



The Protect Our Communities Foundation
4452 Park Boulevard #309
San Diego, California 92116

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California Public Utilities Commission
Attn: Caroline Thomas Jacobs, Director
Wildfire Safety Division
505 Van Ness Ave., 4th Floor
San Francisco, CA 94102

Sent Via Email (wildfiresafetydivision@cpuc.ca.gov)

Re: The Protect Our Communities Foundation's Comments on Wildfire Safety Division Staff Proposal on Changes to Wildfire Mitigation Plan Requirements and Metrics Tables, and Draft Recommendations for Developing a Safety Culture Assessment Process; and the Wildfire Safety Advisory Board Recommendations for Developing the SHEUR Threshold

To Whom It May Concern:

The Protect Our Communities Foundation (PCF) provides these comments on the Wildfire Safety Division Staff Proposal on Changes to Wildfire Mitigation Plan Requirements and Metrics Tables (WMP Staff Proposal), the Wildfire Safety Division Draft Recommendations for Developing a Safety Culture Assessment Process (Safety Culture Staff Proposal), and the Wildfire Safety Advisory Board (WSAB) Recommendations for Developing the SHEUR Threshold (SHEUR Proposal).

PCF generally supports the WMP Staff Proposal and the Safety Culture Staff Proposal, as well as the intent behind the SHEUR Proposal. PCF submits that the factual history of the Commission's wildfire mitigation planning and applicable legal requirements render certain recommendations made within the proposals particularly necessary. Others, such as the risk-related proposals which PCF details below, propose to recast already existing legal requirements as if they were new concepts and thus are likely to do more harm than good by muddying the waters of already existing regulatory and statutory mandates.

Protect Our Communities Foundation
4452 Park Blvd., Suite 309, San Diego, CA 92116
www.protectourcommunities.org

I. PCF GENERALLY SUPPORTS THE WMP STAFF PROPOSAL, BUT CAUTIONS THAT ENFORCING EXSITING MANDATES SHOULD BE PRIORITIZED OVER CHANGING THE WMP TEMPLATE FORMATS.

Below, PCF recommends that the WMP Staff Proposal be revised so as not to diminish existing requirements related to RSE calculations, the utilities' obligation to establish effectiveness of proposed wildfire risk reduction activities, or WSD's and the Commission's recent findings regarding the relationship that the utilities failed to demonstrate between wildfire risk reduction activities and reduction of PSPS events. PCF also recommends that the WMP Staff Proposal focus on enforcement efforts and avoid rendering public participation more difficult. Additionally, PCF commends the WMP Staff Proposal for directing the utilities to focus on complying with existing legal and regulatory requirements in their 2021 submittals.

A. The WMP Staff Proposal Should Be Revised So as Not to Diminish Existing Requirements Related to RSE Calculations.

PCF agrees with the WMP Staff Proposal's recognition that projected expenditures comprise a necessary component of the necessary risk-spend-efficiency (RSE) analysis¹ and does not oppose changes to the form, but submits that WSD should not shoulder the responsibility for *the utilities'* failures to provide RSEs for all wildfire risk reduction activities. When the WMP Staff Proposal uses language that it "will be more direct" in requiring RSEs, or that utilities "will be required to report their methodology behind RSE numbers, including data used and calculations conducted to reach RSE in the WMP," the WMP Staff Proposal erroneously and inaccurately diminishes existing mandates already in place - mandates that the Legislature expressly incorporated into the wildfire mitigation statutes.²

Last year, after reviewing the utilities' 2019 WMPs, the Commission in D.19-05-036 described the utilities' risk assessments as a "black box with insufficient description of the supporting information and rational for proposed programs."³ Acknowledging that a "trust us, we know what we are doing" approach to risk assessment is not appropriate given recent wildfire activity,⁴ the Commission ordered the utilities in their 2020 WMPs to comply with Section 8386's mandate that WMPs must "include all relevant wildfire risk and risk mitigation information" required by the Commission's S-MAP and RAMP decisions, including the Risk-Spend Efficiency analysis required by D.18-12-014.⁵

¹ WMP Staff Proposal, p. 7 ("Although the WMP is not the proper forum for approving projected expenditures or finding them to be reasonable for cost recovery purposes, understanding expected costs of mitigation is fundamental to the analysis of effectiveness and feasibility, as well as an essential component of the risk-spend efficiency estimations required for all mitigations.").

² WMP Staff Proposal, p. 8; Pub. Util. Code, § 8386, subd. (c); D.19-05-036, p. 28-29, p. A2.

³ D.19-05-036, p. 29, fn. 42.

⁴ D.19-05-036, p. 29, fn. 42.

⁵ D.19-05-036, p. 28-29 ("The WMP statute refers to the Commission's safety-oriented processes carried out during GRCs.[] We interpret the inclusion of those processes to reflect a desire to ensure the safety

The Commission expressly ordered SDG&E to comply in its 2020 WMP with the Commission’s S-MAP and RAMP decisions:

San Diego Gas & Electric’s 2020 Wildfire Mitigation Plan shall use the quantitative risk assessment framework adopted in Decision 18-12-014 in the Safety Model Assessment Proceeding to evaluate and compare the cost effectiveness of each of the mitigations that were under consideration in developing the Wildfire Mitigation Plan. The Wildfire Mitigation Plan shall provide the risk spend efficiency results of the quantitative risk analysis and include an explanation of the Multi-Attribute Variable Framework used and how it was constructed.⁶

This year, the Commission again determined the utilities’ WMPs fail to assess and analyze risk properly, and the Commission made express findings which establish that SDG&E failed to comply with the Commission’s direct orders contained in D.19-05-039.⁷

work in GRCs is incorporated into WMPs. We agree that both processes are important to a consideration of the adequacy of utility safety efforts. Our recent decision in the S-MAP/GRC context adopted an approach that prioritizes actions based on their ‘Risk-Spend Efficiency.’ The approach uses a tool called Multi-Attribute Value Function (MAVF) that provides a single value to measure the combined effects of each mitigation measure on a certain risk event. The process involves performing risk assessments and ranking risks using safety, reliability, and other attributes. This approach provides a means to compare the programs against each other for effectiveness, especially when multiple overlapping programs are proposed for the same assets and intended to mitigate the same risk event (i.e., increased vegetation clearing coupled with installing covered conductor and expanded de-energization practices). Including such analysis in the WMPs would provide the Commission a transparent and effective way to balance overlapping programs in the WMP and assess which programs are needed and effective. As stated above, the statute requires ‘all relevant wildfire risk and risk mitigation information that is part of the Safety Model Assessment Proceeding and Risk Assessment Mitigation Phase filings.’ This quantitative information is relevant, and the process of conducting these analyses may allow stakeholders to better understand the cost effectiveness of proposed mitigations.”).

⁶ D.19-05-039, p. 23-24, p. 31 (OP 12).

⁷ Resolution WSD-002, p. 19-30, Appendix A, p. A1 (“2020 WMP submissions contain sparse and sporadic detail regarding the RSE of WMP initiatives. RSE calculations are critical for determining whether utilities are effectively allocating resources to initiatives that provide the greatest risk reduction benefits per dollar spent, thus ensuring responsible use of ratepayer funds. Although RSE concepts have been considered for several years through Commission GRCs, utilities still display unrefined and limited abilities to produce such information. Considering that utilities propose to spend billions of dollars on WMP initiatives, not having quantifiable information on how those initiatives reduce utility ignition risk relative to their cost severely limits the WSD’s ability to evaluate the efficacy of such initiatives and each utility’s portfolio of initiatives, as outlined in 2020 WMPs.”); Appendix A, p. A1-A3, A5-A10; Resolution WSD-005, p. 11-12 (SDG&E’s WMP “does not adequately address how SDG&E factors its modeling into decision-making, and whether and how it updates its models based on lessons learned. ... SDG&E’s WMP does not adequately address the details of its resource allocation process. In particular, the WMP lacks details regarding whether and how specific mitigations or initiatives reduce the need to resort to a PSPS event.”); *see also* Resolution WSD-005, p. 23-25, 33, 37-38, 43-44, 46, 49.

The Commission correctly concluded SDG&E's 2020 WMP continues to fail to provide the requisite analysis of risk reduction per dollar spent, and continues to fail to provide sufficient details so as to clearly and transparently reveal the reasons for selecting mitigation activities and the effectiveness of those activities.⁸ In order to remedy the utilities' fundamental "[f]ailure to analyze each WMP initiative to determine whether it is an effective use of resources,"⁹ the Commission required each utility to demonstrate in an RCP how risk assessment will be applied to each proposed activity in the utility's WMP.¹⁰ SDG&E's recently filed RCP reveals that SDG&E refuses to take the Commission's orders seriously.¹¹ In short, the utilities are not lacking in direct orders – enforcement of already existing orders is what remains missing.

B. The WMP Staff Proposal Should Not Include Certain Changes Intended to Address the Utilities' Lack of Demonstrated Effectiveness.

PCF appreciates the WMP Staff Proposal's focus on the need for the utilities to establish the effectiveness of their proposed wildfire risk reduction activities. PCF cautions, however, that changing "near misses" to "near ignitions" will likely have the opposite effect than WSD intends.¹² PCF recommends that the WMP Staff Proposal be revised so as to delete this particular change because it provides less, not more, information as to the effectiveness of the utilities' wildfire prevention measures.

C. The WMP Staff Proposal Should Prioritize Enforcement Rather than Adding Lines to Forms or Changing Formats of Documents to Address the Utilities' Failures.

Ratepayers should not be required to pay for wildfire mitigation planning twice – WSD should not feel obliged to re-perform the utilities' statutory obligations when the utilities fail to perform correctly. For example, WSD explains "there were many instances where information was lacking or difficult to find in the WMP," and that "[t]his necessitated a very large volume of Data Requests before WSD could begin verifying that the plans complied with all applicable rules, regulations, and standards, as specified in Section 8386 (d)."¹³ In the future, PCF recommends that WSD should not endeavor to do the utilities' job for the utilities. When WSD fills the analytical gaps on the utilities' behalf, ratepayers are essentially having to pay twice – first for the utilities deficiently performing the utilities' statutory function, and then for the WSD to attempt to fix the utilities' deficient performance.

⁸ *Ibid.*

⁹ Resolution WSD-002, p. 19.

¹⁰ Resolution WSD-002 Appendix A, p. A3.

¹¹ The Protect Our Communities Foundation Comments on San Diego Gas & Electric Company's Remedial Compliance Plan (August 10, 2020).

¹² WMP Staff Proposal, p. 13 ("WSD suggests changing 'Near Misses' to 'Near Ignitions' defined as 'Events that manifest in charring, melting, heavy smoke deposits, and/or visible evidence of arching that could indicate enough heat was present, which could have led to an ignition.'").

¹³ WMP Staff Proposal, p. 6.

Additionally, when WSD endeavors to fix the utilities' deficient presentations, WSD disincentivizes the utilities from providing the legally-required transparent, fact-based, and least-cost wildfire mitigation plans. WSD should not naively presume the utilities will provide any more information than the bare minimum of what they know they will be held accountable for. If the utilities know WSD will act as a first-tier safety valve for their analytical, transparency, and data deficiencies, the utilities are highly likely to rely on that first-tier safety valve and shunt off the analysis that they are required to perform and provide instead of submitting adequate WMPs in the first instance.

Instead of spending time and resources endeavoring to add a new row for the utilities to fill out when submitting their WMPs, WSD should focus on enforcement when it identifies issues such as "Missing accounting of injuries reported from wildfires, and no citation to disaggregated data."¹⁴ While PCF does not necessarily object to WSD's proposed changes to the form in Table 2, PCF cautions that the more changes that are made, the more difficult it will be to track the WMPs from year to year.

PCF submits that rather than assuming missing data requires a new row on a form, WSD should consider the utilities' self-interest in resisting disclosure of such data. If the utilities faced meaningful consequences for failing to submit the requisite data, the utilities' self-interest would result in more robust information disclosure the first time. Enforcement of the Commission's requirements from the start would result in less missing data without the WSD staff having to add lines to forms and repeatedly follow up to coax the utilities into providing the required data and analysis, to the benefit of ratepayers and public safety.

D. In Separating Out PSPS Protocols, the WMP Staff Proposal Should Take Care Not to Minimize the Deficiencies Identified Regarding the Utilities' Failure to Assess the Relationship of PSPS and Other Proposed Activities.

The Commission correctly concluded that the utilities' 2020 WMPs were deficient with respect to PSPS protocols. One of the specific examples called out by the Commission consists of the fact that utilities failed to demonstrate the relationship between PSPS events and the rest of their proposed risk-reduction activities.¹⁵ In separating out PSPS events, WSD should take great care not to minimize the deficiencies the Commission has recently identified, which strike at the heart of the utilities' and the Commission's statutory obligations.

¹⁴ WMP Staff Proposal, p. 14.

¹⁵ Resolution WSD-002, p. 22, 23 ("Considering the rapid expansion of PSPS as a wildfire mitigation measure, and the numerous hardships, inconveniences and hazards created by vast implementation, it is concerning that 2020 WMPs provide minimal to no discussion of how the chosen portfolio of initiatives will allow the utility to achieve its goals for reducing PSPS impacts."); Resolution WSD-005, p. 12 ("SDG&E's WMP does not adequately address the details of its resource allocation process. In particular, **the WMP lacks details regarding whether and how specific mitigations or initiatives reduce the need to resort to a PSPS event.**") (emphasis added).

Additionally, PCF submits that reducing the need for PSPS events at all time-frames required by D.20-05-051¹⁶ would be the natural result of requiring the Utilities to adhere to the Commission’s risk-based decision-making framework – consisting of the decisions that the Commission and WSD astutely determined the 2020 WMPs fail to adhere to as discussed above.

E. The WMP Staff Proposal Should Ensure Public Participation Does Not Become More Difficult.

The extraordinary number of wildfire-related proceedings and reporting requirements render public participation increasingly difficult already. While PCF appreciates the need to collect data regularly, the statement in the WMP Staff Proposal that “Much of the data currently reported in the WMPs will therefore come outside of the WMP submission itself”¹⁷ raises concerns. PCF recommends that WSD require that all the data be provided in a manner which the public can use and understand, and WSD should ensure a central location for all data remains accessible to the public at all times.

F. PCF Supports the New Directive Requiring the Utilities to Include Legal References Throughout the WMP.

PCF supports the new WMP directive that “relevant state and federal statutes, orders, and proceedings should be cited where relevant” throughout the WMP, “with a brief description or summary of the relevant portion of the statute provided in the appendix.”¹⁸ PCF has consistently advocated that existing robust legal and regulatory requirements should guide the utilities’ wildfire mitigation planning and the Commission’s review of the utilities’ wildfire mitigation planning. This requirement should encourage the utilities to shift their focus toward critical compliance requirements; and will assist the Commission’s WMP review by exposing noncompliant utilities that fail to cite to the applicable statutory and regulatory mandates.

II. THE SHEUR PROPOSAL IS BASED ON ERRONEOUS ANALYSES OF ESTABLISHED STATUTORY AND REGULATORY REQUIREMENTS.

PCF disagrees with the statements in the SHEUR proposal which suggest there “is no clear regulatory standard for how IOUs identify and quantify wildfire risk at this time” and that there “is no established acceptable level of operational risk an electrical utility should assume before initiating a PSPS.”¹⁹

¹⁶ See WMP Staff Proposal, p. 19.

¹⁷ WMP Staff Proposal, p. 11.

¹⁸ WMP Staff Proposal, p. 20.

¹⁹ SHEUR Proposal, p. 5.

A. The SHEUR Proposal Should Be Revised to Recognize That the Commission Must Enforce Existing Risk Quantification Requirements.

Contrary to the statements made in the SHEUR proposal, the settlement agreement signed by the utilities and approved by the Commission in D.18-12-014 defines “Risk Event” as “an occurrence or change of a particular set of circumstances that may have potentially adverse consequences and may require action to address....”²⁰ Pursuant to D.18-12-014, the utilities are required to make the final selection of what to include in their RAMP reports based on “input received from SED, other interested CPUC staff, and interested parties.”²¹ Despite the varying degrees of deficiencies in their approaches to risk assessment, all of the utilities identify and include wildfire risk in their RAMP reports. D.18-12-014 then imposes explicit requirements that the utilities calculate risk-spend-efficiency (RSE) “by dividing the mitigation risk reduction benefit by the mitigation cost estimate.”²²

Moreover, the Commission has been requiring the utilities to employ a cost-effectiveness analysis to quantify risk reduction long before D.18-12-014. D.16-08-018, the first decision the Commission issued in the first S-MAP proceeding, highlighted the importance of a cost-effectiveness analysis and clarified that calculating risk reduction per dollar “is required by D.14-12-025 and is necessary information for balancing safety with reasonable rates and holding utilities accountable for safety spending,” found that “[p]rioritizing based on cost-effectiveness measures is an important improvement to rate cases and an important step to optimizing portfolios,” and ordered that RAMP filings “shall explicitly include calculation of risk reduction and a ranking of mitigations based on risk reduction per dollar spent.”²³

D.16-08-018 also concluded that “[p]rioritizing the reduction of safety risks should be geared towards safety risk, and should not include financial interests” and directed the utilities “to remove shareholders’ financial interests from consideration in their risk models and decision frameworks used to support case expenditure proposals, especially at the operational level, unless the utility can make a good case for an exception in its” RAMP filing.²⁴ D.16-08-018 required the utilities to quantify all of its risk reduction activities and provide a “comprehensive view of the utilities potential safety risks and its plans for addressing those risks.”²⁵ The Commission in D.16-08-018 expressly stated: “Without quantifying risk reduction, no meaningful ranking, prioritization or optimization of risk mitigations is possible, and the Commission’s goals and processes set forth in D.14-12-025 are compromised.”²⁶

²⁰ D.18-12-014, Attachment A, p. A-3.

²¹ D.18-12-014, Attachment A, p. A-10.

²² D.18-12-014, Attachment A, p. A-13.

²³ D.16-08-018, p. 187 (Finding of Fact 81, 82), p. 192 (Conclusion of Law 30), p. 196 (OP 8).

²⁴ D.16-08-018, p. 195-196 (OP 7); *see also id.* at 192-193 (Conclusion of Law 36, 37).

²⁵ D.14-12-025, p. 39-40.

²⁶ D.16-08-018, p. 182 (Finding of Fact 33).

As described in Section I.A., *supra*, the Commission has now repeatedly determined the utilities have failed to comply with the Commission’s risk-related decisions. PCF recommends the SHEUR Proposal be revised to reflect the historical and regulatory reality – and the Commission’s existing wildfire and safety requirements that impose mandatory requirements on the utilities since 2014, as detailed above.

B. The SHEUR Proposal Should Be Revised to Encourage the Commission to Enforce Longstanding Public Safety and Last-Resort Requirements for PSPS Events.

Contrary to the statements made in the SHEUR proposal, for more than a decade the Commission has been clear that “SDG&E’s statutory obligation to operate its system safety requires SDG&E to shut off its system if doing so is necessary to protect public safety,” and has explained that SDG&E has the “authority to shut off power under § 451 and § 399.2 in emergency situations when necessary to protect public safety.”²⁷ The Commission in D.09-09-051 also noted that “there is no dispute that SDG&E may need to shut off power in order to protect public safety if Santa Ana winds exceed the design limits for SDG&E’s system and threaten to topple power lines onto tinder dry brush.”²⁸

Several years later, the Commission confirmed these principles and explained that Sections 451 and 399.2 mean that “SDG&E should shut off power only as a last result, and only when SDG&E is convinced there is a significant risk that strong Santa Ana winds will topple power lines onto flammable vegetation” which the Commission noted “is consistent with SDG&E’s Commission-approved tariffs, which acknowledge that SDG&E has an obligation to provide electrical service on a continuous basis.”²⁹

The Commission was clear “there is a strong presumption that power should remain on for public safety reasons,” that “SDG&E should rely on other measures, to the extent available, as an alternative to shutting off power,³⁰ and that decisions to shut off power are subject to reasonableness reviews by the Commission.³¹ Thus, if SDG&E cannot prove that shutting off power was necessary for public safety and utilized as a last resort, it must be held liable for shutting off power.³² The Commission’s rationale in D.09-09-030 and D.12-04-024 applies to all the utilities.³³

²⁷ D.09-09-030, p. 61; D.12-04-024, p. 24-25.

²⁸ D.09-09-030, p. 61-62.

²⁹ D.12-04-024, p. 30.

³⁰ D.12-04-024, p. 30.

³¹ D.12-04-024, p. 30.

³² D.12-04-024, p. 29-32 (describing reasonableness review analysis in detail).

³³ Resolution ESRB-8, *Resolution Extending De-Energization Reasonableness, Notification, Mitigation and Reporting Requirements in Decision 12-04-024 to All Electric Investor Owned Utilities* (July 12, 2018).

The WSAB’s erroneous assumption that “no established acceptable level of operational risk an electrical utility should assume before initiating a PSPS” likely results from the utilities’ increased use of PSPS events in violation of the longstanding statutory public safety standards and last resort regulatory principles and the Commission’s concomitant failure to enforce those standards and principles for more than a decade.

Earlier this year, PCF was part of a broad coalition of parties in R.18-12-005 that filed a joint motion requesting that the Commission conduct the reasonableness reviews the public deserves and is entitled to,³⁴ but an Administrative Law Judge recently denied the motion “on the basis that the existing CPUC review process at [sic] set forth in D.19-05-042 of reviewing each post-event report, the ongoing PG&E OSC in this docket, the review in the PSPS OII in I.19-11-013, and the review of the wildfire mitigation plans renders the requested relief unnecessary.”³⁵ In essence, the ruling declines, yet again, to enforce the longstanding statutory and regulatory principles which prevent PSPS events except as a last resort. Rather than suggest these longstanding principles do not exist, PCF recommends the WSAB focus on encouraging the utilities to comply with them and the WSD and the Commission to enforce them.

III. THE SAFETY CULTURE PROPOSAL SHOULD BE REVISED TO INCLUDE THE UTILITIES’ FAILURES TO COMPLY WITH THE COMMISSION’S WILDFIRE SAFETY RELATED DIRECTIVES.

PCF appreciates that WSD seeks feedback “on the most prudent path forward to leverage the Safety Culture Assessment process to achieve the WSD’s mission.”³⁶ Below, PCF provides brief responses to the questions raised in the Safety Culture Proposal, in the order they appear in the document.

What educational experience, skills, training, knowledge, and expertise should a Chief Safety Officer possess to qualify them as been knowledgeable about the diverse elements of a Safety Culture?³⁷

PCF submits that in addition to technical competence, a Chief Safety Officer should possess formal training in psychology, so as to best guide the utilities toward the dramatic changes required to achieve compliance with the Commission’s directives and to maximize wildfire risk reduction.

³⁴ R.18-12-005, Joint Motion Requesting Commission Review of PSPS Post-Event Reports (June 15, 2020).

³⁵ R.18-12-005, Administrative Law Judge’s Ruling Responding to Joint Motions (August 24, 2020), p. 8.

³⁶ Safety Culture Proposal, p. 3.

³⁷ Safety Culture Proposal, p. 9.

Are these requirements, taken from the Commission’s decision approving PG&E’s Chapter 11 Bankruptcy Plan and related documents, appropriate for other utilities? If not, why not? Are they adequate to demonstrate a Safety Culture at the top levels of Utility management?³⁸

The Safety Culture Proposal suggests that two subdivisions of Section 8389(e) – (e)(3) and (e)(5) relate to safety culture.³⁹ PCF recommends that the Safety Culture Proposal be modified to reflect that all of the subdivisions of subsection (e) relate to safety culture.⁴⁰ The most revealing indicator of safety culture in the context of wildfire safety remains a utilities’ compliance or non-compliance with the Commission’s wildfire related directives, which is expressly required by Section 8389(e)(1) and (6), and constitutes a prerequisite to any finding of “good standing” as set forth in Section 8389(e)(2).⁴¹

³⁸ Safety Culture Proposal, p. 9.

³⁹ Safety Culture Proposal, p. 7.

⁴⁰ Cal Pub Util. Code § 8389 (“(e) The executive director of the commission shall issue a safety certification to an electrical corporation if the electrical corporation provides documentation of the following: (1) The electrical corporation has an approved wildfire mitigation plan. (2) The electrical corporation is in good standing, which can be satisfied by the electrical corporation having agreed to implement the findings of its most recent safety culture assessment, if applicable. (3) The electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience. (4) The electrical corporation has established an executive incentive compensation structure approved by the division and structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers, as defined in Section 451.5. This may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities. (5) The electrical corporation has established board-of-director-level reporting to the commission on safety issues. (6) (A) The electrical corporation has established a compensation structure for any new or amended contracts for executive officers, as defined in Section 451.5, that is based on the following principles: (i) (I) Strict limits on guaranteed cash compensation, with the primary portion of the executive officers’ compensation based on achievement of objective performance metrics. (II) No guaranteed monetary incentives in the compensation structure. (ii) It satisfies the compensation principles identified in paragraph (4). (iii) A long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation’s stock, based on the electrical corporation’s long-term performance and value. This compensation shall be held or deferred for a period of at least three years. (iv) Minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation. (B) The division shall approve the compensation structure of an electrical corporation if it determines the structure meets the principles set forth in subparagraph (A) and paragraph (4). (C) It is the intent of the Legislature, in enacting this paragraph and paragraph (4), that any approved bankruptcy reorganization plan of an electrical corporation should, in regards to compensation for executive officers of the electrical corporation, comply with the requirements of those paragraphs. (7) The electrical corporation is implementing its approved wildfire mitigation plan...”).

⁴¹ The Protect Our Communities Foundation’s Comments on Safety Certification Requests (July 9, 2020).

Which elements of “organizational foundation” are most important for the WSD to measure?⁴²

The Safety Culture Proposal recommends utilizing a maturity model approach,⁴³ thus, PCF refers WSD to its prior comments on the maturity model.⁴⁴

How should the organization demonstrate that it is directing adequate resources and planning appropriately to promote accountability and achieve safety performance?⁴⁵

The utilities must first demonstrate compliance with all existing statutory mandates and the Commission’s wildfire-related directives. This should require a utility to demonstrate that it has prepared a RAMP report found to be consistent with the Commission’s already-existing risk-based decision-making framework.

What elements of safety culture (both leadership influence and true frontline behavior) are most important to measure as part of this assessment?⁴⁶

PCF recommends that WSD first focus on whether the utilities have complied with the Commission’s express wildfire-related directives which to date they have not. After the utilities meet that threshold, each of the questions set forth on page 10 of the Safety Culture Proposal are important elements of safety culture which should all be measured.

How can the WSD most efficiently and effectively collect reliable information about how wildfire mitigation work gets done by employees throughout a utility organization (beyond just a narrative from senior leadership)?⁴⁷

Employees should be invited and encouraged to provide comments anonymously. Doing so would disincentivize unrealistic positive feedback and would also avoid discouraging negative feedback, by eliminating the possibility of rewards or punishment. The utilities should be required to publicize the availability of anonymous reporting by their employees as an important check on the proven pressures within the utilities’ corporate culture to cut corners.

⁴² Safety Culture Proposal, p. 9.

⁴³ Safety Culture Proposal, p. 9.

⁴⁴ R.18-10-007, The Protect Our Communities Foundation Comments on Wildfire Mitigation Plan Templates and Related Material (January 7, 2020), p. 9-11.

⁴⁵ Safety Culture Proposal, p. 9.

⁴⁶ Safety Culture Proposal, p. 10.

⁴⁷ Safety Culture Proposal, p. 10.

Aside from these metrics, what other metrics would be useful and appropriate to assess utility wildfire safety outcomes which are influenced by Safety Culture?⁴⁸

The Safety Culture Proposal takes as a given that the “Commission’s evaluation of safety-related performance metrics is an ongoing process in several proceedings, including Risk Assessment and Mitigation Phase (RAMP) and Safety Model Assessment Proceeding (S-MAP) portions of utility General Rate Cases.”⁴⁹ While this should be true, in SDG&E’s case the Commission has not yet assessed a RAMP report by SDG&E in a manner consistent with the applicable rate-based decision-making framework, nor has the Commission been able to evaluate SDG&E’s risk-related requests on their own merits in any GRC. Accordingly, WSD’s attention to the RAMP and S-MAP requirements becomes particularly critical in the case of SDG&E.

Which specific culture measures or metrics are most tightly linked to wildfire safety outcomes? How should the WSD approach assessing these in a uniform way across utilities through the submissions described?⁵⁰

PCF reiterates that the most revealing indicator of safety culture in the context of wildfire safety remains a utility’s compliance or non-compliance with the Commission’s wildfire-related directives.

Sincerely,

/s/ Malinda Dickenson

Malinda Dickenson, General Counsel
The Protect Our Communities Foundation
4452 Park Blvd. #309
San Diego, California 92116
Tel: (858) 521-8492
Email: malinda@protectourcommunities.org

cc. Service List for R.18-10-007

⁴⁸ Safety Culture Proposal, p. 11 (listing “• Ignitions and Trends of Ignition Drivers • Wires Down incidents • Faults • Near Misses • Inspection Findings • Customer Outages from Public Safety Power Shutoff events (duration and extent) • Injuries/fatalities related to wildfires, wildfire mitigation initiatives and PSPS • Acres burned by utility involved wildfires”).

⁴⁹ Safety Culture Proposal, p. 11.

⁵⁰ Safety Culture Proposal, p. 11.