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VIA EMAIL ONLY

May 27, 2020

Ms. Caroline Thomas Jacobs
Director, Wildfire Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: TURN COMMENTS ON WILDFIRE SAFETY DIVISION RESOLUTIONS ON 2020 WILDFIRE MITIGATION PLANS

Dear Ms. Jacobs:

Pursuant to the direction in CPUC Resolutions WSD-002-009, The Utility Reform Network (TURN) respectfully submits the attached comments on the Wildfire Safety Division Resolutions on the 2020 Wildfire Mitigation Plans. These comments focus on the Resolutions related to Pacific Gas and Electric and Southern California Edison as well as the Guidance Resolution.

Sincerely,
/s/
Katy Morsony
Staff Attorney

CC: CPUC Service List for R.18-10-007

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TURN COMMENTS ON WILDFIRE SAFETY DIVISION RESOLUTIONS ON 2020 WILDFIRE MITIGATION PLANS

I. Introduction and Summary of Comments

TURN strongly supports the Draft Resolutions addressing the Southern California Edison (SCE) (WSD-004) and Pacific Gas and Electric Company (PG&E) (WSD-003) Wildfire Mitigation Plans (WMPs) as well as the Guidance Resolution (WSD-002). TURN appreciates that WSD-003 and WSD-004 offer only a limited approval of the PG&E and SCE WMPs and clearly direct that cost recovery will be addressed in the General Rate Case (GRC). The Wildfire Safety Division's (WSD's) approval is limited to a determination that the utilities included all required statutory elements in its WMP. Any further approval is conditioned on the adequate resolution of the deficiencies identified by the WSD.

Pursuant to the requirements of law, the Draft Resolutions explicitly state that they do not address cost recovery and that cost recovery will be considered in the GRC or other application as allowed by Assembly Bill (AB) 1054. The Draft Resolutions direct SCE and PG&E to disaggregate wildfire mitigation costs from compliance work, highlight that the accounts tracking wildfire mitigation costs are subject to audit and warn that utilities cannot seek recovery more than once. Importantly, the Draft Resolutions do not approve any explicit scope of utility work.

TURN recommends limited changes to the Draft Resolutions. TURN's changes would reclassify some of the identified deficiencies and clarify the process moving forward for the WSD's review of utility Remedial Compliance Plans (RCPs) and Quarterly Reports intended to resolve the identified deficiencies. In summary, TURN recommends:

- The failure of the utilities to provide Risk Spend Efficiencies (RSE) and the failure to provide and score alternatives should be treated as Class A deficiencies. These issues are closely related to the risk modeling improvements required by WSD and are required data points for assessing utility decision making.

- TURN recommends a limited process for the review and resolution of the identified deficiencies. Rather than re-create the WMP review process for each RCP and Quarterly Report submitted, the WSD should simply indicate by a letter to the utilities, circulated to the R.18-10-007 service list, if further deficiencies remain. The final resolution should also indicate that any WSD action in response to a RCP or Report does not modify the findings and conclusions of WSD-002, WSD-003 or WSD-004.

- The WSD should put the utilities on notice that any failure to fully address and correct the deficiencies identified in these resolutions before the 2021 WMP filing will immediately trigger the revocation of the utility's safety certificate pending their correction.

With these changes and clarifications, the Draft Resolutions properly dispose of the WMP: the utilities are required to provide additional information and, consistent with statute, cost recovery will be addressed in the GRC. TURN looks forward to continuing to participate in the increasingly robust review of the WMP by the WSD.

II. PG&E and SCE Should Address the Failure to Provide RSEs or Mitigation Alternatives in their Remedial Compliance Plans

The WSD highlights a variety of deficiencies in the PG&E and SCE WMP. Many of these deficiencies stem from PG&E's and SCE's failure to develop and rely on quantitative risk modeling. TURN agrees with the WSD that the identified deficiencies limit the ability of PG&E and SCE to demonstrate that they are pursuing the most cost-effective allocation of scarce customer resources. Given risk modeling failures, neither PG&E nor SCE "demonstrate[s] sufficiently that it is allocating finite resources to initiatives that most effectively reduce wildfire risk and PSPS incidents."[1]

WSD categorizes deficiencies as Class A, Class B or Class C. As described in WSD-002:

1 WSD-003 at 5-6, WSD-004 at 7.

1) Class A – aspects of the WMP are lacking or flawed
2) Class B – insufficient detail or justification provided in WMP
3) Class C – gaps in baseline or historical data, as required in 2020 WMP Guidelines.[2]

"Class A deficiencies are of the highest concern."[3] For each Class A deficiency, the utilities are directed to provide a Remedial Compliance Plan (RCP) within 45 days that either resolves the deficiency or provides a timeline for its resolution.[4] "Class B deficiencies are of moderate concern and require reporting on a quarterly basis by the electrical corporation to provide missing data or update its progress in a quarterly report."[5] The first such Quarterly Report will be provided 90 days after the Commission adopts a final resolution.[6] Class C deficiencies require the utility to address the deficiency in its 2021 WMP update.[7]

A. The Failure to Provide Risk Spend Efficiency or Alternatives for the WMP Programs Should be Reclassified as a Class A Deficiency

The WSD identifies the failure to rely on risk modeling as a Class A deficiency. TURN agrees that

> utilities fail to outline in detail how they determine where to prioritize to improve asset management or determine portions of circuits that would benefit the most from hardening and vegetation management. By continuing to improve wildfire risk modeling and basing its wildfire mitigations on its wildfire risk modeling outputs, electrical corporations can potentially achieve a greater level of risk reduction with the same resources.[8]

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2 WSD-002 at 15.
3 WSD-002 at 15.
4 WSD-002 at 15-16.
5 WSD-002 at 16.
6 WSD-002 at 16.
7 WSD-002 at 16.
8 WSD-002 at 3.

Under the Draft Resolutions, PG&E and SCE must submit a RCP that addresses how it will apply risk modeling to target its asset management "where initiatives will provide the greatest benefit to wildfire risk reduction."[9]

TURN recommends that the failure to provide Risk Spend Efficiencies or alternative mitigations, currently categorized as Class B deficiencies by the WSD, be classified as Class A deficiencies in the Final Resolutions. Improving and applying risk modeling techniques will empower the utilities to target limited ratepayer dollars on those projects that will have the greatest impact at reducing wildfire risk. Improving risk modeling, however, will also enable SCE and PG&E to similarly provide Risk Spend Efficiencies (RSEs) for all mitigations under consideration and provide the mitigation impact of alternative mitigation projects. As noted by the WSD, "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."[10] Given the interrelated nature of these deficiencies, the correction of one underlies the correction of the others, and each provides important data points for the justification of wildfire spending. All should be similarly classified as Class A deficiencies.

As noted above, the A classification denotes that "aspects of the WMP are lacking or flawed."[11] SCE and PG&E's RSEs are both lacking and flawed: the utilities have neither calculated their RSE correctly nor provided the RSE for all proposed mitigations at a sufficiently

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9 WSD-002 at A3.
10 WSD-002 at 18.
11 WSD-002 at 15.

granular level. As outlined in TURN's comments on the WMP, SCE and PG&E have not calculated their RSEs consistent with the Safety Model Assessment Proceeding Settlement.[12]

The failure to correctly calculate the RSE correctly limits the ability of the utility to target ratepayer dollars at the most efficient mitigations. For example, TURN's Comments on the WMP highlight the score of the Public Safety Power Shut Off as an example of the limitations of PG&E and SCE's ability to properly calculate RSE. Despite extraordinary negative externalities and costs, both utilities calculate PSPS as one of the most efficient mitigation alternatives.[13] The WSD also finds that PG&E's calculation of the PSPS RSE "does not account for the significant, cascading consequences of PG&E's decision to turn off the power to the communities it serves, including the potential for significant economic loss, customer and community safety risks, and transferred risk of ignitions, such as increased generator use."[14] While TURN recommends that the utilities incorporate the RSE improvements referenced in its comments, at a minimum, the RCP should correct the problems with the RSE for PSPS identified by the WSD.[15]

Even if the WSD were to accept the incorrectly calculated RSEs, the values have not been provided across all programs or at a sufficiently granular level to enable the utility to identify the optimal portfolio of programs.[16] The failure to provide the RSE on individual circuits or programs leave the RSE inadequate to be used even as a tool to determine whether the proposed programs are directionally accurate. Resolution of this deficiency should provide RSE

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[12] D.18-12-014, OP 1.

[13] TURN Comments on 2020 Wildfire Mitigation Plans, R.18-10-007 (CPUC April 7, 2020) at 9 (hereinafter TURN Comments).

[14] WSD-003 at 59.

[15] TURN Comments at 8-9, 9 Note 21. TURN sent PG&E a letter outlining its concerns with risk modeling; the letter is attached to the TURN Comments as Attachment 1.

[16] TURN Comments at 8.

on a granular basis for every proposed mitigation rather than the limited subset currently provided by SCE and PG&E.[17]

It is not sufficient to provide the RSE only for the chosen mitigation, as noted in the SCE Resolution, "RSE was not provided for alternatives, making the calculation alone insufficient to justify allocation decisions."[18] The RSE provides a tool by which to compare the value of programs. If, however, no alternatives have been scored and an RSE calculated, the value of the RSE is diminished. In addition to the RSE being treated as a Class A deficiency, the failure to complete alternative analysis should be treated as a Class A deficiency.

The WSD highlights the impact of this failure in reference to SCE's covered conductor program: "SCE plans to allocate 42% of plan spend to this program and ramp up deployment rapidly, spending 70% more in 2022 than in 2020. However, SCE offers no alternatives analysis or other evidence that justify the scale of this program relative to alternative mitigation options."[19] WSD goes on to request "more detail … regarding which ignition risk drivers this initiative is targeting and whether other measures could more effectively reduce those risks."[20] Unless the utilities present evidence that they are pursuing the most effective alternatives sooner rather than later, they are at risk of investing ratepayer dollars in the wrong wildfire mitigation programs at a time when these dollars are more valuable than ever.

B. Failure to Correct Deficiencies In the 2021 WMP Update Should Result in Suspension of the Utility Safety Certificate

WMP approval is a key requirement for the utility to earn its safety certificate, which grants the utility the benefit of a prudent manager standard in the event that it seeks recovery of

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17 WSD-003 at 13; WSD-004 at 27.
18 WSD-004 at 7.
19 WSD-003 at 6.
20 WSD-003 at 9.

future wildfire claims at the Commission.[21] This is a valuable benefit that should not be granted lightly. The WSD provided the utilities with clear direction for the submission of the 2020 WMP. Despite the fact that PG&E and SCE failed to fulfill the identified requirements, WSD granted the utility conditional approval of the WMP.

The WSD has now given the utilities comprehensive feedback on the deficiencies of their WMP and the actions that are required to correct these deficiencies. The final resolution should provide notice to the utilities that the continued failure to address and correct the identified Class A, B and C deficiencies in the 2021 update puts their safety certificate at risk. Any failure to address identified deficiencies fully and accurately in the next WMP submission will result in the immediate suspension of the electric corporation's safety certificate. Appendix A provides proposed changes to the Draft Resolution Ordering Paragraphs to effectuate this change..

C. TURN Recommends the Final Resolution Identify a Process For Resolving Deficiencies.

The Draft Resolutions do not identify a process by which the WSD will review the RCPs and Quarterly Reports and determine whether the utility has adequately addressed the identified deficiencies. TURN recommends a relatively limited process for the resolution of the identified deficiencies. Specifically, TURN recommends that, after the submission of an RCP or Quarterly Report, if the WSD finds that additional information is required or that a deficiency has not been fully addressed, it provide a letter to the utility, copying the service list, identifying the remaining deficiencies. To the extent that the utility has provided sufficient information and no further information is required from the utility, no further action would be required on the part of the WSD.

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[21] Cal. Pub. Util. Code § 451.1(c).

This limited review reflects that the Resolution's direction does not in all cases require the utilities to fix the deficiencies, but also allows the utility to provide a timeline for addressing its failures. A RCP may resolve a Class A deficiency, but it can also provide a timeline for the correction of the deficiency.[22] Similarly, the Quarterly Reports can "provide the missing data or update [the utilities'] progress addressing the deficiency.[23]

Regardless of the process for reviewing the RCP and Quarterly Reports, any further action on those deficiencies by the WSD should not result in a modified decision or otherwise change the core findings of the Final Resolutions. To comport with due process, modifying the findings of the Final Resolutions would require stakeholder comment, in essence, creating a continuous WMP review process for all parties. Limiting WSD actions on class A and B deficiencies as outlined here, avoids the prospect of a continuous process and preserves WSD and stakeholder resources.

III. The Final Resolution Should Clarify that these Resolutions Do Not Approve Any Particular Scope of Work.

The Draft Resolutions grant PG&E and SCE conditional approval provided that the utilities address deficiencies identified in WSD-002, WSD-003 and WSD-004. "[T]he WSD's approval of PG&E's WMP is conditioned on PG&E's compliance with each of the conditions set forth in Appendix A [to the Resolution]."[24] The approval of SCE's WMP is similarly conditioned on the utility meeting the conditions identified by WSD.[25] Specifically, WSD is not

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22 WSD-002 at 15.

23 WSD-002 at 16.

24 Resolution WSD-003 Resolution Ratifying Action of the Wildfire Safety Division on Pacific Gas and Electric Company's 2020 Wildfire Mitigation Plans Pursuant to Public Utilities Code Section 8386, R.18-10-007 (CPUC May 7, 2020) at 13, at 70, Ordering Paragraph 2 (hereinafter WSD-003).

25 Resolution WSD-004 Resolution Ratifying Action of the Wildfire Safety Division on

able to determine that either PG&E or SCE has effectively targeted its resources. Neither utility has "demonstrate[d] sufficiently that it is allocating finite resources to initiatives that most effectively reduce wildfire risk and PSPS incidents."[26]

Central to the WSD findings is the failure of PG&E or SCE to use risk modeling techniques to score the impact of proposed programs or compare the efficiency of alternatives. It follows that the conditional approval cannot address whether the utility has proposed the optimal portfolio of mitigation programs or the proper scope of work. Pending justification of the proposed work relying on proper risk modeling, the final resolution should clarify that the Resolutions do not approve any particular scope of work.

The WSD emphatically states that its Draft Resolutions do not address or approve the costs of carrying out the WMP proposed by SCE or PG&E.[27] The Legislature directed the Commission to authorize memorandum accounts where the utilities can record the costs for all work related "to implement the plan,"[28] and directed the Commission to consider whether those implementation costs were just and reasonable "in its [GRC] application."[29] It remains to the utility to demonstrate in a GRC or other cost recovery proceeding that its ultimate spending, and scope of work, is reasonable, considering various practical and operational constraints. Accordingly, the WSD should direct that, when the utilities seek cost recovery in the GRC, they must also justify the scope of work as addressing the highest risk circuits. Updates to the

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Southern California Edison Company's 2020 Wildfire Mitigation Plan Pursuant to Public Utilities Code Section 8386, R.18-10-007 (CPUC May 7, 2020) at 53, Ordering Paragraph 1 (hereinafter WSD-004).

26 WSD-003 at 5-6, WSD-004 at 7.

27 Resolution WSD-002 Guidance Resolution on 2020 Wildfire Mitigation Plans Pursuant to Public Utilities Code Section 8386, R.18-10-007 (CPUC May 7, 2020) at 3 (hereinafter WSD-002), WSD-003 at 71, OP 6, WSD-004 at 53, OP5.

28 Cal. Pub. Util. Code § 8386.4(a).

29 Cal. Pub. Util. Code § 8386.4(b)(1).

language of the Ordering Paragraphs consistent with this recommended direction are attached to these comments as Appendix A.

A. The Final Resolution Must Maintain WSD's Clear Direction for the Tracking of Costs by Program

The WSD authorizes PG&E and SCE to track the costs of implementing the wildfire mitigation plans in memorandum accounts and directs:

> All electrical corporations should ensure they carefully document their expenditures in these memorandum accounts, by category, and be prepared for Commission review and audit of the accounts at any time.[30]

The memorandum accounts should track costs by program, separating WMP costs from standard operations.[31] As the WSD points out, "[i]t is not clear how electrical corporations are tracking their WMP activities in memorandum accounts if they do not budget for them by type of initiative."[32] Unless costs, and benefits, are tracked by program or category, the utility cannot demonstrate that the costs of the work is justified by its benefits.

Disaggregation by program is required in order for the utilities to demonstrate the benefit of any individual program. The WSD highlights the failure of the utilities to disaggregate their proposed work from standard operations: "numerous WMP initiatives have apparent overlap or potential redundancy, it is imperative that utilities provide such data to validate the need for and effectiveness of additional programs."[33] This overlap potentially masks the impact of a proposed mitigation, and leaves the utility unable to justify mitigation work beyond standard operations. Ultimately, WSD finds that PG&E and SCE have not sufficiently disaggregated the proposed WMP work by program and from standard operations.

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30 WSD-003 at 4, and WSD-004 at 4.
31 WSD-002 at A-6.
32 WSD-002 at A-6.
33 WSD-002 at 22.

The WSD highlights the failure to separate standard operations from wildfire mitigation work as it relates to vegetation management plans. While "SCE indicates an intent to obtain greater vegetation clearances than those required or recommended by the WSD… SCE has yet to provide a detailed discussion or evidence of the effectiveness of increased vegetation clearances on decreasing utility near misses (i.e. outages) and ignitions."[34] Similarly, 'PG&E plans on "incorporating the enhanced inspection processes and tools into… routine inspection and maintenance program."'[35] WSD finds the "value added by these inspections is questionable."[36] As a result, "PG&E may be spending a large amount on enhanced inspections for little return since the findings are mostly minor."[37] By failing to disaggregate costs on a program basis, neither PG&E nor SCE can demonstrate that their proposed programs are justified.

Another potential area of overlap that undermines the justification of a mitigation and threatens utility cost recovery is the layering of mitigations in a single location. For example, the WSD finds that PG&E provides little justification for conducting multiple mitigations in the same location. Notably, PG&E proposes that they will engage in vegetation management in the same locations where they will harden their infrastructure.[38] The utility has failed to demonstrate that the added benefit of layering these mitigations justifies the additional cost of implementing both mitigations. WSD highlights a similar concern related to SCE's hardening efforts directing the utility to provide "comparative cost data."[39] In order for the utility to ultimately recover

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34 WSD-004 at 36.
35 WSD-003 at 41.
36 WSD-003 at 41.
37 WSD-004 at 41.
38 WSD-003 at 12.
39 WSD-003 at 9: "While SCE is aggressively pursuing its covered conductor program, more detail is needed regarding which ignition risk drivers this initiative is targeting and whether other measures could more effectively reduce those risks. In the absence of further detail, it is unclear how the risk of ignition from vegetation is addressed within the covered conductor

these costs, it must track the costs and benefits of each mitigation separately, and separately demonstrate that each mitigation is justified taking into account the other mitigations being deployed on that circuit.

For purposes of auditing and recovery, the WSD directs that WMP costs must be broken out by WMP program or the "electrical corporations risk failing to provide entitlement to cost recovery."[40] Specifically ,WSD cautions the utilities to:

> Not record the same costs more than once or in more than one place, seek duplicative recovery of costs, or record or seek to recover costs in the memorandum account already recovered separately. All electrical corporations should ensure they carefully document their expenditures in these memorandum accounts, by category, and be prepared for Commission review and audit of the accounts at any time.[41]

Once a utility has sought recovery for a particular scope of work, the Resolution language confirms that once the Commission has addressed that program, the utility cannot simply track cost overruns and seek recovery for amounts beyond the approved budget in a later proceeding.

IV. TURN Supports the WSD Guidance to the Utilities on Particular Programs

A. WSD Properly Directs SCE to Study the Impact of Vegetation Management Beyond Required Clearances

Rule 35 of General Order 95 specifies that all trees must be trimmed to maintain a four-foot distance from power lines at all times in HFTD areas.[42] Appendix E of Rule 35 recommends a twelve-foot "time of trim" clearance for all trees in HFTD areas, intended in part to ensure that minimum clearance requirements are maintained until the next trimming cycle. In

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initiative, as SCE continues to also expand vegetation clearances. More comparative cost data is also needed for the covered conductor initiative as compared to alternatives, especially given the high portion of SCE's overall WMP spend allocated to the covered conductor program."

40 WSD-002 at A-6; WSD-003 at 37; *See also* WSD-004 at 4.

41 WSD-003 at 4; WSD-004 at 4.

42 G.O. 95, Rule 35, Table 1. The Minimum Clearance Radius varies depending on voltage, but is four feet for most distribution lines in HFTD.

its WMP and data responses, SCE explains that starting in June 2019 it directed its routine vegetation management contractors to trim to twelve feet in HFTD areas where "achievable," subject to various operational constraints.[43] The WSD, however, finds that "SCE has yet to provide a detailed discussion or evidence of the effectiveness of increased vegetation clearances on decreasing utility near misses (i.e. outages) and ignitions."[44] WSD directs SCE to "coordinate with other large electrical corporations to conduct a study detailing the effect of increased vegetation clearances on vegetation caused outage and ignition probabilities."[45]

This language both confirms that the WSD doubts the additional benefit of potentially costly expansions of vegetation management and provides the utilities an opportunity to demonstrate their benefits. TURN looks forward to reviewing the findings of the SCE study.

B. WSD Properly Finds That Hazard Tree Programs Require Additional Justification

The WSD finds that both the PG&E and SCE Hazard Tree programs require additional justification. TURN cautioned that these programs could be "harmful if [they] result[] in re-deploying scarce tree trimming resources away from more effective vegetation management measures and imposing unnecessary cost burdens on ratepayers."[46] Accordingly, WSD directs that "PG&E's hazard tree program should focus on at risk trees first, rather than on every tree within striking distance."[47] This failure is labeled a Class B deficiency to be addressed in PG&E's first quarterly report.[48] Similarly, SCE uses at risk tree species to target its efforts rather

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43 SCE Wildfire Mitigation Plan, R.18-10-007 (CPUC February 7, 2020) at 104-105; Data Response to TURN DR 003-011.

44 WSD-004 at 36.

45 WSD-004 at 36.

46 TURN Comments at 25.

47 WSD-003 at 46.

48 WSD-003 at 46.

than "tree characteristics" and efforts must be targeted at "achiev[ing] the greatest wildfire risk reduction."[49] The Final Resolutions should maintain this direction, which in combination with improved risk modeling efforts as described above, should help target ratepayer dollars at the most impactful mitigations.

V. Conclusion

TURN appreciates the WSD's close review of the proposed WMP and appreciates the clear direction to the utilities to apply risk modeling techniques to ensure the most effective mitigations are pursued. TURN recommends that the Final Resolutions adopt the limited changes recommended in these comments.

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49 WSD-004 at 11.

APPENDIX A

Changes to Findings of Facts and Ordering Paragraph

Any deletions denoted by a ~~strikethrough~~, additions underlined.

ORDERING PARAGRAPH LANGUAGE CHANGES

WSD-002

Ordering Paragraphs

2. Nothing in this Resolution constitutes approval of the costs associated with or proposed scope of electrical corporations' Wildfire Mitigation Plan (WMP) efforts. As set forth in Public Utilities Code §8386(g), and confirmed by Decision 19-05-036, the Commission will consider costs recovery related to WMPs in the electrical corporations' General Rate Cases or application permitted by Section 8386.4(b)(2).

12. Failure to address all deficiencies identified in Resolutions WSD-002, WSD-003 and WSD-004 in the 2021 Wildfire Mitigation Plan update will result in an immediate revocation of the safety certificate.

WSD-003, Ordering Paragraph

6. Nothing in this Resolution should be construed as approval of the costs associated with or proposed scope of Pacific Gas and Electric Company's Wildfire Mitigation Plan mitigation efforts.

WSD-004, Ordering Paragraph

5. Nothing in this Resolution should be construed as approval of the costs associated with or proposed scope of Southern California Edison Company's Wildfire Mitigation Plan mitigation efforts.