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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: SDG&E Reply Comments to Energy Safety Draft Decision Approving SDG&E's 2023-2025 WMP (Draft Approval)

Dear Director Thomas Jacobs:

San Diego Gas & Electric (SDG&E) hereby provides reply comments to the Office of Energy Infrastructure Safety's (Energy Safety) August 30, 2023, Draft Decision (Draft Decision) approving SDG&E's 2023-2025 Wildfire Mitigation Plan (WMP or Plan). SDG&E focuses on the comments submitted by The Utility Reform Network (TURN) and Mussey Grade Road Alliance (MGRA). Specifically:

- Energy Safety has already rejected TURN's arguments that SDG&E's 2023-2025 be denied. Energy Safety should disregard TURN's mischaracterizations of the Draft Decision as well as it's continued efforts to use the WMP review process as a mechanism to collaterally attack SDG&E's ongoing General Rate Case (GRC).
- SDG&E's grid hardening targets for both undergrounding and covered conductor installation should be approved without modification. To the extent any risk modeling enhancements from the applicable Areas for Continued Improvement (ACI) affect future grid hardening targets, SDG&E will address those revisions through the existing change order process.
- SDG&E leverages shorter-term wildfire mitigation initiatives to address current risk reduction, while undergrounding will permanently reduce wildfire and PSPS risk in the long term.
- Energy Safety should refrain from bolstering claims of intervenor compensation, as such claims lack foundation in statute and the legislative history establishing the agency.

SDG&E notes that many parties filed comments to the Draft Decision. Failure of SDG&E to address any other issue in these reply comments does not indicate agreement or waiver.

I. Energy Safety Should Reject TURN's Mischaracterization of the Draft Decision as Well as TURN's Efforts to Collaterally Attack SDG&E's Ongoing General Rate Case

A. SDG&E's Currently Scoped Grid Hardening Should Be Approved

TURN vastly overstates the magnitude of the language of the Draft Decision to argue as it did in initial comments to SDG&E's WMP that Energy Safety should deny SDG&E's WMP and "require SDG&E to make the necessary corrections to its grid hardening selection approach in this WMP (which covers at least 2023 and 2024) and revise its undergrounding and covered

conductor targets before approving this WMP."[1] TURN also exaggerates Energy Safety's language to argue that the Draft Decision "correctly finds that there are several serious problems with SDG&E's grid hardening decision-making approach."[2] These are gross mischaracterizations of Energy Safety's largely positive review of the strengths of SDG&E's WMP and the ACIs that identify areas where the "utility should continue to improve its wildfire capabilities in future plans."[3] Because these statements do not accurately reflect the sentiment of the Draft Decision, TURN's comments should be specifically rejected to avoid TURN continuing to mischaracterize such language.

SDG&E agrees with Energy Safety that risk modeling is subject to enhancement and embraces the opportunity for continuous improvement. These opportunities are fostered by the Risk Modeling Working Groups—in which TURN declines to participate. In the Draft Decision, Energy Safety is requesting that SDG&E perform and provide additional analysis comparing undergrounding to a combination of other mitigations, such as covered conductor combined with advanced protection initiatives. Once completed, and as directed by Energy Safety, SDG&E will provide this new analysis and begin to incorporate any applicable changes into its risk modeling to understand the impacts on scoping future projects.

TURN's proposal that SDG&E needs to make immediate changes to its targets associated with undergrounding and covered conductor is not appropriate. SDG&E should not be making arbitrary changes to its grid hardening targets that are unsupported by the risk modeling. SDG&E's current wildfire mitigation strategy is to underground some of the highest risk areas of its service territory in 2023 and 2024. Much of this work was scoped and planned years in advance and derailing such a project now would result in additional delays to overall grid hardening—leaving customers further exposed to wildfire and PSPS risk. Instead, SDG&E agrees with Energy Safety that it should continue to make improvements to its understanding of combined mitigations, utilize this updated information to modify inputs to the risk models, and then follow the updated recommendations to develop new grid hardening targets if necessary.

TURN also incorrectly points out that, "SDG&E's approach unduly jeopardizes safety by failing to ensure that appropriate mitigations are targeted to the highest risk locations as quickly as possible.[4]" Not so. SDG&E is targeting the highest risk locations in the next several years with undergrounding projects. Over 90% of the mileage proposed to be undergrounded by SDG&E is within the top 20% riskiest circuit segments. It is for exactly this reason that these segments should be undergrounded quickly, rather than continuing to wait for the "perfect" risk model with universal agreement. TURN is generally opposed to undergrounding for wildfire risk reduction outside of narrow and targeted areas—as it has routinely stated in its comments to SDG&E's WMP as well as in the ongoing General Rate Case. TURN continues to try to

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[1] *Opening Comments of The Utility Reform Network on the Draft Decision on San Diego Gas & Electric Company's 2023-205 Wildfire Mitigation Plan* (TURN Comments) OEIS Docket No. 2023-2025 WMPs (September 19, 2023) at 2.
[2] TURN Comments at 3.
[3] Draft Decision at 78; Draft Decision at 1 ("SDG&E has a relatively strong Wildfire Mitigation Plan compared to the plans of the other large electrical corporations.")
[4] TURN comments at 3.

collaterally attack SDG&E's ongoing GRC by engaging Energy Safety to reduce WMP targets or deny its WMP.[5]

Undergrounding reduces wildfire risk by 98% or more and therefore is being applied to SDG&E's riskiest segments during the WMP plan period. TURN's proposal to alter targets would be counterproductive as in order to accomplish this either SDG&E would be performing more covered conductor work on segments that aren't in the riskiest portion of the service territory, or SDG&E would need to throw out the engineering, design, and permitting work already underway for these underground projects and start over again with designs for covered conductor, delaying wildfire mitigation on these circuits by another 18-24 months. TURN's recommendation to modify existing targets would create the exact scenario they are proposing to avoid, delaying needed wildfire mitigations to the highest risk areas. Any changes recommended by the risk models due to an updated understanding of risk should apply to work that is not yet scoped and outside this upcoming WMP plan period.

B. SDG&E's Short Term Mitigations Address Risk While Grid Hardening is Completed

TURN also inaccurately concludes that SDG&E leaves customers exposed to unmitigated risk while undergrounding projects are completed.[6] SDG&E's WMP extensively details the suite of risk mitigations that SDG&E uses in the short-term to mitigate wildfire risk, including but not limited to sensitive relay profiles (SRP) and the use of PSPS as a last resort.[7] It is wrong to conclude that just because undergrounding takes time, there are no alternative risk reductions in place. But shorter-term, less expensive risk mitigations invariably impact reliability because they will involve some use of de-energization or SRP. SDG&E's strategic undergrounding strategy is in part to reduce or eliminate the impacts of PSPS for many of its customers, consistent with legislative and Energy Safety direction.

C. Current Improvements to Risk Modeling Also Support Undergrounding to Mitigate Wildfire and PSPS Risk

Further, contrary to TURN's generally unfounded assertions, updating SDG&E's risk models with combined mitigation effectiveness and increased covered conductor effectiveness may not yield the result TURN hopes for or foresees. As it begins to respond to Energy Safety's ACIs, preliminary analysis indicates significantly increasing covered conductor effectiveness from 65% to 78% to account for combined mitigations continues yield a portfolio that combines significant undergrounding mileage with covered conductor in lower-risk areas, shifting only 100 miles of the total 10-year portfolio from undergrounding to covered conductor. Given this only minor reduction in undergrounding, it is inappropriate to perform the complete "about-face" that TURN seems to encourage. These decisions should be informed by thoughtful conversations and risk modeling analysis to avoid adopting a costly mitigation approach that has to be redone with even more costly undergrounding in the future.

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[5] *See* TURN Comments at 5.
[6] TURN Comments at 3.
[7] SDG&E's WMP also details the company's PSPS risk mitigation initiatives.

MGRA points out areas such as wildfire smoke and 8-hour consequence modeling as areas where the utilities are *underestimating* risk.[8] SDG&E will continue to collaborate with Energy Safety, intervenors, and the other IOUs to develop enhancements and updates to its risk models, but notes that if the utilities are underestimating risk this would lead to *more* high efficacy mitigations like undergrounding, and improved risk spend efficiency of undergrounding. Additionally, as SDG&E and the other IOUs continue to perform more undergrounding work, the cost of undergrounding continues to decrease, further increasing its efficiency. The least regrets mitigation selections of undergrounding in the highest risk areas with some covered conductor segments proves to be a balanced approach that is the most efficient across the long-term portfolio at reducing wildfire risk.

Additionally, and as noted in its initial WMP Comments, SDG&E does not arbitrarily "default" to undergrounding as a mitigation strategy. SDG&E's undergrounding RSE and WiNGS-Planning decision tree represents a combined approach to attain portfolio-level risk reduction targets through segment level undergrounding. Ignoring either the segment-level specificity or the portfolio wide risk reduction could result in unnecessarily leaving risky areas unmitigated or using an incorrect approach. TURN's statement that the "safety and cost effectiveness of SDG&E's mitigation plan is imperiled" is a total misrepresentation of the situation at hand. It is in fact TURN who advocates for more delays, more PSPS risk, and less wildfire mitigation through their continued efforts to obstruct SDG&E's undergrounding efforts.

SDG&E is committed to providing the ideal mitigation considering projected costs of undergrounding and covered conductor. Given the decreasing cost of undergrounding along with lifecycle costs of maintaining and inspecting the overhead system, SDG&E is also exploring additional analysis to determine the inflection point at which undergrounding is expected to be more cost effective at reducing risk than covered conductor. The results of this analysis showed that at the current model estimate of $2.5M per mile, 55% of segment level RSEs are higher for undergrounding than covered conductor. SDG&E is currently seeing costs of $2.3M per mile and expects that in the next year undergrounding pricing may decrease to approximately $2.0M per mile, at which point approximately 80% of segment level RSEs will be higher for undergrounding. This validates SDG&E's future scoping which has selected approximately 80% of future hardening for undergrounding and 20% for covered conductor.

D. Energy Safety Should Reject TURN's Arguments to Reject the Approved Initiative Targets

TURN further argues that Energy Safety should include a "clear statement that approval of this WMP does not constitute specific approval of SDG&E's undergrounding target miles" and specify a due date for SDG&E to implement the changed scope of its grid hardening programs within three months after the Final Decision.[9] But this ignores Energy Safety's longstanding requirement that it include measurable initiative targets in its WMP. For instance, Energy Safety's 2023-2025 Guidelines require the electrical corporations to list "all targets it will use to track progress on its grid design, operations, and maintenance for the three years of

[8] Mussey Grade Road Alliance Comments at 9.
[9] TURN Comments at 5.

the Base WMP."[10] Approval of these targets is designed to allow Energy Safety means to measure the electrical corporations' progress toward risk reduction and inform assessments of plan compliance. Because these targets are an integral part of SDG&E's overall WMP, they should be approved without modification.

As SDG&E progresses in its assessment of risk modeling, it may amend targets for upcoming years in future WMPs or through the change order process. But Energy Safety should reject TURN's efforts to dilute the stated grid hardening targets of SDG&E's 2023-2025 WMP.

E. Energy Safety Should Reject Any Arguments in Favor of Conditional or Deferred Approval

TURN's arguments that Energy Safety should "defer" WMP approval or not specifically approve WMP grid hardening targets appear to advocate for a reversion to the "conditional" WMP approval that the Commission and Energy Safety have rejected for several years. A denial or deferred approval of SDG&E's 2023-2025 WMP leave SDG&E in a state of uncertainty regarding not only its wildfire mitigation, but also its safety certification. Given Energy Safety's expressed overall positive sentiments regarding SDG&E's WMP, it seems perverse that TURN would advocate to imperil SDG&E's ability to complete any wildfire mitigation work with such uncertainty. Energy Safety should approve SDG&E's WMP and allow for any modifications through future WMP Updates (the 2025 Update will be submitted in roughly six months already), or through the change order process.

II. Energy Safety Should Refrain from Involvement in Decisions Addressing Intervenor Compensation

Both TURN and MGRA address an issue outside the scope of Energy Safety's jurisdiction, seeking Energy Safety's assistance in bolstering their arguments for intervenor compensation. SDG&E notes that the Legislature specifically rejected including intervenor compensation for activities at Energy Safety, impliedly rejecting any intervenor compensation associated with the Energy Safety's oversight activities, including the WMP. Energy Safety should thus refrain from adding any language that would bolster arguments that TURN and MGRA are entitled to ratepayer funded compensation for their involvement in these proceedings.

III. Conclusion

SDG&E appreciates Energy Safety's consideration of these reply comments on Energy Safety's draft decision approving SDG&E's 2023-2025 WMP and requests that Energy Safety take these recommendations into account in the final decision.

Respectfully submitted,

/s/ Laura M. Fulton

Attorney for
San Diego Gas and Electric Company

[10] *See* 2023-2025 WMP Guidelines at 78.