Pacific Gas and Electric Company ™

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Via E-Mail
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Caroline Thomas Jacobs, Director
Office of Energy Infrastructure Safety
California Natural Resources Agency
715 P Street, 20th Floor
Sacramento, CA 95814

Re: PG&E Response to Final Independent Evaluator Report Concerning 2020 Wildfire Mitigation Plan Compliance (Docket No. 2021-IE)

Dear Director Thomas Jacobs:

Pacific Gas and Electric Company ("PG&E") respectfully submits this response to the *Final Independent Evaluator Annual Report on Compliance* for PG&E's 2020 Wildfire Mitigation Plan ("IE Report") from Bureau Veritas North America, Inc. ("BVNA").

1. Executive Summary

PG&E recognizes and appreciates the substantial effort that BVNA put into its assessment of the implementation of our 2020 Wildfire Mitigation Plan ("WMP"). To conduct its review, BVNA propounded numerous discovery requests, conducted interviews with 24 PG&E employees, reviewed public records, and performed hundreds of field assessments.[1] BVNA's field assessments included a sampling based on well-recognized methodologies to review well over 1,000 sites, located over hundreds of miles, and related to eight specific initiatives.[2] For activities that BVNA was not able to review through field assessments, it conducted a records review and/or interviews regarding three activities with large volume and quantifiable goals,[3] nine activities with smaller quantifiable goals,[4] and 74 activities with qualitative goals.[5] Overall,

[1] IE Report at p. 9 and Appendix D.

[2] *See* IE Report at pp. 12-21 (describing field verifications).

[3] IE Report at p. 22.

[4] IE Report at pp. 24-31.

BVNA found that our 2020 work "aligned with strategies demonstrated in [PG&E's] 2020 WMP" and that the "majority of initiative activities appeared to be in compliance with 2020 WMP stated targets."[6] BVNA determined that PG&E had a completion rate of 94%.[7]

To evaluate funding for 2020 WMP initiatives, BVNA reviewed our 2020 Annual Report on Compliance, information that we provided to explain any variances, and additional documentation.[8] BVNA also conducted interviews with PG&E employees. BVNA largely concluded that we spent the forecasted amount for WMP activities, and in many cases overspent. However, there were initiatives and activities where there was underspending in 2020.[9] BVNA provided a high-level summary of the reasons for underspending including COVID-19 impacts, lower unit costs, fewer Public Safety Power Shutoff ("PSPS") events than forecasted, and a shift in strategy on temporary generators.[10]

In this response, we address specific activities that BVNA identified as not fully satisfying the goals in our 2020 WMP and explain some of the funding issues discussed by BVNA. We are pleased that BVNA generally found our activities and funding levels were in compliance with our 2020 WMP. As BVNA concluded:

> With continued improvement from lessons learned and input from customers, communities, and governments they serve, PG&E initiatives demonstrated in the 2020 Wildfire Mitigation Plan (WMP) illustrate the effectiveness and impact of these efforts.[11]

However, while we are pleased with the overall results of BVNA's review, we also take seriously shortcomings that were identified. In this response we address those shortcomings and discuss how we are addressing them, including corrective actions that we have already undertaken or plan to undertake.

In the remainder of this response, we address: (1) 2020 WMP activity completion; (2) funding for our 2020 WMP activities; (3) parties' comments on the IE Report; and (4) process suggestions for future Independent Evaluator ("IE") reviews.

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[5] IE Report at pp. 32-46.

[6] IE Report at p. 4.

[7] IE Report at p. 109.

[8] IE Report at p. 47.

[9] IE Report at p. 66.

[10] IE Report at p. 66.

[11] IE Report at p. 3.

2. 2020 WMP Activity Completion

As described above, BVNA conducted an extensive review of our 2020 WMP activities and found that we:

- Exceeded our goal of installing 200 high-definition ("HD") cameras;
- Exceeded our goal of replacing 625 expulsion fuses;
- Exceeded our goal of hardening 221 miles of distribution lines;
- Exceeded our goal of installing 8,850 non-exempt surge arresters;
- Exceeded our goal of deploying downed conductor detection functionality to 100 reclosers;
- Exceeded our goal of installing 23 additional SCADA transmission switches;
- Exceeded our goal of undergrounding 20 miles of distribution lines as part of the Butte County Rebuild;
- Exceeded our target of 1,878 miles of Enhanced Vegetation Management ("EVM") work;
- Met our goal of permanently removing the automatic reclosing functionality on the remaining TripSavers serving Tier 2 and Tier 3 High Fire Threat Districts ("HFTDs");
- Met our goal of 30 live fuel moisture sampling locations;
- Met our goal of deploying line sensors to 20 feeders;
- Met our goals for constructing a Distribution Arcing Fault Library;
- Met our goal for increasing staffing levels for the Safety and Infrastructure Protection Team ("SIPT");
- Were in compliance with its goals for the installations of microgrids;
- Were in compliance with our requirements for evaluating transmission lines for PSPS scoping;
- Provided clear, specific guidelines regarding substation inspection;
- Continued our efforts to communicate and partner with community stakeholders on the importance of safety;
- Conducted our fuel management and reduction program in a manner described as "well managed;"
- Took action to address the retention and turnover of staff dedicated to vegetation management ("VM") work; and,
- Prioritized the removal of "at-risk" tree species and the removal of hazardous or "strike" trees.

While BVNA found that "[t]he majority of initiative activities appeared to be in compliance with 2020 WMP stated targets,"[12] it also noted some exceptions. In this section, we address seven 2020 WMP exceptions identified by BVNA.

a. Enhanced Vegetation Management – 5.3.5

BVNA audited 1,381 sites where PG&E performed EVM work in 2020.[13] This was a difficult task given the large number of sites to be audited and the short time period provided to perform the work. Additionally, this undertaking was made even more challenging since BVNA was reviewing EVM work that had been performed many months previously and had subsequently undergone the heavy growing seasons of spring and early summer, causing the sites audited to look different from when work had been performed. Despite these challenges, BVNA concluded that 92%, or 1,274 locations, met the EVM standards and best management practices.[14] BVNA found that 7% (105) of the sites exhibited only partial completion of the work or no evidence of vegetation management activities. Additionally, BVNA was unable to inspect two of the sites because they were gated.[15]

Upon receipt of the IE Report, we sent our Vegetation Management Work Verification teams to review BVNA's findings and to take necessary corrective action. Our Work Verification teams inspected each of the 105 sites identified by BVNA as being out of compliance with our EVM Pre-Inspection Procedure, TD-7106P-01EVM. Our inspectors confirmed that six locations were out of compliance, and are in the process of determining whether an additional nine locations are out of compliance or not.[16] Thus, our inspectors confirmed that the number of locations out of compliance totals only between 6 and 15, or 0.43% to 1% of the audited population. Our EVM procedure states that the pre-inspector must prescribe clearance of any vegetation if the vegetation is currently within the four-foot radius plane of primary conductor, or if the vegetation will enter the four foot radius plane before the next routine/compliance cycle. A visual depiction of the clearance requirements for the EVM program can be found in Figure 1 below.

[12] IE Report at p. 4.

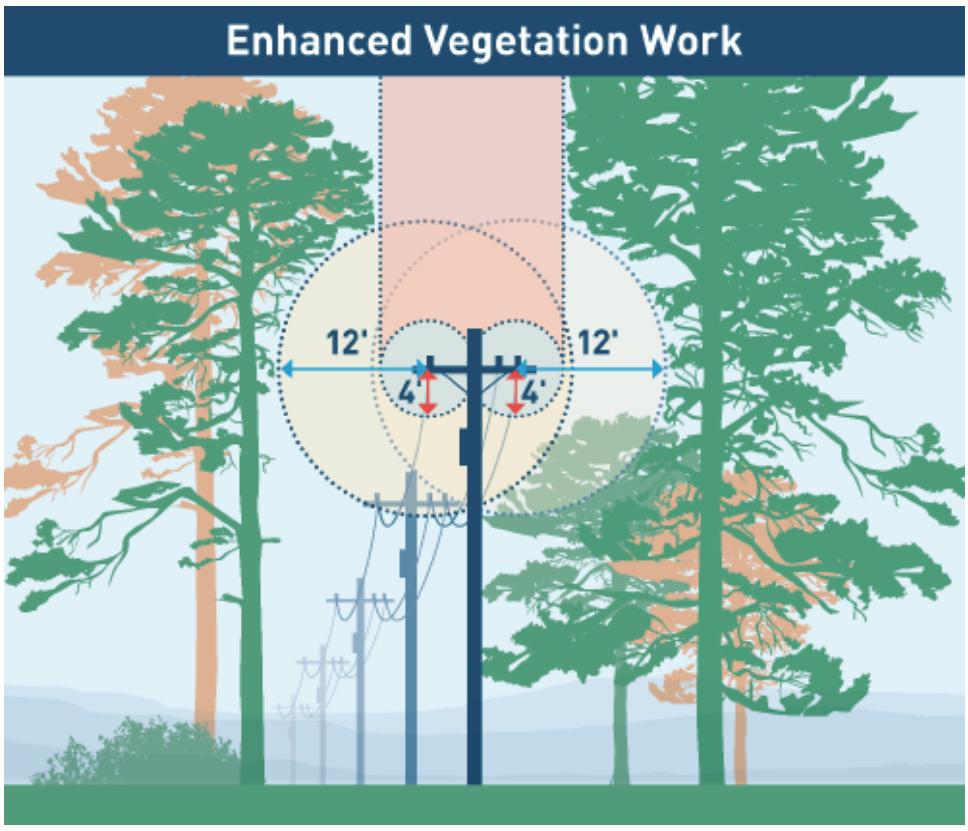
[13] IE Report at p. 91.

[14] IE Report at p. 91.

[15] IE Report at p. 91.

[16] PG&E can provide additional information regarding its findings for each location if requested by OEIS.

Figure 1: Scope of EVM Work



For the six locations where our Work Verification team definitively determined that the location was not in compliance with our EVM standards, we expedited work orders and performed work to bring these areas into compliance. Of the remaining 99 locations, 52 locations had trees within the 12-foot plane of the conductor but were in compliance with the EVM standard. These trees were not found to be within four-foot radius of the primary conductor, or to have the potential to encroach within the four-foot radius of the primary conductor, as prescribed in Procedure TD-7106P-01.[17]

Nine locations were identified by BVNA as potentially having compliance issues because there existed tree branches that encroached within the extended overhang zone (the vertical plane above the conductors depicted in Figure 1). However, our Verification Team is working on determining whether these trees were in compliance at the time they were worked based on clearance requirements and whether they should be marked as non-compliant. We have

[17] Given the large number of locations falling into this category, it appears this may be a simple misunderstanding by BVNA as to the specifics of the EVM standard which do not require 12 feet of clearance for all trees.

identified these trees for work and they are on schedule to be trimmed through routine maintenance.

The remaining 38 locations were likely mistakenly flagged because of various misunderstandings about the scope of the EVM requirements. For example, IE-28 is radial clearance compliant, but is near a service drop. However, there is no strain or abrasion on the service drop line and, thus, it remains in compliance. Similarly, a number of the locations were mistakenly flagged for encroaching on communications lines, which is not a compliance issue. As described in Section 5 below, for next year's IE review it would be beneficial to arrange an orientation meeting between the IE and PG&E's vegetation management team so the two teams could assist each other in making the auditing process run more efficiently.

b. Vegetation Management Tag Procedure – 5.3.5.4

In examining work performed under the VM Priority Tag Procedure, BVNA found that "shrubs and small trees are growing into the communications lines on many sites, which is not commonly flagged as a potential hazard but is located where vegetation management work is shown to be incomplete."[18] However, the VM Priority Tag Procedure, TD-7102P-17 addresses overhead electric distribution facilities, and does not include vegetation growing into communication lines. More specifically, the VM Priority Tag Procedure, as noted by BVNA, "is used to identify, and mitigate, trees that represent an immediate risk and rank them accordingly."[19] Consequently, it is unclear why small vegetation encroaching on communications lines was highlighted as an issue.

c. Pole Inspections – 5.3.4.1

PG&E targeted inspecting 339,728 distribution poles in 2020.[20] In order to perform its audit, BVNA requested a sample of 315 pole inspection reports, all of which we provided to BVNA.[21] Out of this sample of 315 pole reports, BVNA performed its audit by reviewing photos and records of the work performed. From these documents, BVNA was unable to analyze the work performed for two of the poles. For the remaining 313 poles, BVNA concluded that 8% (25) had discrepancies between "what was recorded on the form and what can be seen in the photos."[22]

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[18] IE Report at p. 95.

[19] IE Report at p. 95.

[20] IE Report at p. 22.

[21] IE Report at p. 22. The IE Report stated that "due to miscommunications" BVNA only received 315 inspection reports were received, although BVNA wished to receive a sample of 800 reports. *Id*. However, PG&E was only asked for a sample of 315 inspection reports, all of which we provided. At no time we were informed that this sample was insufficient or that BVNA would like more pole inspection records to review.

[22] IE Report at p. 22.

We reviewed these 25 locations and partially or generally agree with BVNA's findings. We determined that the most common issue with the forms reviewed by BVNA (in 11 of the 25 locations) was that the field records created by the inspection software (app) contained prepopulated data that was incorrect — and not that the inspectors performed an inadequate or incorrect inspection — but that they failed to correct or update the prepopulated data. We are in the process of correcting the prepopulated data for the locations identified as well as performing any corrective actions that may be needed at the other locations. In addition, the app used by the inspectors on their mobile devices is being updated to provide the inspectors with a more efficient way to correct any inaccurate prepopulated data.

d. Weather Stations – 5.3.2.1.3

BVNA inspected 51 of the 378 weather stations installed by PG&E in 2020 as part of its auditing process.[23] Of these 51 weather stations, BVNA concluded that "one weather station did not have current data available" and BVNA was, therefore, not able to confirm its operational status.[24] PG&E subsequently inspected this weather station and determined that it was installed on a pole surrounded by tall trees. As a result, the solar panels that powered the station and its battery did not receive sufficient sunlight to power the station overnight, which impacted the battery's ability to maintain a charge and keep the station operational. A new location for this weather station was identified and approved, and the weather station was reinstalled on July 21, 2021 to resolve this issue.

e. HD Cameras – 5.3.2.1.4

As part of its auditing work on initiative 5.3.2.1.4, BVNA inspected 32 of the 216 HD cameras installed by PG&E in 2020.[25] Out of this sample, BVNA determined that one camera was non-operational when accessed on June 4, 2021.[26] We determined that the camera identified by BVNA had been non-operational between May 9, 2021 and June 8, 2021 due to a software failure in the on-site wireless internet router. The internet service provider servicing this camera had difficulty accessing the site to resolve the router problem, but was ultimately able to access, reboot, and restore the router.

f. Fuse Replacement Installations – 5.3.3.7

BVNA inspected 88 of the 643 expulsion fuse replacements installed by PG&E in 2020.[27] Out of these 88 fuses, BVNA noted that two "were not located at the provided location coordinates and appeared to be on infrastructure within the general vicinity."[28] However, after reviewing the

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[23] IE Report at p. 12.

[24] IE Report at pp. 12-13.

[25] IE Report at pp. 13-14.

[26] IE Report at p. 14.

[27] IE Report at pp. 14-15.

[28] IE Report at p. 15.

location of these poles, PG&E determined that the expulsion fuse replacements were properly installed at the location coordinates identified but notes that the cell reception in the area was inconsistent which may have caused the BVNA inspector to have difficulties locating the equipment. In addition, although the narrative report only identifies two fuses as having issues, the supporting documentation from BVNA identifies a third location that is in a burned area that lacked equipment. For this location, PG&E inspectors confirmed that this area was badly burned in the Creek Fire but that the fuses had been installed prior to the fire. The subsequent rebuild of the area with hardened overhead assets did not require the installation of fuses.

g. Sectionalizing Devices – 5.3.3.8-1

PG&E commissioned 603 automated sectionalizing devices as part of its 2020 WMP commitments, which exceeded our target of 592 devices.[29] BVNA field verified a sample of 100 sectionalizing devices and determined that two devices, or 2% of the total, "were not found at the provided locations."[30] Upon inspection, we determined that these poles had the proper equipment but had the wrong geographic coordinates. The coordinates were corrected in the PG&E database.

BVNA's inspection found workmanship quality issues at 16 of the 100 sampled locations.[31] Specifically, BVNA reported: (1) 12 fuse barrels were left on the structure or climbing steps; (2) two bird guards were found to be out of position; (3) and two solid blade cutouts were not connected although the expulsion fuses were still connected.[32] Upon inspecting the areas highlighted by BVNA, we disagree with 13 of the 16 findings.[33] Specifically, although BVNA marked the 12 fuse barrels as a workmanship quality issue, positioning the fuse barrels on the non-climbing side of the pole below the FuseSaver is the recommended practice at PG&E and meets or exceeds the General Order ("GO") 95 requirements. In addition, one of the two solid blade cutouts identified as a workmanship error was found to be in compliance with the cutout fuses protecting an underground riser. For the remaining three items, we determined that the two bird guards had been installed per the standard but had shifted position (likely due to high winds) and will be realigned to their proper position.[34] For the final item, it was confirmed that the solid blade cutout was not connected and a corrective tag has been created to have this issue remedied.

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[29] IE Report at p. 15.

[30] IE Report at p. 16.

[31] IE Report at p. 16.

[32] IE Report at p. 16.

[33] PG&E can provide additional information regarding its findings for each location if requested by OEIS.

[34] It was also noted that one of these two bird guards was at a location where it was not technically required and was serving merely as an extra precaution.

3. Funding

a. Overview

BVNA also assessed the funding activity for PG&E's 2020 WMP. The IE Report focused on specific areas where BVNA believed the actual amount of funding allocated to certain initiatives in the 2020 WMP was less than the amount forecasted. However, upon review, we noticed that a number of these items were mistakenly identified as deficient or lacking in funding and thus we are clarifying these misunderstandings below.

As an initial matter, it is important to note that PG&E's accounting system has evolved over many decades in conjunction with the California Public Utilities Commission's ("Commission") rate case process. The 2020 WMP was the first time that we were required to break down our wildfire mitigation programs into the list of initiatives defined in the WMP. Despite the fact that not all of our programs operationally correspond to the WMP-defined initiatives, we worked to fit our programs into these initiatives in the 2020 WMP to the best of our ability using a variety of allocation methodologies and assumptions to translate our investment plan into the WSD-defined list of initiatives. However, this recategorization process created additional challenges for our Business Finance Department in attempting to translate our previous funding categories into the newly defined categories created by the WMP that did not previously exist or match the previously existing categories. Consequently, as described below, some of the financial discrepancies identified by BVNA are, in fact, the result of PG&E's attempt to align its funding categories with those described in the 2020 WMP. This issue was generally acknowledged by BVNA who observed that "several underspends are due to actual cost from another program/initiative mapped to this initiative resulting in original budget misalignment."[35]

It is also important to note that we spent approximately $200 million more on 2020 WMP initiatives than forecasted.[36] Thus, not only did we fully fund almost each of the initiatives identified in our 2020 WMP, but we also spent well over the forecasted amount in our effort to provide safe and reliable electric service to our customers. Any analysis of the funding for the WMP program should not lose sight of the fact that the initiatives identified by BVNA as potentially underfunded do not correlate to initiatives where PG&E was unable to reach its target goals. Indeed, given PG&E's willingness to exceed its forecasted budget to meet its targets, it is clear that any targets missed were not the result of underfunding but of structural obstacles encountered.

b. Specific Funding Categories

Although Appendix I to the IE Report ("PG&E's Variance Explanation Spreadsheet") provides detailed explanations for how the 2020 WMP funding was allocated, we are providing this high level overview to demonstrate that we did not underfund our 2020 WMP program. The

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[35] IE Report at p. 66.

[36] *See* IE Report, Appendix I, "PG&E's Variance Explanation Spreadsheet."

following 10 categories in the table below clarify how PG&E funded the 2020 WMP program and how it spent above its forecasted budget.

Category	Forecasted Budget (Millions)	Actual Spend (Millions)	Variance (Millions)
Risk Assessment and Mapping	$5	$6	$1
Situational Awareness and Forecasting	$36	$36	($1)
Grid Design and System Hardening	$2,605	$2,651	$47
Asset Management and Inspections	$380	$300	($80)
Vegetation Management and Inspections	$1,268	$1,451	$184
Grid Operations and Protocols	$179	$183	$4
Data Governance	$91	$117	$26
Resource Allocation Methodology	$2	$7	$4
Emergency Planning and Preparedness	$25	$23	($2)
Stakeholder Cooperation and Community Engagement	$32	$48	$16
TOTAL	**$4,623**	**$4,821**	**$198**

The $80 million variance in the Asset Management and Inspection category was the result of our ability to significantly decrease our inspection costs from the previous year, causing the amount spent in 2020 to be substantially lower than the forecast. The 2020 workplan for enhanced inspections was based off of 2019 work performance and was budgeted at $380 million. However, in 2019, PG&E implemented the accelerated Wildfire Safety Inspection Program ("WISP") where we had to supplement our internal workforce with external contractors to perform the necessary inspections in an abbreviated timeframe. Due to the timing in which we needed to complete these inspections and overall volume that year, we ended up incurring higher inspection costs in 2019 as compared to 2020. In 2020, PG&E was able to more efficiently execute on its work plan, achieving lower than expected unit costs and driving down overall recorded versus planned financials, which is the primary driver for the underspend amount for Asset Management and Inspections category.

c. Specific Initiatives

Given that the size of the purported funding discrepancy identified by BVNA for each of the following items was over $50 million, we felt it was important to provide an individual explanation as to why these particular items were not underfunded.

i. 5.3.5.20 – Vegetation Management to Achieve Clearance Around Electric Lines and Equipment

The IE Report mistakenly concludes that PG&E underspent on initiative 5.3.5.20 by $438.31 million, a sum equal to entire amount allocated to this project.[37] Initiative 5.3.5.20[38] involved funding for "vegetation management activity to achieve the necessary clearances around electric lines and equipment."[39] However, since this initiative contained both transmission and distribution costs — in an effort to assign costs as appropriately as possible — the distribution cost funding was assigned to initiative 5.3.5.2 and the transmission cost funding was assigned to initiative 5.3.5.3. Initiative 5.3.5.2 involved "detailed inspections of vegetation around distribution electric lines and equipment" while initiative 5.3.5.3 concerned "detailed inspections of vegetation around transmission electric lines and equipment."[40] Since these two initiatives are each a subset of 5.3.5.20, the money was allocated in this manner so that it would not be counted twice. This clarification was noted in the 2020 WMP's narrative for initiative 5.3.5.20, which directed the reader to refer to "Section 5.3.5.2 for the primary distribution efforts related to achieving clearances and Section 5.3.5.3 for transmission efforts on that front."[41]

Initiative 5.3.5.2 was originally forecast to be $59 million. However, as a result of the re-assignment of initiative 5.3.5.20 described above, the actual spend on initiative 5.3.5.2 was $1.098 billion. Initiative 5.3.5.3 was forecast to be $13.05 million and the actual spend was $85.25 million.[42] In short, when the re-assignment of funding from initiative 5.3.5.20 into initiatives 5.3.5.2 and 5.3.5.3, these two initiatives vastly exceeded the $438.31 million forecast for initiative 5.3.5.20.

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[37] IE Report at p. 48.

[38] Please note that all of the initiatives identified in this section have had the initial "5" in their title changed to a "7" as part of the 2021 WMP process. Thus, 5.3.5.20 became 7.3.5.20 and so on. We will refer to the initiatives with their title from the 2020 WMP process for clarity, however, they have since been renumbered to begin with a "7" instead of a "5" to keep up with the changes in the WMP process and were identified with their new titles in the supporting documentation submitted to BVNA.

[39] PG&E 2020 WMP at p. 5-200.

[40] PG&E 2020 WMP at pp. 5-182 and 5-184.

[41] PG&E 2020 WMP at p. 5-200 (internal quotations omitted). *See also* PG&E 2021 WMP at p. 754.

[42] IE Report, Appendix I, "PG&E's Variance Explanation Spreadsheet."

ii. 5.3.5.11 – Patrol Inspections of Vegetation Around Distribution Electric Lines and Equipment

There is a similar mistake in the IE Report with regard to initiative 5.3.5.11 which originally had a forecast budget of $105.3 million.[43] As with 5.3.5.20, the funding for initiative 5.3.5.11 was re-assigned to initiative 5.3.5.2, the initiative for detailed inspections of vegetation around distribution electric lines and equipment.[44] The 2020 WMP narrative for this initiative explains that initiative 5.3.5.2 includes "a discussion of PG&E's vegetation inspection programs for distribution facilities."[45] The reasoning for recording the money in this manner is set out in the narrative, which explains that "[t]here is no specific program to perform patrols around distribution lines unique from the inspections described in Section 5.3.5.2."[46] As indicated above, initiative 5.3.5.2 was substantially overspent as a result of the re-assignment of initiatives.

iii. 5.3.4.9 – D.1 – Ultrasonic Inspections Pilot

The IE Report states that PG&E failed to spend the entirety of the $93.18 million budget for initiative 5.3.4.9,[47] an initiative involving "[o]ther discretionary inspection of distribution electric lines and equipment, beyond inspections mandated by rules and regulations [and] currently includes Ultrasonic [technology] (UT), new to PG&E in 2020."[48] However, work performed under initiative 5.3.4.9 was reallocated to initiative 5.3.4.1, which involved "detailed inspections of distribution electric lines and equipment."[49] The entirety of the budgeted amount for initiative 5.3.4.9 was spent, but simply reflected in the actual spend for a different initiative. This can be seen from the additional $131.6 million in funding actually spent on initiative 5.3.4.1, exceeding the $93.18 million forecast for initiative 5.3.4.9.[50]

iv. 5.3.4.10 – Other Discretionary Inspection of Transmission Electric Lines and Equipment

Finally, the IE Report describes initiative 5.3.4.10 as being underfunded in the amount of $59.7 million.[51] Initiative 5.3.4.10 involves "[o]ther discretionary inspection of transmission electric lines and equipment, beyond inspections mandated by rules and regulations."[52] However, to better track the activities performed, this money was re-allocated to initiative

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[43] IE Report at p. 49.

[44] PG&E 2020 WMP at p. 5-182.

[45] PG&E 2020 WMP at p. 5-191.

[46] PG&E 2020 WMP at p. 5-191.

[47] IE Report at p. 49.

[48] PG&E 2020 WMP at p. 5-165.

[49] PG&E 2020 WMP at p. 5-156.

[50] IE Report, Appendix I, "PG&E's Variance Explanation Spreadsheet."

[51] IE Report at p. 50.

[52] PG&E 2020 WMP at p. 5-166.

5.3.4.2, the initiative for "[d]etailed inspections of transmission electric lines and equipment."[53] Initiative 5.3.4.2 was overspent by $89.44 million, which exceeds the purported budget shortfall for initiative 5.3.4.10 of $59.7 million.[54]

4. Parties' Comments

a. The Mussey Grade Road Alliance

The Mussey Grade Road Alliance ("MGRA") was one of only two parties to file comments on the utilities' IE Reports. Looking at PG&E's IE Report, MGRA questioned BVNA's findings and concluded that 7% of our EVM sites showing "no evident vegetation management activities seems to be a very high fraction."[55] MGRA thus wondered "whether the vegetation management was so minor as to be undetectable, whether the auditor was assessing the correct location, or whether PG&E's documentation of its VM program was inaccurate."[56] As described above, we had similar doubts about the accuracy of this number and sent inspectors confirm these findings and to perform any necessary remedial work. Our inspectors determined that, at a maximum, only 15 of the 105 locations identified (or 1% of the 1,381 total locations audited) were in fact out of compliance. Emergency remedial work was performed on each of these six locations and they are now entirely in compliance.

MGRA also commended BVNA for performing such a significant amount of auditing work in such a short period of time and noted that "some assessors [such as BVNA] did better than others."[57] Because of this, MGRA concluded that the allotted period to perform inspection "is too short a time frame for an adequate assessment of whether the utilities are complying with their Wildfire Mitigation Plans."[58] This recommendation aligns with our own thinking on this matter and is elaborated upon in more detail in Section 5 below.

b. California Public Advocates Office

The Public Advocates Office's ("Cal Advocates") comments focus largely on process and the scope of the IE reviews. For example, Cal Advocates asserts "[t]he IE reports for PG&E, SCE, and SDG&E share a common flaw in that the IEs did not conduct a thorough evaluation of the IOUs' WMP initiatives."[59] While we agree, as discussed in more detail below, that the IE process should be started earlier to provide the IEs with more time to conduct their review, we do not agree with Cal Advocates' claim that the IEs did not conduct a thorough review. As

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[53] PG&E 2020 WMP at p. 5-157.

[54] IE Report at p. 120.

[55] MGRA Comments on the Independent Evaluator Reports of SDG&E, PG&E, and SCE ("MGRA Comments") at p. 6.

[56] MGRA Comments at p. 6.

[57] MGRA Comments at p. 2.

[58] MGRA Comments at p. 2.

[59] Cal Advocates Comments at p. 2.

explained above, in PG&E's case, BVNA reviewed thousands of pages of material, conducted 24 interviews, propounded discovery, and visited well over 1,000 locations. While there is always more that can be done, Cal Advocates' assertion that BVNA's review was not thorough is unfounded and contrary to the facts.

Cal Advocates also criticizes BVNA for relying too heavily on interviews with PG&E subject matter experts ("SMEs") rather than independently reviewing records.[60] Again, this concern is overstated and inconsistent with the facts. While BVNA did conduct SME interviews, it also reviewed thousands of pages of material and conducted site assessment. More importantly, had BVNA requested additional materials or information to verify information described during the SME interviews, we certainly would have provided these materials.

Regarding PG&E's WMP funding, Cal Advocates makes the blanket assertion that the IE did not "review all available financial audit reports and memorandum accounts" but provides no support for this statement and identifies no specific documents that went unreviewed.[61] PG&E is unaware of any specific financial documents that would have benefited the IE in performing its scope of work and which the IE failed to review but, again, we would be more than willing to produce additional financial documents in future evaluations, if requested.

Cal Advocates also incorrectly argues that PG&E "altered planned 2020 budgets for initiatives" which "renders the [IE] review less meaningful."[62] As described above in Section 3, this statement evidences a misunderstanding of how PG&E's budget aligns with the newly created 2020 WMP spending categories and ignores how PG&E actually spent more than was required. Given that PG&E's budget categories do not precisely align with those of the 2020 WMP, PG&E allocated the money as precisely as possible to the correct initiatives.

In addition to addressing funding, Cal Advocates also addressed some of the IE Report conclusions regarding 2020 WMP activities. For example, Cal Advocates notes that "due to miscommunications between the IE and PG&E, only 315 reports [out of 800 pole inspection] reports were received from PG&E."[63] As we explained above in Section 2.c, the IE Report mistakenly indicated that there had been a miscommunication about records when in fact PG&E provided the records it was asked to provide. Thus, Cal Advocates' statement that the "IE reports for PG&E and SCE indicate that records requested by the IEs were either not provided or were incomplete" is incorrect at least with regard to PG&E.[64] PG&E provided a complete set of all records asked of it.

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[60] Cal Advocates Comments at pp. 6-8.

[61] Cal Advocates Comments at p. 8.

[62] Cal Advocates Comments at p. 8.

[63] Cal Advocates Comments at p. 4.

[64] Cal Advocates Comments at p. 4.

Cal Advocates also mistakenly asserts that "if the records the IE reviewed form a representative sample, then approximately 27,000 poles may have been inadequately inspected in 2020."[65] As described above, most of the issues identified by BVNA were documentation issues, not performance issues, and which have been remedied by PG&E. Similarly, Cal Advocates' comments on "PG&E's high rate of noncompliance" for its EVM program are equally misplaced given that PG&E's evaluation of the IE's findings showed a maximum non-compliance rate of only 1%.[66]

Finally, like MGRA, Cal Advocates suggests that the IE process should be started earlier to allow the IEs additional time to conduct their reviews.[67] This recommendation corresponds with our own suggestions for process improvements and is discussed below.

5. Process Suggestions for Independent Evaluator Process

PG&E appreciates the opportunity to work with the Office of Energy Infrastructure Safety ("OEIS") and the IE throughout this process and offers the following suggestions to help refine future iterations of the IE process.

a. Overall Timing

Perhaps most importantly, it would be beneficial if the IE process were initiated earlier, as this would help all the involved parties.[68] Announcing eligible vendors in January would allow the utilities to better conduct the necessary vendor selection activities and improve the process as a whole. Similarly, if the IE/OEIS kick-off were to occur in mid-March, this earlier start date would improve the IE's ability to conduct its own review. With this earlier kick-off date, the first two weeks of the review could be spent on background materials and the Quarterly Initiative Updates, allowing the review of the Annual Report on Compliance to begin in April. Finally, changing the deadline for the submission of the IE's draft report to June 1 would allow the IE more time to review and finalize its report by July 1.

b. Procedural Elements

There are several discrete procedural elements that could be revised to improve the IE process. First, the timeline for responding to data requests should be extended from three days to five days, at a minimum. The short three-day turnaround is both unnecessary and challenging for the teams responding to the request who are also focused on reducing wildfire risk. Extending the time to respond to data requests to, at least 5 days, would still provide the information on an expedited basis but would allow the utilities' wildfire mitigation teams more opportunity to complete their work.

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[65] Cal Advocates Comments at p. 8.

[66] Cal Advocates Comments at p. 9.

[67] Cal Advocates Comments at pp. 2-3.

[68] See also MGRA Comments at p. 2.

Second, it would speed up the document production process if utilities were allowed to produce attachments to the IE under a non-disclosure agreement. The IE could then inform the utilities which items were to be included in the final IE report and the utilities could provide redacted versions of these items to the IE.

Third, it would be helpful to hold limited orientation sessions between each utility and its IE to cover certain key areas. In particular, orientation sessions covering PG&E's financial and vegetation management work would have been very valuable in this current process and would have caused it to run more efficiently. For example, it is difficult to identify VM work merely from geographical coordinates and PG&E's VM teams have volunteered to meet with the IE in the future to discuss ways to assist with this process.

Finally, the introduction of reporting templates for the IE Reports could benefit all the parties, ensure consistency across the utilities, and allow for clear communications regarding the findings of the IEs.

c. Scope of Financial Review

Further benefit could be obtained by revising the scope of the financial review in the IE process. The scope of financial review, which currently includes all instances of WMP spending that ends up being less than originally forecasted, is unnecessarily broad and often unhelpful. It would be more advantageous for all parties if the scope of the financial review were limited to instances where the discrepancy in funding actually impacted implementation of the WMP. However, if the OEIS is hesitant about adopting this threshold, at a minimum, the OEIS should set a certain baseline percentage of funding discrepancy that it believes to be meaningful.

6. Conclusion

We are pleased with the IE Report's overall findings demonstrating our commitment to our wildfire mitigation program and offer this response to correct any misunderstandings present in the report. We look forward to working with the OEIS to continue to refine the IE process and as well as our own internal processes and performance in this area.

Sincerely,

/s/ Nicholas Noyer

Nicholas Noyer

cc: Meredith Allen, PG&E Senior Director, Regulatory Relations