

December 5, 2024

VIA ELECTRONIC FILING

Tony Marino, Acting Deputy Director
Office of Energy Infrastructure Safety
California Natural Resources Agency
715 P Street, 20th Floor
Sacramento, CA 95814

Re: PG&E's 2025 Change Order for the 2023-2025 Wildfire Mitigation Plan
(WMP) (Docket #2023-2025 WMPs)

Dear Acting Deputy Director Marino:

Pacific Gas and Electric Company (PG&E or the Company) respectfully submits this change order request for our 2023-2025 Wildfire Mitigation Plan (WMP), in accordance with the guidance provided by the Office of Energy Infrastructure Safety (Energy Safety) in the 2023-2025 WMP Process and Evaluation Guidelines.¹ This submission consists of the following items:

- Summaries of the proposed changes for 2025;
- A summary table of proposed mitigation changes in redline format; and
- Explanations of the proposed changes.

Please note that we continue to make improvements to our processes and the way our mitigation work is performed. However, due to the restrictions on what is allowed to be submitted through the change order process, some of these improvements—and associated WMP revisions—are not included here.

We look forward to making these updates at the appropriate time and in accordance with Energy Safety's direction. Please do not hesitate to reach out should you need any clarifications or additional materials.

Sincerely,

_____/S/____

Jay Leyno

Director, Wildfire Mitigation PMO

¹ 2023-2025 WMP Process and Evaluation Guidelines (Dec. 6, 2022), pp. 22-28.

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1.0 2025 Change Orders

PG&E proposes updates to two Asset Inspection targets, GM-01 and GM-09, for 2025. These updates aim to clarify the inspection types and the High-Fire Threat District (HFTD) or High-Fire Risk Area (HFRA) designations included in the program. Each represents a significant shift in strategic direction based on an updated understanding of risk.²

The table in [Section 1.1](#) below shows each proposed target change and an explanation of how it meets guidance criteria. The proposed changes are marked in red with the text to be removed struck through.

1.1 Summary Table of Proposed Changes to Initiative Mitigations

Target Name & Initiative	2025 Target & Unit Update	X% Risk Impact 2025	Type of Change	Change Order Criteria Met	WMP Page #
GM-01: Asset Inspections – Quality Assurance (8.1.6.1)	<p>To update the target language for GM-01 to read as follows:</p> <p>Perform system inspection QA audits on QC completed locations and achieve the associated quality pass rates for each asset inspection program as specified below:</p> <p>Transmission Ground Inspection – HFTD/HFRA (Field): 500 audit locations*; 95% pass rate</p> <p>Distribution Ground Inspections – HFTD/HFRA (Field): 1,500 audit locations*; 95% pass rate</p>	N/A	Nature of the work	12.2.A: Grid design, operation, and maintenance 12.2B: Change in Strategic Direction	529

² 2023-2025 WMP Process and Evaluation Guidelines at 23 (“The change represents a significant shift in either the strategic direction or purpose of an initiative.”)

Target Name & Initiative	2025 Target & Unit Update	X% Risk Impact 2025	Type of Change	Change Order Criteria Met	WMP Page #
GM-09: Asset Inspection – Quality Control (8.1.6.2)	<p>To update the target language for GM-09 to read as follows:</p> <p>Perform system inspection QC audits and achieve the associated quality pass rates for each asset inspection program as specified below:</p> <p>System Inspection Transmission – HFTD / HFRA (Desktop): 16,000 17,450 audit locations*; 95 percent pass rate System Inspection Transmission – HFTD (Field): 1,450 audit locations*; 95 percent pass rate</p> <p>System Inspection Distribution – HFTD / HFRA (Desktop): 140,000 170,000 audit locations*; 95 percent pass rate System Inspection Distribution – HFTD (Field): 30,000 audit locations*; 95 percent pass rate</p>	N/A	Nature of the work	12.2.A: Grid design, operation, and maintenance 12.2.B: Change in strategic direction	531

1.2 Background Information

In 2024, PG&E submitted a Change Order Request which included proposals to: (1) update the target in AI-07: Detailed Ground Inspections – Distribution; and (2) update targets in GM-09: Asset Inspections – Quality Control (QC) and GM-01: Asset Inspections – Quality Assurance (QA). The update to AI-07 allowed us to include both ground and aerial methods for wildfire consequence-based inspections, reflecting our shift toward aerial inspections.³ The updates to GM-09 and GM-01 allowed us to remove the specificity of desktop versus field QC reviews and expand the scope of QA-audit-eligible locations to include all inspection types performed by System Inspections for Transmission and Distribution.⁴ Energy Safety approved each of these changes, acknowledging that each change was a response to an updated understanding of risk and was likely to reduce wildfire risk.⁵

Given this background, we are again seeking to update our targets for GM-01 and GM-09 in 2025 for the same reasons we requested the changes in 2024. This will make the work performed in 2025 consistent with the work performed in 2024, continue to reflect our updated understanding of risk, and continue to demonstrate the significant shift in strategic direction since the filing of our Base 2023-2025 WMP in early 2023.

1.3 Grid Design, Operation, and Maintenance

1.3.1 GM-01: Asset Inspections – Quality Assurance

We are requesting a change to target GM-01 to continue to align with the Company's significant shift in strategic direction toward aerial inspections, which was approved by Energy Safety as part of our 2024 change order request.⁶ As noted above, we again seek to expand Quality Assurance (QA) audit-eligible locations to include all aerial and ground inspection types performed by System Inspections for both Transmission and

³ PG&E 2024 WMP Change Order (Jan. 8, 2024) at 16-17

⁴ PG&E 2024 WMP Change Order at 17-18.

⁵ Energy Safety Decision on PG&E 2024 Change Order Request (May 31, 2024) at 3-4 (noting for each of the three changes that: "The proposed change responds to an updated understanding of risk and is likely to reduce wildfire risk.").

⁶ Energy Safety Decision on PG&E 2024 Change Order Request at 4 ("The proposed change responds to an updated understanding of risk and is likely to reduce wildfire risk. Aerial inspections are audited via desktop review while ground inspections are audited via field review. PG&E's previous request (AI-07) to perform more aerial inspections will require QA desktop audits. Removing the words "ground" and "field" from this target allows the target to cover both ground and aerial inspection QA audits, instead of only ground inspection QA audits.")

Distribution.⁷ As in 2024, the total volume of assets audited by QA will not be impacted, but this change will allow us to continue our shift to aerial inspections, reducing the overall risk on our system and simultaneously identifying additional opportunities for continued improvement.⁸ Therefore, we respectfully ask Energy Safety to approve this change as it did in 2024 since it again responds to an updated understanding of risk and is likely to reduce wildfire risk.⁹

1.3.2 GM-09: Asset Inspections – Quality Control

Similar to the request for target GM-01 above, we make this request to our align our 2025 mitigation work with the Company's significant shift in strategic direction toward aerial inspections, which was approved by Energy Safety as part of our 2024 change order request.¹⁰ As we explained in our 2024 submission, PG&E's integration of aerial inspections into target AI-07 introduces a body of audit-eligible locations requiring desktop QC review.¹¹ Since the current target language establishes a fixed proportion of desktop to field QC reviews, the introduction of these "desktop-only" locations may jeopardize the statistical validity of the audit sample by impacting only one side of the proportion. Therefore, we again propose maintaining the same total volume of QC reviews, but removing the specificity around desktop vs. in-field

⁷ PG&E 2024 WMP Change Order at 17 ("PG&E seeks to expand Quality Assurance (QA) audit-eligible locations to include all inspection types performed by System Inspections Transmission and Distribution.")

⁸ PG&E 2024 WMP Change Order at 17-18 ("The total volume of assets which will be audited by QA will not be impacted, but this change will allow us to reduce the overall risk on our system while simultaneously identifying additional opportunities for continued improvement.")

⁹ Energy Safety Decision on PG&E 2024 Change Order Request at 4.

¹⁰ Energy Safety Decision on PG&E 2024 Change Order Request at 4 ("The proposed change responds to an updated understanding of risk and is likely to reduce wildfire risk. PG&E's previous request (AI-07) to perform more aerial inspections will require more desktop inspections in GM-09").

¹¹ PG&E 2024 WMP Change Order at 17 ("Our current 2024 target for GM-09 specifies how many asset inspection QC audits will take place and exactly how many will be desktop audits versus field audits. Results for aerial inspections are performed via a desktop review, including the QC review, as opposed to an in-field review. As such, and to ensure valid statistical sampling methods are adhered to, we propose performing the same amount of QC reviews of inspections but removing specificity around desktop vs. in-field validation.").

validation.¹² Audit-eligible inspection methods still include, but are not limited to; ground, aerial, desktop, and climbing (Section 7.2.1) with no change in the overall volume of assets undergoing QC. Recognizing various inspection methodologies within QC sampling will allow PG&E to gain deeper insights, identify improvement opportunities, and enhance risk reduction across the system before issues arise. Therefore, we respectfully ask Energy Safety to approve this change as it did in 2024 since it again responds to an updated understanding of risk and is likely to reduce wildfire risk.¹³

1.4 Expanding PG&E's Mitigation Options to Better Address Risk

The two initiative mitigations in this section seek to expand the options available to PG&E and our customers to address risk more effectively and efficiently. The proposed expansions are aligned in part to Areas for Continued Improvement PG&E received and/or objectives approved by Energy Safety in the 2023-2025 WMP.¹⁴

1.5 Impact to Planned Expenditures

1.5.1 Percent of Planned Expenditures Already Spent

PG&E provided updated financial forecasts at the initiative activity level in alignment with Table 11 of the QDR. Based on this updated forecast, PG&E estimates having expended 56 percent of the total WMP forecast for these initiative activities by the end of 2024.

The table in Section 1.4.2, below, shows both planned and actual 2023 Operating Expenses (OpEx) and forecast expenses for both 2024 and 2025 as the 2024 Fiscal Year is ongoing. The table does not include Capital Expenditures which, for these programs, are \$0.

¹² The current target describes a total of 187,450 audit locations divided between Transmission desktop reviews (16,000), Transmission field reviews (1,450), Distribution desktop reviews (140,000) and Distribution field reviews (30,000). PG&E's proposed change maintains the total of 187,450 audit locations, but divides them between Transmission (17,450) and Distribution (170,000).

¹³ Energy Safety Decision on PG&E 2024 Change Order Request at 4.

¹⁴ PG&E 2023-2025 WMP R6 (Jul. 5, 2024) at 494-496; Energy Safety Final Decision on PG&E 2023-2025 WMP (Dec. 29, 2023) at 105-106.

1.5.2 Planned Expenditures for the WMP Cycle (Thousands of Dollars)

WMP Initiative Category	WMP Initiative Activity	Utility Initiative Tracking ID	2023 Planned OpEx	2023 Actual OpEx	2024 Planned OpEx	2025 Planned OpEx
Grid Design, Operations, and Maintenance	Quality assurance / quality control	GM-01, GM-09	\$10,657 ^(a)	\$27,572 ^(b)	\$24,119 ^(c)	\$57,475 ^(d)
<hr/> <p>(a) PG&E's 2023 Annual Report on Compliance, Table 4 – Spend (Apr. 25, 2024). (b) <i>Id.</i> (c) PG&E's 2024 Q3 Quarterly Data Report (QDR) Table 11 (Nov. 1, 2024). (d) <i>Id.</i></p>						

1.5.3 Redeployment of Planned Expenditures

PG&E manages next-year and in-year budgeting differently. Budgets for the following year are developed during the latter half of the preceding year and recorded in SAP, our system of record. Within a fiscal year, budget dollars may be reallocated directly from one program to another through a formal budget transfer process, but programs may also signal potential increases or decreases in forecasted end-of-year spend independently from other programs. As a result, there is often no targeted one-to-one reallocation of budgets across initiatives. Instead, forecasted budget reductions in one or many initiatives are offset by one or many forecasted budget increases in others. That is the case here; there have been no formal redeployments of any budget from these change order initiatives to any other initiatives. Rather, cost impacts from these changes, if approved, will be managed in 2025 within PG&E's in-year forecasting framework.