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Via Electronic Filing

Caroline Thomas Jacobs, Director
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California Natural Resources Agency
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Subject: Input for Next Iteration of WMP Guidelines
Docket: WMP-Guidelines

Dear Director Thomas Jacobs,

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) respectfully submits the following comments regarding the Office of Energy Infrastructure Safety's solicitation for public input on the next iteration of its Wildfire Mitigation Plan (WMP) guidelines, issued March 4, 2024. Please contact Nathaniel Skinner (Nathaniel.Skinner@cpuc.ca.gov) or Henry Burton (Henry.Burton@cpuc.ca.gov) with any questions relating to these comments.

We respectfully urge the Office of Energy Infrastructure Safety to adopt the recommendations discussed herein.

Respectfully submitted,

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I. INTRODUCTION

On March 4, 2024, the Office of Energy Infrastructure Safety (Energy Safety) issued a notice soliciting public input for improvements on the next iteration of its Wildfire Mitigation Plan (WMP) guidelines. The next iteration of the WMP guidelines will provide guidance to electrical corporations for the 2026-2028 WMP, which will be submitted in 2025.¹ Pursuant to Energy Safety's notice inviting public comments,² Cal Advocates submits these written comments. In these comments, Cal Advocates makes the following recommendations for improvements:

- Energy Safety should identify a range of remedies and consequences applicable for serious shortcomings in a utility's WMP or WMP Update.
- Energy Safety should require robust reporting on the costs and benefits of mitigations.
- Energy Safety should review and adopt Cal Advocates' previous recommendations to increase transparency about wildfire risk models.
- Energy Safety should review and implement Cal Advocates' previous recommendations regarding the timing of WMP submissions, cost-accounting and bill impacts.

II. RECOMMENDATIONS ON WMP GUIDELINES

A. **Energy Safety should identify a range of remedies and consequences applicable for serious shortcomings in a utility's WMP or WMP Update.**

In comments submitted on August 18, 2023 regarding WMP update guidelines, Cal Advocates provided recommendations on how Energy Safety should improve the variety of remedies and consequences that are applicable to the utilities' Areas of Continued Improvement (ACI).³ The purpose of the ACIs is to review the utility's progress on specific topics that Energy Safety has previously identified as concerns. ACIs are an important part of the WMP review and approval process; they allow Energy Safety to track the utility's performance and improvement

¹ Office of Energy Infrastructure Safety, *Soliciting Public Input for Next Iteration of WMP Guidelines*, March 4, 2024, Docket WMP-Guidelines.

² Office of Energy Infrastructure Safety, *Soliciting Public Input for Next Iteration of WMP Guidelines*, March 4, 2024, Docket WMP-Guidelines.

³ *Comments of the Public Advocates Office on Public Advocates Office Comments Guidelines for the 2025 Wildfire Mitigation Plan Updates* at 9-11, August 18, 2023, docket 2023-2025 WMPs.

from year to year. Therefore, Energy Safety must have effective tools to ensure that utilities fully comply with each ACI.

Energy Safety lacks a sufficient range of remedies and consequences to address a utility's inadequate compliance or non-compliance with the requirements of an Area for Continued Improvement. Cal Advocates and other intervenors, in the past, have pointed out that certain utilities have failed to comply with ACIs.⁴ Energy Safety recognized several utility failures to fully comply with 2022 ACIs.⁵ However, in some cases, Energy Safety simply included a new ACI in its 2023 decision to require the utility to remedy its noncompliance.⁶ This type of second-chance action by Energy Safety effectively amounts to an extension on the original ACI and signals that compliance with ACIs is not a firm requirement.

An ACI represents, in Energy Safety's words, "areas where the utility must continue to improve its wildfire mitigation capabilities in future plans."⁷ Similarly, each ACI lists "required" progress. Currently, there is no clear mechanism for Energy Safety to ensure this required progress occurs. This gap should be addressed in the next iteration of the WMP Guidelines.

The same principle extends to shortcomings in other aspects of a utility's WMP submission. If a utility fails to fully address all the submission requirements defined in the WMP technical guidelines, Energy Safety should deem the filing deficient.

In the next iteration of WMP Guidelines, Energy Safety should provide for potential consequences for deficient filings, such as a Notice of Violation (NOV) or other tool. First, Energy Safety should clearly state in the 2026-2028 WMP Guidelines that compliance with all identified ACIs and WMP submission guidelines is a necessary condition for approval of the next WMP. Second, if a utility fails to or is unable to comply with an ACI, Energy Safety should issue an NOV. In response to the NOV, the utility in question should be required to explain why

⁴ See, e.g., *Comments of the Public Advocates Office on the 2023 Wildfire Mitigation Plans of Large IOUs* at 9-15, 23-25, and 31-34, May 26, 2023, docket 2023-2025-WMPs.

⁵ See, e.g., *Office of Energy Infrastructure Decision on 2023-2025 Wildfire Mitigation Plan, Pacific Gas and Electric Company, December 29, 2023*, status for ACI PG&E-22-34 at A-10.

⁶ See, e.g., *Office of Energy Infrastructure Decision on 2023-2025 Wildfire Mitigation Plan, Pacific Gas and Electric Company, December 29, 2023*, ACI PG&E-23-05 at 102.

⁷ *Office of Energy Infrastructure Decision on 2023-2025 Wildfire Mitigation Plan, Pacific Gas and Electric Company*, at 6, December 29, 2023 (emphasis added).

it was unable to adequately comply with the ACI. A pattern of failures to comply with Energy Safety ACIs should be grounds for denial of future WMPs. Third, Energy Safety should update the scope of work for independent evaluators to include an evaluation of a utility's compliance with its ACIs.

The 2026-2028 WMP Guidelines should include the revisions below, which would create the tools that would allow Energy Safety to hold the utilities accountable for their performance to the Areas of Continued Improvement:

- Energy Safety should utilize the work of the independent evaluators and expand their tasks to explicitly include an evaluation of each utility's compliance with its ACIs.
- Energy Safety should require compliance with all ACIs and WMP submission requirements as a necessary condition for WMP approval. Non-compliance will result in an NOV being issued to the utility.
- Energy Safety may defer action on approving or even reject a utility's WMP for failure to show compliance with the identified ACIs or other WMP submission requirements.

The proposed additions should be reflected within Appendix D of the 2026-2028 WMP Guidelines.

B. Energy Safety should require robust reporting on the costs and benefits of mitigations.

Utilities' WMP costs have risen dramatically since 2020 and have had a large impact on electric rates.⁸ Rising WMP costs translate to rate increases, which can be harmful to ratepayers. Mussey Grade Road Alliance (MGRA) has previously pointed out to Energy Safety that the rate increases necessary to recover the cost of wildfire mitigations, such as undergrounding, are burdensome. This is particularly true for the poorest segment of the ratepayer population, who may be forced to make difficult choices to lower energy costs.² The rate increase required for

⁸ For example, per *Pacific Gas and Electric, 2023-2025 Wildfire Mitigation Plan R4*, January 8, 2024, Table 4-1 at 73, PG&E's WMP expenditures rose by 24 percent from 2020 to 2022, an increase of over \$1 billion. See also, *Comments of the Public Advocates Office on Bear Valley Electric Service's 2023 to 2025 Wildfire Mitigation Plan and General Wildfire Mitigation Issues*, June 29, 2023 at 25-26.

² *Mussey Grade Road Alliance Comments on 2023-2025 Wildfire Mitigation Plans of PG&E, SCE, and SDG&E*, May 26, 2023, at 72; *Mussey Grade Road Alliance Comments on 2022 Wildfire Mitigation Plans of PG&E, SCE, and SDG&E*, April 11, 2022 at 57-60. MGRA shows a correlation between income and life expectancy, and argues that substantial increases in rates would effectively reduce income, and detrimentally affect the health and livelihood of ratepayers.

proposed utility undergrounding programs will likely have significant, adverse effects on the health and safety of this segment of the population in California.¹⁰

With the large IOUs focusing on undergrounding in recent years, it is likely that WMP costs—and, therefore, electric rates—will continue to rise in the future. As the California Public Utilities Commission (“Commission” or “CPUC”) rightly noted in Pacific Gas and Electric Company’s (PG&E’s) most recent General Rate Case, “ratepayers’ ability to pay for safety or risk reduction is not unlimited; as with all safety measures, the Commission must consider the cost and impact on affordability.”¹¹ Although it is not Energy Safety’s role to review and approve costs, Energy Safety does review and approve the actions a utility will take. These actions, when approved, will result in substantial expenditures that the utility must recover from ratepayers. As such, it is appropriate for Energy Safety to require relevant information about proposed costs, to consider tradeoffs between alternative mitigation strategies with different costs and benefits, and to reject or require modification of wildfire mitigations that would impose undue and burdensome rates on Californians.

In the current WMP Guidelines, there is a lack of reporting on the costs and benefits of mitigations used by the utilities. The utilities have argued that relying on a Risk Spend Efficiency (RSE) or a Cost-Benefit Ratio (CBR) alone does not provide adequate risk reduction.¹² However, cost efficiency (as represented by a cost-benefit ratio) is critical in determining whether ratepayer resources are being applied to reduce the maximum amount of risk. Though a cost-benefit ratio need not be used in isolation, it provides valuable information for analyzing tradeoffs between alternatives.¹³ As Cal Advocates has previously argued,

¹⁰ *Mussey Grade Road Alliance Comments on 2023-2025 Wildfire Mitigation Plans of PG&E, SCE, and SDG&E*, May 26, 2023, at 118; *Mussey Grade Road Alliance Comments on 2022 Wildfire Mitigation Plans of PG&E, SCE, and SDG&E*, April 11, 2022 at 57-60.

¹¹ *Decision On Test Year 2023 General Rate Case For Pacific Gas and Electric Company*, November 17, 2023 at 257.

¹² See, e.g., *Pacific Gas and Electric Company’s Comments on Draft Resolution SPD-15*, December 28, 2023 at 9-10.

¹³ “The Cost-Benefit Approach, which monetizes risk Attributes, would provide a more straightforward and transparent way for the IOUs to calculate Risk and risk reduction Benefits as compared to the MAVF approach adopted in the SA Decision... Use of a dollar valuation is common practice in risk assessment across various industries. Unlike RSE values, a Cost-Benefit Ratio provides information on whether the Benefits from a proposed mitigation measure exceeds its costs, Staff note.” California Public Utilities Commission, D. 22-12-027 at 20 (issued in Rulemaking 20-07-013 on risk-based decision-making).

reallocating money and staff from a low-CBR mitigation to a higher-CBR mitigation can reduce risk more quickly, providing benefits in the near term.^{14, 15}

To ensure that utilities are using ratepayer resources efficiently and reducing the maximum amount of risk in a timely manner, Energy Safety should require utilities to report on the costs and benefits of all mitigations, and to make available auditable workpapers to support their analyses. These workpapers should be provided to OEIS staff and any intervenors who would like to review the data. For high-cost mitigations, such as undergrounding, Energy Safety should further require utilities to include similar information for reasonable alternative mitigations. A robust record of the costs and benefits of proposed mitigations will allow Energy Safety and stakeholders to evaluate not only the amount of risk that the utility's plan will reduce, but how efficient the utility will be in its execution.

Energy Safety must have the tools to make informed and prudent decisions about wildfire mitigation plans. That entails considering the tradeoffs in time and cost between alternatives. The requirements for providing this critical information should be reflected in the 2026-2028 WMP Guidelines to ensure the utilities are appropriately reporting on the costs and benefits of all proposed wildfire mitigations.

C. Energy Safety should incorporate Cal Advocates' previous recommendations to create transparency about wildfire risk models.

In comments submitted on August 18, 2023 regarding WMP Update guidelines, Cal Advocates offered recommendations to improve the reporting of risk data by the utilities. Our previous comments remain pertinent, and so Cal Advocates urges Energy Safety to review and incorporate these recommendations as part of the 2026-2028 WMP Guidelines:

- Energy Safety should require utilities to provide full outputs of wildfire-risk models.¹⁶

¹⁴ *Public Advocates Office's Reply Comments on the Draft Decision Approving Pacific Gas and Electric Company's 2023-2025 Wildfire Mitigation Plan*, December 14, 2023 at 4-6.

¹⁵ As discussed in section II.C of these comments, it is important for Energy Safety to work with the CPUC to require alignment between GRCs and WMP cost accounting. To facilitate this alignment, Energy Safety should require utilities to utilize the same or substantially similar methodologies as the CPUC to calculate the CBR of mitigations. The CPUC adopted methods for quantifying risk and estimating cost-benefit ratios in D.22-12-027.

¹⁶ *Comments of the Public Advocates Office on Public Advocates Office Comments Guidelines for the 2025 Wildfire Mitigation Plan Updates* at 7, August 18, 2023, docket 2023-2025.

- Energy Safety should require utilities to submit internal risk-model documentation as appendices.¹⁷

In the 2026-2028 WMP Guidelines, Energy Safety should require utilities to provide full risk-model outputs for both the comprehensive WMP (covering the years 2026 to 2028) and the WMP Updates (covering 2027 and 2028 separately). To facilitate thorough and accurate analyses of the risk model outputs from year to year, Energy Safety and intervenors need the ability to analyze the full output of the risk models instead of only the top 20% of circuits.

The inclusion of the changes described above in the 2026-2028 WMP Guidelines will give both Energy Safety and intervenors the ability to perform in-depth and thorough review of the comprehensive WMPs and the WMP Updates.

D. Energy Safety should incorporate Cal Advocates' previous recommendations to improve the WMP process.

In comments filed on May 6, 2022 regarding WMP guidelines, Cal Advocates proposed several recommendations to Energy Safety to improve the WMP process. Our previous recommendations remain applicable. Therefore, Cal Advocates urges Energy Safety to review and incorporate the following previous recommendations as part of the 2026-2028 WMP Guidelines:

- 1. Energy Safety should stagger the submission of comprehensive WMPs (i.e., base WMPs) over a three-year period.¹⁸**

In the 2023-2025 WMP cycle, Energy Safety has not altered the submission schedule for the comprehensive WMPs. Cal Advocates acknowledges that Energy Safety has staggered the submissions within the year by placing electrical corporations into two different groups with minimal overlap. However, since all utilities will need to submit a three-year comprehensive WMP in 2025,¹⁹ the challenges of reviewing multiple comprehensive WMPs simultaneously remain.

¹⁷ *Comments of the Public Advocates Office on Public Advocates Office Comments Guidelines for the 2025 Wildfire Mitigation Plan Updates* at 8, August 18, 2023, docket 2023-2025.

¹⁸ *Comments of the Public Advocates Office on the 2023 Wildfire Mitigation Plan Guideline Development Workshop*, May 6, 2022, at 6-8.

¹⁹ Public Utilities Code 8387(b)(1) states, in part, "After January 1, 2020, a local publicly owned electric utility or electrical cooperative shall prepare a wildfire mitigation plan annually...At least once every three years, the submission shall be a comprehensive revision of the plan."

Cal Advocates previously proposed that Energy Safety adopt a plan that would stagger the submission of the comprehensive WMPs with the aim that, each year, one large and one small investor-owned utility (IOU) will submit a comprehensive WMP, and the remaining four IOUs will submit updates.²⁰ Staggering the comprehensive WMPs would substantially decrease the review burden each year on Energy Safety and intervenors. Energy Safety should prepare a staff proposal for the 2026-2028 WMP Guidelines that discusses a schedule staggering the comprehensive submissions and update submissions. This proposal should then be discussed in a subsequent workshop with both the utilities and the stakeholders.

2. Energy Safety should work with the CPUC to require alignment between General Rate Case (GRC) and WMP cost-accounting,²¹ and to produce comparable WMP bill-impact estimates.²²

Cal Advocates also notes that wildfire mitigation costs have increased substantially since 2020, and have been the subject of significant debate in general rate cases.²³ While Energy Safety and the CPUC have differing roles in approving programs and spending, they have a common interest in ensuring transparency into the relative costs and benefits of potential wildfire mitigations. To promote transparency, affordability, and effective regulatory oversight, Energy Safety should require each WMP to identify the applicable GRC accounting category for each WMP initiative, and to work with the CPUC's Energy Division to produce comparable WMP bill-impact estimates.

III. CONCLUSION

Cal Advocates respectfully requests that Energy Safety revise the WMP guidelines to ensure that utilities fully comply with submission requirements; to strengthen reporting on the costs and benefits of mitigations; to increase transparency about wildfire risk models, and to improve the WMP process.

²⁰ In these comments, Cal Advocates addresses only the IOUs, and omits discussion of independent transmission operators or publicly owned utilities.

²¹ *Comments of the Public Advocates Office on the 2023 Wildfire Mitigation Plan Guideline Development Workshop*, May 6, 2022, at 15-17.

²² *Comments of the Public Advocates Office on the 2023 Wildfire Mitigation Plan Guideline Development Workshop*, May 6, 2022, at 17-18.

²³ See, e.g., PG&E's 2023-2026 GRC Decision, which authorized \$4.7 billion for wildfire mitigation system hardening. Decision 23-11-069, November 17, 2023, Figure F at 273.

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