

November 10, 2022

Rachel Peterson, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: **PG&E Reply Comments on Draft Resolution M-4864**

Dear Executive Director Peterson:

Pacific Gas and Electric Company (PG&E) respectfully submits these reply comments regarding draft Resolution M-4864 (Draft Resolution), which is currently scheduled to be addressed by the California Public Utilities Commission (Commission) on November 17, 2022.

Eight parties and two individuals submitted comments regarding the Draft Resolution.¹ Below, we discuss: (1) the Enhanced Oversight and Enforcement Process (EOE Process); (2) Resolution M-4852 which initiated Step 1 of EOE Process; (3) our efforts since Resolution M-4852 was issued and the results; (4) the Draft Resolution; (5) issues raised by parties; and (6) issues raised by individuals.

1. EOE Process Background

The EOE Process was adopted by the Commission in its decision approving PG&E's Plan of Reorganization.² The process includes six steps that provide "a clear roadmap for how the Commission will closely monitor PG&E's performance in delivering safe, reliable, affordable and clean energy"³ and a "defined course of action, with multiple steps, that provides far greater certainty than would otherwise be applicable."⁴ The

¹ Comments were submitted by the Public Advocates Office (Cal Advocates), The Utility Reform Network (TURN), the Indivisible California Green Team, the Environmental Committee of the Valley Women's Club, the Utility Wildfire Prevention Task Force, Lake County, Rural County Representatives of California (RCRC), California State Association of Counties (CSAC), Jennie Dusheck, and Professor Robert Johnston.

² D.20-05-053, pp. 52-64.

³ Resolution M-4852, Appendix A, p. 1.

⁴ D.20-05-053, p. 63

Commission explained that the EOE Process “sets up a methodical, step-by-step system . . .”⁵

To initiate the EOE Process, the Commission must first determine that a “triggering event” has occurred. Triggering events are specific events and are defined for each of the six steps.⁶ When a triggering event occurs, the EOE Process “includes enhanced reporting requirements and additional monitoring and oversight.”⁷ The EOE Process also “contains provisions for PG&E to cure and permanently exit the process if it can satisfy specific criteria.”⁸

For Step 1, the EOE Process requires PG&E to submit a Corrective Action Plan intended to address the specific event(s) that caused the process to be initiated. The Corrective Action Plan is reviewed and approved by the Commission’s Executive Director.⁹ Once approved by the Executive Director, PG&E can exit Step 1 “upon issuance of a Commission Resolution finding that PG&E has met the conditions of its Corrective Action Plan within the required timeframe.”¹⁰

2. Resolution M-4852 Regarding Enhanced Vegetation Management

On April 16, 2021, the Commission issued Resolution M-4852 putting PG&E into Step 1 of the EOE Process. Consistent with the Commission’s earlier direction, Resolution M-4852 clearly defined the specific reasons for Step 1 and the actions that PG&E was required to take to remedy the concerns identified by the Commission.

The Commission made three specific findings regarding the Step 1 triggering event:

1. “PG&E did not sufficiently prioritize its Enhanced Vegetation Management (EVM) based on risk in 2020.”
2. “PG&E’s progress on the highest risk power lines in 2020 is set forth herein in Tables 1-4 and Figures 1-4, as well as the EVM Audit.”
3. “PG&E’s failure to prioritize EVM on the highest risk power lines is a Triggering Event under Step 1 Section A(iii) of the EOE

⁵ D.20-05-053, p. 64.

⁶ Resolution M-4852, Appendix A.

⁷ Resolution M-4852, Appendix A, p. 1.

⁸ Resolution M-4852, Appendix A, p. 1.

⁹ Resolution M-4852, Appendix A, p. 2, Item B.

¹⁰ Resolution M-4852, Appendix A, p. 2, Item C.i.

Process in D.20-05-053, which applies Step 1 if PG&E fails to make progress toward approved safety or risk-driven investments related to the electric business.”¹¹

The Commission directed PG&E to submit a Corrective Action Plan that included 14 elements all specifically directed toward risk-prioritization of EVM. The Commission also directed that PG&E submit a follow-up report on these 14 elements every 90 days.¹² The Commission indicated that if PG&E failed to satisfy the conditions of the Corrective Action Plan, it could be placed in Step 2.¹³

3. PG&E’s Corrective Action Plan And Subsequent EVM Results

On May 6, 2021, we submitted our Corrective Action Plan addressing each of the 14 elements specified by the Commission. Consistent with Resolution M-4862, our plan focused on the use of risk prioritization for EVM workplans. As directed by Resolution M-4852, PG&E submitted reports every 90 days after the Corrective Action Plan updating the Commission and stakeholders on our progress. In total, we submitted six 90-Day Reports and also participated in two Commission-led workshops.

On November 1, 2021, Executive Director Peterson issued a letter addressing PG&E’s Corrective Action Plan. As the letter explained, PG&E had complied with Resolution M-4852 by timely submitting its Corrective Action Plan, presenting the Corrective Action Plan to the Commissioners, submitting 90-Day Reports, and participating in a workshop. The letter “finalized” PG&E’s Corrective Action Plan and noted that:

Commission staff, working with Energy Safety staff, have closely monitored and analyzed PG&E’s submittals and progress. Staff’s analysis of PG&E’s submissions thus far demonstrate that placing PG&E into Step 1 of the EOE Process has had the intended effect of causing PG&E to revise its operations to achieve improved focus on EVM in the highest-risk areas of its distribution system. In the near term, however, work remains to be done and PG&E must continue to make progress against the 1,800-mile target PG&E has set for December 31, 2021. For this reason, it is appropriate for PG&E to remain in Step 1 of the EOE Process.¹⁴

¹¹ Resolution M-4852, p. 16, Findings 1-3.

¹² Resolution M-4852, pp. 12-13 and p. 16, Finding 4.

¹³ Resolution M-4852, p. 16, Finding 6.

¹⁴ Letter from Rachel Peterson to Sumeet Singh dated November 1, 2021, p. 2.

Notably, in response to Executive Director Peterson’s letter, no party disputed the finalization of PG&E’s Corrective Action Plan or suggested that the scope of the Corrective Action Plan should be expanded.

As we indicated in our most recent 90-Day Report submitted on October 31, 2022, we have made substantial progress on risk prioritizing EVM work. In 2021, our EVM mileage goal was 1,800 miles and we completed 1,983 miles. More importantly, 98% of the 2021 EVM work was on the top 20% of risk ranked miles. The results have been similar so far in 2022. Through September 30, 2022, we have performed approximately 81% of our 2022 EVM mileage goal with 99% of the work being performed in the top 20% of risk ranked miles.

An overview of our progress is captured in Table 1 below:

Table 1: EVM Progress Since Submission of Corrective Action Plan

Year	Miles	% of Miles in Top 20% Risk
2021	1,983	98%
2022 (through 9/30)	1,454	99%

4. Exiting Step 1 - Draft Resolution

The Draft Resolution acknowledges the results of our Corrective Action Plan and our approach to performing risk-ranked EVM work. The Draft Resolution explains:

Based on PG&E’s progress in 2021, information provided in the August 1, 2022, CAP Update, and information submitted during data requests, interviews, and field visits, PG&E demonstrated that it sufficiently improved its risk-based prioritization of EVM work in 2021 and met its CAP goals. PG&E has also demonstrated progress in establishing communication channels between its contractors and PG&E staff. PG&E utilizes Daily Operating Reviews, which are bottom-up cascading meetings between PG&E vegetation management staff and PG&E executive management to monitor EVM progress and targets and produce associated reports. PG&E documents EVM decision-making under its Wildfire Risk

Governance Steering Committee and change control processes approved by the Vegetation Management Board.¹⁵

The Draft Resolution then reviews each of the 14 elements required for the Corrective Action Plan and finds that PG&E has provided sufficient information to satisfy each element.¹⁶ After this detailed review, the Draft Resolution concludes:

Based on the May 6, 2021 CAP and the subsequent 90-day updates, and the information gathered during Commission workshops, data requests, field visits, and interviews, PG&E made sufficient progress with regard to risk-driven wildfire mitigation efforts. The Commission finds that PG&E satisfied the requirements set forth in Resolution M-4852 and is authorized to exit Step 1 of Enhanced Oversight and Enforcement.¹⁷

5. Comments by Parties

Eight parties filed comments on the Draft Resolution.¹⁸ We appreciate that some of the parties recognize that through the efforts of our employees and contractor partners, we have satisfied the concerns addressed by the Commission in Resolution M-4852 and the Corrective Action Plan elements. For example, Lake County notes that PG&E has “improved the vegetation management shortcomings that originally triggered the [EOE Process] . . .”¹⁹ In their comments, TURN and Cal Advocates state:

Cal Advocates and TURN concur that PG&E has complied with the requirements imposed by Resolution M-4852.²⁰

None of the parties filing comments dispute that PG&E has met the Corrective Action Plan conditions within the required time frame, which is the criteria for exiting Step 1.

Parties do, however, raise a number of issues that are outside the scope of Resolution M-4852. Lake County, RCRC, CSAC, the Indivisible California Green Team, the Environmental Committee of the Valley Women’s Club, and the Utility Wildfire Prevention Task Force raise concerns about PG&E’s handling of vegetation management

¹⁵ Draft Resolution, p. 8 (footnotes omitted).

¹⁶ Draft Resolution, pp. 9-17.

¹⁷ Draft Resolution, p. 18.

¹⁸ RCRC and CSAC filed joint comments, as did Cal Advocates and TURN and the Environmental Committee of the Valley Women’s Club and the Utility Wildfire Prevention Task Force.

¹⁹ Lake County Comments, p. 1.

²⁰ Cal Advocates/TURN Comments, p. 1.

debris. These parties suggest that the Commission keep PG&E in Step 1 until these concerns are resolved. We recognize that the handling of vegetation management debris is a critical issue. We are responding to the concerns raised in RCRC's and CSAC's letter to our Chief Executive Officer Patti Poppe regarding this issue and will continue to work with these parties and others on vegetation management debris concerns. However, while this is an important issue, it is not within the scope of Resolution M-4852 or the Corrective Action Plan. The Commission cannot and should not keep PG&E in Step 1 for issues that were never raised in the resolution initiating the EOE Process or in the Corrective Action Plan.

The Environmental Committee of the Valley Women's Club and the Utility Wildfire Prevention Task Force raise concerns about the scope of EVM, permitting requirements, landowner rights, environmental impacts, tree crew oversight, and arborist training. These parties also suggest a moratorium on EVM and the consideration of other wildfire mitigations. While we do not necessarily agree with the statements in these parties' comments, similar to issues about vegetation management debris, these issues are beyond the scope of Resolution M-4852. Moreover, as we explained in our 90-Day Report submitted on October 30, 2022, we plan on sunseting the EVM program at the end of 2022 and thus a moratorium on EVM is not necessary.

The Indivisible California Green Team suggests that Southern California Edison Company's covered conductor program is more effective at mitigating wildfires than EVM. We recognize that vegetation management, which is required by California law and Commission regulations, is not an exclusive solution to mitigating wildfire risk. This is why we are implementing a number of key wildfire mitigations, including our ambitious program to underground more than 10,000 miles of distribution lines in High Fire Threat District (HFTD) areas. Notably, undergrounding provides greater wildfire risk reduction than covered conductor. While the use of other mitigations such as undergrounding and covered conductor are important issues, they are beyond the scope of Resolution M-4852.

Cal Advocates and TURN also argue that PG&E should remain in the EOE process, but for different reasons than the parties described above. Cal Advocates and TURN assert that PG&E should be moved to Step 2 or Step 4 of the EOE Process as a result of the Dixie Fire, Zogg Fire, and their concerns regarding PG&E's vegetation management generally, asset inspections and asset maintenance.²¹ We certainly take strong exception to a number of the assertions and allegations in Cal Advocates' and TURN's comments. However, this is not the venue to address these assertions and allegations. Resolution M-4852 is focused on risk prioritization of EVM work. And Cal Advocates and TURN both expressly recognize that PG&E has satisfied the requirements of Resolution M-4852.

²¹ Cal Advocates/TURN Comments, pp. 2-8.

Thus, there is no basis to keep PG&E in Step 1 or to continue the EOE Process for issues outside the scope of Resolution M-4852.

In addition, Cal Advocates and TURN propose the initiation of an Order Instituting Investigation (OII) and/or Order to Show Cause (OSC) to address the Dixie Fire, Zogg Fire, and conduct PG&E's vegetation management generally, asset inspections and asset maintenance. Proposals to initiate a new OII or OSC are also clearly outside the scope of Resolution M-4852.

Finally, parties' proposals to either keep PG&E in Step 1, move PG&E to Step 2 or Step 4, or open a new OII/OSC, all for reasons never identified in Resolution M-4852 nor identified at any point in the Step 1 process, create due process concerns. As the Court of Appeal explained in *City of Huntington Beach v. Public Utilities Commission*, expanding the scope of a proceeding late in the process (in that case in response to an application for rehearing) raises significant due process issues especially when such expansion is to the "detriment of a party."²² Here, parties are proposing for the first time in their comments on the Draft Resolution to significantly expand the scope of Resolution M-4852, despite the fact that the EOE Process has been ongoing for more than a year and a half. The Commission should reject these proposals to significantly expand the scope of the EOE Process initiated by Resolution M-4852.

6. Comments by Individuals

One of our customers, Jennie Dusheck, filed comments raising concerns regarding vegetation management and existing copper electrical lines on her property. We appreciate Ms. Dusheck raising these concerns and intend to follow-up on them. However, these issues are not within the scope of Resolution M-4862 and thus are not a basis for preventing PG&E from exiting Step 1.

Professor Robert Johnston filed comments regarding the risk modeling used in the EVM prioritization process. PG&E's risk modeling was described in detail in our Corrective Action Plan, submitted in May 2021, and was discussed at Commission-led workshops regarding the EOE Process. No party or individual expressed concerns about our underlying risk modeling methodology during the last year and a half that we have been in Step 1.

Professor Johnston asserts that there are problems with the underlying risk models used for EVM prioritization (*i.e.*, PG&E's Wildfire Distribution Risk Model (WDRM)). However, as Professor Johnston recognizes, the WDRM was extensively reviewed by

²² *City of Huntington Beach v. Public Utilities Commission*, 214 Cal.App.4th 566, 592-593 (2013).

independent experts from Energy+Environmental Economics (E3).²³ While E3 did identify areas for improvement, which is to be expected considering the continually evolving nature of risk modeling, it ultimately concluded:

PG&E's Distribution Risk Model is appropriately designed for its stated goals including PG&E's goal to develop a model that provides estimates of risk from ignitions caused by its own equipment. The Distribution Risk Model serves as a useful guide that informs or confirms decisions that subject area experts make to mitigate long term estimates of risk.²⁴

Professor Johnston also notes that PG&E has developed version 3 of our WDRM and that the development of this new model may make the Corrective Action Plan obsolete.²⁵ However, as we explained in our most recent 90-Day Report, we plan on sunsetting the EVM program at the end of 2022 and thus the use of new risk models will not be necessary.

Professor Johnston proposes that there is a need for a statewide working group on risk modeling led by a state agency.²⁶ Although it is outside the scope of Resolution M-4852, we do note that this proposal has in fact already been implemented. The Office of Energy Infrastructure Safety (Energy Safety) is currently leading a working group among the California utilities and stakeholders to improve utility risk modeling for wildfires. To the extent there are areas of improvement to be made in risk modeling, the Energy Safety-led working group is the appropriate venue for addressing these improvements rather than keeping PG&E in Step 1 of the EOE Process.

Finally, Professor Johnston identifies several additional issues related to vegetation management generally, such as pace, treatment of debris, notice to landowners, and the use of other wildfire mitigations such as covered conductor and computerized circuit breakers in lieu of vegetation management.²⁷ While these are all important issues, they are not within the scope of Resolution M-4852 and are not the basis for keeping PG&E in Step 1.

7. Conclusion

²³ Johnston Comments, pp. 1-2.

²⁴ *E3 Review of PG&E's 2021 Wildfire Distribution Risk Model*, issued May 2021, p. 3.

²⁵ Johnston Comments, p. 1.

²⁶ Johnston Comments, p. 3; *see* Energy Safety's Final Action Statement on PG&E's 2021 WMP, p. 12 (establishing a statewide working group led by Energy Safety).

²⁷ Johnston Comments, pp. 3-4.

Rachel Peterson, Executive Director

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For the reasons explained in these reply comments, PG&E respectfully requests that the Commission adopt the Draft Resolution without modification.

Respectfully,

A handwritten signature in black ink that reads "Meredith E. Allen". The signature is written in a cursive, flowing style.

Meredith E. Allen

Vice President, Regulatory Affairs

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Service List I.19-09-016 and R.18-10-007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served true copy of **Pacific Gas and Electric Company's Reply Comments on Draft Resolution M-4864** to all known parties listed on the official service lists, obtained from the CPUC website, for Docket No. **R.18-10-007** and **I.19-09-016** by electronic mail (email) to all listed with valid email address.

A copy was also served by email to:

- ESRB_ComplianceFilings@cpuc.ca.gov;
- Lana Tran, ana.tran@cpuc.ca.gov;
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Executed on November 10, 2022, at San Francisco, California.

/s/ Penny Perkins

PENNY PERKINS