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VIA ELECTRONIC FILING **Docket # 2023-2025-WMPs**

Caroline Thomas Jacobs
Director, Office of Energy Infrastructure Safety
715 P Street, 20th Floor
Sacramento, CA 95814

RE: Reply Comments of San Diego Gas & Electric to the 2023-2025 Wildfire Mitigation Plans

Dear Director Thomas Jacobs:

San Diego Gas & Electric (SDG&E) hereby provides reply comments regarding the 2023-2025 Wildfire Mitigation Plans (WMP or Plans) of the large IOUs: San Diego Gas & Electric (SDG&E), Pacific Gas & Electric (PG&E), and Southern California Edison (SCE). Due to the limited number of pages, SDG&E's comments focus on issues related to SDG&E's grid hardening proposals. Failure of SDG&E to address any other issue in these Reply Comments does not indicate agreement or waiver.

I. THE FIVE PAGE MINIMUM REQUIRED OF REPLY COMMENTS FAILS TO ALLOW FOR DEVELOPMENT OF A SUFFICIENT RECORD

In response to the Large IOU's 2023-2025 WMPs, 18 parties filed comments, some exceeding 100 pages. Due to the complex nature of the WMPs and the detail included in the comments, SDG&E is severely constrained by the five-page limit for reply comments imposed by Energy Safety[1] and does not have the ability to fully develop a record addressing the various concerns and objections brought up in the WMP comments. Moreover, the IOUs were afforded roughly five business days (excluding the holiday) to prepare their replies. In the future, SDG&E requests that Energy Safety include both additional time and pages to develop a complete record on these important issues.

II. THE COMMISSION SHOULD DISREGARD RECOMMENDATIONS AND ANALYSES PROVIDED IN SDG&E'S GENERAL RATE CASE

TURN wrongly conflates SDG&E's General Rate Case (GRC) and the WMP Process, inappropriately including over 100 pages of TURN's testimony and analysis in SDG&E's pending GRC (which is currently in the middle of hearings) and some of SDG&E's GRC-related data requests as an appendix to its comments. As an initial matter, these appendices should be disregarded as irrelevant to the WMP process and lacking appropriate foundation or context. While the GRC and WMP processes may touch on similar issues, the context and scope of the GRC and WMP processes are fundamentally different, as laid out clearly in Public Utilities Code Section 8386, *et. seq.* Energy Safety is tasked with reviewing whether SDG&E's WMP complies

[1] *2023-2025 WMP Process and Evaluation Guidelines* at 12, posted December 6, 2022.

with the rules, regulations, and standards described in Public Utilities Code Section 8386 and Energy Safety's WMP Guidelines.[2] The role of assessing whether the costs associated with the WMPs are just and reasonable for recovery in rates—as with all other aspects of utility distribution operations—remains with the California Public Utilities Commission to be addressed through the GRC process.[3]

TURN's comments seek to use the WMP process as an alternative method to litigate SDG&E's ongoing GRC and should be summarily rejected. TURN's theory that the Commission may reject "significant portions of SDG&E's wildfire mitigation proposals,"[4] lacks any foundation, especially given that SDG&E's GRC is an ongoing proceeding in the middle of litigation and briefing has not yet even occurred. The question of whether SDG&E's wildfire mitigation proposals are "affordable" is outside the scope of the WMP process and remains a matter exclusively within the jurisdiction of the Commission. SDG&E notes that, to balance affordability concerns, it has designed its wildfire mitigation strategy with an eye toward achieving the most wildfire risk reduction at a reasonable cost to customers, in a way that meets statutory mandates and goals, including Energy Safety's stated goal of eliminating the risk of utility-related wildfires in California[5] and drastically reducing or eliminating the use of PSPS as a wildfire mitigation tool.

Further, TURN attempts to use the GRC record to pile on to SDG&E's undergrounding proposals, claiming that "other parties were also severely critical" of them—inaccurately misrepresenting the positions of certain parties who had equal opportunity to address any concerns with, or objections to, SDG&E's wildfire mitigation initiatives through their own WMP comments to Energy Safety. Energy Safety's review of SDG&E's WMP submission should be performed consistent with the existing record in front of the agency; Energy Safety should not consider cherry-picked materials or mischaracterizations of party positions from a separate proceeding at a different agency. And finally, Energy Safety should reject any effort by TURN to limit or constrain the Commission's constitutional authority in reviewing the reasonableness of or authorizing costs in rates, including TURN's recommendations 1(a) and 1(b).[6]

The dual processes for WMP approval and cost recovery have worked in tandem successfully since the passage of Senate Bill 901 in 2019 and Assembly Bill 1054 in 2020. Both PG&E and SCE have used this very process to obtain approval of both their GRCs and annual WMP updates. Energy Safety should thus follow the statutory process and approve SDG&E's WMP separate and apart from its GRC.[7]

III. SDG&E'S GRID HARDENING DECISIONS ARE BASED ON DETAILED MODELING

a. SDG&E's Grid Hardening Decisions are Rooted in Risk Modeling and Aimed at Reducing Wildfire Risk, Consistent with Statutory Requirements

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2 Pub. Util. Code §8386(d).

3 *See generally*, Pub. Util. Code §8386.4.

4 TURN Comments at 4.

5 *See,* Energy Safety Vision and Mission, *available at* https://energysafety.ca.gov/who-we-are/vision-and-mission/.

6 TURN Comments at ii, Summary of Recommendations.

7 SDG&E notes that, if after its GRC decision, certain initiatives need to be modified to address changes mandated by the CPUC, SDG&E can do so via the Change Order process established by Energy Safety.

Comments from TURN point out "numerous problems with SDG&E's modeling that cause it to exaggerate the cost-effectiveness of undergrounding, and understate the cost-effectiveness of covered conductor."[8] Additionally, comments incorrectly state that in the wake of PG&E's announcement of an "undergrounding first" approach, SDG&E has reshaped its grid hardening approach, which in turn "is considerably more costly to ratepayers and more lucrative for shareholders, by providing a significantly larger investment base (a.k.a. rate base) to increase the profits of SDG&E's corporate parent, Sempra Utilities."[9]

SDG&E's grid hardening investment decisions are driven strictly by detailed and sophisticated risk modeling, which has been reviewed through the WMP process and Energy Safety's Risk Modeling Working Groups. As described in its WMP, SDG&E has incorporated new data inputs to the WiNGS-Planning model to, among other things, capture additional cost efficiencies, update ignition and weather data, and capture any risk reduction of existing infrastructure. These model updates drove the decision to perform additional undergrounding of electric lines over the next 10 years and reduce corresponding covered conductor installation.

By executing on this plan, SDG&E predicts it will significantly reduce the risk of utility-related wildfire and the impacts of PSPS within the service territory. SDG&E continues to leverage input from stakeholders and lessons learned to enhance its risk modeling capabilities, which remain a subject of significant focus of the Office of Energy Infrastructure Safety (Energy Safety) and SDG&E's WMP.

In 2022, SDG&E continued its culture of continuous improvement in this area by embracing model changes—with the feedback of many of the parties to this proceeding—increasing collaboration with other California utilities and participating in workshops hosted by Energy Safety. This approach has led to additional improvements, more accurate wildfire risk assessment, and has increased the effectiveness of the portfolio of proposed mitigation. SDG&E's risk modeling and strategy has been a transparent effort with full details provided in Sections 6 and 7 of the 2023-2025 WMP, and the provision of extensive data in response to stakeholder requests. Contrary to TURN's unfounded accusations of a profit grab, SDG&E's primary focus is the reduction of wildfire risk without sacrificing reliability through corresponding PSPS reductions.

TURN's comments suggest that Risk Spend Efficiency (RSE) values be the driver used to select the mitigations performed on a given segment. While the RSE value is a useful input, selecting mitigations based solely on RSE without consideration for the portfolio level risk reduction is not a prudent approach because it results in residual remaining risk. The RSE value gives an understanding of the cost effectiveness for a given mitigation at a granular level, but leaves out the total amount of risk reduction being achieved. SDG&E considers both the overall risk reduction that can be achieved through its grid hardening efforts as well as the location specific RSE values to balance wildfire risk reduction and cost. The proposal put forth by TURN would result in far less wildfire risk reduction and is overly focused on being the lowest cost alternative. SDG&E's recommended approach, as represented by the green "default" point in the table below, strikes a reasonable middle ground using a data driven and risk-based approach.

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[8] *Opening Comments of The Utility Reform Network on SDG&E's 2023-2025 Wildfire Mitigation Plan* at 8.

[9] *Id.* at 8.

If SDG&E were to adjust the segments that are currently forecasted for underground mitigation over the next 10 years and adjust the mitigation to covered conductor only, that would adjust SDG&E's target to require 1,760 miles of covered conductor. The models project such an approach would result in a reduction of wildfire risk of only approximately 50% at the conclusion of the 10-year period, as opposed to the current goal of 83% wildfire risk reduction with our optimized run through WiNGS-Planning methodology. This level of risk reduction is not only inadequate but leaves certain customers facing the prospect of ongoing PSPS indefinitely. While PSPS remains a tool in SDG&E's wildfire mitigation toolbox, undergrounding offers customers, many of whom live in rural, tribal, or disadvantaged areas, the prospect of significant reduction of PSPS impacts, assuming SDG&E completes its overall hardening strategy.

Alternatively, if SDG&E adjusts its scope to all 1,760 miles of undergrounding, SDG&E would achieve 85% risk reduction, however costs would increase significantly. Analysis of these various approaches continues to place SDG&E's strategy at the correct inflection point prior to costs rising at an exponentially high rate. Using the same per-mile cost estimates for all three runs, SDG&E finds that the WiNGS-Planning Optimized run has the best cost effectiveness portfolio for average cost to wildfire risk reduction.

Mitigation Portfolio	Dollar to Wildfire Risk Reduction (WFRR)
Optimized WiNGS-Planning Portfolio	$31M for every 1% WFRR
Undergrounding all mitigated segments	$42M for every 1% WFRR
Covered Conductor all mitigated segments	$36M for every 1% WFRR

To change from the Optimized run to underground the entire portfolio would add 2 extra WFRR % (83% to 85%) but would come at a steep cost of $580M per 1% WFRR. While going with covered conductor only would cost roughly $1.83B (as opposed to $2.62B in the Optimized run), but would only achieve 50% WFRR, and not be near our 83% wildfire risk reduction target. Again, the optimized portfolio has the lowest cost per percent of wildfire risk reduction.

Both TURN and MGRA comments suggest that undergrounding requires too much time to deploy and doesn't reduce the risk of wildfire fast enough. These positions fail to recognize that undergrounding, covered conductor, falling conductor protection, and microgrids, like all major construction projects, face similar permitting and construction challenges to undergrounding. SDG&E continues to work to be more efficient in executing its projects, and the WMP details the

interim mitigations in place to address the risk of wildfire as these long-term solutions are implemented. Asset replacement programs, utilizing sensitive relay profiles, and as a last resort PSPS can be utilized in the short term to help reduce the risk of catastrophic wildfires.

The correct long-term solution to reduce both the risk of wildfire and the impacts associated with PSPS is to execute on its plan for undergrounding and covered conductor. Comments from both TURN and MGRA request that SDG&E's plans be denied pending additional analysis and proposals would further delay the in-flight undergrounding and covered conductor projects and extend the amount of time wildfire risk is present in the service territory. SDG&E's WMP is based on well-founded risk modeling and informed expertise, and meets the requirements of Public Utilities Code Section 8386 and should be approved without modification.

b. SDG&E Continues to Assess the Effectiveness of Covered Conductor

MGRA's comments suggest that SDG&E's covered conductor effectiveness value of approximately 65% should not be used, recommending adoption of an effectiveness of 80-85% or higher. SDG&E continues to pursue additional testing and collaboration with the other utilities on developing an updated effectiveness value for its covered conductor installations. But blindly adopting a higher effectiveness value without fully understanding the underlying assumptions should not be adopted.

First, the calculation of effectiveness for mitigations has not been standardized across the IOUs or defined by Energy Safety. It is important to understand and define the timeframe being utilized for the pre-mitigation risk events and how it applies to future installations. If, for example, a utility were to utilize data from years prior to the implementation of its initial 2020-2022 WMP to understand the risk drivers present in its service territory, the data may no longer be accurate due to the mitigations employed in the previous three years by that utility.

Second, even when the IOUs agree on the effectiveness of covered conductor across different risk drivers, each IOU will have a different mix of risk drivers that impact their system. SDG&E, for example, has a relatively low frequency of vegetation related risk events and ignitions when compared against SCE and PG&E. Therefore, even if covered conductor is very effective at reducing risk events due to vegetation contact, the resulting overall effectiveness may not be significantly increased.

SDG&E will continue to work with the joint IOUs to standardize effectiveness calculations and ensure they are useful in understanding the associated risk reduction in future years independent of other mitigations in place. SDG&E will continue its part in developing a shared methodology and framework for calculating the effectiveness of combinations of mitigations as well. SDG&E believes Energy Safety should allow for the joint IOUs to continue this work, and not rush to implement effectiveness numbers across IOUs that may not be applicable.

IV. CONCLUSION

SDG&E respectfully requests that Energy Safety consider the above comments and approve SDG&E's 2023-2025 without modification.

Respectfully submitted,
/s/ Laura M. Fulton
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San Diego Gas and Electric Company