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Subject: Comments of the Public Advocates Office on Draft Resolution WSD-011

INTRODUCTION

Pursuant to Rule 14.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Public Advocate's Office at the California Public Utilities Commission (Cal Advocates) submits these comments on Draft Resolution WSD-011, the *Resolution Implementing the Requirements of Public Utilities Code Sections 8389(d)(1), (2), and (4), Related to Catastrophic Wildfire Caused by Electrical Corporations Subject to the Commission's Regulatory Authority* (WSD-011 or Draft Resolution).

In these comments, Cal Advocates makes the following recommendations:

Changes to the 2021 WMP Schedule:

- The Wildfire Safety Division (WSD) should adopt changes to the schedule for the 2021 Wildfire Mitigation Plan (WMP) cycle to eliminate overlap between deliverables and to ensure that workshops take place when they are optimally useful to stakeholders in reviewing the WMPs.

Changes to the 2021 WMP Guidelines

- The WSD should explicitly require a narrative section of each chapter outlining key differences between the WMP updates and the prior WMP.
- The WSD should collect data comparing program targets to actual performance.

- The WSD should explicitly require utilities¹ to provide working risk spend efficiency (RSE) models.²
- The WSD should develop a specific methodology for measuring rate and bill impacts.
- The WSD should develop a consistent labeling scheme for data tables.
- The WSD should include the terms “circuit mile” and “line mile” in the WMP glossary of defined terms.
- The WSD should require reporting of all risk events by category in addition to the total risk events.
- The WSD should normalize Red Flag Warning (RFW) days per 10,000 miles of overhead circuit miles within High Fire Threat District (HFTD) Tier 2 and Tier 3 areas.

Changes to the 2021 WMP Non-Spatial Data Template

- The WSD should require utilities to report their methodology for counting injuries and fatalities resulting from utility-caused wildfires.
- The WSD should refine and disaggregate data related to Public Safety Power Shutoffs (PSPS).

Changes to the 2021 WMP Safety Culture Assessment Process

- The WSD should consider how structural issues affect senior leadership safety culture as a part of the overall safety culture assessment.
- The WSD should require utilities to report on alternative safety enabling systems that are not adopted.

BACKGROUND

Public Utilities Code Section 8389(d) requires the Commission to consult with the Wildfire Safety Division (WSD) and adopt several requirements related to catastrophic wildfire risk by December 1, 2020 and annually thereafter. The Commission must adopt performance metrics, requirements for wildfire mitigation plans (WMPs), and a process for conducting annual safety culture assessments.

On August 5, 2020, the WSD issued three Staff Proposals, relating to the wildfire mitigation

¹ Many of the Public Utilities Code requirements relating to wildfires apply to “electrical corporations.” See *e.g.*, Public Utilities Code Section 8386. These comments use the more common term “utilities” and the phrase “electrical corporations” interchangeably to refer to the entities that must comply with the wildfire safety provisions of the Public Utilities Code.

² The applicable requirements for models and their availability are in the CPUC’s Rule of Practice and Procedure Sections 10.3 and 10.4.

plan (WMP) requirements,³ safety culture assessment process,⁴ and data reporting requirements.⁵ On August 11 and 12, 2020, the WSD hosted workshops to discuss these Staff Proposals and related topics. Cal Advocates and other stakeholders submitted comments on the workshops and staff proposals on August 26, 2020.

On October 12, 2020, the WSD issued Draft Resolution WSD-011, which, if adopted, implements the requirements of Public Utilities Code Section 8389(d). The Draft Resolution includes several attachments that articulate guidelines for 2021 WMP submissions, performance metrics, a WMP Maturity Model, changes to the WMP review process, and the annual safety culture assessment process.

DISCUSSION

A. Cal Advocates’ Recommended Changes to the 2021 WMP Schedule.

To facilitate the broadest possible stakeholder participation in the WMP review process, Cal Advocates proposes several changes to the schedule proposed in WSD-011,⁶ shown in Tables 1 and 2 below.

Table 1

Cal Advocates’ Proposed Changes to WMP Schedule for PG&E, SCE, and SDG&E

Event	WSD-011 Proposed	Cal Advocates Proposed
WMP Submission	February 5, 2021	
WSD Workshops	March 2-3, 2021	February 16-17, 2021
Public Comments	March 17, 2021	
Reply Comments	March 24, 2021	March 31, 2021
Draft Resolution	May 2021	
Commission Ratification	June 2021	

Cal Advocates recommends revising the WMP schedule for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to hold the WMP workshops on February 16 and 17, 2021, two weeks sooner than the proposed schedule. The WSD-proposed schedule includes workshops on March 2 and 3, 2021,

³ *Wildfire Safety Division Staff Proposal on Changes to Wildfire Mitigation Plan Requirements and Metrics Tables*, August 11, 2020 (Staff Proposal on WMP Requirements).

⁴ *Wildfire Safety Division (WSD) Geographic Information System (GIS) Data Reporting Requirements and Schema for California Electrical Corporations*, August 5, 2020 (Staff Proposal on Data Reporting).

⁵ *Wildfire Safety Division Draft Recommendations for Developing a Safety Culture Assessment Process*, August 12, 2020 (Staff Proposal on Safety Culture Assessments).

⁶ Draft Resolution WSD-011 (WSD-011), p. 10.

three and a half weeks after the WMPs are filed and only two weeks before the deadline for public comments on March 17, 2021. The timing for the workshops as proposed by the WSD will allow little time for stakeholders to analyze and research issues raised in the workshops and conduct follow-up discovery. This limits the usefulness of the workshops. Moving the workshops up two weeks to February 16 and 17, 2021 will allow adequate time for the information presented in the workshops to inform party comments on the WMPs.

Additionally, Cal Advocates recommends moving the deadline for reply comments back one week, to March 31, 2021, which would provide a total of two weeks between the receipt of the initial comments and the filing date for the reply comments. This will allow stakeholders additional time to review comments, analyze the issues raised therein, conduct discovery, and draft replies.

It is unclear from the proposal in WSD-011 whether the WSD intends to limit reply comments to the electric corporations, or to allow all stakeholders to file reply comments. To increase the opportunity for stakeholder input, Cal Advocates recommends that the WSD provide all stakeholders the opportunity to submit reply comments. Allowing all parties the opportunity for reply comments will help offset the significant reduction in time that WSD-011 provides for opening comments, compared to the 2020 schedule.⁷

Table 2

Cal Advocates' Proposed Changes to WMP Schedule for SMJU and ITOs

Event	WSD-011 Proposed	Cal Advocates Proposed
WMP Submission	March 5, 2021	March 12, 2021
WSD Workshops	March 30, 2021	March 23, 2021
Public Comments	April 14, 2021	April 21, 2021
Reply Comments	April 21, 2021	May 5, 2021
Draft Resolution	June 2021	
Commission Ratification	July 2021	

For the Small and Multi-Jurisdictional Utilities and Independent Transmission Operators, Cal Advocates recommends moving the WMP submission deadline back one week to March 12. This will allow stakeholders to finish drafting comments on PG&E, SCE, and SDG&E's WMPs prior to beginning review of the second group of WMPs. This will reduce the strain on stakeholders' staffing resources and enable a more thorough analysis of all WMPs.

Cal Advocates recommends moving the WMP workshops up one week, from March 30, 2021, to

⁷ The 2020 WMP were submitted on February 7, 2020, and public comments were submitted on April 7, 2020, for a total of 60 calendar days. See Resolution WSD-001, p. 3. WSD's proposed schedule for 2021 provides 40 days total between WMP submittal and public comments.

March 23, 2021, in order to allow time for stakeholders to incorporate findings from the workshops into their comments. As with the large utilities, the workshops should take place in the first two weeks after the WMP submissions.

Cal Advocates recommends moving initial comments back one week to April 21, 2021, to account for the later initial filing date, and reply comments back two weeks to allow for two total weeks between the deadlines for initial comments and reply comments.

WSD should continue to engage stakeholders in making iterative improvements to the WMP guidelines in future years and should provide a schedule in summer of 2021 for workshops and public comments to continue the process of refining various aspects of the WMP.

Finally, the WSD is proposing to move a substantial amount of non-spatial data that was previously reported within the WMP into the Quarterly Reports. The WSD states that the intention of this change is to “shift the data review to the off-season months... [in order to] reduce analysis time during the annual WMP review, leading to a faster and higher quality review process.”⁸ This change is laudable. However, in order to meet this goal for the 2021 WMPs, utilities would need to begin providing non-spatial data in the Quarterly Report that is currently scheduled for December 9, 2020. This deadline may be challenging for utilities to meet.²

The WSD should consider a one-time delay in this data submission. The submission deadline could be staggered with the Quarterly Report remaining due on December 9, 2020, and the non-spatial data filing due in early January 2021, so that it is available for stakeholders to analyze prior to the February 5, 2021 WMP deadline.

B. Cal Advocates’ Recommended Changes to the 2021 WMP Guidelines.

Cal Advocates recommends changes to the 2021 WMP guidelines as detailed below.

1. The WSD Should Explicitly Require a Narrative Section of Each Chapter Outlining Key Differences Between the WMP Updates and the Prior WMP.

It is crucial that in each WMP update submission, the utilities clearly identify changes from the previous submission. Calling attention to differences between WMP submissions is essential to facilitate an efficient review and analysis of the WMP update that hones in on new information.¹⁰ Moreover, it will enable stakeholders to evaluate the utility’s progress and to understand what the utility has learned over the past year.

In many individual sections of the 2021 WMP guidelines, the WSD asks the utilities to provide a narrative description of how the 2021 WMP updates differ from the 2020 WMP. For the ease of those reviewing the WMP and to more clearly show what is being updated, the WSD should

⁸ WSD-011, p. 9.

² Assuming WSD-011 is adopted at the November 19, 2020 Commission meeting, the electrical corporations will have less than three weeks to provide the same quantity of non-spatial data as they submitted in the prior WMP filing, with much less time to prepare that data.

¹⁰ If changes are not easily identified, stakeholders and the WSD may end up researching and analyzing the same issues that have been considered and resolved in previous years.

explicitly require a narrative section at the beginning of each chapter outlining key differences between the WMP updates and the prior WMP. The Public Advocates Office discussed this issue in its comments on the Staff Proposals and August 2020 workshops.¹¹

2. The WSD Should Collect Data Comparing Program Targets to Actual Performance.

The WSD recommends the creation of a new set of outcome metrics in which the electrical corporations will self-report program targets. The WSD describes program targets as “quantifiable measurements of activity identified in WMPs and subsequent updates used to show progress towards reaching the objectives, such as number of trees trimmed or miles of power lines hardened.”¹²

However, the WSD’s proposed table only includes data on actual performance and does not capture the electrical corporation’s program targets themselves.¹³ These tables should report yearly program targets, as reported in the WMP, along with actual performance. In addition, to promote accountability, the utility should include a citation in the table to identify where this target was discussed in the previous year’s WMP. This will enable the WSD to consistently track performance relative to targets.

Finally, it would be valuable to add a comments column to this table and require utilities to explain significant discrepancies in performance relative to targets. For example, if a utility falls short of its target, the utility should explain what factors impeded performance and what changes have been made to prevent recurrence. If a utility significantly exceeds its target, the utility should assess whether the target was too low and whether future targets need to be adjusted.

3. The WSD Should Explicitly Require Utilities to Provide Working Risk Spend Efficiency (RSE) Models.

The WSD states that for the 2021 WMP, “along with [RSE] calculations, utilities will be required to report their methodology behind RSE numbers, including data used & calculations conducted to determine RSE values in the WMP.”¹⁴ The WSD previously identified the lack of RSE calculations as a common deficiency to all of the 2020 WMPs, and required additional RSE data to be provided through Remedial Compliance Plans (RCPs).¹⁵

While the WSD proposes requiring a more detailed RSE showing in the 2021 WMP than in the prior WMP, WSD does not explicitly require that the utilities provide access to a working RSE model. Requiring that utilities provide the working spreadsheets or models which were used to develop RSE numbers will allow stakeholders and the WSD to examine the RSE inputs, validate the RSE outputs, assess the RSE calculations for robustness and completeness, and obviate the

¹¹ See discussion in the *Comments of the Public Advocates Office on the Wildfire Safety Division’s August 2020 Workshops and Staff Proposals*, pp. 6-7.

¹² WSD-011, Attachment 2.1, p. 21.

¹³ See discussion in the *Comments of the Public Advocates Office on the Wildfire Safety Division’s August 2020 Workshops and Staff Proposals*, p. 7.

¹⁴ WSD-011, Attachment 2.1, p. 9.

¹⁵ Resolution WSD-002, p. 20.

need for multiple data requests from various stakeholders seeking to obtain the same data. This requirement is consistent with the CPUC's Rules of Practice and Procedure, Rules 10.3 and 10.4, which require the utility (or any other party) to provide this type of access to working models when utilizing models.

4. The WSD Should Develop a Specific Methodology for Measuring Rate and Bill Impacts.

Cal Advocates strongly supports the provision of clear and transparent data regarding the rate and bill impact of utility proposals such as the initiatives contained in the WMP.¹⁶ The WSD has proposed to include measurements of customer bill impacts as part of a new section of the WMP titled Actuals and Planned Spending for Mitigation Plan.¹⁷ However, the proposed metrics for rate and bill impacts lack methodological detail and are unlikely provide useful, consistent data as drafted.

The WSD requests that the utilities provide data on two outcome metrics intended to measure the "increase in cost to ratepayers:"¹⁸

- Dollar value of average monthly rate increase attributable to utility-ignited wildfires per year (e.g., \$3/month on average across customers for utility-ignited wildfires occurring in 20XX).
- Dollar value of average monthly rate increase attributable to WMPs per year.¹⁹

While the intention to collect monthly bill impact data is admirable, it is unclear how the WSD intends for these bill impacts to be calculated. The WSD leaves this largely at the discretion of the utilities, directing them to "report their methodology for calculating the increase costs to ratepayers, clearly showing how they derived each value."²⁰ Without additional detail or the development of a consensus methodology, utilities are unlikely to provide data that is useful or comparable.

Developing adequate bill impact metrics requires three levels of calculation. First, the utility must determine the revenue requirement associated with the initiatives in question. This involves determining the initiatives to be measured and how to assign the revenue requirement to a period of time. For example, will the expenses related to a particular initiative such as the undergrounding of a distribution line be reflected at the time when the costs are incurred, the time when they are booked to a memorandum account, or the time when the utility recovers the costs through bills?

Second, the utility must allocate this revenue requirement to the various customer classes

¹⁶ See discussion in the *Comments of the Public Advocates Office on the Wildfire Safety Division's August 2020 Workshops and Staff Proposals*, pp. 12-13.

¹⁷ WSD-011, Attachment 2.1, pp. 8-10.

¹⁸ WSD-011, Attachment 2.1, p. 10.

¹⁹ WSD-011, Attachment 2.1, p. 10.

²⁰ WSD-011, Attachment 2.1, p. 10.

through the marginal cost and billing determinant data included in its rate model to determine the impact of the specific revenue requirement on customer rates. The impact on various rate groups will necessarily be different, depending on the customer classes under consideration and on how the rate data is quantified. For example, the impact on the residential class will not be the same as the impact on the small commercial class. Likewise, the impact on the residential average rate will not be the same as the impact on the system average rate.

Third, the utility must use this rate data to determine monthly or yearly bill impacts. These bill impacts will vary depending on factors such as climate zone, season, and CARE/non-CARE customer status.

At each of the steps above, decisions must be made on which inputs to use and how to quantify outputs, which will affect the final results. Unless the calculations are standardized across utilities, the data will not be comparable and will be inherently less useful in this context.

The WSD should delay the reporting of this outcome metric until a specific methodology has been developed to calculate the bill impacts of WMP expenditures. Cal Advocates recommends that the WSD convene a working group to develop a common methodology for calculating bill impacts, involving utility rate design experts, stakeholders, and the Energy Division. Cal Advocates would contribute to this effort to collaboratively develop an outcome metric that can be reported in a future quarterly report.

5. The WSD Should Develop a Consistent Labeling Scheme for Data Tables.

The WSD should develop and employ a numbering scheme for all tables that is consistent and provides a unique identifier for each table. In Attachments 2.1, 2.2, and 2.3 of WSD-011, the WSD employs three separate sets of tables with similar numbering schemes, which could result in confusion. Tables within the WMP guidelines are labeled by section – for example, Section 2.1 on adherence to statutory requirements includes Table 2-1, a checklist of code requirements.²¹ Tables within WMP chapter 6 (showing performance metrics and underlying data) appear to have been intended to be numbered sequentially starting with Table 1. Tables containing non-spatial data in attachment 2.3 are also numbered sequentially starting with Table 1, but do not contain data consistent with their counterparts in chapter 6.

6. The WSD Should Include the Terms “Circuit Mile” and “Line Mile” in the WMP Glossary of Defined Terms.

To avoid future confusion, the WSD should include the terms “circuit mile” and “line mile” in the glossary of defined terms along with a summary of how the WSD intends these measures to be calculated. Bear Valley Electric Service (BVES) noted its confusion over the application of these two measures as contributing to the errors in BVES’ initial 2020 WMP filing. BVES states that this error occurred when “circuit miles were used instead of line miles for grid design and hardening projects, which made the per mile cost essentially three times the actual estimated cost.”²² Including circuit miles and line miles within the defined terms in the WMP glossary will

²¹ WSD-011, Attachment 2.2, pp. 18-21.

²² Bear Valley Electric Service, Supplemental Filing Regarding BVES 2020 WMP, October 13, 2020, p. 3.

help to prevent any further confusion on the matter.

7. The WSD Should Require Reporting of All Risk Events by Category in Addition to the Total Risk Events.

The WSD proposes to rename near-misses as risk events. The new category of risk events will include ignitions, outages not caused by vegetation contacts, outages caused by vegetation contacts, wire down events, faults, and other events with significant probability of ignition.²³ The WSD states that this change was made because “greater specificity and guidance is required to obtain the intended data in a consistent and meaningful manner.”²⁴

However, the section of the non-spatial data template reporting on risk events includes only total risk events, and some specific risk events (number of wires down, number of outages not caused by vegetation contact, and number of outages caused by vegetation contact) rather than all risk event categories. This breakdown omits faults and “other events with significant probability of ignition.” The WSD should require reporting of both total risk events, and reporting of each individual type of risk event which composes the total.

8. The WSD Should Normalize Red Flag Warning Days per 10,000 Miles of Overhead Circuit Miles Within HFTD Tier 2 and Tier 3 Areas.

In comments on the 2020 WMP, Cal Advocates recommended WSD adopt with modification PG&E’s changes to the method for normalizing outcome metrics (such as ignitions) by the number of RFW days.²⁵ PG&E proposed that metrics be normalized by RFW days multiplied by total overhead circuit miles within HFTD Tier 2 and Tier 3 areas.²⁶

Because the normalization is intended to capture the risk due to high winds, including undergrounded lines and lines outside of the HFTD dilutes the risk factors and distorts the meaning of the normalization. Using the current metric, a utility with a majority proportion of underground distribution lines and frequent high wind events would be difficult to distinguish from a utility with extensive overhead distribution infrastructure and fewer high wind events. Limiting the measurement to overhead lines eliminates this confounding variable and measures wind risk only to the lines that are subject to wind risk.

Cal Advocates also recommends modifying the calculation to normalize per 10,000 circuit miles, rather than per circuit mile, to avoid producing extremely small numbers which are prone to rounding error.²⁷

C. Cal Advocates’ Proposed Changes to Non-Spatial Data Template.

Cal Advocates recommends the following changes to the non-spatial data template.

²³ WSD-011, Attachment 2.1, p. 17.

²⁴ WSD-011, Attachment 2.1, p. 17.

²⁵ *Comments of the Public Advocates Office on the 2020 Wildfire Mitigation Plans*, April 7, 2020, p. 6.

²⁶ *Pacific Gas and Electric Company 2020 Wildfire Mitigation Plan Report Updated*, February 28, 2020, pp. 2-8 – 2-10.

²⁷ *Comments of the Public Advocates Office on the 2020 Wildfire Mitigation Plans*, April 7, 2020, p. 44.

1. The WSD Should Require Utilities to Report Their Methodologies for Counting Injuries and Fatalities Resulting from Utility-Caused Wildfires.

Fatalities and injuries due to utility-ignited wildfires are included in the non-spatial data template in Table 2, line 3a. The WSD should require the utilities to cite their sources and explain their methodology for counting injuries and fatalities.

2. The WSD Should Refine and Disaggregate Data Related to Public Safety Power Shutoffs.

The non-spatial data template collects some information on PSPS events in Table 11 but omits some important details which would shed light on the scope and impact of de-energization events.

As an initial matter, the WSD should define how to count customers for the purposes of PSPS reporting metrics. For example, customers could be counted by the number of meters which lose power during a PSPS event, the number of customer accounts affected, or the number of households affected. It is essential to obtain information that is comparable across utilities, consistent over time, aligned with the WSD's geospatial data schema, and aligned with the requirements of the de-energization rulemaking (R.18-12-005). The WSD should confer with the utilities to determine the most accurate and informative method of counting customers. If it is not feasible to establish the counting method prior to the 2021 WMP submissions, the WSD should require each utility to explain its counting method in its 2021 WMP submission.

Table 11 requires reporting of the total duration in customer hours of all PSPS events, the number of customer hours of planned outages including PSPS, and the number of customer hours of unplanned outages not including PSPS. The table *does not* require reporting of the total number of hours of planned outages exclusive of PSPS events. Planned outages for maintenance or other reasons are qualitatively different from a PSPS event. The two metrics should be disaggregated, and Table 11 should report both the total customer hours of PSPS events and the customer hours of planned outages exclusive of PSPS events.

Lines 4a-4f of Table 11 include data on the customers affected by PSPS events. The table includes several metrics related to the number of customers affected by PSPS events. However, the table instructs utilities that "if multiple PSPS events impact the same customer, [utilities should] count each event as a separate customer."²⁸

This method of counting is counterintuitive and obscures the customer impact of PSPS events, as discussed in Cal Advocates' August 27 comments on the Staff Proposals.²⁹ In effect, the WSD is asking for the number of *shutoffs* but describing the metric as the number of *customers*. These are distinct concepts.

The utilities should instead report on both (a) the total number of customers in each category affected by PSPS events and (b) the total number of shutoffs in each category. This will provide clarity, so that a household that experiences five PSPS events is not counted as if it were five

²⁸ WSD-011, Attachment 2.3, Table 11, Cell Z18.

²⁹ *Comments of the Public Advocates Office on the Wildfire Safety Division's August 2020 Workshops and Staff Proposals*, pp. 14-16.

separate households. This is because the impact on the same household being de-energized repeatedly is worse than if it were five different households each de-energized once.

Additionally, the WSD should require utilities to report the average amount of time in a year that each customer loses power due to PSPS,³⁰ and average length of each PSPS shutoff. These metrics will illuminate the impact of PSPS events and allow stakeholders to assess progress over time.

The WSD should collaborate with the Safety Enforcement Division (SED) on annual de-energization reporting requirements, to avoid duplication or conflict. SED has proposed to create an annual report on de-energization.³¹ If this recommendation is implemented, the annual report could be appended to the WMP and could replace some of the current metrics in the WMP guidelines.

Lastly, the WSD should ensure that the summary metrics reported in Table 11 are consistent with the data reported in the WSD's geospatial data schema. The summary data in Table 11 should be derivable from the geospatial data.

D. Cal Advocates' Recommended Changes to the Proposed Annual Safety Culture Assessment Process.

Cal Advocates recommends the following changes to the WSD's proposed annual safety culture assessment process.³²

1. The WSD Should Consider How Structural Issues Affect Senior Leadership Safety Culture as a Part of the Overall Safety Culture Assessment.

As a part of considering wildfire safety culture, the WSD should consider the impact of a utility's CEO and other senior leadership on safety culture. Senior leadership sets the tone for safety culture within an organization and should be considered as part of a comprehensive discussion of safety culture. The WSD should consider both the utility's existing top-down safety culture, as well as structural issues that shape its leadership safety culture.^{33,34} For

³⁰ This average should be calculated across all customers of the utility: total number of customer-hours of de-energization divided by total number of customers.

³¹ *Public Report on the Late 2019 Public Safety Power Shutoff Events*, CPUC Safety and Enforcement Division, April 30, 2020, p. 5.

³² WSD-011, Attachment 4.

³³ "Safety culture has been identified as a key element of industry efforts to demonstrate greater corporate responsibility and improved safety performance. Its relevance and standing is based upon the premise that culture influences the decisions and actions of people in an organization and these behaviors directly and indirectly drive safety outcomes (Turner, 1978; Vaughan, 1996; Reason, 1997; Clarke, 1999; Parker, Lawrie, & Hudson, 2006; Hopkins, 2012)." <https://search.proquest.com/openview/382bae96746ededb6a7b6a32b893aafe/1?pq-origsite=gscholar&cbl=18750&diss=y>

³⁴ In gas pipeline safety: "Commitment, leadership, and oversight from top management are vital to the overall success of a PSMS." Pipeline Safety Management Systems (PSMS) ANSI/API Recommended Practice 1173 First Edition, July 2015. <https://pipelinesms.org/wp-content/uploads/2018/08/API-RP-1173-Pipeline-Safety-Management-Systems.pdf>

example, executive compensation that is overly-focused on meeting certain shareholder value thresholds³⁵ rather than being tied to safety outcomes will create structural economic incentives for senior leadership to prioritize stock price. Severance packages that are not tied to safety outcomes can also serve as structural incentives toward harmful safety outcomes.³⁶ These structural incentives do not prioritize safety culture, and WSD should ensure that they are considered as a part of the culture assessment. There is a clear statutory basis for the WSD to consider such structural issues in a safety assessment,³⁷ and it should do so here.

The senior leadership also has non-structural impacts on safety culture. For example, a senior leadership team that is short-tenured, with high turnover, will reduce the ability of a utility to maintain an effective safety culture over time. Leadership is a core issue that must be considered in order to ensure that a utility has an effective safety culture.

2. The WSD Should Require Utilities to Report on Alternative Safety Enabling Systems that are Not Adopted.

As part of the proposed safety culture self-assessment, the WSD instructs the utilities to list any Safety Enabling Systems, defined as “specific and direct mechanisms to manage and improve safety.”³⁸ In addition to identifying the Safety Enabling Systems implemented by the utilities, it would be useful to have narrative information about alternative potential Safety Enabling Systems that the utilities have not adopted. The WSD should require the utilities to report on any alternative Safety Enabling Systems that were considered and to explain why they chose to proceed with the adopted Safety Enabling Systems. Requiring the utilities to explain their Safety Enabling Systems choices and the alternatives considered will assist the WSD and stakeholders in understanding how the utility makes decisions and will help to hold the utilities accountable for both safety and financial impacts.

CONCLUSION

Cal Advocates respectfully requests that the Wildfire Safety Division adopt the recommendations discussed herein. Please contact Henry Burton (henry.burton@cpuc.ca.gov) or Matthew Karle (matthew.karle@cpuc.ca.gov) with any questions relating to these comments.

³⁵ “The majority of Johnson’s total reported compensation at the parent company of Pacific Gas and Electric Co. came through \$11.1 million in stock options, according to a filing the company made this week with the Securities and Exchange Commission. However, Johnson can only exercise those options if PG&E Corp. shares reach certain prices — \$25, \$40 and \$50 — by specific deadlines in 2023 and 2024.” <https://www.sfchronicle.com/business/article/PG-E-CEO-earned-18-5-million-on-paper-He-15172606.php>

³⁶ See multi-million-dollar office severance payments, “XI. Potential Payments Upon Resignation, Retirement, Termination, Change in Control, Death, or Disability” pp. 45-46. <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001004980/226417a6-85c5-4ed9-b6e1-930de34a3e5d.pdf>

³⁷ Public Utilities Code Section 8389(e)(4) gives the Commission authority to make the issuance of an annual safety certification contingent on a utility having an executive compensation structure approved by the WSD.

³⁸ WSD-011, Attachment 4, p. 15.

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November 2, 2020
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