

California Public Utilities Commission

Draft Strategic Directives Holistic Assessment

version 3/31/16

Table of Contents

Mission.....	1
Safety.....	2
Reliability and Resiliency.....	4
Rates and Affordability.....	5
Universal Service.....	7
Consumer Protection, Education, and Assistance.....	8
Compliance and Enforcement.....	9
Climate Change.....	10
Environmental Sustainability.....	11
Economic Prosperity.....	12
Administration.....	13
Communication and Engagement.....	16
Decision-making Process.....	17
Coordination with Other Governmental Entities.....	19
Risk Management.....	20

DRAFT

COMMISSION POLICY	
Category: Strategic Directive	Title: Mission
	Policy Number: SD-01
Date of Adoption:	Resolution No.
Revision:	Resolution No.

The CPUC protects consumers, provides safe and reliable infrastructure for a prosperous California, and safeguards the environment through fair, affordable, and reasonable regulation of services and utilities.

Monitoring Method:

Frequency:

COMMISSION POLICY	
Category: Strategic Directive	Title: Safety
Date of Adoption:	Policy Number: SD-02
Revision:	Resolution No.

The CPUC secures health and safety with a **goal of achieving zero accidents and injuries** across all the entities we regulate, and within our own workplace.

Senior Management Leads' input: (1) Suggest replacing "goal" with "vision:" goal sounds too concrete. (2) Suggest changing to "...with a vision of achieving zero injuries and fatalities from accidents across all entities we regulate..."

The CPUC will:

1. Adopt an organization-wide systematic approach to safety that focuses on:
 - a. Safety Policy: Adopting leading safety policies and standards that maximize safety in a cost efficient manner **above and beyond compliance**;

Senior Management Leads' input: (3) "...above and beyond compliance" is better placed under Safety Assurance. Suggest ending sentence after "cost efficient manner."

- b. Risk Management: Continually identifying, assessing, and mitigating or eliminating the safety risk faced or posed by the entities we regulate;
 - c. Safety Assurance: Assuring that the entities we regulate **have proper tools to ensure compliance with the law**, and the safety of the public, their workers, and the environment;

Senior Management Leads' input: (4) It not the CPUC's job to assure entities have tools, programs, or funding. It is to assure they comply. Perhaps change to "Assuring that entities we regulate comply with the law."

- d. Safety Promotion: **Assuring** that the public and entities we work with, including their workers and customers, are able to make informed choices and know how to respond to unsafe situations;

Senior Management Leads' input: (5) The word "Assuring" seems too strong, given the reference to the public. Suggest changing to "Supporting efforts to assure..." or "Facilitating."

DRAFT

2. Provide transparent and effective procedures for promoting a continuously improving safety culture within the CPUC and within the utilities we regulate;
3. Continuously improve safety oversight and outcomes by learning from experience, including near misses, incidents investigations, audits proceedings, consumer feedback and complaints.

Metrics:

Senior Management Leads' input: no high-level metrics recommended because of the sheer number of regulated entities and variation among them

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Reliability and Resiliency
Date of Adoption:	Policy Number: SD-03
Revision:	Resolution No.

The CPUC warrants reliable and resilient services of the entities it regulates.

The CPUC will:

1. Assure an adequate supply of regulated services and adequate infrastructure to deliver the services;
2. Assure the quality of products and services provided by regulated entities;
3. Assure that utility systems are resilient and capable of recovering from adverse events—such as accidents, natural disasters, and those related to cyber and physical security;
4. Assure regulated entities have proactive maintenance programs that are adequate, verifiable, and auditable.

Metrics:

Senior Management Leads' input:

- (1) Average electrical power outage duration (SAIDI)
- (2) Average number of interruptions in electrical power (SAIFI)
- (3) Completion of reliability decisions within allocated timeframe
- (4) 100% compliance by utilities with federal and regional reliability and resiliency standards as they relate to generation and transmission (LTPP proceedings)
- (5) Percent of regulated entities in compliance with maximum contaminant levels (MCLs)
- (6) Percent of entities' maintenance programs reviewed by CPUC every three years

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Rates and Affordability
Date of Adoption:	Policy Number: SD-04
Revision:	Resolution No.

The CPUC ensures that rates are just and reasonable.

The CPUC will:

1. Ensure that essential services remain affordable for all Californians;
2. Ensure that any necessary and appropriate **rate increases** are approved in a timely manner and are fairly amortized over time;

Commissioner Lead's input: Consider changing "rate increases" to "rate changes," as decreases do occur, albeit infrequently.

3. Help consumers understand services and rate changes and assure that regulated entities provide the information and tools to inform choices and minimize costs;
4. For services where the CPUC does not directly regulate prices, monitor market conditions and take appropriate action if it appears that rates are no longer just and reasonable;
5. Represent the interests of California ratepayers before the Federal Energy Regulatory Commission and the Federal Communications Commission to advance these directives.

Metrics:

Senior Management Leads' input:

- (1) Ratio of average bills to average household income (suggest adding)
- (2) System average changes on a five year rolling average basis compared to the rate of inflation over the same period (no suggested change)
- (3) Rates and customer bills in California as compared to national data (suggest deleting: not clear on the value of this data, as ratemaking is done on a cost-of-service basis, not by comparison)
- (4) Average customer bill compared to average bills in other states (suggest deleting: not clear on the value of this data, as ratemaking is done on a cost-of-service basis, not by comparison) – Commissioner Lead also suggests deleting

DRAFT

- (5) Low-income energy costs as a percentage of household income (*suggest deleting: tying low-income rates to a specific percentage of household income is something that would need to be decided in a proceeding and not appropriate as a metric for an SD*)
- (6) Rate decisions completed in a timely manner (*suggest defining timeliness as: “such that the new rates go into effect the first day of the test year”*)

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Universal Access/Universal Service
Date of Adoption:	Policy Number: SD-05
Revision:	Resolution No.

The CPUC seeks to provide **Californians** with access to necessary services from utilities and regulated entities.

Senior Management Leads' input: (1) Suggest changing to "all Californians"

The CPUC will:

1. Promote policies and rules that provide universal service for energy, communications, water, and **transportation**;

Senior Management Leads' input: (2) We are not aware of universal access programs related to transportation.

2. Administer the efficient and fair collection of applicable surcharges and fees that support its public purpose programs;
3. Facilitate the expansion of equitable access to energy, communications, water, and **transportation** services under Commission jurisdiction.

Senior Management Leads' input: (3) Does this signal that we intend to include transportation among our universal access programs in the future?

Metrics:

Senior Management Leads input:

- (1) 98% of households have access to broadband

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Consumer Protection, Education, and Assistance
Date of Adoption:	Policy Number: SD-06
Revision:	Resolution No.

The CPUC protects, educates, and assists consumers in their purchase and use of services from **covered** entities.

Senior Management Leads' input: (1) It is not clear what "covered" means. Suggest explicit description or perhaps a glossary to define terms like these.

The CPUC will:

1. Ensure the accuracy and accessibility of consumer information;
2. Identify and **prosecute** instances of **waste, fraud, and abuse**;

Senior Management Leads' input: (2) Who within CPUC would be prosecuting? (3) Suggest changing to "...waste, fraud, and abuse that are violations of CPUC rules" to make the statement less broad-reaching.

3. Assist consumers in filing, tracking, and resolving complaints;
4. Educate and assist consumers concerning the services they use;

Metrics:

Senior Management Leads' input:

- (1) Summary statistics of informal complaints, contact, and inquiries that are received and processed (CAB)
- (2) Summary statistics of applicable outreach events (News & Outreach Office)
- (3) Summary statistics of contacts with the Public Advisor's Office (PAO)
- (4) Consumer contacts received and processed by community-based organizations through CPUC's TEAM (Telecommunications Education and Assistance in Multiple-Languages) program and CHANGES (Community Help and Awareness of Natural Gas and Electric Services) program (CSID)
- (5) Summary statistics of formal complaints regarding consumer issues (ALJ)

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Compliance and Enforcement
Date of Adoption:	Policy Number: SD-07
Revision:	Resolution No.

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

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** and timely manner;
Senior Management Leads' input: (1) The word "fair" is subjective and hard to measure. Suggest changing to "consistent."
3. Promote individual and organizational accountability within regulated entities;
4. Continually improve CPUC oversight efforts through regular periodic **reviews of compliance** and enforcement efforts, **and review of the safety performance of regulated entities.**

Senior Management Leads' input: (2) Suggest changing to "reviews of CPUC compliance and enforcement efforts" (3) Suggest striking "...and review of the safety performance of regulated entities," as it seems duplicative of other statements.

Metrics:

Senior Management Leads' input:

- (1) Percent of ordering paragraphs for which entities are in compliance
- (2) Percent of ordering paragraphs for which entities are out of compliance
- (3) Timeliness of CPUC follow-up to non-compliance
- (4) Number of citations
- (5) Number of fines processed

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Climate Change
Date of Adoption:	Policy Number: SD-08
Revision:	Resolution No.

The CPUC promotes greenhouse gas (GHG) reductions through its decisions and leadership for the benefit of California’s residents, ecosystems, climate and economy.

The CPUC will:

1. Further California’s goal to reduce GHG emissions to 40% below 1990 levels by 2030;

Commissioner Lead’s input:

(1) Add “...and 80% below 1990 levels by 2050”

2. Consider **climate change adaptation** in CPUC decisions and ensure that activities by CPUC-regulated entities are so informed.

Commissioner Lead’s input:

(2) Change to “Consider adaptation to the impacts of climate change in CPUC decisions...”

Metrics:

Commissioner Lead’s input:

(1) GHG emissions levels

Senior Management Lead’s input:

(2) 100% of relevant procurements take into account GHG impact

(3) 100% of CPUC’s cost-effectiveness calculations include total cost of GHG

(4) 100% of CPUC-regulated entities are on track to meet GHG goal

(5) (eventually have a target for percent GHG reduction for regulated entities)

Monitoring Method: Executive Director Report

Frequency: Annually

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COMMISSION POLICY	
Category: Strategic Directive	Title: Environmental Sustainability
Date of Adoption:	Policy Number: SD-09
Revision:	Resolution No.

The CPUC implements state law and develops policies that are consistent with California’s environmental sustainability laws and goals.

The CPUC will:

1. Consider the impact of CPUC decisions and policies on California’s natural resources and communities;
2. Consider the impact of CPUC decisions and policies on California’s disadvantaged communities.

Metrics:

Senior Management Leads’ input: Other than creating a checklist that includes these factors in decision-making process (like safety), and tracking percentage of decisions that took these impacts into consideration, not sure how to measure this.

Monitoring Method:

Frequency:

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COMMISSION POLICY	
Category: Strategic Directive	Title: Economic Prosperity
Date of Adoption:	Policy Number: SD-10
Revision:	Resolution No.

The CPUC promotes a strong California economy that provides jobs and general prosperity.

The CPUC will:

1. Require and/or encourage regulated entities to purchase goods and services competitively **from the widest possible range** of potential suppliers;
Senior Management Leads' input: (1) Suggest changing "...from the widest possible range..." to "...from a wide range..."
2. Encourage the availability of a wide range of services and technologies to consumers;
Senior Management Leads' input: (2) Requesting more clarity about the intent of this element: if it's about low-income access to services, then this sounds duplicative of Universal Access elements. If it is about something else, let's clarify.
3. Consider the impact of CPUC decisions and policies on California's disadvantaged communities;
4. Analyze and seek to minimize the costs and adverse economic impacts of regulatory actions;
5. Consider the impact of CPUC decisions and policies on California jobs and employers.

Metrics:

Senior Management Leads' input:

- (1) Regulated entities procure at least 21.5% of goods and services from diverse suppliers
- (2) Elements 3 and 5 don't seem to lend themselves to quantitative measurement. This raises a concern about how the CPUC would defend itself against scrutiny if asked to show how it is meeting this expectation.

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Administration
Date of Adoption:	Policy Number: SD-11
Revision:	Resolution No.

The CPUC responsibly administers the human, financial, and information resources entrusted to it.

The CPUC will:

1. Plan for change in the industries it regulates and people it employs and perform comprehensive workforce and succession planning to adapt to those changing conditions and demands;

Senior Management Leads' input: (1) This element would benefit from being more direct. Suggest changing to "Perform comprehensive workforce and succession planning."

2. **Support agency** recruiting, hiring, and performance management in an efficient and timely manner;

Senior Management Leads' input: (2) Suggest using a stronger word than "support," such as "promote," "aid," or "advance." (3) Suggesting replacing "agency" with "agency-wide."

3. Provide relevant and practical training and mentoring to staff that supports our core values and **state administrative standards**;

Senior Management Leads' input: (4) Suggest replacing "state administrative standards" with "job duties."

4. Interpret state administrative rules in a manner that upholds the intent of the rules while supporting maximum efficiency;

Senior Management Leads' input: (5) Reference to interpreting state administrative rules seems too narrow if the goal is efficiency. Suggest more direct statement of the desired outcome, such as "Maximize efficiency and effectiveness of the agency where possible."

DRAFT

5. Protect confidential, sensitive, or personally identifiable information through policies about its appropriate handling;

Senior Management Leads' input: (6) Suggest striking "through policies about its appropriate handling," as it seems too narrow and focused on the "how."

6. Utilize modern technology to help CPUC employees perform their jobs effectively;

Senior Management Leads' input: (7) Suggest changing to: (a) "Optimize the use of technology to assist the CPUC and its employees in meeting the Commission's mandates." Or (b) "Evaluate and implement the use of technology when necessary to assist the CPUC and its employees in meeting the Commission's mandates."

7. Maintain established and tested business continuity plans for operational interruptions or emergencies;

Senior Management Leads' input: (8) This seems too focused on the "how" and less about desired outcome. Suggest changing to "Minimize or eliminate operational interruptions or emergencies."

8. Quickly engage specialized outside services, when needed, and provide strong oversight over those projects and funds;

Senior Management Leads' input: (9) Suggest reframing to more clearly state the desired outcome: "Ensure timely and effective contracting for outside services."

9. Manage and report on the financial health of CPUC administered special funds, including the timely collection and accounting of revenue, and adjustment of fees as necessary, respect authorized state budgetary authority when spending funds, and seek augmented authority when needed to meet the CPUC's statutory obligations.

Senior Management Leads' input: (10) This seems to describe the "how" related to the following desired outcome: "Be a prudent steward of public funds."

Metrics:

Senior Management Leads' input:

- (1) Element 1: staff turnover rate; participation rates in mentoring programs
- (2) Element 2: vacancy rate of no more than 10% (or the state average), turnover rate
- (3) Element 3: size of training budget, percent of training budget expended, percent of staff that participated in training
- (4) Element 5: zero information breaches
- (5) Element 7: zero incidents of operational interruptions

DRAFT

- (6) *Element 8: zero lapses in services due to contractual issues, meeting small business thresholds*
- (7) *Element 9: staying within annual appropriation, state operations does not exceed 10% of overall budget; harnessing 1% savings; no less than 90% overall surcharges*

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Communication and Engagement
Date of Adoption:	Policy Number: SD-12
Revision:	Resolution No.

The CPUC engages in open communication with staff, our many stakeholders, and members of the public.

The CPUC will:

1. Increase awareness of and engagement in the work of the CPUC, both internally and externally;
2. Communicate the CPUC’s role in facilitating the safe, affordable, reliable and environmentally sound delivery of services by regulated entities to diverse stakeholders;
3. Provide the public with accurate information and documents in a timely manner;
4. Support an organization-wide culture and core values through dialogue, critical thinking, learning, innovation, collaboration, and collegiality.

Metrics: The CPUC will measure outcomes through a variety of research methods, including assessments, surveys, observation, focus groups and interviews.

Senior Management Leads’ input: no suggested metrics to embed in the SD, but several ideas on metrics to provide in an Executive Director’s report

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Decision-making Process
Date of Adoption:	Policy Number: SD-13
Revision:	Resolution No.

The CPUC commits to a decision-making process that is impartial, **consistent**, and transparent, maintains integrity at all levels, **and is consistent with** the law.

Senior Management Leads' input: (1) Suggest changing "impartial, consistent, and transparent" to "impartial, fair, and transparent..." (2) Suggest adding "affords due process" after "maintains integrity at all levels." (3) Suggest changing "is consistent with the law" to "adheres to the law."

Revised sentence would read: "The CPUC commits to a decision-making process that is impartial, fair, and transparent, maintains integrity at all levels, affords due process, and adheres to the law."

The CPUC will:

1. Ensure that commissioners are actively engaged in the decision-making process;
2. **Make the** procedures, practices, and rules for Commission decision-making **consistent**, understandable and **conveniently** accessible to the public and interested parties;

Senior Management Leads' input: (4) Change "Make the procedures" to "Implement procedures..." (5) add "and rules for Commission decision-making that are consistent..." (6) Strike "conveniently," as it is unnecessary given the legal definition of "accessible."

Revised statement would read: "Implement procedures, practices, and rules of Commission decision-making that are consistent, understandable, and accessible to the public and interested parties."

3. Ensure all decision-making documents (the "record") are logged and available to the public to the extent allowed by law, and means to access and navigate the record are continuously improved;

Senior Management Leads' input: (7) Strike "all" from "Ensure all decision-making documents..." (8) Replace "(the 'record')" with "in the administrative record..." (9) Strike the clause "...means to access and navigate the record are continuously improved..." and replace with "...that accessibility to the record is regularly assessed and enhanced."

DRAFT

Revised statement would read: "Ensure decision-making documents in the administrative record are logged and available to the public to the extent allowed by law, and that accessibility to the record is regularly assessed and enhanced."

4. Ensure the CPUC's decision-making process enables and encourages the parties, the public, and governmental entities to participate actively in developing the record in Commission proceedings.

*Senior Management Leads' input: (10) Strike "Ensure the CPUC's decision-making process...." And start statement with "Enable and encourage..."
(11) Suggest moving this element to #3 position for logical flow.*

Metrics:

Senior Management Leads' input:

- (1) *Element 1: Commissioner attendance at hearings and Commissioner business meetings*
- (2) *Element 4: Online survey of users regarding ability to actively participate in developing the record*

Monitoring Method: Reports from Legal Division and ALJ Division, with input from News and Public Information Office, Public Advisor's Office, and Commission Oversight

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Coordination with Other Governmental Entities
Date of Adoption:	Policy Number: SD-14
Revision:	Resolution No.

The CPUC collaborates and coordinates with local, state, federal, and tribal entities—as appropriate—to achieve its goals.

The CPUC will:

1. Continually seek to clarify roles with other governmental entities to assure effective and efficient regulation and delivery of services;
2. Communicate to internal and external stakeholders the agreed-upon roles and responsibilities of the CPUC and its governmental partners;
3. Coordinate with governmental entities on the effective and efficient regulation and delivery of services;
4. Assess the results of governmental collaboration and continuously work to improve it;
5. Give due deference to the adopted policies and decisions of other state and federal agencies.

Metrics:

Senior Management input:

- (1) Number of MOUs with different governmental entities and the age of the MOUs
- (2) Quality rating of joint meetings, workshops, and confabs

Monitoring Method: Executive Director Report

Frequency: Annually

COMMISSION POLICY	
Category: Strategic Directive	Title: Risk Management
Date of Adoption:	Policy Number: SD-15
Revision:	Resolution No.

The CPUC maintains an enterprise risk management system and internal audit function.

The CPUC will:

1. Identify and characterize substantial risks to the achievement of the Commission's goals and strategic objectives, including risks the public faces with respect to entities the CPUC regulates;
2. Prioritize risks of greatest concern, in light of their likelihood, severity, and available options for their mitigation;
3. Consider risk priorities in allocating the CPUC's resources, including budgetary funding and the time and attention of Commissioners and CPUC staff;
4. Test and verify the effectiveness of the CPUC's managerial controls and operations.

Metrics:

Senior Management Leads' input:

- (1) *Elements 1 and 2: Continuing and timely participation in State Leadership Accountability Act (SLAA) monitoring and reporting process overseen by the Department of Finance; maintenance of an ongoing enterprise risk management system that includes the participation of all divisions*
- (2) *Element 3: Inclusion of risk analysis and prioritization in substantial BCPs; inclusion of discussion of risks by Commissioners and senior managers in meetings related to resource allocation*
- (3) *Element 4: Percentage of recommendations or findings from external and internal audits for which CPUC has achieved compliance or is actively addressing*

Monitoring Methods: Enterprise Risk Management presentation, Chief Internal Auditor reports to the Finance and Administration Committee

Frequency: Annually