



CCPUC Annual Meeting

Monterey, California

The Intercontinental
750 Cannery Row
October 16, 2017

“The Road Ahead”

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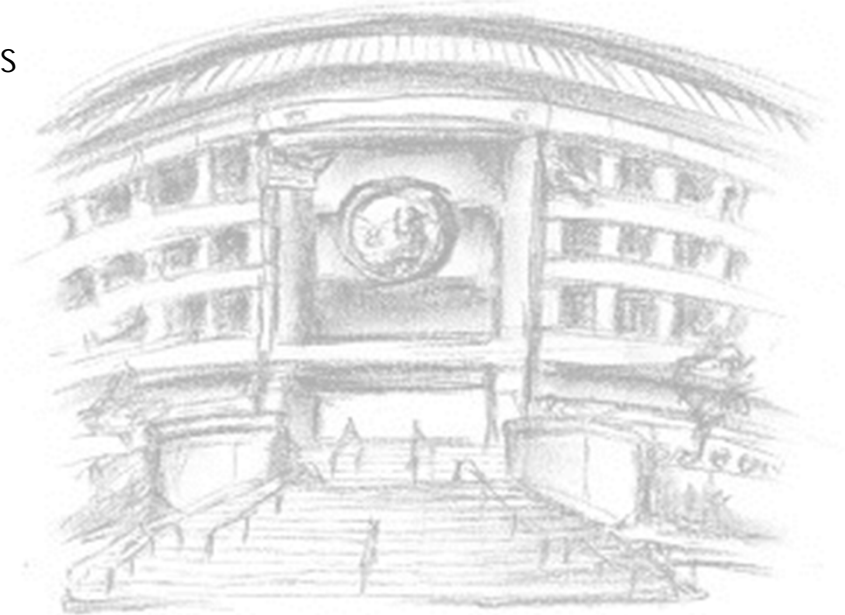




About the CPUC

The CPUC affects the following industries

- ✓ **Electricity**
- ✓ **Natural Gas**
- ✓ **Telecommunications**
- ✓ **Water**
- ✓ **Rail and Transportation**

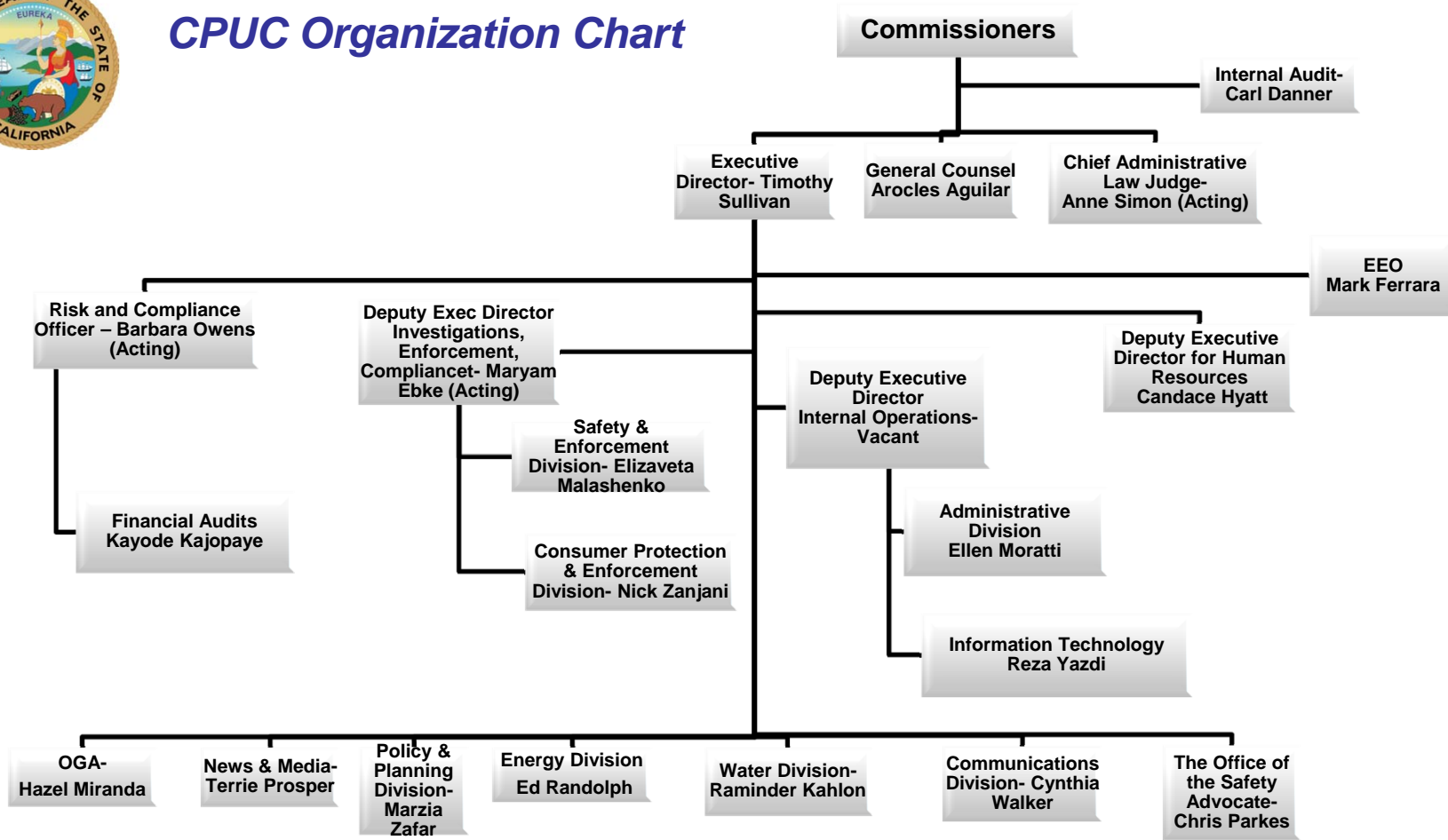


Five Governor-appointed Commissioners serve staggered six-year terms





CPUC Organization Chart





Budget

The CPUC’s budget for operations is \$267 million annually. This supports staff salaries, benefits, and operational expenses including contracts, travel, etc. In addition, \$1.321 billion of public purpose funding is listed in the budget as “local assistance.”

	Appropriation	Positions
State Operations (Total)	267,616,00	940.7
Regulation of Utilities	133,172,000	466.6
Regulation of Transportation	31,969,000	168.5
Universal Service Telecommunication Programs*	102,475,000	36.2
Administration**		269.4

* This figure includes contracted program administration and equipment expenditures for the Universal Lifeline Telephone Service Program and the Deaf and Disabled Telecommunications Programs, which for 2016-17 are projected to cost \$91.65 million (adopted in CPUC Resolution T-17492 and T-17499).

** The costs for Administration are included in the expenditure amounts listed for each program

Source page 28-29 of Annual Report and Governor’s Budget





Traditional Budget View

Division	State Operations	Local Assistance	Reimbursement	FTE
Administrative Services	38,745,000	-	-	159.75
Administrative Law Judge Division	12,747,000	-	-	88.75
Communications Division*	103,891,000	759,221,000	500,000	70
Consumer Protection & Enforcement Division	12,842,000	-	-	128
Division of Safety Advocate	1,665,000	-	-	11
Energy Division	27,582,000	562,057,000	52,009,000	161
Executive Division	12,532,000	-	-	64
Financial Audits Division	3,371,000	-	-	27
Legal Division	21,893,000	-	-	89
Policy and Planning Division	1,354,000	-	-	10
Safety & Enforcement Division	28,293,000	-	5,835,000	196.5
Water Division	2,701,000	1,344,000	1,357,000	20
Total PUC	267,616,000	1,321,278,000	58,344,000	1,029.50





Public Service Responsibilities*

Access to Infrastructure

- ✓ Implement statutory programs to support universal telecommunication services
 - ✓ Support broadband deployment programs to bridge the digital divide
 - ✓ Implement income-qualified energy program (e.g. CARE)
 - ✓ Provide consumer dispute resolution to minimize service cut-offs
 - ✓ People and Money: Lifeline CARE; CASF, DDTP etc.
- \$1.4 billion,
45 FTE**

Safety

- ✓ Conducts safety inspection of rail crossings
 - ✓ Inspect electric and gas infrastructure
 - ✓ Review regulatory filings for safety concerns
 - ✓ Ensure compliance of water utilities to state and federal public health requirements
 - ✓ Ensure access to tele-communication services to support public safety (e.g. 911)
 - ✓ Utility pole safety
 - ✓ SED;
- \$30 million,
208 FTE**

Environment

- ✓ Implement state laws to mitigate greenhouse gas emissions and increase use of cleaner energy resources
 - ✓ Promote the use of renewable energy
 - ✓ Support efforts by sister agencies such as Air Resources Board and California Energy Commission
 - ✓ Implement water conservation regulation across privately-owned water companies
 - ✓ ED: EE EV CEQA SB350; etc
- \$20 million,
97 FTE**

Prices and Services

- ✓ Ensure the reasonableness of utility rates
 - ✓ Ensure the quality and reliability of utility services
 - ✓ Review and audit utility costs
 - ✓ oversight to ensure compliance of state law by regulated utilities
 - ✓ Transportation licensing and enforcement
 - ✓ Water; Audits; ED Rates; Communications service quality;
- \$40 million,
280 FTE**



* Examples are illustrative, not comprehensive





Current Operational Goals

- **Compliance and Engagement with California Government Oversight, Including Implementing Legislative and Gubernatorial Reforms**
- **Implementing California laws, including those to reduce GHG and promote infrastructure safety**
- **Inculcation of Core Values of Accountability, Excellence, Integrity, Open Communications, and Stewardship**
- **Become a Learning Organization to prepare for GHG, Safety, Access and Prices and Services Mission**
- **Implementing and Monitoring Strategic Plan**





Operational Reforms

- Tracking of Advice Letters (on Commission Website)
- Tracking the Duration of Commission Proceedings (on website)
- Compliance with Ordering Paragraphs (on website)
- Leadership training
- Onboarding of new employees
- Process documentation and measurement
- Safety Action Plan Process
- Safety Flag System





Commissioner Committees

Three Commissioner Committees created:

- Commissioner Committee on Finance and Administration, consisting of President Picker and Commissioner Guzman Aceves
- Commissioner Committee on Policy and Governance, consisting of Commissioners Randolph and Rechtschaffen
- Commissioner Committee on Emerging Trends, consisting of Commissioner Peterman and President Picker





CPUC Strategic Plan

CPUC is conducting an agency-wide strategic planning process to align the organization around clear expectations set by all 5 commissioners. In 2016 we adopted 15 Strategic Directives and in 2016 we will create an action plan for each directive:

http://www.cpuc.ca.gov/uploadedfiles/cpuc_public_website/content/about_us/organization/commissioners/cpuc%20strategic%20directives%20and%20governance%20policies_adopted%2014%20july%202016.pdf

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





CPUC Governance Policies

The Commission Committee on Governance and Policy adopted a series governance processes to improve the work of the Commission. The policies are in the following areas:

- GP-1 Commission Purpose 20
- GP-2 Commissioner Job Description 21
- GP-3 Appointment and Role of the President 23
- GP-4 Commissioner Code of Conduct 24
- GP-5 Meeting Procedures 28
- GP-6 Committee Principles 31
- GP-7 Commissioner and Commission Comments to State and Federal Agencies 32
- GP-8 Commissioner Training and Orientation

These policies are contained in *Strategic Directives, Governance Process Policies, and Commission-Staff Linkage Policies*, July 14, 2016

http://www.cpuc.ca.gov/uploadedfiles/cpuc_public_website/content/about_us/organization/commissioners/cpuc%20strategic%20directives%20and%20governance%20policies_adopted%202014%20july%202016.pdf





Governance Reform 2016-17

- **The comprehensive CPUC reform bill (AB 2903) - failed passage**
- **Governor signed 5 bills aimed at improving the safety culture, public access, accountability and transparency of the organization (SB 62, SB 215, SB 512, SB 661 & SB 2168)**
- **The Governor's 2016 signing message continues reform efforts and calls upon the CPUC, and his administration to:**
 - **Transfer responsibilities over transportation related entities to another department**
 - **Codify the appointment of senior executive staff who serve at the pleasure of the organization**
- **SB 19 (Hill, 2017) transferred responsibility for household movers to Dept of Consumer Affairs, Chief ALJ serves at pleasure of Commission**





Ongoing Operational Changes

- **Adding 250 Additional Employees to Commission**
 - Creating a database to track hiring operations
 - New leadership in Human Relations
- **Improving Contracting Operations**
 - New Staff, New Leadership, Training of Staff involved in Contracting
 - Creating a Database to track and prioritize contracts
 - Building Relationships with DGS
- **Expanding Cooperation with Sister Agencies**
 - MOUs with Cal Fire, DOGGR, CalOES
 - CEC CEQA Work
 - Coordination with ARB, CEC and CAISO on GHG
 - Joint Operations with CHP, DMV
- **Moving Away from a Headquarters Model**
- **Process documentation and measurement**
- **Adoption of Telecommute Policy**





Upcoming Changes

- Proposal to Create a Chief Deputy Executive Director now pending in Cal HR – expect to fill by end of year
- Proposal to Create a Career Executive Assignment to make a Deputy Executive Director over Safety, Enforcement and Compliance pending in CalHR – expect to fill by end of year
- Proposal to Create a Risk and Compliance Officer in charge of a Risk and Compliance Office pending in Cal HR – expect to fill by end of year
- Institutionalizing Adaptive Leadership training
- Renovating Space at 300 Capitol Mall to Accommodate Additional Staff – January completion target
- Completion of a workforce plan and succession plan
- Adopting a Records Retention Policy
- Adopting a Statement of Incompatible Interests
- Revising Reach of Form 700 Reporting Requirements
- Recruiting New Executive Director





Implications for Legal Practice

- **Improvements in HR Processing Should Result in**
 - 8 Additional ALJs by End of Year
 - Intervenor compensation staff increasing from 2 to 5 starting today
 - Timely Filling of Docket and Process Staffing Vacancies
 - Increasing PRA staff and reduced processing times
- **Adoption of Records Retention Policy Should**
 - Not Impact Formal Filings
 - Expedite future PRA Requests
 - Align Commission Practices with Secretary of State Requirements
- **Institutionalization of Core Values Should**
 - Facilitate all internal work processes
 - Lead to better customer service and easier communications
- **Improvements in Contracting Processes Should**
 - Expedite Cases Requiring External Studies
 - Provide Expertise as needed in proceedings





Implications for Commission

- **Growth in Administrative Core of Commission Should**
 - Build a workforce that can fulfill statutory goals and provide value to California
 - Prepare for the staffing challenges facing the Commission as senior staff retire
 - Ensure national and international leadership on GHG
- **Moving Away from “Headquarters Model” Should**
 - Build a workforce better capable of policy level engagement with Sacramento executive and legislative staff
 - Provide living options of staff outside of high cost areas
 - Better link Commission to communities throughout the state
- **Search Process for New Executive Director Should**
 - Ensure Smooth Transition
 - Avoid Disruption to Commission operations
 - Lead to an Executive Ready to Meet Organizational Challenges





Questions?

For Additional Information:
www.cpuc.ca.gov

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