



December 13, 2022

Paul Marconi
President, Treasurer and Secretary
Bear Valley Electric Service, Inc.
P.O. Box 9028
San Dimas, CA 91773-9028

SUBJECT: Office of Energy Infrastructure Safety Issuance of Bear Valley Electric Service Company's Safety Certification

Dear Mr. Marconi:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues Bear Valley Electric Service Company (BVES) a Safety Certification pursuant to Public Utilities Code section 8389(e). As detailed below, BVES's September 14, 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 opening comments on BVES's Safety Certification request from one stakeholder, the California Public Advocates Office (Cal Advocates).³

Energy Safety has reviewed BVES'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 [BVES's 2022 Safety Certification request](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53021&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53021&shareable=true>, accessed Oct. 20, 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 [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).

Discussion

Energy Safety must issue a Safety Certification if BVES 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].” BVES submitted its 2022 WMP Update on May 6, 2022,⁴ and a revised 2022 WMP Update on August 29, 2022.⁵ Energy Safety issued its decision approving BVES's 2022 WMP Update on December 6, 2022.⁶ BVES 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.⁷ Energy Safety published its inaugural SCA report for BVES on October 27, 2021.⁸ BVES's SCA was performed by DEKRA Services, Inc. (DEKRA), under contract with Energy Safety. DEKRA identified two recommendations, listed below:

1. *Embed leadership skills development into the “Engaged Management” 12-month objective to improve Bear Valley's safety culture.*
2. *In collaboration with Bear Valley's vegetation management contractor, develop and implement an action plan to address safety culture issues, in particular with regard to the flow of information about wildfire hazard mitigation.*

⁴ [BVES's 2022 Wildfire Mitigation Plan Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52402&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52402&shareable=true>, accessed Oct. 21, 2022)

⁵ [BVES's Revised 2022 Wildfire Mitigation Plan Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52981&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52981&shareable=true>, accessed Oct. 21, 2022);

⁶ [Energy Safety's Decision on BVES's 2022 WMP Update](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53284&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53284&shareable=true>, accessed Dec. 6, 2022).

⁷ [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)

⁸ [2021 Safety Culture Assessment Report for BVES \(Oct. 27, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51839&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51839&shareable=true>, accessed Oct. 21, 2022).

On October 28, 2021, BVES formally agreed to implement the findings (including the recommendations) of its 2021 SCA report.⁹ BVES'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 BVES is scheduled to be released by the end of the year, at which time BVES may consider whether to commit to implementing the findings of the 2022 report.

The California Public Utilities Commission (CPUC) is developing its process for carrying out SCAs under Public Utilities Code section 8386.2. For more information on the development of this process, see the relevant scoping memo issued on April 28, 2022,¹⁰ and the Order Instituting Rulemaking establishing the proceeding for developing the CPUC's SCA process issued on October 07, 2021.^{11, 12}

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."

BVES's Safety Certification request states that it has established a safety committee called the Safety and Operations Committee.^{13, 14}

⁹ [Agreement of Bear Valley Electric Service, Inc. to Implement All Findings of Its Safety Culture Assessment \(Oct. 28, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51840&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51840&shareable=true, accessed Oct. 21, 2022).

¹⁰ [CPUC Rulemaking 21-10-001, "Assigned Commissioner's Scoping Memo and Ruling" \(April 28, 2022\)](https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M471/K485/471485952.PDF) (https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M471/K485/471485952.PDF, accessed Oct. 12, 2022).

¹¹ [CPUC Rulemaking 21-10-001, "Order Instituting Rulemaking to Develop Safety Culture Assessments for Electric and Natural Gas Utilities" \(Oct. 7, 2021\)](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M414/K981/414981208.PDF) (https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M414/K981/414981208.PDF, accessed Oct. 12, 2022).

¹² [The CPUC docket for Rulemaking 21-10-001](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2110001) (https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2110001, accessed Oct. 13, 2022)

¹³ p. 4, BVES Safety Certification request: "The resume for each Safety and Operations Committee ('Safety Committee') member is attached as Appendix B, showing each member's relevant experience."

¹⁴ The members of the Safety and Operations Committee are members of the Board of Directors, per an email from BVES President, Treasurer and Secretary Paul Marconi (Oct. 21, 2022): "The BVES, Inc. Board of Directors consists of three Directors. The Board Chairman is John K. (Jack) Hawks. There are two other Board Directors: Harry Scarborough and Paul Marconi."

BVES reports the membership of its Safety and Operations Committee as follows:

- John K. (Jack) Hawks
- Harry Scarborough
- Paul Marconi

BVES provides resumes for these individuals in Appendix B of its Safety Certification request and on December 5, 2022, BVES submitted a summary of members' relevant safety-related education and experience in response to Data Request OEIS-BVES-SC22-001.

BVES 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 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, 2022.¹⁵ BVES submitted a request for approval of its 2022 executive compensation

¹⁵ [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).

structure on March 14, 2022.¹⁶ Energy Safety determined that BVES'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, 2022.¹⁷ BVES 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 [CPUC] and [Energy Safety] on safety issues."

To satisfy the requirements of Public Utilities Code section 8389(e)(5), BVES's Safety Certification request cites its presentation at a November 10, 2021,¹⁸ public meeting on utility safety practices hosted jointly hosted 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 BVES, including progress and challenges concerning wildfire mitigation, worker safety, and safety culture. During this meeting, a member of BVES's Board of Directors, Paul Marconi, gave a presentation and answered questions from the CPUC and Energy Safety.

On September 14, 2022, simultaneous with BVES's Safety Certification request submission, Paul Marconi again represented the BVES Board of Directors at a public meeting on utility safety practices hosted jointly hosted by the CPUC and Energy Safety.¹⁹ BVES submitted a PDF of the slides from this presentation to the Safety Certification service list on September 26, 2022.²⁰

BVES has met the requirements of Public Utilities Code section 8389(e)(5).

¹⁶ [2022 Executive Compensation Plan Submission by Bear Valley Electric Service, Inc. Pursuant to Public Utilities Code Section 8389\(e\) \(March 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52166&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52166&shareable=true>, accessed Oct. 21, 2022).

¹⁷ [Approval of BVES's 2022 Executive Compensation structure \(dated July 28, 2022, published July 29, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52812&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52812&shareable=true>, accessed Oct. 21, 2022).

¹⁸ The Safety Certification request gives this presentation's date as Nov. 11, 2021, but according to the CPUC's calendar the presentation occurred on Nov. 10, 2021, and the presentation materials BVES provides in Appendix C of its request are dated Nov. 10, 2021. For more information, see [the CPUC calendar item for this Nov. 10, 2021, meeting](https://www.cpuc.ca.gov/events-and-meetings/electric-utility-safety-update-public-briefing-11-10-2021) (<https://www.cpuc.ca.gov/events-and-meetings/electric-utility-safety-update-public-briefing-11-10-2021>, accessed Oct. 24, 2022).

¹⁹ [View a recording of the meeting held September 14, 2022, "Public Briefings on Utility Safety Practices"](https://www.adminmonitor.com/ca/cpuc/other/20220914/)

(<https://www.adminmonitor.com/ca/cpuc/other/20220914/>, accessed Oct. 24, 2022). BVES's presentation begins at the 11:50 minute mark and concludes after the question-and-answer period at 1:12:00.

²⁰ [Safety and Operations Committee Board Level Brief to CPUC and OEIS \(Sept. 14, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53073&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53073&shareable=true>, accessed Oct. 24, 2022)

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]."

Subsequent to receiving its last Safety Certification,²¹ BVES submitted quarterly notifications²² to Energy Safety on the required subjects on January 31,²² April 29,²³ July 29,²⁴ and November 2,

²¹ [Office of Energy Infrastructure Safety Issuance of Bear Valley Electric Service Company's Safety Certification Request from Sept. 14, 2021](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51730&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51730&shareable=true>, accessed Oct. 24, 2022).

²² [BVES Quarterly Notification Letter from Jan. 31, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51977&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51977&shareable=true>, accessed Oct. 24, 2022);

[Attachment A: Initiatives Update Q4 2021](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51978&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51978&shareable=true>, accessed Oct. 24, 2022).

²³ [BVES Quarterly Notification Letter from April 29, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52363&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52363&shareable=true>, accessed Oct. 24, 2022);

[Attachment A: Initiatives Update Q1 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52364&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52364&shareable=true>, accessed Oct. 24, 2022).

²⁴ [BVES Quarterly Notification Letter from July 29, 2022, including Attachment A: Initiatives Update Q2 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52820&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52820&shareable=true>, accessed Oct. 24, 2022).

2022.²⁵ Attachments to these notifications include the quantitative metrics indicating BVES's progress on wildfire mitigation initiatives described in its 2022 WMP Update.

BVES reports that it provides its Quarterly Notifications as information-only submittals to the CPUC.²⁶

WMP Implementation Progress:

In its Safety Certification request, BVES reports one 2022 initiative as being off-track with the associated rationale as follows:

[T]he Radford Line Replacement Project, which replaces bare wire with covered conductor and wood poles with fire resistant poles in the High Fire Threat District Tier 3, was delayed by one year due to not receiving approval on the permit to construct by the United States Forest Service ("USFS") in time to start and complete construction before the winter weather season in 2021. BVES has been working closely with the USFS and has made significant progress in satisfying USFS permitting requirements. BVES anticipates possible approval to execute the project starting June 2022. In the interim, BVES will continue to de-energize the Radford Line when load requirements do not require its operation, which is generally from the end of March through November of each year.

The question of the source of the delays for the Radford Line Replacement Project was examined by Cal Advocates, who noted in its comments on BVES's 2022 WMP Update:

In its 2019 WMP, BVES outlined a plan to replace the [Radford] line with covered conductor, and stated that it planned to complete the project in 2019, with possible deferral to 2020. Since then, the project has been delayed several times, and BVES most recently stated that it plans to complete the project in 2022, but may need another deferral to 2023. [...] Cal Advocates met with representatives from the US Forest Service

²⁵ [BVES Quarterly Notification Letter from November 2, 2022](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53195&shareable=true); note that the letter is dated November 1 but was submitted November 2, 2022) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53195&shareable=true>, accessed Nov. 16, 2022).

²⁶ Per email from BVES President, Treasurer and Secretary Paul Marconi (Oct. 20, 2022): "BVES uses the CPUC's Advice Letter process, a procedure used by the Commission to handle minor issues including notification of certain information outside of formal proceedings, to submit the information-only submittals to the CPUC in compliance with Public Utilities Code section 8389(e)(7). The Advice Letters are submitted to: EDTariffUnit@cpuc.ca.gov."

on June 9, 2022 and learned that the Forest Service had been waiting on a response to deficiencies in BVES's permit application and updated applications.²⁷

Energy Safety's Compliance Assurance Division is aware of this delayed 2022 initiative. The Compliance Assurance Division will follow up with BVES about this initiative as part of Energy Safety's compliance assurance activities.²⁸

BVES 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 SCA²⁹ for BVES included two recommendations. BVES describes actions it has taken to address each recommendation in its Safety Certification request and in its Quarterly Notifications dated January 31, April 29, July 29, and November 2, 2022.

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

Board Safety Committee Recommendations and Implementation Summary:

BVES provides a statement of the recommendations of its Safety and Operations Committee and a summary of the implementation of the Committee's recommendations in its Quarterly Notifications dated January 31, April 29, July 29, and November 2, 2022.

The Safety and Operations Committee did not make any recommendations in the fourth quarter of 2021, or in the first, second, or third quarters of 2022.

BVES has met the requirement of Public Utilities Code section 8389(e)(7).

²⁷ [Comments of the Public Advocate's Office on the 2022 Wildfire Mitigation Plan Updates of the Small Investor-Owned Utilities \(June 20, 2022\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52559&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=52559&shareable=true>, accessed Oct. 21, 2022).

²⁸ 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).

²⁹ [2021 Safety Culture Assessment Report for BVES \(Oct. 27, 2021\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51839&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=51839&shareable=true>, accessed Oct. 21, 2022).

Conclusion

BVES's request for a Safety Certification satisfies the statutory requirements in Public Utilities Code section 8389(e). Energy Safety expects BVES 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 BVES'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