



# California Public Utilities Commission Committee on Finance and Administration



**Report on Strategic Directive 07  
Compliance and Enforcement  
November 28, 2018**

Nick Zanjani, Director, Consumer Protection and Enforcement Division



# Strategic Directive 07 – Compliance and Enforcement

The CPUC monitors regulated entities' compliance with applicable law, including CPUC rules, regulations, and orders.

Within its jurisdictional authority, the CPUC will:

1. Promote compliance and deter violations of applicable laws, standards, and regulations;
2. Enforce applicable laws, rules and regulations in a fair, consistent, and timely manner;
3. Promote individual and organizational accountability within regulated entities;
4. Continually improve CPUC oversight efforts through regular periodic reviews of CPUC compliance and enforcement efforts.





# Strategic Directive 07 – Compliance and Enforcement

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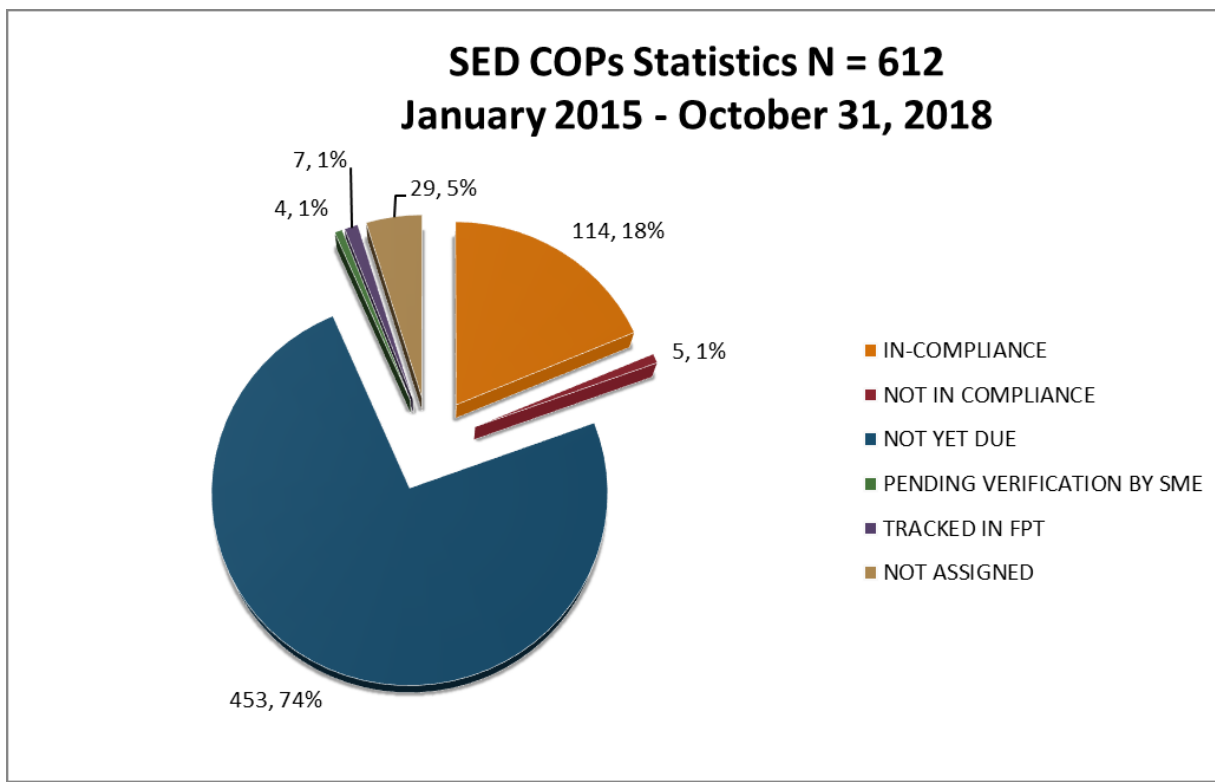
4) Continually improve CPUC oversight efforts through regular periodic reviews of CPUC compliance and enforcement efforts.





# Compliance with Ordering Paragraphs (COPs) - SED

RASA monitors and double-checks COPs for SED





# Compliance with Ordering Paragraphs (COPs) – Energy Division

For Decisions issued in FY 17/18

Energy Division Ordering Paragraphs	440 (50% of total)
% Assigned to Personnel	100%
% Not Yet Due	55%
% In Compliance	44%
% Not In Compliance	1%

Advice Letter (AL) Filinas

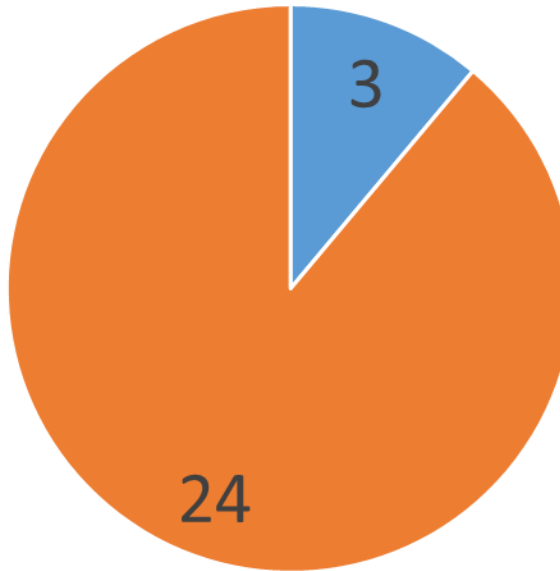
Fiscal Year	Total ALs Received	% Closed
17/18*	1061	94%
18/19	436	51%
<b>*FY 17/18 AL Disposition Metrics</b>		
Resolutions		64
Non-standard Disposition Letters		68
Standard Disposition Letters		993



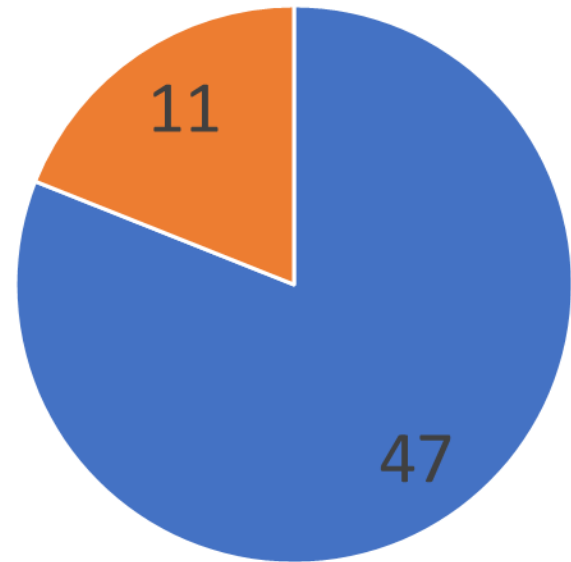


# Compliance with Ordering Paragraphs (COPs) – Water Division

As of 10/31/2018, Water Division is fully in compliance with both Decision OPs (left) and F



■ In Compliance    ■ Not Y



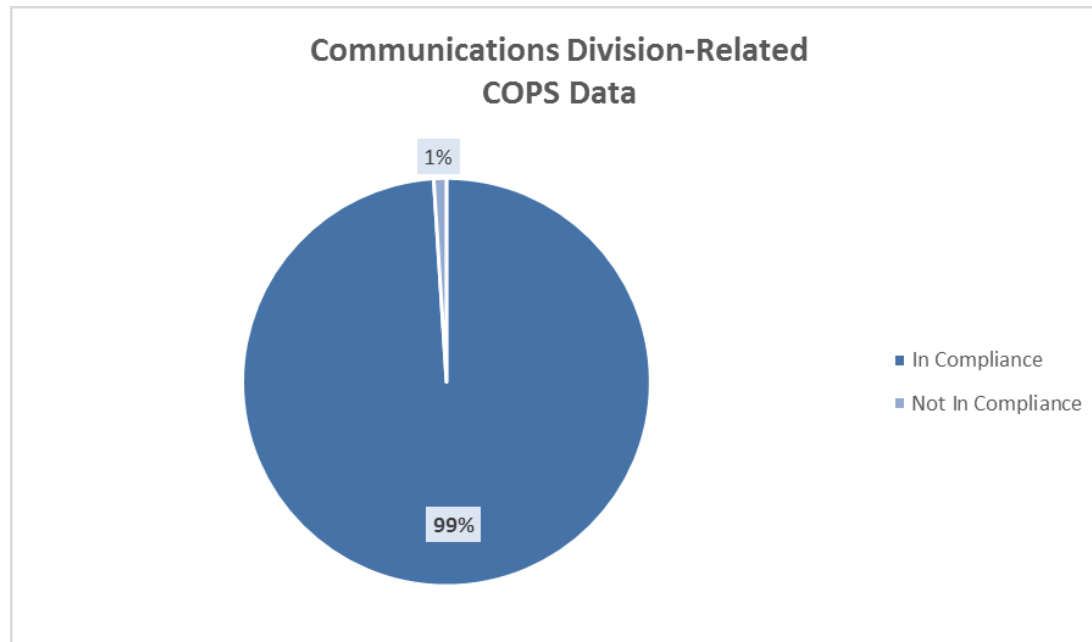
■ In Compliance    ■ Not Due Yet





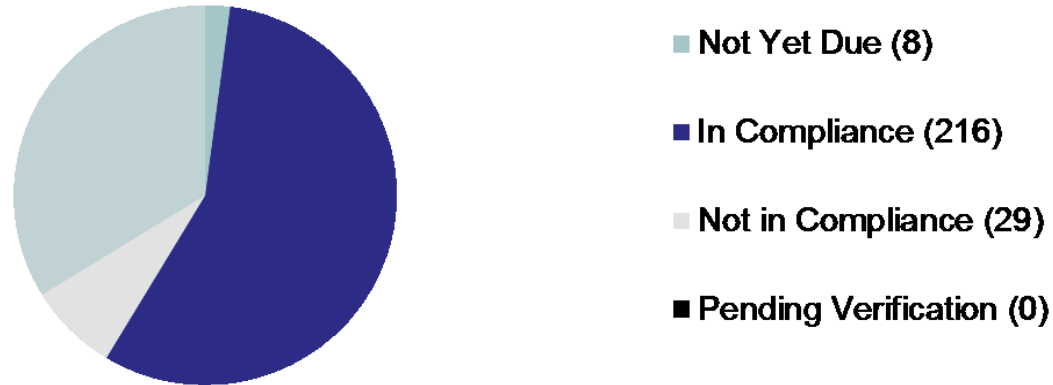
# Compliance with Ordering Paragraphs (COPs) – Communications Division

CD staff routinely tracks COPs. Since January 2015, carriers have complied with 467 OPs, representing 99% compliance with the 470 OPs currently due.





# Compliance with Ordering Paragraphs (COPs) – Transportation (CPED)



The Transportation Program is currently responsible for **253 separate Ordering Paragraphs (OPs) requiring compliance** relating decisions approving CPCNs for passenger stage corporations, including permit requirements such as for insurance and drug testing. Other OPs relate to TEB enforcement actions and fines imposed for carrier violations, and new reporting requirements and transportation policies. **216 OPs are currently in compliance**, and the remainder are either not yet due or in process for gaining compliance.



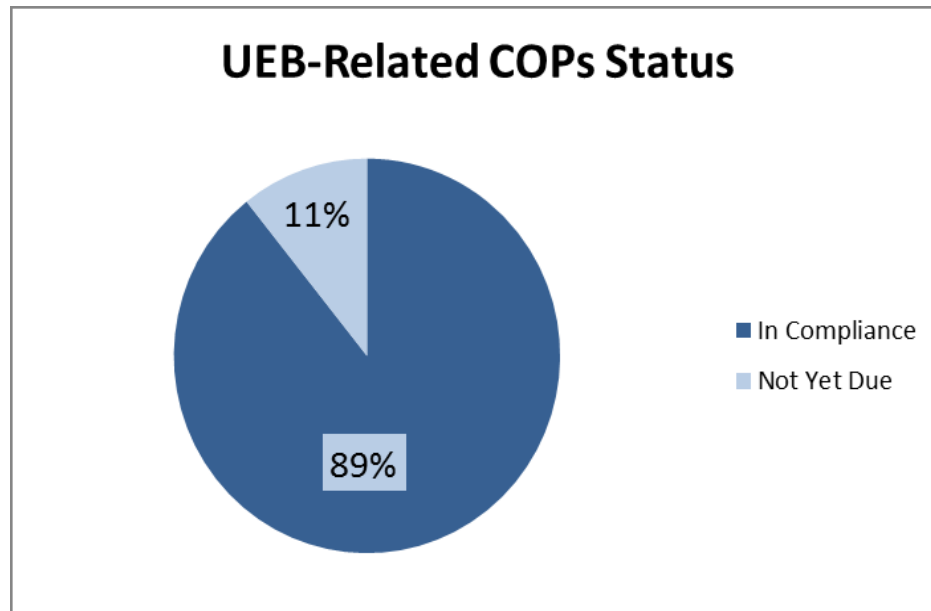




# Compliance with Ordering Paragraphs (COPs) - CPED

## Utilities Enforcement Branch (UEB)

As of 10/31/2018, UEB is tracking compliance with 28 Ordering Paragraphs. Of the 28 OPs, 25 (representing 89%) have been complied with, and compliance with the remaining 3 are not yet due. None are out of compliance.





# Compliance Audits – Utilities Audit, Finance and Compliance Branch

Areas Audited for Compliance	# of Audits Performed in 2017	# of Audits Performed in 2018	Remarks
Investor Owned Utilities' (IOUs) Balancing Accounts	4	3	For balancing account audits, UAFCB counts each IOU as one audit. However, each IOU has multiple balancing accounts that were audited or are being audited by UAFCB. Two of the three balancing account audits in 2018 are in final stage and the remaining one is in progress.
Water IOUs for Class B, C, D	8	6	For small water (i.e., Class B, C and D) audits, these numbers reflect completed audits. Five (5) additional small water audit are in progress currently.
Energy Public Purpose Programs	4	4	PG&E, SCE, SDG&E and SCG
Telecommunications Public Purpose Programs	18	9	Includes audit extension services and MTS surcharge audits
Energy Procurement Quarterly Compliance Report Agreed-Upon Procedures Engagements	12	12	





# Compliance with Ordering Paragraphs Intervenor Compensation Program - ALJ

Year	Ordering Paragraphs	Compliance Rate	Remarks
2017	82	100%	Compliance is determined by noting whether intervenors who have been awarded compensation have contacted the IComp unit about non-payment. If there is no complaint about nonpayment 30 days after a decision is voted out, we determine the matter closed and mark in COPs that the item is in compliance.
2018	73	97%	





# Other Compliance Activity

## Key Highlights:

- Energy
  - ESRB conducts electric infrastructure inspections (audits), investigates incidents and self-identified violations, performs whistleblower investigations, consumer complaint investigations and participating in proceedings.
- Communications
  - UEB routinely monitors cramming reports and complaints to help identify unauthorized charges, assist in obtaining refunds for consumers, and prosecute wrongdoing.
- Water
  - Staff routinely monitors acceptance and approval of advice letters within prescribed timeframes.
- Rail
  - Performed 4,396 inspections and 161 safety surveys (bridge and tunnel).
- Transportation
  - TLAB received a total of 2,380 carrier applications (new, renewals, refiles, and transfers), and issued 2,276 permits through 10/31/18 of this year.





# Strategic Directive 07 – Compliance and Enforcement

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# Energy Enforcement

- Sent 24 (14 ESRB and 10 GSRB) audit reports to utilities/operators documenting violations that require utility action.
- Sent 24 (17 ESRB and 7 GSRB) violation/potential violation letters to utilities/operators related to reported incidents.
- 195 gas incidents and 90 electric incidents reported as of October 2018.
- ESRB received 274 consumer complaints/inquiries as of October 2018.
- Formal investigations OII, such as, SCE Long Beach resulting in \$4 million penalty and \$11 million towards system enhancement projects.
- ESRB issued a citation to SCE for \$8 million for the Twentynine Palms incident in 2018.
- GSRB issued \$5.2 million in citations to non-compliant gas operators in 2018.
- RASA reviews Biennial Compliance Plans for methane leak abatement.
- UEB Resource Adequacy Citation Program generated \$2.6 million in citations issued and collected in 2018 from 9 cases.
- The Commission approved a UEB citation to SoCalGas for \$275,000 for CEQA-related violations.





# Communications Enforcement

- UEB inspected over 5,000 payphones in 2018 for signage, operability, and safety.
- UEB reviewed and issued 119 citations for a total of \$119K to TC Telephone, LLC for alleged violation of regulatory requirements.
- ESRB conducts comprehensive communication audits resulting in utility compliance action.
  - In 2017, ESRB completed 4 audits. No communication audits were completed in 2018 due to the focus on electric facilities in high fire threat areas.
- ESRB may issue citations to communications providers via the citation program implemented by Resolution SED-3. ESRB has yet to issue a citation to a communications provider.
- ESRB also investigates consumer complaints and enforces regulations in each case.
  - For 2018, ESRB investigated 63 complaints/inquiries related to communications facilities.





# Water Enforcement

DESCRIPTION	REFERENCE	2018 Highlights/Status
OII into the Operations, Practices and Conduct of the San Jose Water Company (SJWC) regarding Overbilling Practices.	I.18-09-003	On October 15, 2018, SJWC responded to the OII. Parties currently awaiting schedule for Prehearing Conference.
OII into the Long Term Debt Financing Practices of Lake Alpine Water Company; and Order to Show Cause Why the Commission should not impose Penalties and/or Other remedies for Violations of Public Utilities Code Sections 818, 823(b) and 823(d).	I.17-09-021	An Assigned Commissioner's Scoping Memo and Ruling was issued on October 16, 2018 setting forth the category, issues to be addressed, and schedule of the proceeding.
OII into the Operations and Practices of Mesa-Crest Water Company with Respect to a Series of Financial Transactions, and Possible Threats to the Health and Safety of its Ratepayers.	I.15-06-018 A.17-04-024	D.17-01-011 adopted the All-Party Settlement dated August 5, 2016 between CPED and Mesa-Crest Water Company. Adoption of this Settlement resolves all issues presented in the investigation. <ul style="list-style-type: none"> <li>Pursuant to a May 18, 2018 motion, parties explain that all issues outstanding in A.17-04-024, in addition to the investigative proceeding, are resolved.</li> </ul>







# Rail Enforcement

The following statistics from ROSB were collected during 2017-2018:

- Cited 9,175 federal regulation defects, recommended civil penalties for 338 violations, completed 293 reports identifying 509 regulation defects
- Investigated 27 informal safety complaints, and investigates instances of runaway trains and uncontrolled train movements
- Performed 261 Operation Lifesaver presentations to reach approximately 17,000 people
- Collected and analyzed 874 near-miss incidents to detect high-risk areas
- Positive Train Control (PTC)-specific inspectors conducted 12 field observations, performed 27 PTC operational surveillance observations, participated in 14 PTC status meetings and continued correspondence with railroads to determine PTC status and implementation issues
- Performed 146 accident investigations, 37 security inspections and 5 instances of runaway trains and uncontrolled train movements





# Transportation Enforcement

DESCRIPTION	REFERENCE	2018 HIGHLIGHTS/STATUS
<p>Passenger and Household Goods Citation Program*</p>	<p>335 investigations, originated by:</p> <ul style="list-style-type: none"> <li>➔ 259 consumer and industry complaints</li> <li>➔ 75 TEB staff</li> <li>➔ 1 Public Advisor referral</li> </ul>	<ul style="list-style-type: none"> <li>➔ 77 citations</li> <li>➔ 167 cease and desist letters</li> <li>➔ \$279,000 fines</li> <li>➔ \$26,700 consumer restitution</li> </ul>

\* Senate Bill 19 transferred jurisdiction over Household Goods carriers from the CPUC to the Department of Consumer Affairs effective July 1, 2018.

D.18-11-006 adopted a Settlement Agreement between Rasier-CA, LLC (Uber) and CPED, which included a \$750,000 fine and new ZTC investigation and education protocols applicable to Rasier, and requires Rasier to file a motion to expand R.12-12-011 for the CPUC to consider industry-wide ZTC protocols.





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# Initiatives Promoting Utility Accountability

## Key Highlights:

- Energy
  - RASA tracks PG&E's Safety Culture implementation and whistleblower cases.
- Communications
  - UEB regularly reviews all CPCN/WIR applications for fitness to operate and protests applications when warranted.
- Water
  - Monitors General Order compliance filings (GO 24-C: bonds, stocks, other indebtedness, GO 104-A: annual reports, and GO 77-M: compensation) to ensure proper IOU operations.
- Rail
  - RTSB conducts regular on-site safety and security reviews to verify implementation of each rail transit agency's System Safety Program Plan.
- Transportation
  - TEB analyzes TNC annual report filings and identifies potential problems. D.18-11-006 mandated that Uber take additional measures to strengthen its compliance with the CPUC's rules governing zero tolerance for TNC driver drug and alcohol use.





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# Continuous Improvement in Oversight

## Key Highlights:

- Energy
  - PHMSA performs an annual evaluation of GSRB's gas safety program to identify compliance with state program requirements and provide recommendations.
- Communications
  - Resolution T-17601 issued on June 21, 2018, authorized CD staff to issue citations to communication carriers for certain licensing requirement violations.
- Water
  - Water Division staff mandate and track water conservation and production. IOU water savings outpace statewide water savings.
- Rail
  - ORS inspectors perform discipline-specific quarterly focus inspections throughout the year and continually development the General Order Training Program.
- Transportation
  - Recent audit recommendations, such as creating a new Transportation Licensing and Analysis Branch and enhancing enforcement tools, continue to be implemented. CPUC ceded jurisdiction over household goods movers to DCA.





# Compliance with Strategic Directive-07

- CPUC staff believe the organization is substantially in compliance with SD-07.





# Questions?







# Appendix





# Overview

## **Safety and Enforcement Division (SED)**

218 total staff, about 180 are field staff

- 104 staff in the Office of Utility Safety and Reliability (OUSR)
  - Gas Safety and Reliability Branch (GSRB)
  - Electric Safety and Reliability Branch (ESRB)
  - Risk Assessment (RASA)
- 113 staff in the Office of Rail Safety (ORS)
  - Rail Operations and Safety Branch (ROSB)
  - Rail Transit Safety Branch (RTSB)
  - Rail Crossings Engineering Branch (RCEB)

## **Consumer Protection and Enforcement Division (CPED)**

124 total staff

- 52 in the Consumer Affairs Branch (CAB)
- 28 in the Transportation Enforcement Branch (TEB)
- 19 in the Transportation Licensing and Analysis Branch (TLAB)
- 22 in the Utilities Enforcement Branch (UEB)





# Routine Compliance Summary





# Energy Compliance – Energy Division

## Utility Compliance Reports Received and Distributed for Internal Review

Program	2018 YTD
Annual reports	19
Quarterly reports	17
Monthly reports	15

## Energy Division Enforcement Referrals to CPED

Program	FY 17/18	FY18/19
Gas Competitive Transport Agents (CTA)	0	7
Resource Adequacy (RA) citations	11	2
Renewables Portfolio Standard (RPS) citations	0	0





# Energy Compliance – Energy Division

## Compliance with RPS Program for 2011-13 Period (PUC 399.11-399.32)

	# of Load Serving Entities (LSEs)
Total RPS Compliance Reports	19
In Compliance	13
Not In Compliance*	6

**\*Non-Compliance Penalties Administered: Total roughly \$4.1M**

- All 6 are Energy Service Providers (ESPs)
- 4 LSEs accepted the CPUC's determination and paid their non-compliance penalties.
- 2 LSEs have filed for penalty waivers; currently pending.





# Energy and Gas Compliance - SED

- GSRB conducts routine operator inspections (audits), investigates incidents and self-identified violations, and performs construction inspections. Operators must promptly address violations discovered by GSRB, and provide plans to prevent recurrence.
  - For 2018, GSRB conducted 38 inspections, investigated 195 incidents received in 2018 and is actively participating in 3 proceedings.
- ESRB conducts electric infrastructure inspections (audits), investigates incidents and self-identified violations, performs whistleblower investigations, consumer complaint investigations and participating in proceedings. ESRB also monitors forced and planned outages by natural gas and renewable power plants.
  - For 2018, ESRB conducted 15 inspections, investigated 92 incidents received in 2018 and is actively participating in 7 proceedings.
- ESRB conducts routine Communications Infrastructure Provider(CIP) facilities inspections (audits) for compliance with GO 95 and 128. This includes wireless and wireline facilities.
- ESRB reviews annual GO 165 and 174 filings related to utility facilities inspections and annual GO 166 Emergency Response Plans. ESRB also reviews biannual GO 167 power plant Maintenance and Operation Standards.





# Communications Compliance - CD

## Citation Program

- Resolution T-17601 issued on June 21, 2018, authorizing Staff to issue citations to communication carriers for a list of specific violations of Commission licensing requirements along with a corresponding amount of penalties.
- Staff has issued 72 citations to date addressing surcharge compliance.

## Advice Letter (AL) Filings

- Staff routinely monitors acceptance and approval of ALs within the following prescribed timeframes as outlined in GO 96-B:
  - Tier 1: Effective pending disposition (meaning the AL may be made effective on the date of filing); staff has 30 days to review and act on the advice letter
  - Tier 2: Require staff approval to take effect; staff has 30 days to review and act on the AL
  - Tier 3: Requires a Resolution effective upon Commission approval, other than negotiated interconnection agreements

Fiscal Year	Total AL Received	% Closed
2017-2018	1,558	98.59%
2018-2019	418	85.89%





# Communications Compliance - CD

## Performance Bond Tracking

- 548 carriers are required to comply.
- 509 carriers or 93% complied with the initial performance bond filing requirement.
- 346 carriers or 63% complied with the 2018 annual performance bond filing requirement.

## Annual and Affiliate Transaction Reporting

- 590 carriers are required to comply.
- 453 carriers or 77% complied with the 2017 annual report filing requirement.
- 419 carriers or 71% complied with the 2017 affiliate transaction reporting requirement.

## Annual Tariff Filing

- 447 carriers are required to comply.
- 225 carriers or 50% complied with the 2018 annual tariff filing requirement.

## Audits

- In 2018, staff had 12 carrier audits performed and issued demand letters to audited carriers for surcharge and user fee under-collections.

## Service Quality Compliance Filings

- 25 carriers submitted quarterly service quality reports carriers according to GO 133D.
- All carriers are obligated to submit major service interruption reports according to GO 133D.
- Annual advice letters from any carrier subject to fines for failure to meet minimum GO 133D service quality standards.

## Eligible Telecommunication Carrier Filings

- Advice letters from carriers who are filing to be or are already Eligible Telecommunications Carriers for the purposes of federal Lifeline or Connect America Fund Phase II.
- ETCs Annual filings of FCC Form 481 for federal high cost support.

## Emergency Measures Compliance Filings

- Advice letters from carriers in disaster areas with their consumer protections according to 18-03-001.







# Communications Compliance - CPED

DESCRIPTION	Purpose	STATUS
<p>Cramming Reporting Requirements</p> <ul style="list-style-type: none"> <li>• General Order 168 Part 4</li> <li>• D.10-10-034</li> <li>• PU Code 2889.9</li> </ul>	<p>To help identify unauthorized charges and assist CPED in obtaining refunds for consumers and prosecuting wrongdoing</p>	<p>Review over 80 reports to identify targets for investigation. Reports include:</p> <ul style="list-style-type: none"> <li>• Refund Reports</li> <li>• Cramming Complaint Reports</li> <li>• Suspensions and Terminations</li> <li>• Annual Blocking Reports</li> </ul>
<p>Mobile Phone Antenna Site Permitting</p> <ul style="list-style-type: none"> <li>• General Order 159A</li> </ul>	<p>To ensure carriers obtain all land use approvals from local government agencies before beginning construction</p>	<p>Received and documented over 3,000 carrier filings</p>
<p>Review and Analysis of Consumer Complaints with Commission</p> <ul style="list-style-type: none"> <li>• Consumer Information Management System (CIMS)</li> </ul>	<p>To identify patterns of wrongdoing that warrant investigations or monitoring</p>	<p>Performed monthly</p>

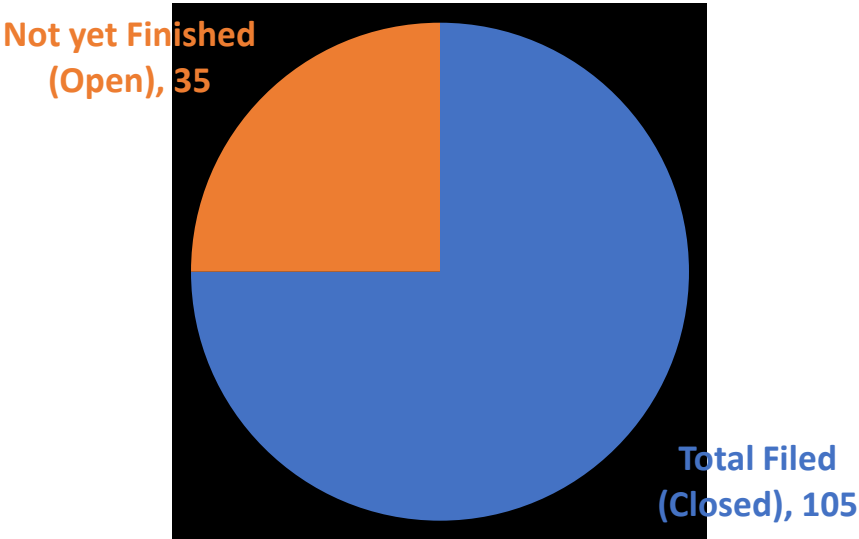




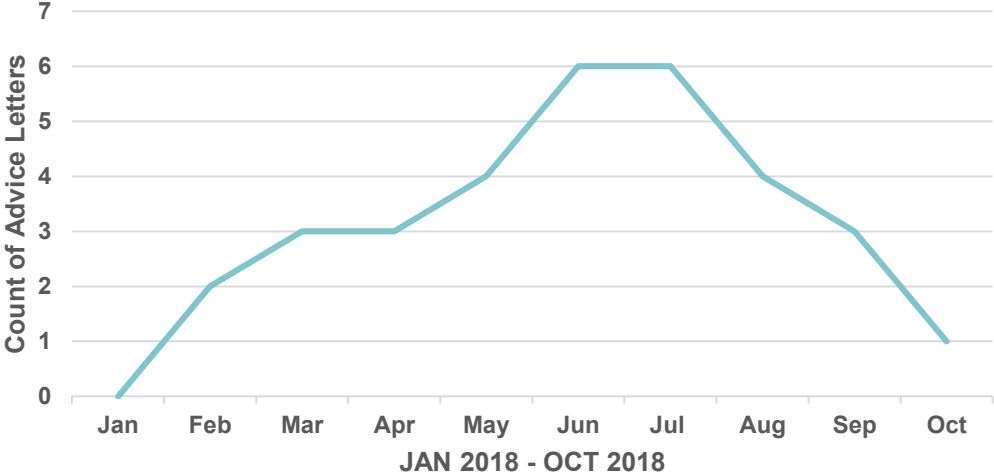
# Water Compliance

## Advice Letter (AL) Filings:

TOTAL ADVICE LETTERS FILED = 140



Advice Letters Over 180 days





# Rail Compliance - SED

RTSB has safety and security regulatory authority over all rail transit agencies (RTAs) in California, and works in cooperation with the Federal Transit Administration (FTA) and the RTAs to enhance public safety and security.

- RTSB verifies compliance with the System Safety Program Plan (SSPP), System Security Plans (SSP), and Safety Certification Plans (SCP) of each RTA to ensure that these plans meet all state and federal rules and regulations.
- RTSB's conducts continuous review and safety oversight of design and construction of capital projects, operations, emergency response, accident reporting, and incident investigation. RTSB inspectors inspect infrastructure and vehicles, monitor operations, evaluate maintenance practices, and perform other activities to identify noncompliance.





# Rail Compliance - SED

RCEB collects and records the inventory (equipment, signage) of highway-rail crossings. RCEB records the data in the RSSIMS Database that all the branches in ORS use. It also performs diagnostic reviews of proposed and existing crossings to determine and make recommendations concerning the safety needs of these crossings.

RCEB investigates collisions and may also inspect the crossing involved in the collision to verify reports and observe the conditions at the crossing.

ROSB is multi-disciplined, with Track, Operating Practices, Motive Power & Equipment, Signal & Train Control, and Hazardous Material Inspectors.

ROSB enforces the Federal Regulatory requirements of 49 CFR and all parts that pertain to railroad operations.

- During 2017-2018, ROSB performed 4,396 inspections, 161 safety surveys (bridge and tunnel), cited 9,175 federal regulation defects, recommended civil penalties for 338 violations, completed 293 reports identifying 509 regulation defects.





# Transportation Compliance - CPED

In 2018, TLAB received a total of 2,380 carrier applications (new, renewals, refiles, transfers), and issued 2,276 permits. Applications by category are as follows:

New	652
Renewal	1,519
Refile	160
<u>Transfer</u>	<u>49</u>
<b>TOTAL</b>	<b>2,380</b>





# Additional Enforcement Information

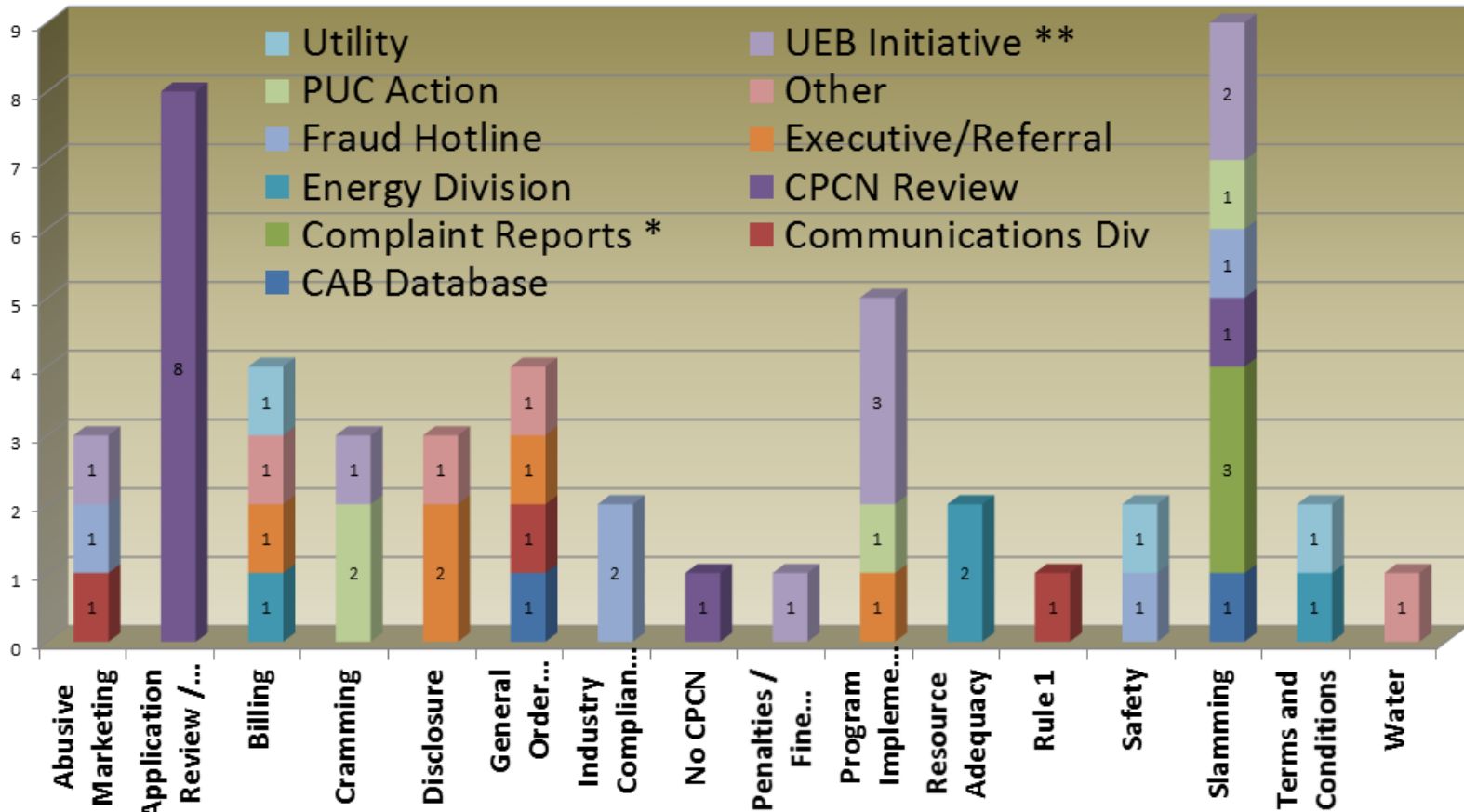




# UTILITY ENFORCEMENT CASES - CPED

as of October 31, 2018

UEB is working on a total of 51 cases, centering primarily on slamming, application reviews and implementation of enforcement programs.





# Energy Enforcement - CPED

DESCRIPTION	Source	2018 Highlights/Status
Resource Adequacy (RA) Citation Program <ul style="list-style-type: none"> <li>• PU Code 380</li> <li>• Resolution E-4195</li> </ul>	Energy Division Referrals	\$2.6 million in citations issued and collected in 2018 from 9 cases
California Environmental Quality Act (CEQA) Citation Program <ul style="list-style-type: none"> <li>• CEQA of 1970</li> <li>• Public Resource Code 21000-21176</li> <li>• California Administrative Code 15000-15387</li> <li>• California Government Code 65920-65957</li> </ul>	Energy Division Referrals	None issued in 2018  On June 2, 2017, the Commission approved a joint settlement between CPED and SoCal Gas for \$275,000 to resolve CEQA Citation E-4550-0001, for allegedly failing to comply with mitigation measures project wide.
Renewable Portfolio Standards (RPS) Citation Program <ul style="list-style-type: none"> <li>• PU Code 399.14</li> <li>• Resolution E-4257</li> </ul>	Energy Division Referrals	None issued in 2018
CTA Citation Program <ul style="list-style-type: none"> <li>• PU Code 985</li> <li>• Resolution UEB-003</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer complaints</li> <li>• Referrals</li> </ul>	Recently adopted in October 2018, currently being implemented







# Energy Enforcement - CPED

DESCRIPTION	REFERENCE	2018 Highlights/Status
<p>Order Instituting Investigation (OII) into Pacific Gas and Electric Company's (PG&amp;E) Failure to Provide a 24-hour Notice Prior to Residential Service Disconnections Between July 1 and July 18, 2016 and the Adequacy of its Remedy Going Forward.</p>	<p>I.18-07-008</p>	<p>Prehearing conference held on October 30, 2018.</p>
<p>OII into the Billing Practices of Southern California Gas Company (SoCalGas) and Order to Show Cause Why the Commission Should not Revise Rule No. 14, Impose Penalties and/or Other Remedies for Extending Billing Periods and Issuing Untimely Monthly Bills.</p>	<p>I.17-04-021</p>	<p>Commission reopened evidentiary record in proceeding on August 27, 2018</p> <ul style="list-style-type: none"> <li>Parties filed comments on additional areas</li> </ul> <p>Awaiting proposed decision</p>
<p>Other Cases (preliminary investigations, commission proceedings, referrals, etc.)</p>		<p>7 ongoing cases.</p>





# Communications Enforcement - CPED

DESCRIPTION	SOURCE	2018 Highlights
<p>Slamming Citation For Unauthorized Switching of Service Provider Without Third-Party Verification (TPV)</p> <ul style="list-style-type: none"> <li>• GO-168 Part 3</li> <li>• UEB-001 and UEB-002</li> <li>• PU Code 2889.5</li> </ul>	<p>Communications Division</p> <p>UEB Scanning</p>	<p>Reviewed and issued 119 citations for a total of \$119K to TC Telephone, LLC for alleged violation of TPV requirements</p> <p>Listened to over 150 TPV audio files from closed Slamming complaints in CAB</p>
<p>Payphone Inspection Program</p> <ul style="list-style-type: none"> <li>• PU Code 741 and 742</li> </ul>	<p>D.90-06-018</p> <p>D.08-06-020</p>	<p>Over 5,000 payphones inspected in 2018 for signage, operability, and safety.</p>
<p>Certificate of Public Convenience and Necessity (CPCN) Application Review For Fitness</p> <ul style="list-style-type: none"> <li>• PU Code 1001 and 1013</li> </ul>	<p>Commission Daily Calendar</p>	<p>26 Applications reviewed in 2018</p> <ul style="list-style-type: none"> <li>• Protested A.18-10-005, Application of Miron Enterprises, LLC for operating without authority</li> </ul>
<p>Wireless Identification Registration (WIR) Application Review For Fitness</p> <ul style="list-style-type: none"> <li>• D.94-10-031</li> </ul>	<p>Communications Division</p>	<p>8 Applications reviewed in 2018</p> <ul style="list-style-type: none"> <li>• Recommended rejection of 2 applications</li> </ul>





# Communications Enforcement - CPED

DESCRIPTION	REFERENCE	2018 Highlights/Status
<p>Oil into Operations and Practices of <b>Preferred Long Distance, Inc.</b> to Determine Whether Respondents Violated the Laws, Rules, and Regulations of this State governing the manner in which California Consumers are Switched from Telephone Carriers and Billed for Telephone Products and Services.</p>	<p>I.18-05-012</p>	<ul style="list-style-type: none"> <li>Assigned Commissioner's Scoping Memo and ruling issued on October 8, 2018.</li> </ul>
<p>Oil into the California's <b>One Million New Internet Users</b> Coalition's Misuse of California Advanced Services Fund Grant Funds; and Order to Show Cause Why the Commission Should not Impose Penalties and/or Other Remedies for Violating Terms of Their Grant and for Refusing to Return Funds Previously Demanded by the Commission's Division.</p>	<p>I.18-07-009</p>	<ul style="list-style-type: none"> <li>On October 18, 2018, the ALJ issued a ruling granting the request for extension of time by Korean Churches for Community Development/Faith and Community Empowerment to respond to the Commission's Oil.</li> <li>Prehearing Conference scheduled for November 14, 2018.</li> </ul>
<p>Other Cases (preliminary investigations, commission proceedings, referrals, etc.)</p>		<p>37 ongoing cases.</p>





# Utility Accountability





# Rail Enforcement - SED

RTSB enforces Commission General Orders (GO) 127,143-B, 164-E, 172, 175-A and FTA's SSO regulation (49 Code of Federal Regulation Part 674) to ensure that Rail Transit Agencies (RTAs) meet the standards.

- In brief, the previously mentioned GOs cover construction, maintenance and automatic train control systems, route interlocking, speed enforcement, right-of-way hazard protection on rapid transit systems, worker safety and various other aspects of rail safety.

RCEB oversees the proper the implementation and processes related to GO 75-D, 88-B, 26-B, and 72-B. RCEB reviews crossing applications and GO improvement requests. RCEB staff prepares GO 88-B requests, in which they complete within 45 days.





# Initiatives Promoting Utility Accountability

## SED's Energy and Communications Initiatives

- GSRB and ESRB promotes operator and utility accountability through compliance inspections and enforcement activities
- One gas related self-identified violation in September 2018
- One electric related self-identified violation in October 2017
- Investigating whistleblower cases to ensure utilities are following best practices (13 reported in 2018). Employees report concerns and are legally protected from retaliation.
- RASA tracks PG&E's Safety Culture implementation and whistleblower cases
- Meeting with utilities to learn about program changes and provide feedback





# Initiatives Promoting Utility Accountability

## SED's Rail Initiatives

- RTSB conducts an on-site triennial safety and security review of each rail transit system to verify the effectiveness of each rail transit agency's System Safety Program Plan (SSPP) and their implementation of it, and to assess the level of compliance with GO 164 as well as other Commission safety requirements. In addition, RTSB inspectors make unannounced and announced inspections of RTA's operations, maintenance and facilities to ensure compliance with the federal, PU Code, Commission, and the applicable RTA rules and/or procedures.
- RCEB meets with the railroads on a routine basis to discuss policy and promote safety.
- ROSB meets quarterly with the railroads to discuss overall safety concerns to ensure a full understanding of railroad responsibilities.





# Initiatives Promoting Utility Accountability

## Energy Division's Initiatives (1 of 3)

- Monitor registration of 35 Core Transport Agents and 21 Electric Service Providers to ensure compliance, including verification that all bonding and other financial and notice requirements are met
- Monitor Community Choice Aggregator (CCA) compliance with all registration and certification responsibilities, and coordinate with other staff in ED regarding compliance with RA, EE and IRP requirements.
- Performed Balancing Account Reviews of the electric and gas utilities. We have performed 68 reviews over the past 4 years. There are 245 balancing accounts in existence, and we keep an up to date inventory of them as well.
- Performed reviews of Safety Spending Accountability Reports prepared by the utilities annually and submitted as part of enhanced accountability reporting arising from the Commission's Risk Safety Framework Rulemaking
- Oversee audits of utility compliance with CCA Code of Conduct Requirements and Utility Affiliate Transaction Rules







# Initiatives Promoting Utility Accountability

## Energy Division's Initiatives (2 of 3)

- Staff holds regular check in meetings w/ Public Purpose Program Administrators to ensure they are administering the program in accordance with Commission policy. Annual evaluations of the program are conducted.
- Weekly check in calls with each utility to address Time of Use development/pilots and implementation issues
- Semi-annual reporting on Progress on Residential Rate Reform (PRRR)
- Annual rate summits and rate design forums
- Daily/monthly utility reports on Demand Response events
- Weekly reliability calls in May to October
- Smart grid semi-annual reports by utilities
- Monthly invoices by Demand Response Providers to document Demonstrated Capacities
- Monthly calls/meetings to oversee IOU procurements
- Quarterly (SDG&E) and bi-annual (SCE, PGE) review/planning sessions with IOUs





# Initiatives Promoting Utility Accountability

## Energy Division's Initiatives (3 of 3)

- Energy efficiency programs are evaluated by CPUC contractors who perform a sampling utility program filings and also perform after the fact reviews to verify program effectiveness.
- Utilities are required submit a Response to Recommendations 60 days after the Energy Division completes an evaluation study.
- The Commission requires energy efficiency program administrators to submit data to the California Energy Data and Reporting system on utility program performance. Templates require monthly, quarterly, and annual reports of energy efficiency data.
- Staff holds recurring monthly check in meetings with the utilities to discuss status of specific mandates and directives in low income programs.
- Low income programs are audited by either UAFCB or 3rd Party on a regular basis for financial compliance and adherence to applicable program rules and procedures.





# Initiatives Promoting Utility Accountability

## Water Division's Initiatives

- General Order Compliance
  - GO 24-C – bonds, stocks, other indebtedness
  - GO 104-A – Annual Reports
  - GO 77-M – compensation
- Commission Decision Compliance
  - Tariff Filings
  - Progress Reports
- Balancing Accounts
  - Semi-annual reporting; account type and balance
- User fee payment and updates
- Tax Accounting Memorandum Account
- Tariff Rule 15 tax updates – Contributions / Facilities Fees / Advances
- SB 998 – updates to tariff rules on water shut-off policy and service restoration





# Initiatives Promoting Utility Accountability

## Utilities Enforcement Branch Initiatives (CPED)

- Core Transport Agent (CTA) Citation Program
  - On CPED's initiative, the Commission issued Resolution UEB-003 in October 2018 adopting a CTA citation program that fines CTAs \$1,000 for each violation of the standards for verification of change in provider in D.18-02-002.
- UEB pursues carriers for their failure to remit surcharges, fees and penalties:
  - Locus Communications
- UEB regularly reviews CPCN/WIR Applications for fitness to operate and protest when warranted, including holding applicants accountable to Rule 1.1 of the Rules of Practice and Procedure prohibiting false statements and misleading the Commission.





# Initiatives Promoting Carrier Accountability

## Transportation Enforcement Branch Initiatives (CPED)

- TEB routinely fines carriers for failure to remit fees and penalties.
- TEB reviews formal permit applications for fitness to operate and protests when warranted.
  - A. 18-06-001 - Application of GoGo Technologies, Inc. for an order declaring Applicant to be a non-regulated entity and to stay enforcement action pending resolution. A Proposed Decision issued October 25, 2018 grants CPED's Motion to Dismiss the Application of GoGo Technologies, Inc., and closes the proceeding.





# Improved Oversight





# Continuous Improvement in Oversight

## SED

- Issues Monthly Division Reports status of COPs statistics, electric and gas incidents, safety related proceedings and violations letters or reports issued
- Management year-end review of SED activities. RASA also reviews annual Gas Safety Plans
- The federal authority, Pipeline and Hazardous Materials Safety Administration (PHMSA), performs an annual evaluation of GSRB's gas safety program to identify compliance with state program requirements and provide suggestions for improvement
- After the October 2017 Wildfires, SED explored the possibility of signing additional Memorandums of Understanding (MOU) with other agencies to improve interagency relationships and investigations
- ORS inspectors perform discipline specific quarterly focus inspections throughout the year. Continual developments of the General Order Training Program so all state inspectors have full understanding of the GOs and how to properly enforce them





# Continuous Improvement in Oversight

## Energy Division

- ED staff perform regular tracking/quality control of data for CCA, CTA, and ESP programs. We monitor whether our data is up to date, fill in gaps.
- For CTA program, ED staff is working to set up a public website with CTA information to give consumers up to date information as they choose CTA providers.
- Staff regularly meets with the utilities to understand system reliability concerns and challenges, both gas and electric.
- Oversight of audit recommendations to ensure staff is acting to resolve all recommendations
- Regular reports to program managers on advice letter status (PAL output)
- Monthly ETS Data report to program managers on staff allocation of time
- Monthly reports to program managers on work products
- Staff required to draft Triennial report to the Legislature on Energy Efficiency Program



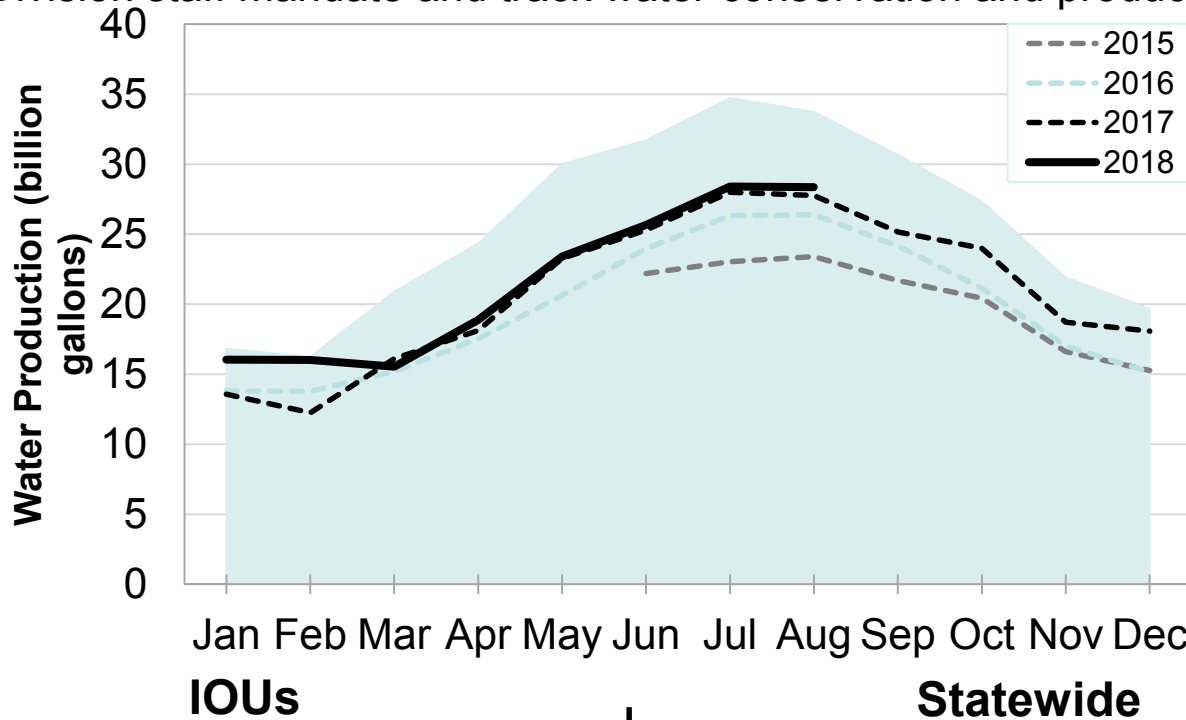




# Continuous Improvement in Oversight

## Water Division

- Water Division staff mandate and track water conservation and production reports.



- 21.9% savings since Jun'15
- 224 billion gallons total

- 18.9% savings since Jun'15
- 1.3 trillion gallons total





# Continuous Improvement in Oversight

## Utility Enforcement Branch - CPED

- Maintains a robust ***Knowledge Portal*** in the intranet that contains over 50 reference materials, writing templates, process flows and other resources
  - ✓ Up-to-date knowledge base helps us achieve efficiency and enables consistent and repeatable work outputs
  - ✓ Serves as an effective onboarding and training resource to quickly bring new staff up to speed on processes and practices
  - ✓ Ensures long-term retention of institutional knowledge
- Utilizes project planning and tracking principles
- Conducts post-case evaluations to identify successes and opportunities for improvements
  - 43 post case evaluations completed in 2018
- Regularly monitors proceedings for consumer-protection related needs
  - R.14-07-002 - Order Instituting Rulemaking (OIR) on Net Energy Metering issues
  - R.18-07-005 – OIR on Disconnections and Reconnections issues
  - 27 Formal Complaints on Daily Calendar (25 reviewed, 1 action taken, 16 closed, and 8 remains open)
- Conducts strategic planning (every 2 years or so) and develop annual plans





# Continuous Improvement in Oversight

## Transportation Enforcement Branch - CPED

- The Transportation Enforcement Branch (TEB) maintains reference materials, templates and other resources to ensure consistent work products, processes and outcomes.
- Investigators attend a series of mandatory training courses that focus on investigative, enforcement and quantitative techniques.
- Conducts strategic planning and develops annual plans.
- Prepares monthly reports on TEB activities.





# Continuous Improvement in Oversight

## Transportation Enforcement and Licensing - CPED

- An assessment of the CPUC's Transportation Program, as requested by Senate Bill 541 (Hill, 2015), recommended that the Program's Licensing and Analysis functions be separated from its Enforcement functions. In 2018, CPED formed a new Transportation Licensing and Analysis Branch (TLAB), and added a program manager, supervisor, and five regulatory analysts. TLAB licenses passenger carriers and provides analytical support to the Commission on transportation matters.

