State of California – A Natural Resources Agency
Gavin Newsom, Governor

OFFICE OF ENERGY INFRASTRUCTURE SAFETY
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Caroline Thomas Jacobs, Director

TRANSMITTED VIA ELECTRONIC MAIL

January 23, 2024

Dan Marsh
Senior Manager, Rates and Regulatory Affairs
Liberty Utilities
701 National Ave, Tahoe Vista, CA 96148

NOD_LU_CAC9_20220719_1033

NOTICE OF DEFECT

Mr. Marsh,

Pursuant to Government Code § 15475.1, the Office of Energy Infrastructure Safety (Energy Safety) has completed a compliance assessment of Liberty Utilities and determined the existence of one or more defects. Electrical corporations have an obligation to "construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment." (Public Utility Code § 8386.) In accordance with Government Code § 15475.2 and the California Code of Regulations, Title 14, Division 17 § 29302(b)(2), a deficiency, error, or condition increasing the risk of ignition posed by electrical lines and equipment is considered a defect.

On July 19, 2022, Energy Safety conducted an inspection in the vicinity of the city of South Lake Tahoe, El Dorado County, California. The inspection report is enclosed herewith. Energy safety found the following defect:

Defect 1: Energy Safety observed a surge arrester discolored and burnt indicating possible arcing on pole number 80896 (Lat/Long: 38.923599523626365, -119.98196346557832). Energy Safety considered this defect to be in the Severe risk category.

Energy Safety notified Liberty Utilities of this defect by phone on July 19, 2022. Liberty Utilities dispatched service personnel to the location to assess the situation. Liberty Utilities notified Energy Safety that the surge arrester was functional and within Liberty Utilities' acceptable operating standards. Energy Safety accepts Liberty Utilities' response and considers this defect closed. No further response is required.

Response Options

Energy Safety may prescribe a timeframe for resolution of a violation or defect associated with the assigned risk category.[1] Within 30 days from the issuance date of this notice of defect (NOD), the electrical corporation must provide a response advising Energy Safety of corrective actions taken or planned to remedy the above identified defect(s) and prevent recurrence. Alternatively, the electrical corporation must advise Energy Safety that it will not correct the defect, including the reasoning or justification for inaction and all supporting documentation.[2] This response shall be filed in the Energy Safety e-Filing system under the 2021 NOD docket[3] and the associated file name(s) must begin with the NOD identification number provided above.

Pursuant to Government Code § 15475.4, if the electrical corporation intends to request a hearing to "to take public comment or present additional information," it must also do so within the 30-day timeframe. If a petition for hearing is not received by the deadline, then the determination and conditions set forth in this NOD become final.

Prior to its response or request for hearing, the electrical corporation may also request an informal conference with Energy Safety's Compliance Assurance Division for the purpose of disputing any issues raised in this NOD no later than five (5) business days before the response deadline.[4] Requests for informal conferences with Energy Safety must be e-mailed to compliance@energysafety.ca.gov, with a copy sent to all Energy Safety's Compliance Assurance Division staff identified in the NOD. Electrical corporations are encouraged to schedule a conference at the earliest possible time to assure an expeditious resolution of any issues.

Pursuant to Public Utilities Code § 8389(g), following receipt the electrical corporation's response to this NOD and resolution of any disputes, this matter may be referred to the California Public Utilities Commission (CPUC) for its consideration of potential enforcement action, as the CPUC deems appropriate.

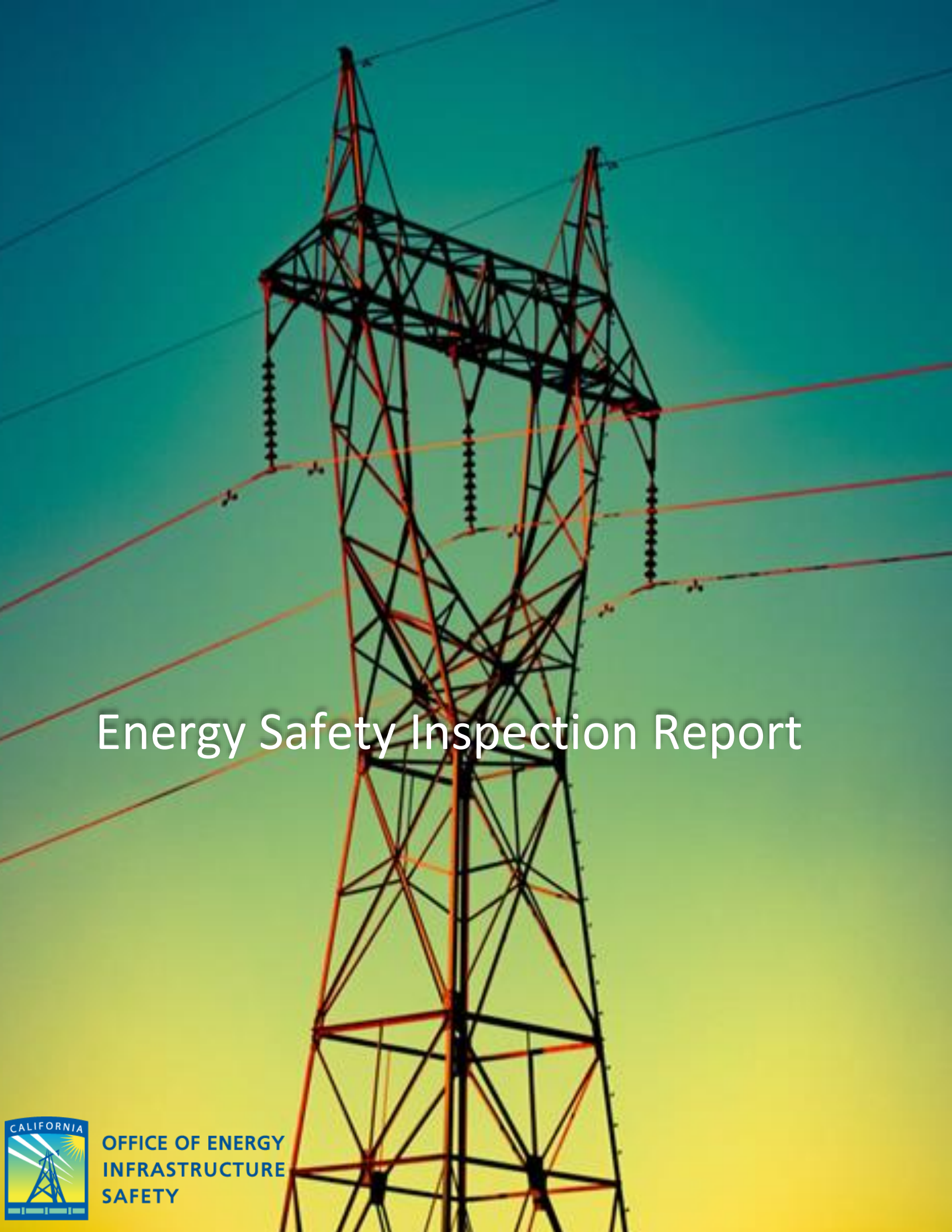
Sincerely,

Shannon O'Rourke
Deputy Director | Electrical Infrastructure Directorate
Office of Energy Infrastructure Safety

[1] Energy Safety Compliance Guidelines, pp. 5-6
[2] Energy Safety Compliance Guidelines, p. 7
[3] https://efiling.energysafety.ca.gov/EFiling/DocketInformation.aspx?docketnumber=2021-NOD
[4] Energy Safety Compliance Guidelines, p. 6

Cc:

Peter Stoltman, Liberty Utilities
Jordan Parillo, Liberty Utilities
Ed Chavez, Energy Safety
Mikayla Loucks, Energy Safety
Anthony Trujillo, Energy Safety
compliance@energysafety.ca.gov



Energy Safety Inspection Report

OFFICE OF ENERGY
INFRASTRUCTURE
SAFETY

Table of Contents

Report Number: LU_CAC9_20220719_1033
Date(s): July 19, 2022
Inspector: CAC9
Utility: Liberty Utilities
Attention: Dan Marsh, Senior Manager, Rates and Regulatory Affairs

I. BACKGROUND

While wildfires are a natural part of California's ecosystem, the “fire season” in California and throughout the West is beginning and finishing earlier and later each year. Climate change and drought are believed to be major contributors to this unsettling pattern. Utility-ignited wildfires are also a significant contributor to the wildfire risk in the Golden State, as this ignition cause category represents a disproportionate amount of the largest and most destructive fires in state history. Consequently, the Office of Energy Infrastructure Safety (Energy Safety) was established per the California Energy Infrastructure Safety Act (Government Code sections 15470 – 15476) with the primary objective to ensure electrical corporations reduce wildfire risk and comply with energy infrastructure safety measures. One method Energy Safety deploys to meet its objective is conducting detailed visual inspections of electrical infrastructure.

Inspections are carried out by Energy Safety’s Compliance Division on a regular basis to verify the work performed by electrical corporations, as reported in approved wildfire mitigation plans (WMPs) or subsequent filings and assess general conditions of electrical infrastructure that may adversely impact an electrical corporation’s wildfire risk. Accordingly, Energy Safety inspections are distinguished into two lines of effort. Inspections related to an electrical corporation’s execution of its WMP initiatives are referred to as “WMP Initiative Inspections,” and findings are detailed in Table 2 below. Issues discovered during these inspections are categorized as violations and are accompanied by a notice of violation (NOV). In addition to assessing compliance with WMP initiatives, Energy Safety inspectors also visually assess the electrical infrastructure and surrounding vegetation to determine whether conditions are present that increase an electrical corporation’s ignition and wildfire risk in accordance with the electrical corporation’s obligation to “construct, maintain, and

operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment." (Public Utility Code section 8386) These inspections are referred to as" General Wildfire Safety (GWS) Inspections", and findings are detailed in Table 3 below. Issues discovered during these inspections are categorized as defects and are accompanied by a notice of defect (NOD).

This report details the findings of a recent Energy Safety inspection.

II. RESULTS

In accordance with Energy Safety's WMP Compliance Process, violations and defects discovered by Energy Safety must be corrected in a timely manner. The timeline for corrective action is dependent upon the risk category, location, and potential impact to worker safety of the violation or defect discovered. Risk categories range from minor to severe, and locational risks are determined with tier levels in the California Public Utilities Commission's High Fire Threat District (HFTD) map. Table 1 below outlines violation and defect risk categories and their associated correction timelines. The correction timelines identified below apply to the results of both WMP Initiative Inspections as well as GWS Inspections.

Table 1. Risk Category and Correction Timelines

Risk Category	Violation and defect correction timeline
Severe	• Immediate resolution
Moderate	• 2 months (in HFTD Tier 3) • 6 months (in HFTD Tier 2) • 6 months (if relevant to worker safety; not in HFTD Tier 3)
Minor	• 12 months or resolution scheduled in WMP update

Table 2. WMP Initiative Inspections Violation

Item	Structure ID	Lat/Long	HFTD	Initiative Number	Violation Type	Severity	Violation Description
-	-		-	-	-	-	-

Table 3. General Wildfire Safety Inspection Defect

Item	Structure ID	Lat/Long	HFTD	Defect Type	Severity	Defect Description
D1	80896	38.923599523626365, -119.98196346557832	Tier 2	Cold End Hardware	Severe	Surge arrester is discolored and burnt

III. DISCUSSION

On February 4, 2022, Liberty Utilities submitted its quarterly data report (QDR) for Q4 of 2021, covering the reporting period of October 1, 2021, through December 31, 2021. Liberty Utilities' Q4 QDR data was submitted pursuant to Energy Safety Data Standard published on September 1, 2021. The Q4 QDR data detailed the status of Liberty Utilities' WMP initiatives as of the end of Q4 2021.

Energy Safety utilized an internally established selection criteria to define the sample of Q2 2021 initiative activities and structures to inspect for WMP compliance. Based on this, Energy Safety conducted inspections of the selected structures to assess Liberty Utilities' compliance with the following WMP initiative: Distribution Pole Replacement and Reinforcement, Including Composite Poles (2021 WMP initiative number 7.3.3.6) and Expulsion Fuse Replacement (2021 WMP initiative number 7.3.3.7). The inspections serve to assess the accuracy of Liberty Utilities' QDR data, the completeness of its work, and whether it followed its protocols.

On July 19, 2022, Energy Safety conducted an inspection pursuant to the established selection criteria described above, in the vicinity of the city of South Lake Tahoe, El Dorado County, California. Upon arriving at the inspection location, Energy Safety observed the following defect:

Defect 1: Energy Safety observed a surge arrester discolored and burnt indicating possible arcing on pole number 80896 (Lat/Long: 38.923599523626365, -119.98196346557832), as shown on page A-2. A surge arrester is designed to protect electrical equipment from voltage spikes caused by lightning strikes, power line faults, or other unexpected events by diverting excess current away from sensitive equipment. When a surge arrester is discolored and burnt indicating possible arcing. In such cases, the surge arrester may be unable to safely divert voltage spikes or other surges away from equipment which may result in equipment damage or failure. The equipment damage or failure may in turn create a wildfire ignition risk if sparks or molten metal contact flammable material on the ground. Energy Safety considered this defect to be in the Severe risk category.

Energy Safety notified Liberty Utilities of this defect by phone on July 19, 2022. Liberty Utilities dispatched service personnel to the location to assess the situation. Liberty Utilities notified Energy Safety that the surge arrester was functional and within Liberty Utilities' acceptable operating standards. Energy Safety accepts Liberty Utilities' response and considers this defect closed.

IV. CONCLUSION

Pursuant to its objectives and statutory obligations, Energy Safety has completed the above referenced inspection and discovered a defect associated with Liberty Utilities' equipment. Liberty Utilities' required response to this non-compliance and options for hearing are detailed in the associated notice of defect.

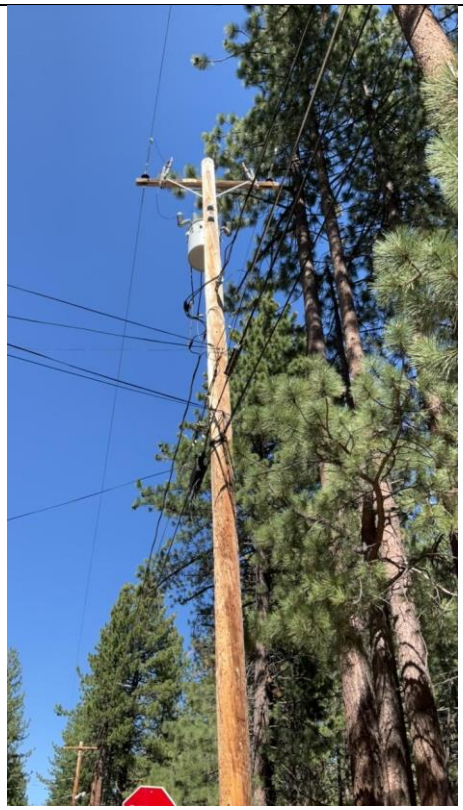
V. APPENDICES

APPENDIX A: Photo Log

Structure ID: 80896

Lat/Long: 38.923599523626365, -119.98196346557832

General Photo

	
Item14Gimg1: Overall pole	Item14Gimg2: Pole ID

D1 Photo

Item14CD3Img3: Burnt surge arrestor, indicating possible arcing on the surge arrestor