



Considerations for Accountability Reports



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Where We are Now

- We have time – the accountability reports are not due until after the GRCs.
- We should raise the questions now, but do not need to answer them today.
- The accountability reports are the mirror image of the RAMP filings.
 - RAMP = Projections
 - Accountability Reports = Actuals
- If the RAMP filings and GRC testimony are set up well, the accountability reports will be easy.



Accountability Report Process and Guidance (Pursuant to D.14-12-025)

Two annual Verification documents to be submitted by each utility:

1. “A Risk Spending Accountability Report, in which the utility compares its GRC projected spending for approved risk mitigation projects with the actual spending on those projects, and explains any discrepancies;” and

2. “A Risk Mitigation Accountability Report, in which the utility compares its GRC projections of the benefits and costs of the risk mitigation programs adopted in the GRC with the actual benefits and costs, and explains any discrepancies.”

“To be most useful, these Reports should be [reviewed] by appropriate Commission staff...”



Risk Spending Accountability Report as per D.14-12-025

As described by the Refined Straw Proposal, the Risk Spending Accountability Report “would consist of a project-by-project (above an appropriate Commission-determined dollar cut-off) comparison of authorized vs. actual spending, accompanied by the utility’s narrative explanation of any significant differences between the two.” (Refined Straw Proposal at 9-10.)



Risk Mitigation Accountability Report as per D.14-12-025

The Risk Mitigation Accountability Report “would consist of a program-by-program comparison of the utility’s GRC predictions of risk mitigation programs – quantified as much as possible using the models examined in the S-MAPs and used to prepare the RAMP assessments – with measured results of actual risk mitigation programs, including a comparison of projected and actual Risk Mitigation to Cost Ratios.” (Refined Straw Proposal, at 9.)



D.14-12-025 and Refined Straw Proposal: Starting Point Only

“These Reports would only be a starting point for achieving utility accountability for risk mitigation spending. Utility representations would not be accepted at face value by the Commission.” -- D.14-12-025



Refined Straw Proposal: Tools for Intervenors

“The Reports, coupled with the Staff... findings, could also be useful tools for intervenors to help in holding the utilities accountable for GRC spending. For example, intervenors could use the Reports to frame discovery requests or otherwise raise issues regarding a utility’s failure to achieve Mitigation to Cost Ratio targets or a utility’s repeat request for risk mitigation that was supposed to be completed in the previous GRC cycle.”



D.14-12-025: Keep Your Eyes on the Goal

“The two reports shall explain how these risk mitigation activities and risk spending are meeting the goals for managing and minimizing the risks that were identified in the utility’s RAMP and GRC submissions.”

- The two reports shall also describe any deviation, and the reasons for doing so, from what activities were originally requested and authorized in the GRC, to what activities were actually performed.
- This will allow Commission staff to more readily review and verify these safety-related activities, and to understand the reasons for the changes in priority that may have taken place.
- These two reports shall be filed and served by the utility in its applicable GRC proceeding in which funding for the risk mitigation activities and spending was authorized.



D.14-12-025

Accountability Report Guidance

“We recognize that each of the large energy utilities will be filing these two reports on an annual basis, and Commission staff may not be able to review and verify each report in a timely manner if the deadline for the utility reports are not staggered.”

“For that reason, we adopt the following deadlines for the filing of these reports by the large energy utilities:

- **PG&E**'s reports to be filed by March 31 after the applicable reporting period;
- **SCE**'s reports to be filed by May 31 after the applicable reporting period;
- **SoCalGas**' reports to be filed by July 31 after the applicable reporting period; and
- **SDG&E**'s reports to be filed by September 30 after the applicable reporting period.”



D.14-12-025

SED and ED Reports

We... adopt the recommendation of the Refined Straw Proposal for the Commission staff to review and verify these two utility reports on an annual basis.

- It is appropriate... for SED to prepare a report on the utility's Risk Mitigation Accountability Report, and for the Energy Division to prepare a report on the utility's Risk Spending Accountability Report. We encourage SED and Energy Division to work cooperatively...
- SED and Energy Division shall file their respective reports in the applicable GRC proceeding within 120 days from the date each utility files these two reports.
- In their reviews of the utility reports, SED and the Energy Division should consider and review other applicable reports or information that have been submitted to the Commission pursuant to a General Order or decision...



Five Reports

1. RAMP Filing – Projections
2. Accountability Report #1 – Actuals on Spending
3. Accountability Report #2 – Actuals on Mitigation/Results
4. Energy Division Report *Analyzing* Accountability Report #1
5. SED Report *Analyzing* Accountability Report #2



Possible Templates for the Reports

As submitted by the utilities in the Opening Comments to the Refined Straw Proposal or in Workshops, or developed by SED

These are Examples Only

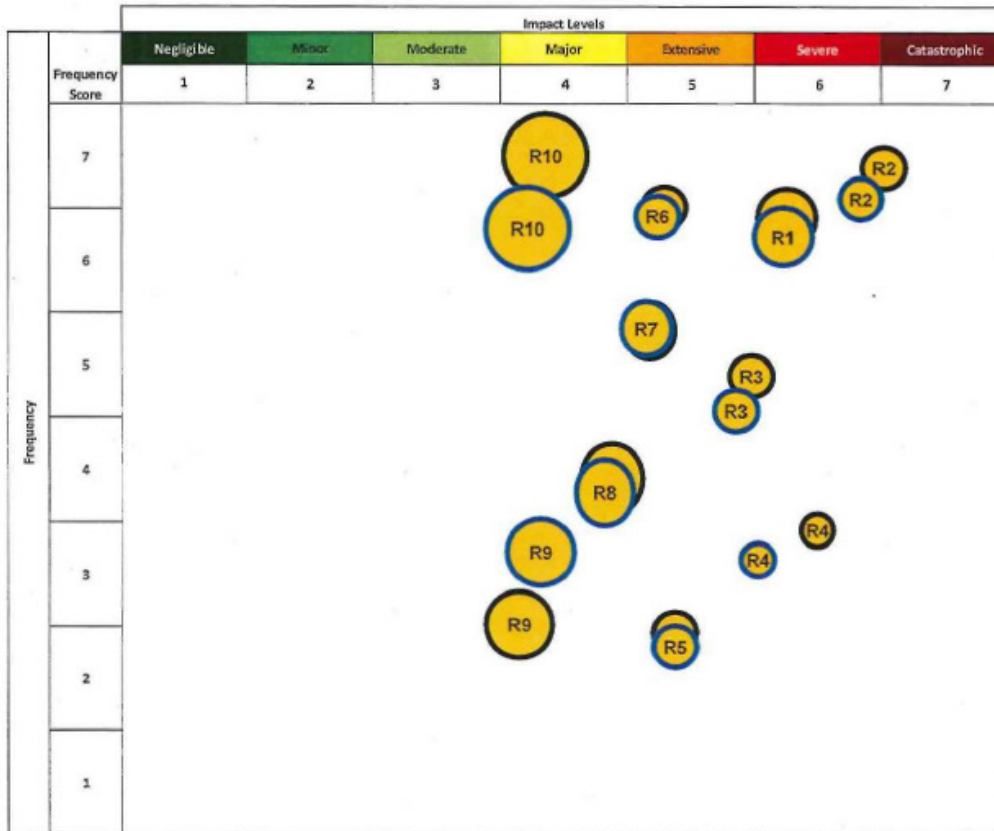


Section 2 – Risk Program Spending Accountability Report R3 Distribution Overhead Conductor (Primary Voltage)

Mitigation	(a) GRC Forecast Expense (\$000)	(b) GRC Forecast Capital (\$000)	(c) GRC Adopted Expense (\$000)	(d) GRC Adopted Capital (\$000)	(e) Actual Expense (\$000)	(f) Actual Capital (\$000)	(e) – (c) Variance Expense (\$000)	(f) – (d) Variance Capital (\$000)	Explanation for Significant Variance
Vegetation Management	\$160,000	n/a	\$150,000	n/a	\$150,000	n/a	n/a	n/a	n/a
Line OH Maintenance Program	\$20,000	n/a	\$20,000	n/a	\$19,000	n/a	-\$1,000	n/a	Reprioritized funding from OH notification and Critical Operating Equipment (COE) to focus on infrared inspection of OH conductor serving critical customers.
Design, Construction and Operating Procedures	\$4,000	n/a	\$4,000	n/a	\$3,600	n/a	\$400	n/a	Updating and training on design, construction and operating procedures was completed for less than forecast due to efficiencies in training development.
Primary Conductor Replacement Program	n/a	\$32,500	n/a	\$28,000	n/a	\$30,000	n/a	\$2,000	Additional capital expenditures were required to replace deteriorating OH conductor to address reliability issues for customers experiencing 4 or more sustained outages during the year.
Infrared Inspect/Splice Inventory	\$13,000	n/a	\$11,000	n/a	\$12,000	n/a	\$1,000	n/a	More infrared inspections were completed than adopted due to need to assess conductor strength serving critical customers.
Engineer Site Investigation	\$5,000	n/a	\$3,000	n/a	\$4,500	n/a	\$1,500	n/a	Engineers investigated more incidences of contact with primary wire than was assumed in the development of the adopted level of funding.
System Protection	n/a	\$7,000	n/a	\$7,000	n/a	\$7,000	n/a	n/a	n/a

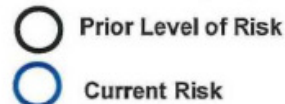


Section 1 – Risk Mitigation Overview Asset Risk Heat Map



Risk #	Asset Risk Name
R1	Asset Risk 1
R2	Asset Risk 2
R3	Asset Risk 3 - Distribution Overhead Conductor (Primary Voltage)
R4	Asset Risk 4
R5	Asset Risk 5
R6	Asset Risk 6
R7	Asset Risk 7
R8	Asset Risk 8
R9	Asset Risk 9
R10	Asset Risk 10

Bubble size is based on the seven levels of the Safety impact





Illustrative Example

Southern California Edison 2021 GRC Risk Spending Accountability Report

Decision issuance: November 17, 2021

Decision due: December 31, 2020

Project/program	Capital Spend			O&M Spend		
	Request	Authorized	Recorded	Request	Authorized	Recorded
Intrusive Inspection						
Pole Loading Standards Change						
Pole Loading updated tools implementation						
Pole Loading Assessments						
Overhead Detailed Inspections						
Pole replacements						

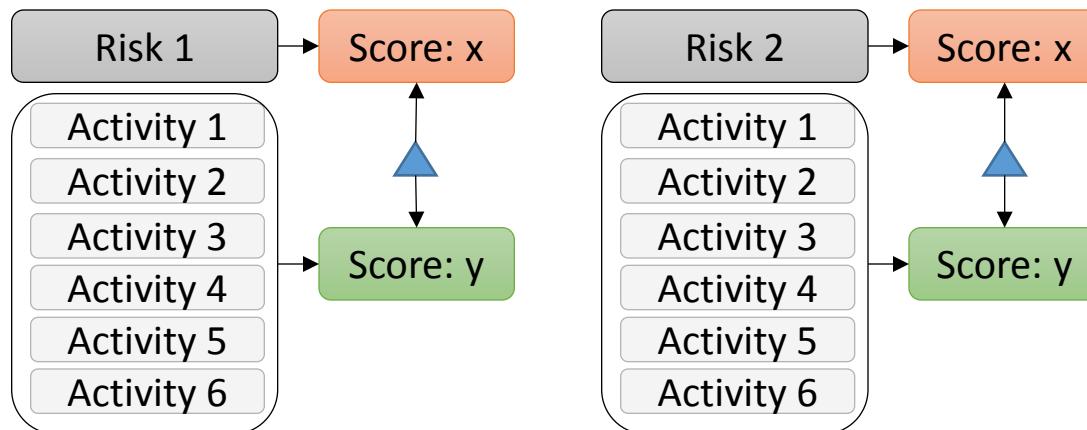


Possible Accountability Report #2 (Mitigation) Template: Part I - Programs

Mitigation Program		
Target cost & Actual Cost (\$ / \$)		
What risk driver was the Program designed to mitigate?		
Do you intend to continue or repeat this Program in the future?		
Pre-Mitigation Risk Score	Expected Risk Score After Mitigation Based on GRC Proposal	Actual New Risk Score After Mitigation
	Expected "Post Mitigation Score" (Net Change in Risk Score) Based on Adopted Revenue and Amended Program Scope	

Areas for Future Consideration – Risk Reduction Benefit Per Dollar Invested

- Today, none of the implemented funding methods is currently capable of generating a risk reduction benefit per dollar invested.
- Even though significant challenges (data, systems, culture) exist with further discussions, a common and transparent approach for evaluating risk mitigation effectiveness can be established utilizing the existing 7x7 matrix.





Possible Accountability Report #2 (Mitigation) Template: Part II - Outcomes

Risk Driver	Fatalities	Injuries	Property Damage	Current Mitigation	Proposed Mitigations	7x7 Risk Ranking	Probability of Incident	Explanation	Comparison to Past-Year Rates

And Part III – Narrative Analysis on the Larger Risks



Draft for Discussion Only

Possible RAMP template developed by SDG&E



1. Executive Summary
2. S-MAP Update
 - i. Overview of S-MAP
 - ii. Changes
3. Risk Assessment
 - i. Risk Assessment Process
 - ii. Risk Profile Overview
4. Risk Response
 - i. Risk Response Process
 - ii. Risk Response Portfolio

1. Risk #1

- i. Description
- ii. Potential Drivers
- iii. Potential Consequences
- iv. Risk Score
- v. Current Risk Response Plan
 - a. Current Activities and Baseline Costs
 - b. Current Risk Response Plan Evaluation
- vi. Proposed Risk Response Plan
 - a. Proposed Activities and Forecasted Costs
 - b. Proposed Risk Response Plan Evaluation
- vii. Alternatives Analysis
 - a. Alternative Risk Response Plan – 1
 - b. Alternative Risk Response Plan – 2



Thank You

For Additional Information:

www.cpuc.ca.gov/PUC/safety/Risk_Assessment.htm

