



December 11, 2024

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**SUBJECT: Office of Energy Infrastructure Safety Issuance of Bear Valley Electric Service, Inc.’s Safety Certification**

Mr. Marconi:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues Bear Valley Electric Service, Inc. (BVES) a Safety Certification pursuant to Public Utilities Code section 8389(e). BVES’s October 8th, 2024, request for a Safety Certification<sup>1</sup> meets all statutory requirements. This Safety Certification is valid for 12 months from issuance and has only the force and effect given to it by Public Utilities Code sections 451.1(c) and 8389.

Energy Safety did not receive any comments from stakeholders on BVES’s Safety Certification request.

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). These requirements are detailed below, with an overview of Energy Safety’s findings for BVES for each requirement.

**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 2025 WMP Update on April 2, 2024.<sup>2</sup> Energy safety issued its Decision approving BVES’s 2025 WMP on October 21, 2024.<sup>3</sup> BVES has satisfied the requirement of Public Utilities Code section 8389(e)(1).

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<sup>1</sup> BVES’s 2024 Safety Certification Request  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57484&shareable=true>, accessed Oct. 8, 2024).

<sup>2</sup> BVES 2025 WMP Update (April 2024)  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56397&shareable=true>, accessed Oct. 9, 2024).

<sup>3</sup> BVES 2025 WMP Update Decision (October 2024)  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57526&shareable=true>, accessed Oct.21, 2024).

## 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 published its most recent SCA for BVES on March 22, 2024, and identified three recommendations, listed below:

1. *Refine contractor strategic improvement plan.*
2. *Address safety culture opportunities for the Engineering and Planning business unit.*
3. *Strengthen safety-enabling systems.*<sup>4</sup>

On March 25, 2024, BVES formally agreed to implement the findings and recommendations of Energy Safety's 2023 SCA for BVES.<sup>5</sup> BVES's agreement to implement the findings satisfies the “good standing” requirement of Public Utilities Code section 8389(e)(2) for its 2024 Safety Certification request because the Energy Safety 2023 SCA is the most recent and only SCA performed pursuant to Public Utilities Code section 8386.2 or paragraph (4) of subdivision (d) of Public Utilities Code section 8389.

## 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 and Operations Committee<sup>6</sup> (“Safety Committee”) composed of members of its Board of Directors with relevant experience.<sup>7</sup>

BVES reports the Safety and Operations Committee membership as follows:

- John K. (Jack) Hawks
- Harry Scarborough

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<sup>4</sup> 2023 Safety Culture Assessment for BVES (March 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56368&shareable=true>, accessed Oct. 9, 2024).

<sup>5</sup> BVES's Acceptance of 2023 Safety Culture Assessment (March 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56379&shareable=true>, accessed Oct. 9, 2024).

<sup>6</sup> BVES's 2024 Safety Certification Request, p. 6

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57484&shareable=true>, accessed Oct. 8, 2024).

<sup>7</sup> BVES's 2024 Safety Certification Request, p. 6

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57484&shareable=true>, accessed Oct. 8, 2024).

- Paul Marconi

In Appendices A and B of its Safety Certification request, BVES provides a resume of each member of its Safety and Operations Committee, highlighting each member's relevant safety-related education and experience.<sup>8</sup>

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." Clause (i)(II), requires "[n]o guaranteed monetary incentives in the compensation structure." Clause (ii) requires that the compensation structure "satisfies the compensation principles identified in paragraph (4)," noted above. Clause (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." Clause (iv) requires "[m]inimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."

BVES submitted a request for approval of its 2024 executive compensation structure on April 12, 2024.<sup>9</sup> 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 BVES's executive compensation structure on October 4, 2024.<sup>10</sup> BVES has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

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<sup>8</sup> BVES's 2024 Safety Certification Request, p. 9

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57484&shareable=true>, accessed Oct. 31, 2024).

<sup>9</sup> BVES's request for approval of its 2024 Executive Compensation Structure (April 12, 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56477&shareable=true>, accessed Oct. 2, 2024).

<sup>10</sup> Approval of BVES's 2024 Executive Compensation Structure (October 4, 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57476&shareable=true>, accessed Oct. 9, 2024).

## 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), BVES's Safety Certification request cites the August 28, 2024, 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 Commissioners, Director of 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, Paul Marconi, President and the Safety Committee Chairman, gave a presentation and answered questions from the CPUC and Energy Safety.

Pursuant to the Safety Certification Guidelines requirement<sup>11</sup> that an electrical corporation provide any materials used or referenced in the public meeting in its Safety Certification requests, BVES provided its presentation slides in Appendix F of its request.<sup>12</sup>

BVES has satisfied 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. WMP Implementation

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 current Safety Certification Guidelines further specify that:

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<sup>11</sup> Energy Safety's 2024 Safety Certification Guidelines, p. 3 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 9, 2024).

<sup>12</sup> See BVES's presentation beginning at 00:00 in the recording of the public meeting “2024 Electric Utility Safety Update Briefings, Bear Valley Electric Service (BVES) and Pacific Gas and Electric (PG&E)” (Aug 28, 2024) (<https://www.adminmonitor.com/ca/cpuc/other/20240828/>, accessed Oct. 10, 2024).

“Safety Certification requests must highlight the progress made toward completing WMP targets and explain any delayed or off-track efforts. Requests must also demonstrate progress in implementing the findings of its most recent safety culture assessment(s). Furthermore, [...] to meet the requirements of section 8389(e)(7), electrical corporations must submit quarterly notifications.”<sup>13</sup>

Subsequent to receiving its last Safety Certification,<sup>14</sup> BVES submitted quarterly notifications to Energy Safety on the required subjects on February 1, 2024,<sup>15</sup> May 1, 2024,<sup>16</sup> August 1, 2024,<sup>17</sup> and November 1, 2024.<sup>18</sup> Attachments to these notifications include the quantitative metrics indicating BVES's progress on wildfire mitigation initiatives described in its 2023-2025 Base WMP. Pursuant to Public Utilities Code section 8389(e)(7) and the Safety Certification Guidelines, BVES submitted quarterly notifications to the CPUC as information-only submittals on February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024.<sup>19</sup>

### **WMP Implementation Progress:**

BVES reported that as of the end of the second quarter of 2024, it had met its commitments for 74 of the 78 mitigation initiatives in its 2023-2025 Base WMP.

In BVES's October 8, 2024, Safety Certification request, BVES reported on all 78 initiatives, stating that 74 were complete or on track. BVES noted that four of its mitigation initiatives were at risk of being off track for timely completion: Switch and Field Device Automation, Fuse Trip Saver Automation, Install Fault Indicators and Capacitor Bank Upgrade.<sup>20</sup> BVES provided details

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<sup>13</sup> Energy Safety's 2024 Safety Certification Guidelines, p. 4  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 9, 2024).

<sup>14</sup> BVES's 2023 Safety Certification Issuance Letter (Dec. 7, 2023)  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56040&shareable=true>, accessed Oct. 9, 2024).

<sup>15</sup> BVES's Quarterly Notification Letter from February 1, 2024  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56240&shareable=true>, accessed Oct. 9, 2024).

<sup>16</sup> BVES's Quarterly Notification Letter from May 1, 2024  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56568&shareable=true>, accessed Oct. 9, 2024);

<sup>17</sup> BVES's Quarterly Notification Letter from August 1, 2024  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57126&shareable=true>, accessed Oct. 9, 2024).

<sup>18</sup> BVES's Quarterly Notification Letter from November 1, 2024  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57564&shareable=true>, accessed Nov. 2, 2024).

<sup>19</sup> Per BVES's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

<sup>20</sup> BVES's 2024 Safety Certification Request, p. 122  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57484&shareable=true>, accessed Oct. 8, 2024).

on its internal catch-back plan for the initiatives at risk and stated that it anticipated it would meet its WMP targets by the end of 2024 for each of these initiatives.<sup>21</sup>

Energy Safety will continue to monitor and assess the implementation of the remaining initiatives as part of Energy Safety's compliance assurance activities.<sup>22</sup>

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 SCA for BVES included three recommendations, as noted above.<sup>23</sup> BVES describes actions it has taken to address each SCA recommendation in its Safety Certification request<sup>24</sup> and in its quarterly notifications.<sup>25</sup>

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 included descriptions of its Safety and Operations Committee's recommended actions in its quarterly notifications.

According to the descriptions provided in its quarterly notifications, BVES's management has implemented all the Safety and Operations Committee's recommendations.<sup>26</sup>

BVES has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the Safety and Operations Committee meetings and summaries of the implementation status of those recommendations.

#### **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

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<sup>21</sup> BVES's Quarterly Notification Letter from November 1, 2024  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57564&shareable=true>, accessed Nov. 2, 2024).

<sup>22</sup> Energy Safety's Compliance Guidelines  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57320&shareable=true>, accessed Nov. 6, 2024).

<sup>23</sup> 2023 Safety Culture Assessment for BVES (March 2024)  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56368&shareable=true>, accessed Oct. 9, 2024).

<sup>24</sup> BVES's 2024 Safety Certification request, p. 3  
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57484&shareable=true>, accessed Oct. 8, 2024).

<sup>25</sup> Per BVES's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

<sup>26</sup> Per BVES's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

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 12 months from the date of this letter.

/S/ Caroline Thomas Jacobs

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety