by RSE, as follows: (1) For mitigations addressed in the RAMP, the utility will use risk reduction estimates, including any updates, and updated costs to calculate RSE and explain any differences from its RAMP submittal; (2) For mitigations that require Step 3 analysis under and consistent with Row 28, the utility will include the RSE, calculated in accordance with Step 3, in the ranking of mitigations by RSE.

In the RAMP and GRC, the utility will clearly and transparently explain its rationale for selecting mitigations for each risk and for its selection of its overall portfolio of

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<sup>1</sup> R.13-11-006, Proposed Decision, page 42.

<sup>2</sup> R.13-11-006, Opening Comments of Pacific Gas and Electric Company on Proposed Decision, page 6.

<sup>3</sup> Application 15-05-002 represents the consolidated docket for the Applications of San Diego Gas & Electric Company, PG&E, Southern California Gas Company, and Southern California Edison.

mitigations. The utility is not bound to select its mitigation strategy based solely on RSE ranking.

Mitigation selection can be influenced by other factors including funding, labor resources, technology, planning and construction lead time, compliance requirements, and operational and execution considerations. In the GRC, the utility will explain whether and how any such factors affected the utility's mitigation selections.

In its 2020 GRC Testimony,<sup>4</sup> PG&E also described the steps that it will take to adopt Risk Spend Efficiency (RSE) in its Risk Informed Budget Allocation (RIBA) planning process used in both the GRC and GT&S Rate Case.

Accordingly, if a decision is adopted in R.13-11-006 that combines the GT&S Rate Case with the GRC, PG&E expects that its forecasts will be developed using the quantitative SA RSE scores in place of RET and presented per the procedure established in the SA. If the proposal to combine GRC and GT&S rate cases is not adopted, PG&E still intends to use RSE scores in RIBA for the upcoming GT&S Rate Case, consistent with the SA.

Currently, PG&E is updating its enterprise and operational risk management procedures to facilitate the transition from a qualitative risk assessment to the quantitative risk assessment approach developed in S-MAP. Additionally, PG&E is developing risk models in accordance with the S-MAP settlement agreement (SA) decision, D.18-12-014.<sup>5</sup>

### **Milestones and Deadlines**

Assuming PG&E's proposed changes to the RCP PD are adopted, the following milestones and deadlines are associated with the integration of the RAMP results into the next rate case:

<b>Milestone</b>	<b>Deadline</b>
Update Risk Management Procedure	December 2019
Complete RAMP Risk Models Update in Accordance with the S-MAP SA	February 2020
File RAMP	June 30, 2020
Update Rate Case Forecast to Reflect RAMP Results <sup>6</sup>	January – March 2021
File Rate Case	June 30, 2021 if merged with GRC 2021 if separate GT&S Rate Case

<sup>4</sup> A.18-12-009 (GRC application cite) HE 6: Exhibit (PG&E-16), p. 3-10, lines 13-15.

<sup>5</sup> PG&E described how the RAMP results were integrated into PG&E's 2020 General Rate Case Exhibit 2, Chapter 3, pages 3-18, line 8, through page 3-20, line 10.

<sup>6</sup> PG&E's updated rate case testimony will include responses to address comments received on its RAMP from the Safety and Enforcement Division and other parties to the RAMP proceeding.

This submittal would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **Protests**

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than December 11, 2019, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.1, and OP 33 of D.19-09-025, this advice letter is submitted with a Tier 1 designation. PG&E requests that this Tier 1 advice submittal become effective upon date of submittal, which is November 21, 2019.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for A.17-11-009. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

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/S/

Erik Jacobson  
Director, Regulatory Relations

Attachments

cc: Service List A.17-11-009



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39G)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4184-G

Tier Designation: 1

Subject of AL: Process for Transition to Risk Assessment Mitigation Phase in Compliance with Ordering Paragraph 33 of Decision 19-09-025

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-09-025

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 11/21/19

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Praxair
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	
	Energy Management Service	
Alta Power Group, LLC	Engineers and Scientists of California	Redwood Coast Energy Authority
Anderson & Poole	Evaluation + Strategy for Social Innovation	Regulatory & Cogeneration Service, Inc.
	GenOn Energy, Inc.	SCD Energy Solutions
Atlas ReFuel	Goodin, MacBride, Squeri, Schlotz & Ritchie	
BART	Green Charge Networks	SCE
	Green Power Institute	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Hanna & Morton	
P.C. CalCom Solar	ICF	SPURR
California Cotton Ginners & Growers Assn	International Power Technology	San Francisco Water Power and Sewer
California Energy Commission	Intestate Gas Services, Inc.	Seattle City Light
California Public Utilities Commission	Kelly Group	Sempra Utilities
California State Association of Counties	Ken Bohn Consulting	Southern California Edison Company
Calpine	Keyes & Fox LLP	Southern California Gas Company
	Leviton Manufacturing Co., Inc. Linde	Spark Energy
Cameron-Daniel, P.C.	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunshine Design
Cenergy Power	MRW & Associates	Tecogen, Inc.
Center for Biological Diversity	Manatt Phelps Phillips	TerraVerde Renewable Partners
	Marin Energy Authority	Tiger Natural Gas, Inc.
Chevron Pipeline and Power	McKenzie & Associates	
City of Palo Alto		TransCanada
	Modesto Irrigation District	Troutman Sanders LLP
City of San Jose	Morgan Stanley	Utility Cost Management
Clean Power Research	NLine Energy, Inc.	Utility Power Solutions
Coast Economic Consulting	NRG Solar	Utility Specialists
Commercial Energy		
County of Tehama - Department of Public Works	Office of Ratepayer Advocates	Verizon
Crossborder Energy	OnGrid Solar	Water and Energy Consulting Wellhead Electric Company
Crown Road Energy, LLC	Pacific Gas and Electric Company	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	Peninsula Clean Energy	Yep Energy
Day Carter Murphy		
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		