



December 7, 2023

Paul Marconi
President, Treasurer and Secretary
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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.'s (BVES) a Safety Certification pursuant to Public Utilities Code section 8389(e). BVES's September 12, 2023, request for a Safety Certification meets all of the statutory requirements.¹ 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.

An overview of Energy Safety's findings follows.

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 [BVES's 2023 Safety Certification request](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55591&shareable=true>, accessed Oct. 27, 2023).

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 2023-2025 WMP on May 8, 2023.² Energy Safety issued its decision approving BVES's 2023-2025 WMP on November 6, 2023.³ 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 2023 SCA Guidelines describe Energy Safety's current Public Utilities Code section 8389(d)(4) SCA process.⁴ Energy Safety published its 2022 SCA report for BVES on May 8, 2023.⁵ The report identified four recommendations, listed below:

1. *Refine contractor strategic improvement plan.*
2. *Address safety culture opportunities for the Design and Construction business unit.*
3. *Strengthen safety-enabling systems.*
4. *Increase leading indicators in safety performance metrics.*

On May 10, 2023, BVES formally agreed to implement the findings (including the recommendations) of its 2022 SCA report.⁶ BVES's agreement to implement the report's findings satisfies the “good standing” requirement of Public Utilities Code section 8389(e)(2) for its 2023 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.

² [BVES's 2023-2025 Wildfire Mitigation Plan](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53809&shareable=true) with [appendices](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53810&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53809&shareable=true>; <https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53810&shareable=true>, both accessed Oct. 27, 2023).

³ [BVES 2023-2025 WMP Decision and Cover Letter \(November 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55945&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55945&shareable=true>, accessed Nov. 8, 2023).

⁴ [2023 Safety Culture Assessment Guidelines \(April 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53626&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53626&shareable=true>, accessed Sept. 14, 2023).

⁵ [2022 Safety Culture Assessment Report for BVES \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53803&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53803&shareable=true>, accessed Oct. 27, 2023).

⁶ [BVES's Acceptance of 2022 Safety Culture Assessment Report \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53864&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53864&shareable=true>, accessed Oct. 27, 2023).

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.”

In BVES's Safety Certification request and quarterly notifications, its safety committee is alternately called the Safety Committee and the Safety and Operations Committee.

BVES's Safety Certification request states that its Board of Directors Safety Committee membership is as follows:

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

BVES provides resumes for these individuals and a summary of their relevant safety-related education and experience in its request's Appendices A and B respectively.

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 2023 executive compensation structure on March 13, 2023.⁷ 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 September 20, 2023.⁸ 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 [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 July 6, 2023, 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, a member of BVES's Board of Directors and the Board Safety Committee Chairman, gave a presentation and answered questions from the CPUC and Energy Safety.

Pursuant to the Safety Certification Guidelines requirement⁹ that electrical corporations provide any materials used or referenced in the public meeting in their Safety Certification requests, BVES provided its presentation slides in Appendix F of its request.¹⁰

BVES has met 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

⁷ [BVES's request for approval of its 2023 executive compensation structure \(March 13, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53439&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53439&shareable=true, accessed Oct. 27, 2023).

⁸ [Approval of BVES's 2023 executive compensation structure \(September 20, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55621&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55621&shareable=true, accessed Oct. 27, 2023).

⁹ [Energy Safety's 2023 Safety Certification Guidelines](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true) p. 3 (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true, accessed Sept. 14, 2023).

¹⁰ See BVES's presentation beginning at 16:20 in the recording of the public meeting "[2023 Electric Utility Safety Update Briefings, Bear Valley Electric Service \(BVES\) and Pacific Gas and Electric \(PG&E\)](https://www.adminmonitor.com/ca/cpuc/hearing/20230706/)" (July 6, 2023) (https://www.adminmonitor.com/ca/cpuc/hearing/20230706/, accessed Oct. 27, 2023).

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 2023 Safety Certification Guidelines further specify that:

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.¹¹

Subsequent to receiving its last Safety Certification,¹² BVES submitted quarterly notifications¹³ to Energy Safety on the required subjects on February 1,¹³ May 1,¹⁴ August 1,¹⁵ and October 31, 2023.¹⁶ Attachments to these notifications include the quantitative metrics indicating BVES’s progress on wildfire mitigation initiatives described in its 2023-2025 WMP. BVES states in its first three quarterly notifications, “BVES is simultaneously submitting this notice to the CPUC as an information only submittal,” and in the last quarterly notification (from October 31) states, “Bear Valley is simultaneously submitting this quarterly notification to the California Public Utilities Commission as an information-only submittal via email to edtariffunit@cpuc.ca.gov.”

¹¹ [Energy Safety’s 2023 Safety Certification Guidelines](#) p. 4

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true>, accessed Sept. 14, 2023).

¹² [BVES’s 2022 Safety Certification Issuance Letter \(Dec. 13, 2022\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53304&shareable=true>, accessed Oct. 27, 2023).

¹³ [BVES’s Quarterly Notification Letter from Feb. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53356&shareable=true>, accessed Oct. 30, 2023).

¹⁴ [BVES’s Quarterly Notification Letter from May 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53776&shareable=true>, accessed Oct. 30, 2023);

[Attachment A: Wildfire Mitigation Plan Quarterly Notification Letter Initiatives Update Q1 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53775&shareable=true>, accessed Oct. 30, 2023).

¹⁵ [BVES’s Quarterly Notification Letter from Aug. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54414&shareable=true>, accessed Oct. 30, 2023).

¹⁶ [BVES’s Quarterly Notification Letter from Oct. 31, 2023](#) (note the date on the letter is Nov. 1, 2023, but the letter was submitted Oct. 31, 2023)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55885&shareable=true>, accessed Nov. 2, 2023).

WMP Implementation Progress:

In its Safety Certification request, BVES points to its quarterly notifications regarding progress on the implementation of its WMP. In its October 31, 2023, quarterly notification, BVES reports one 2023 initiative, Distribution Pole Replacement and Reinforcement (the Radford Line Replacement Project), as being off-track due to U.S. Forest Service permitting delays.

Energy Safety will continue to monitor and assess the implementation of this initiative as part of Energy Safety's compliance assurance activities.¹⁷

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 report for BVES included four recommendations, as noted above.¹⁸ BVES describes actions it has taken to address each recommendation in its Safety Certification request and in its quarterly notifications.

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 February 1, May 1, August 1, and November 1, 2023.

The Safety and Operations Committee made recommendations in the fourth quarter of 2022 and in the second [and third] quarter[s] of 2023. According to the descriptions provided in BVES's quarterly notifications, BVES's management has implemented the Safety Committee's recommendations.

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

¹⁷ 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. 30, 2023).

¹⁸ [2022 Safety Culture Assessment Report for BVES \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53803&shareable=true) (https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53803&shareable=true, accessed Oct. 27, 2023).

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 embed safety throughout its organization and operations. 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