



Considerations for Risk Assessment Mitigation Phase (RAMP)



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RAMP Process and Guidance

- D. 14-12-025 in the Rulemaking Incorporating a Risk-Based Decision-Making Framework into the General Rate Case Plan (R.13-11-006) provided a process and general guidance for conducting a Risk Assessment Mitigation Phase of future GRCs.
- The Decision refined recommendations from the Revised Straw Proposal that was considered in that Rulemaking.
- However, the Decision determined that it was “premature at this time to decide whether a specific risk approach, model or methodology should be adopted for use in the S-MAP and RAMP process.” (FoF 23)
- Instead, the Decision indicated that the S-MAP proceeding would establish the appropriate risk assessment approach, and that subsequent RAMP filings by the utilities would be reviewed for “consistency and compliance.” (FoF 26)





RAMP Process and Guidance

- The purpose of the RAMP filing will be to review the utility's RAMP submission for consistency and compliance with its prior S-MAP, and to determine whether the elements contained in the RAMP submission can be used in the utility's GRC filing to support its position on the assessment of its safety risks, and its plans to manage, mitigate, and minimize those risks in the context of the utility's upcoming GRC application filing. (FofF 26)





RAMP Process and Guidance

- After a decision is rendered on the Safety Model Assessment Proceeding ... [the utilities] shall send a letter, as described in this decision, to the Executive Director requesting that an Order Instituting Investigation (OII) be opened in the utility's respective upcoming General Rate Case application filing, and file and serve their respective Risk Assessment and Mitigation Phase submission by November 30 of the year preceding its next General Rate Case application filing in the newly opened OII. (OP 6)





RAMP Process and Guidance

The Straw Proposal referenced in D. 14-12-025 described the recommended content of the RAMP:

- The utility's prioritization of the risks it believes it is facing and a description of the methodology used to determine such risks.
- A description of the controls currently in place, as well as the "baseline" costs associated with the current controls.
- The utility's prioritization of risk mitigation alternatives, in light of estimated mitigation costs in relation to risk mitigation benefits (Risk Mitigated to Cost Ratio).
- The utility's risk mitigation plan, including an explanation of how the plan takes into account: Utility financial constraints; Execution Feasibility; Affordability Impacts; Any other constraints identified by the utility.
- For comparison purposes, at least two other alternative mitigation plans the utility considered and an explanation of why the utility views these plans as inferior to the proposal plan.





RAMP Process and Guidance

D. 14-12-025 revised the Straw Proposal's recommendation for RAMP to provide evaluation of the utility's Top 10 asset risks.

“Limiting the utility’s RAMP submission to just 10 asset categories may prevent the Commission and interested parties from having a comprehensive view of the utilities potential safety risks, and its plans for addressing those risks.”

“Since the RAMP will provide the first opportunity for parties to see how the utility prioritizes safety in terms of its assets and operations, the RAMP should not be limited to a maximum of 10 asset categories. Accordingly, the utility’s RAMP submission shall include **all of its risk assessments and mitigation plans.**” (Emphasis added, pg. 39-40).





RAMP Process and Guidance

- After the RAMP filing is made, a public workshop will be hosted by the utility and Commission staff to provide an overview of the utility's RAMP submission.
- This will then be followed by an SED staff report on the utility's RAMP submission.
- The objective of this staff report is to assess the utility's risk assessment procedures, and to assess the technical merits of the utility's proposal.
- Instead of SED preparing both a draft report and final report...SED should only issue and file a single report.
- We do not adopt the proposal that the SED report on the utility's RAMP submission be included as part of the utility's GRC filing submission.





RAMP Process and Guidance

The report of the SED would address the following:

- Is the proposal complete – *i.e.*, does the utility's proposal address the top risks as identified by the utility?
- Are there any significant risks that have been missed in the proposal?
- Are there reasonable mitigation options that have not been examined?
- Is the proposed risk mitigation contained in the proposal an efficient allocation for the risks that the utility faces? That is, are there any proposed programs that are clearly dominated by possible alternative programs in terms of the risk mitigation per dollar spent?
- Do the proposed programs and alternatives represent a realistic set of options given the current condition of the installed assets, best practices for management of those types of assets, and the identified risks?
- Are the proposed risk mitigation programs in line with stakeholder preferences?





RAMP Process and Guidance

- On the issue of whether SED should have a witness to sponsor and testify about the staff report if hearings are held in the RAMP application, that issue should be left to the RAMP proceeding to decide. In considering how the SED staff report is to be used, the due process rights of the parties should be preserved.
- Other parties will then be given the opportunity to comment on the utility's RAMP submission, and the SED staff report.
- This could then be followed by additional workshops to discuss all of these RAMP-related items.
- Since no decision is to be issued in connection with the RAMP filing, no evidentiary hearings will be held in the RAMP process.





RAMP Process and Guidance

We conclude that today's decision, which describes and adopts the parameters of the S-MAP and RAMP processes, does not prevent the assigned ALJs in either the consolidated S-MAP applications, or in the RAMP proceedings, from taking any other action to adjudicate the S-MAP application or the RAMP application process.





RAMP Process and Guidance

Timeline as per D. 14-12-025

- **September 1 prior to the GRC filing date.**
Utility sends letter to Executive Director (with a copy to the Chief ALJ) requesting that an OII be initiated for the utility's upcoming GRC filing, and pursuant to this decision.
- November 15 OII for the upcoming GRC initiated.
- November 30 Utility files RAMP submission in the OII.
- By December 15 PHC held.
- By December 15 Utility and SED hold public workshop on utility's RAMP submission.
- February 28 SED files and serve staff report on utility's RAMP submission.
- March 15, Staff hosts public workshop on SED staff report.
- April 10 Other parties serve comments on RAMP submission, and SED's staff report.
- April/May If needed, additional workshops on RAMP-related items.

- May to August Utility incorporates RAMP results into its GRC filing.





Thank You

For Additional Information:

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

