



December 7, 2023

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SUBJECT: Office of Energy Infrastructure Safety Issuance of San Diego Gas & Electric Company's Safety Certification

Mr. Skopec:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues San Diego Gas & Electric Company (SDG&E) a Safety Certification pursuant to Public Utilities Code section 8389(e). SDG&E's September 8, 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 SDG&E's Safety Certification request.

An overview of Energy Safety's findings follows.

Energy Safety must issue a Safety Certification if SDG&E provides documentation that it meets the requirements set forth in Public Utilities Code section 8389(e)(1) through (e)(7), as detailed below.

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]." SDG&E submitted its 2023-2025 WMP on March 27, 2023.² Energy Safety issued its decision approving SDG&E's 2023-2025 WMP on October 13, 2023.³ SDG&E has satisfied the requirement of Public Utilities Code section 8389(e)(1).

¹ [SDG&E's 2023 Safety Certification request](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55587&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55587&shareable=true>, accessed Sept. 14, 2023).

² [SDG&E's 2023-2025 Wildfire Mitigation Plan with attachments](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53487&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53487&shareable=true>, accessed Sept. 14, 2023).

³ [SDG&E 2023-2025 WMP Decision and Cover Letter \(October 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55782&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55782&shareable=true>, accessed Oct. 27, 2023).

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 SDG&E on May 8, 2023.⁵ The report identified three recommendations, listed below:

1. *Reduce barriers to prioritizing safety over job task goals.*
2. *Mitigate risk exposure posed by interactions with the public.*
3. *Build on efforts to track trends in safety event reporting and learn from them.*

On June 15, 2023, SDG&E formally agreed to implement the findings (including the recommendations) of its 2022 SCA report.⁶ SDG&E'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.

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.”

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

- Robert J. Borthwick
- Caroline A. Winn
- Karen Sedgwick

SDG&E provides brief biographies for these individuals, highlighting their relevant safety-related education and experience, and includes their “safety resumes,” summarizing their safety-related education and experience, in Attachment A of its Safety Certification request.

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 SDG&E \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53800&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53800&shareable=true>, accessed Sept. 14, 2023).

⁶ [SDG&E's Acceptance of 2022 Safety Culture Assessment Report \(June 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54071&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54071&shareable=true>, accessed Sept. 14, 2023).

SDG&E 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.”

SDG&E submitted a request for approval of its 2023 executive compensation structure on March 13, 2023.⁷ SDG&E submitted a revised executive compensation structure approval request on March 24, 2023.⁸ Energy Safety determined that SDG&E’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, 2023.⁹ SDG&E has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

⁷ [SDG&E’s request for approval of its 2023 executive compensation structure \(March 13, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53440&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53440&shareable=true>, accessed Sept. 14, 2023).

⁸ [SDG&E’s revised executive compensation structure approval request \(March 24, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53485&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53485&shareable=true>, accessed Sept. 14, 2023).

⁹ [Approval of SDG&E’s 2023 executive compensation structure \(September 20, 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55620&shareable=true)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55620&shareable=true>, accessed Sept. 20, 2023).

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), SDG&E's Safety Certification request cites the July 20, 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 SDG&E, including progress and challenges concerning wildfire mitigation, worker safety, and safety culture. During this meeting, a member of SDG&E's Board of Directors and three members of the executive staff gave a presentation and answered questions from the CPUC and Energy Safety. SDG&E was represented by Robert Borthwick, Chief Risk Officer at Sempra Energy and Chair of the SDG&E Board Safety Committee, Kevin Geraghty, SDG&E Chief Operating Officer and Chief Safety Officer, Brian D'Agostino, SDG&E Vice President, Wildfire Mitigation and Climate Science, and Jonathan Woldemariam, SDG&E Director of Wildfire Mitigation.

Pursuant to the Safety Certification Guidelines requirement¹⁰ that electrical corporations provide any materials used or referenced in the public meeting in their Safety Certification requests, SDG&E provided links to its presentation slides and a recording of the meeting in its request.^{11,12}

SDG&E 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

¹⁰ [Energy Safety's 2023 Safety Certification Guidelines](#) p. 3
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54211&shareable=true>, accessed Sept. 14, 2023).

¹¹ [SDG&E's CPUC & OEIS Safety Briefing \(July 20, 2023\)](#), available on its [WMP web page](#) under “Wildfire Mitigation Plan”
(https://www.sdge.com/sites/default/files/regulatory/230720%20CPUC%20OEIS%20Presentation_Safety_SDGE_A B1054%20Briefing%20FINAL.pdf;
<https://www.sdge.com/2023-wildfire-mitigation-plan>, both accessed Sept. 14, 2023).

¹² See SDG&E's presentation beginning at 1:52:06 in the recording of the public meeting [“2023 Electric Utility Safety Update Briefings, San Diego Gas and Electric \(SDG&E\) and Southern California Edison \(SCE\)” \(July 20, 2023\)](#)
(<https://www.adminmonitor.com/ca/cpuc/hearing/20230720/>, accessed Sept. 14, 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.¹³

Subsequent to receiving its last Safety Certification,¹⁴ SDG&E submitted quarterly notifications to Energy Safety on the required subjects on February 1,¹⁵ May 1,¹⁶ August 1,¹⁷ and November 1, 2023.¹⁸ Attachments to these notifications include the quantitative metrics indicating SDG&E’s progress on wildfire mitigation initiatives described in its 2023-2025 WMP. SDG&E

¹³ [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).

¹⁴ [SDG&E’s 2022 Safety Certification Issuance Letter \(Dec. 8, 2022\)](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53292&shareable=true>, accessed Sept. 14, 2023).

¹⁵ [SDG&E’s Quarterly Notification Letter from Feb. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53354&shareable=true>, accessed Sept. 15, 2023);

[Attachment A: SDG&E’s 2022 Wildfire Mitigation Plan 4th Quarter Progress Update, data as of December 31, 2022](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53355&shareable=true>, accessed Sept. 15, 2023).

¹⁶ [SDG&E’s Quarterly Notification Letter from May 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53780&shareable=true>, accessed Sept. 15, 2023);

[Attachment A: SDG&E’s 2023 Wildfire Mitigation Plan 1st Quarter Progress Update, data as of March 31, 2023](#)

(with vegetation management initiative names updated to reflect 2023 naming convention)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53795&shareable=true>, accessed Sept. 15, 2023).

¹⁷ [SDG&E’s Quarterly Notification Letter from Aug. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54416&shareable=true>, accessed Sept. 15, 2023);

[Attachment A: SDG&E’s WMP initiative progress for the second quarter of 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=54417&shareable=true>, accessed Sept. 15, 2023).

¹⁸ [SDG&E’s Quarterly Notification Letter from Nov. 1, 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55889&shareable=true>, accessed Nov. 2, 2023);

[SDG&E’s WMP initiative progress for the third quarter of 2023](#)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=55890&shareable=true>, accessed Nov. 2, 2023).

states in its first two quarterly notifications, "SDG&E is simultaneously submitting this notice to the California Public Utilities Commission as an information only submittal," and in the last two quarterly notifications adds the addressee of the notice, "SDG&E is simultaneously submitting this quarterly notification to the California Public Utilities Commission as an information-only submittal via email to Executive Director Rachel Peterson at rachel.peterson@cpuc.ca.gov."

WMP Implementation Progress:

In its Safety Certification request, SDG&E reports that it is "on-track or ahead-of-track for all targets except for strategic undergrounding." It reports that some strategic undergrounding projects are delayed because of weather and easement acquisition difficulties.

Energy Safety will continue to monitor and assess the implementation of this initiative as part of Energy Safety's compliance assurance activities.¹⁹

SDG&E 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 SDG&E included three recommendations, as noted above.²⁰ SDG&E describes actions it has taken to address each recommendation in its Safety Certification request and in its quarterly notifications.

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of the recommendations of SDG&E's most recent SCA.

Board Safety Committee Recommendations and Implementation Summary:

SDG&E's Safety Certification request indicates that summaries of SDG&E's quarterly Board Safety Committee meetings are included in its quarterly notifications. The request also includes a table of Safety Committee recommendations with the status of each (complete or pending).

According to the descriptions provided in SDG&E's quarterly notifications, SDG&E's management has implemented the majority of the Safety Committee's recommendations and expects to address the remaining recommendations at a Board Safety Committee meeting before the end of 2023.

¹⁹ 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).

²⁰ [2022 Safety Culture Assessment Report for SDG&E \(May 2023\)](https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53800&shareable=true) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53800&shareable=true>, accessed Sept. 14, 2023).

SDG&E 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.

Conclusion

SDG&E's request for a Safety Certification satisfies the statutory requirements in Public Utilities Code section 8389(e). Energy Safety expects SDG&E 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 SDG&E'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