



IN BRIEF

SB 550 requires the California Public Utilities Commission (CPUC) to ensure safe utility service results from any merger, acquisition, or change of control of an electrical or gas corporation.

BACKGROUND

Under §854 of the Public Utilities Code, the CPUC has a list of criteria it must consider prior to authorizing any corporate restructuring of its jurisdictional utilities.

These criteria include ensuring the restructuring improves the quality of service; provides economic benefits to ratepayers; preserves the jurisdiction of the CPUC; and – most recently added under SB 901 (Dodd, Chapter 626, Statutes of 2018) – is fair and reasonable to affected public utility employees.

THE PROBLEM

Despite these criteria, no formal requirement that the utility restructuring preserves and improves safety exists.

This issue was recently discussed during the legal ownership change at the Gill Ranch Storage facility located in Fresno and Madera Counties.¹ In February of 2017, a holding company filed an application to assume legal ownership of the facility. The Office of Safety Advocate (OSA) protested the application over concerns that safety considerations were not being addressed. The holding company ultimately reached a settlement agreement with OSA that included their designating a Chief Safety Officer, creating a Pipeline Safety Management System, and creating a Safety Council to propose mitigating risks and to conduct safety culture assessments for the company.² As a result of the settlement, the change in ownership was approved.

THE SOLUTION

This bill expands the work outlined for the Gill Ranch change of ownership to apply to any restructuring of a gas or electric utility.

The bill specifically outlines criteria to be met to ensure safe service of the successor entity; these include:

- a safety management system;
- a comprehensive, system-wide safety plan;
- plans to maintain or improve equipment records;
- metrics to measure and active audits to ensure safety performance;
- evaluation of safety expertise in qualifications used to select corporate leadership; and
- a system for reporting actual and potential safety incidents to the CPUC.

SUPPORT

FOR MORE INFORMATION

Laura McWilliams (916) 651-4013

laura.mcwilliams@sen.ca.gov

¹ A. 17-02-003

² D. 18-05-010