

Final Commissioner Report by Mark Ferron, January 16, 2014

I'm sure that a number of you will have seen yesterday's announcement that I am leaving the CPUC. As a few of you have known, I have been battling prostate cancer for some time now, and after consultation with my family, my doctors, the Governor and President Peevey, I have decided to resign from the Commission. This will be my final meeting.

First, a Public Service Announcement on Prostate Cancer

- You may not know that Prostate cancer is the most common non-skin cancer in America and that 1 in 6 men will be diagnosed with it at some point in their lives.
- There are many famous people with the disease: Governor Jerry Brown, Secretary of State John Kerry, Robert DeNiro, Warren Buffet – and I like to think that I exhibit many of the finer qualities of all these men.
- The conventional wisdom is that the older you are, the more likely you are to be diagnosed with prostate cancer, but that most older men usually die from something else other than their prostate cancer
- Unfortunately, the obverse is also true: the younger the diagnosis, the more aggressive the disease is likely to be and the higher the mortality rate.

So, for you men out there: There has been some recent controversy over whether this country over-treats Prostate Cancer and whether the PSA test is sufficiently accurate. **Don't listen to it:** Get your PSA tested every year, and if the reading is abnormal, follow up with your doctor. Be proactive. Check your own results and point out any problems or concerns to your doctor. Don't rely on your doctor to bring up the subject of Prostate Cancer with you. And Ladies: you cannot get the disease but please ensure that the men in your life (your partners, brothers, fathers) follow this advice!

I have been undergoing a variety of treatments at UCSF Medical Center since being diagnosed in January 2012, almost exactly 2 years ago. I've had my prostate surgically removed by a robot, undergone 34 rounds of salvage radiation and have had my hormones chemically manipulated – and all this while still carrying a full Commissioner's load and without missing a single Commission meeting!

Despite all of these medical procedures, I found out last week that my cancer is still there. We are now at the stage where even the very best of traditional Western medicine has run out of weapons that doctors think will cure the disease (at least for the moment). We are now into strategies to drive my cancer into remission or to prolong a high quality of life for as long as possible until a cure can be found. And with the amount of research effort and money going into the cause, we know that new treatments and potential cures are not too far away!

So it is time for me to focus on my family and my health. I sought appointment to the CPUC, in part, to model for my three younger kids what it is like to go out into the world and work for a cause you believe in; now, I get to share more of myself directly with them at home while I have the time. There is also strong scientific evidence linking lifestyle (specifically, stress-reduction, diet and exercise) and cancer improvement. My immediate priority is to radically change my lifestyle and I am determined to get in fighting shape for the next phase of the battle.

Anyway, I have really enjoyed my time at the CPUC and I am sorry to be leaving so abruptly. I'm disappointed not to be able to finish my term and I was even considering a possible second term. I know I have learned a lot, I have tried to commit my best efforts and I believe I have contributed in my three years here.

I'll leave you with six parting observations:

1. First, there is no better place to be than California when it comes to **energy and climate policy**. We all know that there is no real Federal energy or climate policy, thanks in large part to the obstructionists in the Republican Tea Party and their allies in the fossil fuel industry. But in California, we have a clear commitment to green-house gas reductions and are taking bold and exciting steps in advancing renewables, energy storage and Electric Vehicles.

(Parenthetically, I do believe that California has lost pace with the best in terms of Energy Efficiency and Demand Response.) We are at an inflection point where the convergence of new technologies, changing economics and, I hope, an added urgency to address our deteriorating climate, will combine to create exciting new business and policy opportunities.

2. We are fortunate to have **utilities** in California that are orders of magnitude more enlightened than their brethren in the coal-loving states, although I suspect that they would still dearly like to strangle rooftop solar if they could. Modern utilities are subject to a rapidly evolving business environment, and I wonder whether some top managers at our utilities have the ability or the will to understand and control the far-flung and complex organizations they oversee. And I am very worried about our utilities' commitment to their side of the regulatory compact. We at the Commission need to watch our utilities' management and their legal and compliance advisors very, very carefully: it is clear to me that the legalistic, confrontational approach to regulation is alive and well. Their strategy is often: "we will give the Commission only what they explicitly order us to give them". This is cat and mouse, not partnership, so we have to be one smart and aggressive cat.

3. We also have a **Legislature** that by many measures is very inexperienced, and yet considers itself expert in energy policy matters. Many of the more influential members and veteran staffers seem to display an open, almost knee-jerk hostility toward the CPUC. It's as if some Legislators (or their staff) think that their reputations will be enhanced by slapping down this Commission's policy initiatives, rather than working on writing and passing legislation that we can quickly and effectively implement. (Exhibit A is the killing of our Energy Efficiency Financing pilots by the Legislative Analyst's Office for "budgetary oversight" reasons). The CPUC needs to do a better job of convincing the Legislature that we are not their rivals nor their enemies - but rather their partners - in the design and implementation of policies that are vital to the economy and the people of this state.

4. Fortunately, or maybe unfortunately, with the passage of AB327, the thorny issue of **Net Energy Metering and rate design** has been given over to the CPUC. But recognize that this is a poisoned chalice: the Commission will come under intense pressure to use this authority to protect the interest of the **utilities** over those of consumers and potential self-generators, all in the name of addressing exaggerated concerns about grid stability, cost and fairness. You - my fellow Commissioners - all must be bold and forthright in defending and strengthening our state's commitment to clean and distributed energy generation.

5. The **Commission itself** has many challenges: it has reacted too slowly to the changing landscape and, although we have tried to learn from past failures, we still have a very long way to go. I believe that our desire to create a stronger safety culture is real but, sadly, we have not had the right calibre of management to implement this effectively. And we are hopelessly out-gunned in terms of the resources necessary for our mission - in particular, our audit and finance functions have been woefully inadequate and we face a demographic time-bomb, with our younger talent leaving for private industry and our most experienced staff on the verge of retirement. I hope that the zero based budgeting exercise ordered by the Legislature will create transparency into just how chronically underfunded the CPUC is, but I fear that this exercise will be used against us to tighten the screws even further.

6. Finally, we also have a **serious governance problem** at the heart of the Commission: we Commissioners rightly are held responsible for what happens in this building and yet we do not have **any** effective means to provide guidance and oversight to the CPUC's permanent management and staff. My colleagues and I have discussed arranging ourselves similarly to the way that a Board of Directors is organized in Corporate America: we could create sub-committees dedicated to overseeing important internal issues like Audit, Budget, Personnel, External Relations, and Safety. These two-Commissioner subcommittees would meet regularly with senior directors and staff to provide strategic direction and would report on progress and seek policy direction from all five Commissioners on a regular basis. This arrangement could help give the Commissioners more effective senior-level oversight without violating Bagley-Keene and I believe would create a stronger and more effective agency. I do hope that my fellow Commissioners will act on my suggestion after I am gone.

In summary, I really care about this state, this institution and all of you. It has been a very great honour to be associated with you, and I wish you all the best for the future.

There are too many people for me to thank so I won't even begin, other than to say thank you to

- My Fellow commissioners for their camaraderie and
- My Staff: Charlotte, Michael, Sara, Char, Juliane and Josie for their sense of humour and support during my time at the Commission. They have been my rock, sharing with me in private the joys and tears of my cancer journey so far.

I am very grateful to all of you, and everyone at this Commission and its sister agencies, and our parties and stakeholders, for the help and support you all have shown me over the past three years. I remain hopeful that I will successfully manage my health challenges and look forward to returning to the energy and environmental policy space in the near future.