



December 8, 2022

Dan Skopec
Senior Vice President and Chief Regulatory Officer
San Diego Gas & Electric Company
8330 Century Park Court, CP33A
San Diego, CA 92123-1530

SUBJECT: Office of Energy Infrastructure Safety Issuance of San Diego Gas & Electric Company's Safety Certification

Dear Mr. Skopec:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues San Diego Gas & Electric Company (SDG&E) a Safety Certification pursuant to Public Utilities Code section 8389(e). As detailed below, SDG&E's September 9, 2022, request for a Safety Certification meets all of the statutory requirements.¹ This Safety Certification is valid for twelve months from issuance and has only the force and effect given to it by Public Utilities Code sections 451.1(c) and 8389.

On August 25, 2022, Energy Safety issued its 2022 Safety Certification Guidelines providing the submission requirements for 2022 Safety Certification requests pursuant to Public Utilities Code section 8389(f)(2).² Energy Safety received no comments from stakeholders on SDG&E's Safety Certification request.³

Energy Safety has reviewed SDG&E's request for a Safety Certification in accordance with the statutory requirements set out in Public Utilities Code section 8389(e). An overview of Energy Safety's findings follows.

¹ [SDG&E's 2022 Safety Certification request](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53015&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53015&shareable=true>, accessed Sept. 27, 2022).

² [Energy Safety's 2022 Safety Certification Guidelines](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52973&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52973&shareable=true>, accessed Sept. 27, 2022).

³ SDG&E submitted reply comments to opening comments submitted by the Public Advocates Office (Cal Advocates) on the Safety Certification requests of Bear Valley Electric Service, Inc., Pacific Gas and Electric Company, and Southern California Edison Company:

[Public Advocates Office Comments on Electric Utilities' Safety Certification Requests \(Oct. 4, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53086&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53086&shareable=true>, accessed Oct. 12, 2022);

[SDG&E Reply Comments on Safety Certification Requests of Bear Valley Electric Service, Inc. \(BVES\), Pacific Gas & Electric Company \(PG&E\), and Southern California Edison Company \(SCE\) \(Oct. 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53107&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53107&shareable=true>, accessed Nov. 17, 2022).

Discussion

Energy Safety must issue a Safety Certification if SDG&E provides documentation that it meets the requirements set forth in Public Utilities Code section 8389(e)(1) through (e)(7), as detailed below.

1. Approved Wildfire Mitigation Plan

Public Utilities Code section 8389(e)(1) requires that “[t]he electrical corporation has an approved wildfire mitigation plan [WMP].” SDG&E submitted its 2022 WMP Update on February 11, 2022.⁴ Energy Safety issued its decision approving SDG&E’s 2022 WMP Update on July 5, 2022.⁵ SDG&E has satisfied the requirement of Public Utilities Code section 8389(e)(1).

2. Good Standing

Public Utilities Code section 8389(e)(2) requires that “[t]he 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 [SCA] performed pursuant to Section 8386.2 and paragraph (4) of subdivision (d), if applicable.”

Energy Safety’s 2022 SCA Guidelines describe Energy Safety’s current Public Utilities Code section 8389(d)(4) SCA process.⁶ Energy Safety published its inaugural SCA report for SDG&E on September 2, 2021.⁷ SDG&E’s SCA was performed by DEKRA Services, Inc. (DEKRA), under contract with Energy Safety. DEKRA identified three recommendations, listed below:

1. *Integrate safe behaviors associated with mitigating wildfire risk and personal risk from interactions with the public into the [Behavior-Based Safety] observation program.*
2. *Clarify, coach, and track the behaviors field leadership needs to adopt to advance the safety culture.*
3. *Recognize and take action to mitigate the risk exposure posed by interactions with certain discontented members of the public.*

⁴ [SDG&E’s 2022 Wildfire Mitigation Plan Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52033&shareable=true) and [Attachment B Tables 1-12](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52034&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52033&shareable=true>; <https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52034&shareable=true>, both accessed Sept. 27, 2022).

⁵ [Energy Safety’s Decision on SDG&E’s 2022 WMP Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52635&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52635&shareable=true>, accessed Sept. 27, 2022).

⁶ [2022 Safety Culture Assessment Guidelines \(March 1, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52124&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52124&shareable=true>, accessed Oct. 17, 2022)

⁷ [2021 Safety Culture Assessment Report for SDG&E \(Sept. 2, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51713&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51713&shareable=true>, accessed Oct. 3, 2022).

On September 3, 2021, SDG&E formally agreed to implement the findings (including the recommendations) of its 2021 SCA report.⁸ SDG&E's agreement to implement the report's findings satisfies the "good standing" requirement of Public Utilities Code section 8389(e)(2) for its 2022 Safety Certification request since this is its most recent SCA performed pursuant to Public Utilities Code section 8386.2 or paragraph (4) of subdivision (d) of Public Utilities Code section 8389. Energy Safety's 2022 SCA report for SDG&E is scheduled to be released by the end of the year, at which time SDG&E may consider whether to commit to implementing the findings of the 2022 report.

3. Board of Directors Safety Committee

Public Utilities Code section 8389(e)(3) requires that "[t]he electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience."

SDG&E's Safety Certification request states that its Board of Directors Safety Committee membership is as follows:

- Robert J. Borthwick
- Erbin B. Keith
- Caroline A. Winn

SDG&E provides brief biographies for these individuals, highlighting their relevant safety-related education and experience, and includes their resumes in Attachment A of its Safety Certification request.

SDG&E has satisfied the requirement of Public Utilities Code section 8389(e)(3).

4. Executive Compensation

Public Utilities Code section 8389(e)(4) requires that "[t]he electrical corporation has established an executive incentive compensation structure approved by [Energy Safety] 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."

Public Utilities Code section 8389(e)(6)(A)(i)(I) requires "[s]trict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." Subsection (i)(II), requires "[n]o guaranteed monetary incentives in the compensation structure." Subsection (ii) requires that the

⁸ [SDG&E Acceptance of 2021 Safety Culture Assessment Report \(Sept. 3, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51718&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51718&shareable=true>, accessed Oct. 3, 2022).

compensation structure “satisfies the compensation principles identified in paragraph (4),” noted above. Subsection (iii) requires “[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.” Subsection (iv) requires “[m]inimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation.”

Energy Safety published its 2022 Executive Compensation Structure Submission Guidelines on February 14, 2022.⁹ SDG&E submitted a request for approval of its 2022 executive compensation structure on March 14, 2022.¹⁰ Energy Safety determined that SDG&E’s executive compensation structure satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6) and approved its executive compensation structure on July 28, 2022.¹¹ SDG&E has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

5. Board-Level Safety Reporting

Public Utilities Code section 8389(e)(5) requires that “[t]he electrical corporation has established board-of-director-level reporting to the [California Public Utilities Commission {CPUC}] and [Energy Safety] on safety issues.”

To satisfy the requirements of Public Utilities Code section 8389(e)(5), SDG&E’s Safety Certification request cites the August 25, 2021, public meeting on utility safety practices, hosted jointly by the CPUC and Energy Safety. The purpose of this meeting was to provide information to the CPUC, Energy Safety, and the public about the electrical infrastructure safety efforts of SDG&E, including progress and challenges concerning wildfire mitigation, worker safety, and safety culture. During this meeting, a member of SDG&E’s Board of Directors and executive staff gave a presentation and answered questions from the CPUC and Energy Safety. SDG&E was represented by Erbin Keith, Deputy General Counsel at Sempra Energy and Chair of the SDG&E Board Safety Committee, and Kevin Geraghty, Senior Vice President for Electric Operations and Chief Safety Officer.

On September 22, 2022, subsequent to SDG&E’s September 9, 2022, Safety Certification request submission, members of SDG&E’s Board of Directors and staff again gave a presentation and answered questions on utility safety practices at a public meeting hosted

⁹ [2022 Executive Compensation Guidelines \(Feb. 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52036&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52036&shareable=true>, accessed Oct. 3, 2022).

¹⁰ [SDG&E’s request for approval of its 2022 executive compensation structure \(March 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52179&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52179&shareable=true>, accessed Oct. 3, 2022).

¹¹ [Approval of SDG&E’s 2022 Executive Compensation structure \(July 28, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52811&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52811&shareable=true>, accessed Oct. 3, 2022).

jointly by the CPUC and Energy Safety.¹² SDG&E submitted a link to a PDF of the slides from this presentation to the Safety Certification service list on September 22, 2022,¹³ and the PDF of the slides on September 29, 2022. Erbin Keith, Deputy General Counsel at Sempra Energy and Board Safety Committee Chair, represented the SDG&E Board of Directors in the presentation, and the following SDG&E staff also presented: Kevin Geraghty, Chief Operating Officer and Chief Safety Officer; Jonathan Woldemariam, Director, Wildfire Mitigation; Dana Golan, Vice President, Customer Services; and Brian D'Agostino, Vice President, Wildfire and Climate Science.

SDG&E has met the requirements of Public Utilities Code section 8389(e)(5).

6. Limits on Executive Compensation

Public Utilities Code section 8389(e)(6) is addressed under "Executive Compensation" above.

7. Implementation of a WMP

Public Utilities Code section 8389(e)(7) requires that "[t]he electrical corporation is implementing its approved [WMP]." This statute requires the electrical corporation to "file a notification of implementation of its [WMP] with [Energy Safety] and an information-only submittal with the [CPUC] on a quarterly basis." These quarterly notifications and information-only submittals must include information on "the implementation of both its approved [WMP] and recommendations of the most recent [SCAs] by the [CPUC] and [Energy Safety], and a statement of the recommendations of the board of directors safety committee meetings that occurred during the quarter." The statute also stipulates that these quarterly notifications and submittals must "summarize the implementation of the safety committee recommendations from the electrical corporation's previous notification and submission."

The 2022 Safety Certification Guidelines further specify that "the electrical corporation must demonstrate meaningful progress in implementing its WMP and the recommendations of its CPUC and Energy Safety [SCAs]. Safety Certification requests should highlight the progress made toward completing WMP targets and explain any delayed or off-track efforts. Requests should also demonstrate progress in implementing the findings of its most recent [SCA]."

¹² [View a recording of the meeting held September 22, 2022, "Public Briefings on Utility Safety Practices"](https://www.adminmonitor.com/ca/cpuc/other/202209223/) (https://www.adminmonitor.com/ca/cpuc/other/202209223/, accessed Oct. 6, 2022). SDG&E's presentation begins at the 11:40 minute mark and concludes after the question-and-answer period at 1:25:30.

¹³ [San Diego Gas & Electric CPUC & OEIS Safety Briefing \(Sept. 22, 2022\)](https://www.sdge.com/sites/default/files/regulatory/220922%20CPUC%20Presentation_Safety_SDGE.pdf) (https://www.sdge.com/sites/default/files/regulatory/220922%20CPUC%20Presentation_Safety_SDGE.pdf, accessed Oct. 24, 2022)

Subsequent to receiving its last Safety Certification,¹⁴ SDG&E submitted quarterly notifications to Energy Safety on the required subjects on February 1,¹⁵ May 2,¹⁶ August 1,¹⁷ and November 1, 2022.¹⁸ Attachments to these notifications include the quantitative metrics indicating SDG&E's progress on wildfire mitigation initiatives described in its 2022 WMP Update. SDG&E states in each of these quarterly notifications, "SDG&E is simultaneously submitting this notice to the California Public Utilities Commission as an information only submittal."

WMP Implementation Progress:

In its Safety Certification request, SDG&E reports that it is tracking 41 quantitative metrics and 29 qualitative metrics on 69 different mitigation initiatives proposed in its 2022 WMP Update. It is on track to meet or exceed its targets for most of these initiatives.

SDG&E reports three 2022 initiatives that are off-track, and subsequently (October 19, 2022) reported to Energy Safety that a fourth initiative is off track. Energy Safety's Compliance Assurance Division is aware of these four initiatives that are off-track for 2022. The Compliance Assurance Division will monitor and assess the implementation of these initiatives as part of Energy Safety's compliance assurance activities.¹⁹

¹⁴ [Office of Energy Infrastructure Safety Issuance of San Diego Gas & Electric Company's Safety Certification from Dec. 6, 2021](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51898&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51898&shareable=true, accessed Oct. 6, 2022).

¹⁵ [SDG&E Quarterly Notification Letter from Feb. 1, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52009&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52009&shareable=true, accessed Oct. 6, 2022); [Attachment A: SDG&E's 2021 Wildfire Mitigation Plan 4th Quarter Progress Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52010&shareable=true), data as of December 31, 2021 (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52010&shareable=true, accessed Oct. 6, 2022).

¹⁶ [SDG&E Quarterly Notification Letter from May 2, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52391&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52391&shareable=true, accessed Oct. 6, 2022); [Attachment A: SDG&E's 2022 Wildfire Mitigation Plan 1st Quarter Progress Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52390&shareable=true), data as of March 31, 2022 (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52390&shareable=true, accessed Oct. 6, 2022).

¹⁷ [SDG&E Quarterly Notification Letter from Aug. 1, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52824&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52824&shareable=true, accessed Oct. 6, 2022); [SDG&E's 2022 Wildfire Mitigation Plan 2nd Quarter Progress Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52825&shareable=true), data as of June 30, 2022 (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52825&shareable=true, accessed Oct. 6, 2022).

¹⁸ [SDG&E Quarterly Notification Letter from Nov. 1, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53182&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53182&shareable=true, accessed Nov. 15, 2022); [SDG&E's 2022 Wildfire Mitigation Plan 2nd Quarter Progress Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53183&shareable=true), data as of Sept. 30, 2022 (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53183&shareable=true, accessed Nov. 15, 2022).

¹⁹ Energy Safety's compliance assurance activities are described in the [Compliance Operational Protocols](https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/2021.02.16-compliance-operational-protocols.pdf), dated February 16, 2021 (https://energysafety.ca.gov/wp-content/uploads/docs/misc/wsd/2021.02.16-compliance-operational-protocols.pdf, accessed Oct. 6, 2022).

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of its approved WMP.

SCA Recommendation Implementation Progress:

Energy Safety's most recent SCA²⁰ for SDG&E included three recommendations. SDG&E describes actions it has taken to address each recommendation in its Safety Certification request and in its Quarterly Notifications dated February 1, May 2, August 1, and November 1, 2022.

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of the recommendations of SDG&E's most recent SCA.

Board Safety Committee Recommendations and Implementation Summary:

SDG&E's Safety Certification request asserts that each of the Quarterly Notifications dated February 1, May 2, August 1, and November 1, 2022, includes a statement of the recommendations of the Board of Directors' Safety Committee meetings that occurred during the quarter and summarizes SDG&E's implementation of the Safety Committee's recommendations.

According to the descriptions provided in Quarterly Notifications, SDG&E's management has responded to the majority of the Safety Committee's recommendations.

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the Board of Directors Safety Committee meetings and summaries of the implementation status of those recommendations.

Conclusion

SDG&E's request for a Safety Certification satisfies the statutory requirements in Public Utilities Code section 8389(e). Energy Safety expects SDG&E to uphold the values stated in its submissions and continue to advance safety as a top priority. This letter constitutes Energy Safety's issuance of SDG&E's Safety Certification. Pursuant to Public Utilities Code section 8389(f)(1), this Safety Certification is valid for twelve months from the date of this letter.

/S/ CAROLINE THOMAS JACOBS

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety

²⁰ [2021 Safety Culture Assessment Report for SDG&E \(Sept. 2, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51713&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51713&shareable=true>, accessed Oct. 3, 2022).