



Working for California

A MONTHLY NEWSLETTER FROM THE CPUC

October 2018 edition

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Ensuring Proper Planning for De-Energization



There are many safety initiatives underway at the California Public Utilities Commission (CPUC) as it works to assure Californians' access to safe and reliable utility infrastructure and services. Safety-related articles will be featured again in future issues.

By Elizaveta Malashenko, CPUC Safety and Enforcement Division Director

As Director of the Safety and Enforcement Division at the CPUC, I understand that power outages of any period of time can be very disruptive to the local economy, impair access to essential services, and pose health and safety risks.

As such, state law allows utilities to shut off power to customers (called de-energizing) only when a utility reasonably believes that there is an "imminent and significant risk" to safety, such as when strong winds may topple power lines or cause major vegetation-related damage to power lines and lead to increased risk of fire. Proactive de-energization is a drastic step, but in certain conditions, it is also a step that can save lives, protect property, and prevent fires. While de-energization may be necessary to prevent an incident that threatens public safety, loss of electric power can have particularly serious impacts on the elderly and those dependent on electricity for medical reasons. In addition, it

can make evacuations and the work of first responders more difficult. These new protections ordered all investor-owned electric companies to follow certain rules and customer notification requirements before de-energizing electric facilities. We also ordered utilities to meet in advance with the local communities that are prone to

Utility roll-out of their de-energization programs has stirred a much-needed conversation about how to balance and mitigate risks associated with the threat of wildfires faced by California. Communities across the state are raising important issues related to implications of loss of electric power. The reality is that our societal depen-



The Larkfield Wikiup neighborhood was one of the hardest hit in the Tubbs firestorm that swept through Santa Rosa in October 2017.

can make evacuations and the work of first responders more difficult.

At the CPUC, this is an issue we take extremely seriously. That's why this past July, as our state was dealing with a seemingly endless string of highly destructive wildfires, the CPUC put in place

future de-energization events. We have created a new [webpage](#) that has information about the new rules and how people with medical conditions can ensure that they are properly registered with utilities, in order to receive appropriate notification.

dence on electricity has associated vulnerabilities. While utilities and regulators work to ensure both safety and reliability of the electric system, outages are still inevitable, and we need to work on ways to improve our overall preparedness when we lose power. We are



De-Energization: *continued from page 1*

committed to doing so. Senate Bill 901, just adopted during the 2018 legislative session, requires utilities to submit de-energization programs to the CPUC for review and approval, as a part of overall CPUC review of utility wildfire mitigation plans. This review process will entail public comment and allow for participation by interested stakeholders and parties. Also, the CPUC will continue engaging with interested stakeholders and members of the public expressing concerns, as well as closely monitoring any utility de-energization events.

Commissioners and staff at the CPUC have been contacted by a number of people who understandably have concerns about losing power even if conditions warrant it to avoid a potential catastrophe. The CPUC will continue to engage on this topic both in formal proceedings and more informally. For example, on September 28, the CPUC held

a workshop on utility emergency planning and local coordination with participation from state and local government representatives, as well as fire chiefs and first responders. Proactive de-energization was a major topic. As Commissioner Clifford Rechtschaffen stated at that workshop, we continue to work with the utilities, local government, and communities throughout the state to inform the public and to refine and adjust our de-energization policies. Used wisely and sparingly, de-energization can provide critical safety benefits, but we will keep working to improve how and when it's employed.

For anyone having questions or comments about the policies and practices, I encourage you to contact the CPUC Public Advisor's Office at publicadvisor@cpuc.ca.gov or by U.S. mail at 505 Van Ness Ave., San Francisco CA 94102.

Providing Safe, Clean, Reliable Water for Monterey Peninsula

By Commissioner Liane M. Randolph

Few issues confronting California are more complex and contentious than water. Our job at the CPUC is to ensure that we have the safe, clean, and reliable water supply we need in a state that is home to approximately 40 million people. The difficulty of that task was driven home yet again by the lengthy CPUC proceeding that culminated last month with a unanimous vote clearing the way for a much-needed desalination plant on the Monterey Peninsula.

"Monterey Peninsula residents and businesses have been struggling with water constraints since the 1940s," an earlier CPUC ruling noted. . . . "Public and private interests have a long and contentious history of trying to find a viable solution to this problem. Conflicting community values have rendered other proposals unworkable and unachievable. We have been addressing these concerns at this CPUC alone since 1997 – well over a decade. It is evident and timely that we must arrive at a supply-based solution and approve a project."

After our Sept. 13, 2018 vote on the desalination plant, which also certifies the environmental work both on a state and federal level, one local newspaper called our action a "decision for the history books." That's because it takes so many turns and accomplishes so much.

The Monterey Peninsula is a beautiful and special place, but its longstanding water problems became particularly acute in 2009.



Old Fisherman's Wharf waterfront in Monterey Bay, California

That's when the State Water Resources Control Board (SWRCB) issued a cease and desist order against the local water provider, California-American Water Co., because Cal-Am had spent years diverting about four times the amount of water to which it was entitled from the Carmel River. Since that time, communities on the Peninsula have worked hard to try to resolve this issue that is so critical to their quality of life. In Sep-

water project, which will provide additional supply once operational. But even that innovative project was not sufficient to meet demand and more supply is needed.

Our decision allows Cal-Am to move forward with its plans for a \$279 million, 6.4 million gallon-a-day desalination plant that will use slant wells to draw primarily seawater from under the seabed. Those are wells drilled at a 15-20 percent angle to protect marine life

decision had to build in conditions that protect ratepayers from choosing an emerging technology.

The CPUC's approval of the project puts the Monterey Peninsula on the road to water security, with water that will be safe, reliable, and drought-proof. It does so with protections for ratepayers against unreasonable costs and protections of the environment against adverse impacts while providing Cal-Am with the best opportunity to meet its customer needs at just and reasonable rates.

Our talented staff spent countless hours reviewing thousands of pages of documents, considering a range of realistic and reasonable alternatives before we concluded that this project was the best choice to finally achieve water security for the Monterey Peninsula. And

"The CPUC's approval of the project puts the Monterey Peninsula on the road to water security, with water that will be safe, reliable, and drought-proof."

— Commissioner Randolph

tember 2016, the CPUC approved Cal-Am's purchase agreement with the Pure Water Monterey recycled

in the area. While the technology is not new or experimental, there is limited experience using it and our

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The Docket: Proceedings Filed at the CPUC in Sept. 2018

PROCEEDING NUMBER • FILED DATE • FILER

A1611002 • 20-Aug-2018 (reopened) • ORA/MILEY/CPUC
Application of Southern California Edison Company (U338E)
for Approval of the Results of its Second Preferred Resources
Pilot Request for Offers. Application for rehearing of decision
18-07-023. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=223113713>

A1504012 • 4-Sept-2018 • ALJ/COOKE/CPUC
Decision on intervenor compensation claim of center for acces-
sible technology <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=225561465>

P1809001 • 4-Sept-2018 • Direct Access Customer Coalition
Petition to adopt, amend or repeal a regulation pursuant to Pub.
Util. Code Section 1708.5. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=225950710>

A1608006 • 5-Sept-2018 • ALJ/ALLEN/CPUC
Decision granting compensation to Californians For Green
Nuclear Power, Inc. For substantial contribution to Decision 18-
01-022. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=225950730>

A1809005 • 5-Sept-2018 • Hearsay Social, Inc.
Application of Hearsay Social, Inc. for Registration as an Interex-
change Carrier Telephone Corporation pursuant to the Provision
of Public Utilities Code Section 1013. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=228073714>

A1712002 & A1712003 • 7-Sept-2018 • ALJ/STEVENS/CPUC
Decision approving energy storage agreements and associated
cost recovery mechanisms. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=225950783>

A1701013, A1701014, A1701015, A1701016, A1701017 • 7-Sept-
2018 • ALJ/FITCH/CPUC
Proposed Decision addressing workforce requirements and
third-party contract terms and conditions. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=225950775>

R1407002 • 7-Sept-2018 • ALJ/KAO/CPUC
Proposed decision correcting and clarifying decision 18-06-027.
<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=226773878>

A0807021, A0807022, A0807023, A0807031 • 7-Sept-2018
(reopened) • Southern California Edison Company, Southern
California Gas Company, San Diego Gas & Electric Company,
and Pacific Gas & Electric Company
Application of Southern California Edison Company (U-338-E)
for Approval of its 2009-2011 Energy Efficiency Program Plans
and Associated Public Goods Charge (PGC) and Procurement
Funding Requests. (Per ALJ's Ruling dated 8/1/08, A08-07-021,
A08-07-022, A08-07-023, and A08-07-031 are consolidated.)
Petition to Modify Decision 09-09-047. <http://docs.cpuc.ca.gov/>

PROCEEDING NUMBER • FILED DATE • FILER

[SearchRes.aspx?DocFormat=All&DocID=226778237](http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=226778237)

A1506020 • 7-Sept-2018 (reopened) • Southern California Gas
Company
Application of Southern California Gas Company (U904G) and
San Diego Gas & Electric Company (U902G) for Authority to
Revise their Curtailment Procedures. Joint Petition for Modifica-
tion of Decision 17-11-021. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=226773911>

A1501014, A1502006, A1603004 • 10-Sept-2018 • ALJ/HOUCK/
CPUC
Proposed Decision on Phase 1 of Southern California Edison
Company and San Diego Gas & Electric Company 2015 Nuclear
Decommissioning Cost Triennial Proceeding and related pro-
ceeding. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=226705428>

A1809002 • 10-Sept-2018 • Southern California Edison Com-
pany
Application of Southern California Edison Company (U338E)
for Approval of its Grid Safety and Resiliency Program. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=226778197>

A1704028, A1705003, A1705005, A1705009 • 11-Sept-2018 •
ALJ/ROSCOW/CPUC
Proposed Decision addressing Applications of Pacific Gas and
Electric Company, Southern California Edison Company and
San Diego Gas & Electric Company for approval of their trienni-
al investment plans for the Electric Program Investment Charge
Program for the Years 2018 through 2020, and other program-
matic considerations. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=227535344>

A1809007 • 12-Sept-2018 • The Ponderosa Telephone Co.
Application of the Ponderosa Telephone Co. (U1014C) for
Rehearing of Resolution T-17618. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=227535404>

I1809003 • 13-Sept-2018 • CPUC
Order Instituting Investigation on the Commission's Own Mo-
tion into the Operations, Practices and Conduct of the San Jose
Water Company (U168W) Regarding Overbilling Practices. NO
LINK AVAILABLE.

A1809013 • 14-Sept-2018 • California American Water Com-
pany
Application for Order Authorizing California-American Water
Company (U-210-W) to Purchase Bellflower Municipal Water
System's Assets and for Related Approvals. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=230156793>

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Monterey Peninsula Water: *continued from page 2*

while we encourage Cal-Am to continue to consider alternatives, the company should not do so as a replacement for this project.

Striking the right balance between divergent supply and demand estimates was one of the many challenges we had to resolve. In an area where there are strong feelings about growth and development, there was little agreement among the parties in the proceeding about the level of demand from existing water customers, Pebble Beach's demand, a potential tourism rebound, and other factors.

The three Administrative Law Judges who worked on the case analyzed all the arguments and arrived at a demand estimate of 14,000 acre-feet per year. For context, the Water Education Foundation in Sacramento says that an average California household uses between one-half and one acre-foot of water per year for indoor and outdoor use. An acre-foot is about 326,000 gallons, or enough water to cover an acre of land, which is about the size of a football field, one foot deep.

But as I said at a CPUC meeting, comparisons of annual demand and supply were not the critical test. What we had to do was prepare for maximum demand during a period of limited supply. We needed to do our best to ensure that even in a prolonged drought there would be water available during the maximum month, day, and even the peak hour. Annual averages do not matter if there is no water when the tap is turned on. Water must be available at all times, including peak periods. I believe this complex proceeding satisfies that challenge.

This proceeding was as complicated as any I've worked on and we could not have gotten through it without our amazing staff experts and devoted Administrative Law Judges. They all helped steer it to what I believe is a wise and beneficial conclusion for the Monterey Peninsula, the people who live and visit there, and the ecosystem of the Carmel River.

Docket: Sept. Filings, *continued from page 3*

A1809008 • 14-Sept-2018 • AFISHINADO INC.
Application of AFISHINADO INC., dba Afishinado Charters for authority to operate as an 'on-call' passenger Vessel Common Carrier operating from Avalon Harbor to various points on Catalina Island, including: Campus by the Sea, All C.I.M.I. facilities, White's Landing, Two Harbors, Howland's Landing, Emerald Bay. HARD COPY FILING.

A1809009 • 18-Sept-2018 • Metro Gold Line Foothill Extension Construction Authority
Application of the Metro Gold Line Foothill Extension Authority for an order authorizing construction of two grade Separated light rail tracks, and alteration of one freight track, at two (2) crossings at (1) Bonita Avenue & Cataract Avenue, and (2) Monte Vista Avenue in the City of San Dimas in Los Angeles County, California. HARD COPY FILING.

A1809010 • 18-Sept-2018 • Classic Transporters Inc.
In the matter of the Application of CLASSIC TRANSPORTERS INC., for Certificate of Public Convenience and Necessity under Section 1031, et seq., of the Public Utilities Code, to operate an on-call, door-to-door, passenger stage, between San Francisco (SFO), Oakland (OAK), and San Jose (SJC) International Airports, on the one hand, and points in the counties of Alameda, Contra Costa, Marin, Santa Clara, San Francisco, and San Mateo, on the other hand; and to establish a Zone of Rate Freedom. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=228073772>

A1809008 • 14-Sept-2018 • AFISHINADO INC.
Application of the County of Placer, Public Works Department, for an Order Authorizing to construct a grade Separation of the Placer Parkway over Tracks Owned by Union Pacific Railroad MP 112.7 in Placer County, California. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229726002>

A1704004 • 20-Sept-2018 • ALJ/WILDGRUBE/CPUC
Proposed Decision approving Southern California Edison Company's 2016 Energy Resource Recovery Account entries

and related matters. Opening comments, which shall not exceed 15 pages, are due no later than October 10, 2018. Reply comments, which shall not exceed 5 pages, are due 5 days after the last day for filing opening comments. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229414294>

R1210012 • 21-Sept-2018 • CMMR/GUZMAN ACEVES/CPUC
Proposed Decision implementing the California Advanced Services Fund Rural and Urban Regional Broadband Consortia Grant Account provisions. Opening comments, which shall not exceed 15 pages, are due no later than October 11, 2018. Reply comments, which shall not exceed 5 pages, are due 5 days after the last day for filing opening comments. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229414297>

P1803014 • 21-Sept-2018 • ALJ/JUNGREIS/CPUC
Proposed Decision denying Petition for Rulemaking and closing proceeding. Opening comments, which shall not exceed 15 pages, are due no later than October 11, 2018. Reply comments, which shall not exceed 5 pages, are due 5 days after the last day for filing opening comments. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=228330236>

R1102019 • 24-Sept-2018 • ALJs/ATAMTURK/KERSTEN/CPUC
Proposed Decision denying The Utility Reform Network and Southern California Generation Coalition's Joint Petition to Modify Decision 11-06-017. Opening comments are due no later than October 14, 2018. Reply comments are due 5 days after the last day for filing opening comments. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229104330>

R1111007 • 24-Sept-2018 • CMMR/GUZMAN ACEVES/CPUC
Proposed Decision denying Small Independent Local Exchange Carriers' Petition for Modification of Commission Decision

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Addressing Biomass in California

By Michael Picker, CPUC President

With California's commitment to renewable energy and the growing concern about wildfires, biomass electrical generation has received a lot of attention recently as a tool for addressing both challenges, but for a number of reasons this approach still has a lot to overcome.

Both Senate Bill 901, signed recently by Governor Jerry Brown, and the May 2018 "California Forest Carbon Plan" put forward by the California Natural Resources Agency, CAL FIRE, and the California Environmental Protection Agency, call for increased state support for biomass, but the Carbon Plan also articulates part of the challenge.

"The costs of transporting forest biomass are significant relative to the material's value, so distance from source to processing site will determine commercial feasibility," the Plan states. "Regional and local approaches will also be better suited to discussions related to facility siting, economic development strategies, local impacts of forestry operations, and climate resilience of both natural resources and the human populations that depend on them."

Additionally, a clean energy policy has a different set of concerns than the issue of safety from wildfires. For clean energy, policy-makers focus on emissions, price, and the ability of new resources to work together in ways that keep the lights on.

Fire safety revolves around reducing fuel, hardening communities to withstand ferocious fires, and clearing vegetation from near electric lines. While these policies are not contradictory, there are obstacles to making them work in harmony.

In the past, when the Legislature focused on biomass the intent and purpose was aimed at avoiding big carbon releases through mass fires and widespread bark beetle tree mortality. Now when the Legislature talks about biomass, the intent is to protect property and communities against wildfires. With this shift, biomass has become a companion piece to CPUC vegetation

management regulations rather than a carbon reduction program, which raises additional questions regarding allocation of costs.

In California today, there are 26 biomass plants that can generate enough electricity to power approximately 400,000 homes. These facilities rely on fuel sources ranging from agricultural waste

to eliminate just 30 percent of the High Sierra trees that have died from 10 years of extended drought and pine bark beetle infestations.

After Governor Brown's 2015 "Tree Mortality Emergency" proclamation, California utilities entered into a number of biomass contracts. These were focused on forest waste that was sold at

other obstacles, too.

Building power plants – of any sort – that are a long way from customers and companies requires building new transmission lines to bring electricity to those users. Small power lines that served several buildings or a remote village deep in high Sierra forests don't have the size and equipment



Biomass timber removal down a forest footpath

to wood waste from lumber mills. Most of the plants are located near the fuel sources to reduce trucking costs. Many plants are not well suited to use fuel from high-risk fire areas since it is difficult to deliver sufficient fuel without incurring prohibitive costs, even if

premium prices to account for the cost of obtaining the forest fuel and could generate enough electricity for more than 100,000 homes. But even with prices two to four times higher than solar or wind power, most of the facilities will struggle to obtain enough

to bring megawatts of power to meet electrical needs dozens or hundreds of miles away. Building new power lines or upgrading existing ones that may be prone to failure or susceptible to fires adds to the cost and risk of building a new remote power plant. And new transmission lines on poles can cost from \$10,000 to \$100,000 per mile depending on terrain and conditions. Underground power lines, which are much harder to repair when they fail, can cost as much as \$10 million per mile.

Historically, biomass plants that burned forest waste were either owned by lumber mills or had entered into partnerships with them, but the California timber industry has shrunk. Now, public agencies such as the U.S. Forest Service are the major supplier of wood. But with limited budgets to log and remove dead trees, not much progress has been made in reducing fire fuel.

Building a new sustainable for-

"It seems clear that if we're counting on biomass electricity generators to significantly reduce the number and ferocity of fires, we'll fall short."

— President Picker

electric customers pay a premium for the energy.

In 2016, biomass was 2.4 percent of total system power used in California. When it comes to using increased biomass as an incentive to thin our overly dense and fuel-rich forests, the U.S. Forest Service and CAL FIRE estimated in 2015 that it would take another 400 megawatts of biomass powerplants, operating for five years

fuel.

Data show that biomass generation costs are significantly higher than for wind and solar generation. Even with prices spiking in 2016 after execution of six mandated high-hazard zone biomass contracts, the average price per contract was \$115 per megawatt-hour, more than twice what wind and solar contracts command.

Increased use of biomass faces

Biomass: *continued from page 5*

estry industry in the Sierra and Siskiyou mountains could make biomass facilities more effective as part of a whole array of fire prevention tools, as well as offering jobs and economic development in those communities.

A study is currently being coordinated by the Governor's Forest Management Task Force to identify and assess barriers to sourcing of fuels from high-hazard fire areas for existing biomass contracts. The task force is also working to determine the potential for future biomass supply from areas of the state where fire risks are high. Anecdotal information says the current level of forest activities is insufficient to supply the biomass facilities with an economically viable flow of fuel from high fire hazard areas. The same anecdotal information says current activities are also insufficient to meet forest management needs within those same fire-prone

regions, and the study should tell us how accurate those assessments are.

On its own, biomass is a limited fire prevention tool and will require extensive ratepayer subsidies. Even with subsidies, biomass may not work as an effective fire-prevention tool outside pine forests. It seems clear that if we're counting on biomass electricity generators to significantly reduce the number and ferocity of fires, we'll fall short. If we expect these generators to help with carbon reduction, we'll also fall short. And if we overbuild these plants to provide more electricity, we'll overshoot our demand for what customers need.

Simple solutions to complex issues often sound good at first but may look unwise in hindsight. If there is a role for biomass in mitigating against more destructive wildfires, it's only part of a much larger fire-fighting and sustainable forestry strategy.

Docket: August Filings, *continued from page 4*

15-06-048 adopting a General Rate Case Plan for California High Cost Fund-A. Opening comments are due no later than October 14, 2018. Reply comments are due 5 days after the last day for filing opening comments. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229414325>

A1802016, A1803001, A1803002 • 25-Sept-2018 • ALJ/STEVENS/CPUC
Decision approving AB 2514 Energy Storage Procurement Framework for the 2018 Biennial Procurement Period. Opening comments are due October 15, 2018. Reply comments are due 5 days after the last day for filing comments. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229724844>

A1809015 • 26-Sept-2018 • Southern California Edison Company
Application of Southern California Edison Company (U 338-

E) for Approval of Green Energy Programs. <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=229724889>

About this publication

This monthly newsletter is to keep you informed of proposals by the CPUC's Commissioners and Administrative Law Judges, as well as utility applications, and other issues and work of note. We also include a list summarizing the filings at the CPUC in the previous month.

We want to hear from you! If you have topics you'd like us to cover or if you'd like to make comment on our proceedings or work, please contact us at outreach@cpuc.ca.gov or call (855) 421-0400. You can find information about events we are having at www.cpuc.ca.gov/Events.

Prior editions of this newsletter are available on the CPUC's website at www.cpuc.ca.gov/newsletter.