

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Implement Electric Utility Wildfire  
Mitigation Plans Pursuant to Senate Bill  
901 (2018).

Rulemaking 18-10-007  
(Filed October 25, 2018)

**COMMENTS OF THE UTILITY REFORM NETWORK  
ON WSD-011**



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## TABLE OF CONTENTS

|    |                                                                                                                                         |    |
|----|-----------------------------------------------------------------------------------------------------------------------------------------|----|
| 1. | INTRODUCTION .....                                                                                                                      | 1  |
| 2. | THE SCHEDULE REQUIRES MODIFICATION TO ALLOW INTERVENORS A SUFFICIENT ABILITY TO ASSESS THE LARGE INVESTOR OWNED UTILITY WMP .....       | 1  |
|    | 2.1. More time is needed for review of the applications.....                                                                            | 2  |
|    | 2.2. At a minimum, there should be more time between the workshop and the submission of intervenor comments .....                       | 3  |
| 3. | ANY BILL IMPACT INFORMATION PROVIDED BY THE UTILITIES SHOULD BE SUPPORTED BY DETAILED WORKPAPERS AND MODEL LONG-TERM RATE IMPACTS ..... | 4  |
| 4. | MITIGATION COSTS AND RISK SPEND EFFICIENCIES SHOULD BE PRESENTED CONSISTENT WITH THE SMAP SETTLEMENT AT A GRANULAR LEVEL. ....          | 5  |
| 5. | CLARIFICATIONS WOULD IMPROVE THE PROPOSED METRICS.....                                                                                  | 7  |
| 6. | THE WSD SHOULD ADOPT SPECIFIED TRIGGERS THAT PRECLUDE THE PROVISION OF A SAFETY CERTIFICATION .....                                     | 9  |
| 7. | CONCLUSION .....                                                                                                                        | 10 |

## 1. INTRODUCTION

The Utility Reform Network (TURN) submits these comments on Resolution WSD-011 and its appendices which lay out the requirements for the submission of the electrical corporations' 2021 Wildfire Mitigation Plans (WMPs). WSD-011, Attachment 4 outlines the process for the Wildfire Safety Division's (WSDs) safety culture assessment to be completed for each electrical corporation as required by Cal Pub. Util. Code § 8389(d)(4). These templates and guidance build on the WMP guidance laid out for the submission of the 2020 WMPs.

TURN commends the WSD on the development of a process that provides the Commission and intervenors effective tools for the review of the WMPs in the limited time allotted under statute. The process for the review of the 2020 WMP established a solid foundation and WSD-011 recommends procedural improvements that further promote efficiency in the review of the WMP. In these comments, TURN recommends modifications to ensure consistency with California Public Utilities Commission (CPUC) risk-based decision-making requirements, improve the ability of intervenors to provide meaningful comments, and better guarantee that metrics measure improved safety results.

## 2. THE SCHEDULE REQUIRES MODIFICATION TO ALLOW INTERVENORS A SUFFICIENT ABILITY TO ASSESS THE LARGE INVESTOR OWNED UTILITY WMP.

WSD-11 proposes a schedule for the review of the WMP that aligns with the statutory requirement that the WSD issue a resolution on the WMP within three months.<sup>1</sup> As drafted, however, WSD-11 provides less than six weeks, which is insufficient time, for Intervenors to review and provide feedback on the WMPs proposed by all three of the large Investor Owned Utilities (IOUs). Additionally, while WSD-11 includes workshops for the presentation of the WMP, these workshops are scheduled for approximately two weeks before the Intervenor comments are due, making it difficult, if not impossible, to schedule any needed follow up workshops. TURN recommends changes to the schedule that better provide for meaningful participation. These recommendations are based on TURN's experience providing comments in the 2019 and 2020 WMP proceedings as well as its experience in other CPUC proceedings, in particular the Safety- Model Assessment Proceeding (SMAP), Risk Assessment and Mitigation Phases (RAMPs) and General Rate Cases (GRCs).

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<sup>1</sup> Cal. Pub. Util. Code § 8386.3(a)

WSD-011 also proposes to stagger the submission of the large IOUs' WMPs and those of the small and Multi-Jurisdictional IOUs. Large IOUs will file their WMPs first with the small and multi-jurisdictional IOUs filing theirs approximately a month after the large IOU submissions. If staggering the submission is intended to address the burden of reviewing the WMP under the statutory time constraints, WSD should stagger the submission of SCE and PG&E's WMP.

## **2.1. More time is needed for review of the applications**

In 2019 intervenors were given approximately 5 weeks to provide comments on the WMPs. In 2020 the WMP review cycle was approximately two months. In response to the suggestion that future WMP cycles beyond 2020 would provide less time for the review of WMPs, TURN argued:

Twenty days is a ridiculously short period of time for public comments, particularly for the extensive (and necessary) amount of information that is now to be required in WMPs. Even if utilities provide some information (via response to a Standard Data Request) in advance of the formal WMP submission as Figure 1 indicates, parties cannot provide any meaningful analysis of the considerable information that the ALJ Ruling and Attachments require in just a few weeks. Parties like TURN have experience and expertise that can greatly aid the WSD's review of WMP submissions, but we cannot do the necessary deep dive into utility conclusions regarding such complex matters as claimed risk reduction and risk spend efficiency without sufficient time to scrutinize the underlying data and assumptions behind the utility presentations, much of which will still need to be pursued through data requests.

WSD and the Commission should disavow the timeline in Figure 1 for not just the 2020 WMP process, but for the foreseeable future. Instead, CPUC and WSD should make clear that non-utility parties will be afforded two months for WMP review and analysis and the preparation of comments, consistent with Draft Resolution WSD-001. TURN notes that, under Section 8386.3(a), the 3-month deadline for WSD's decision can be extended if the WSD makes a written determination that the three month deadline cannot be met. In light of the new and ambitious information requirements in the ALJ Ruling and Attachments, at least in the early years of working with this additional information, WSD would be well-justified in extending the three-month deadline.<sup>2</sup>

TURN acknowledges that the WSD-011 proposed schedule provides more than the 20 days identified in the ALJ Ruling discussed above and appreciates that the utilities will be providing additional information in advance via their Quarterly Reports (QR), but the time provided is still insufficient for a comprehensive review of the plans. WSD-011 offers materially less time for the

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<sup>2</sup> Comments of [TURN] on the December 16, 2019 Administrative Law Judge's Ruling, R.18-10-007 (CPUC Jan. 7, 2020) at 3.

review of WMPs by intervenors than the 2020 schedule (8 weeks, 4 days). As drafted, WSD-011 provides less than six weeks for intervenors to provide comments on all three of the large IOUs' WMPs. Shortening that time further limits the ability of intervenors like TURN to provide substantive and helpful feedback on the WMP filings by the large IOUs. In 2019 and 2020, TURN has been forced to limit its focus to SCE and PG&E; further limiting the time for review may further limit the analysis and comments that TURN and other similarly situated Intervenor are able to provide. Accordingly, TURN urges the WSD to provide an additional two weeks for the review of the WMP, giving parties a total of approximately 8 weeks to provide comments.

Attachment 3 to WSD-011 states that “insights generated from the Quarterly Reports (QR) may reduce analysis time during annual WMP review, leading to a faster review process.”<sup>3</sup> This is the first year the IOUs have been required to submit QR and the first year the QR will be treated as part of the WMP filing. Until the WMPs are submitted, it is not clear that the QR filings will, in actuality, make the review of the WMP more efficient. Changes to the schedule to account for efficiencies from the QR process may be reasonable, but before that decision is made, the WSD should go through at least one WMP cycle to test the issue before making changes to the WMP review process. TURN, and potentially other intervenors have limited resources and do not necessarily have the ability to review QR as they are submitted throughout the year, so the review of the WMP will require a deep dive into the QR that deadlines have not otherwise afforded.

The final schedule adopted by the Commission in WSD-011 should provide for at least 8 weeks for the review of the WMPs submitted by the large IOUs. Alternatively, WSD could stagger the submission of the large IOU WMPs. For example, PG&E could file its WMP on February 5 and SCE and SDG&E could file theirs on March 5. While there would be some overlap in the review periods, there would be approximately a month of review where the timelines would not overlap, giving intervenors and the WSD a chance to focus their review and analysis related to the large IOU WMPs.

## **2.2. At a minimum, there should be more time between the workshop and the submission of intervenor comments**

The proposed schedule calls for a workshop on the WMP submissions on March 2-3 with comments on the large IOUs WMPs due only two weeks later. In the WMP review proceedings,

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<sup>3</sup> WSD-011, Attachment 3, p. 7.

parties rely on a three-day deadline for discovery.<sup>4</sup> As drafted, the schedule would not give parties sufficient time to incorporate data obtained in discovery submitted after the workshop if there is any follow up discovery required. The timing also precludes the WSD from potentially holding a second round of workshops taking a deeper dive into identified issues, if needed. The workshops should be held much earlier in the process to allow the opportunity for sufficient discovery and the chance to hold follow-on workshops on any issues that arise in the initial workshops.

**3. ANY BILL IMPACT INFORMATION PROVIDED BY THE UTILITIES SHOULD BE SUPPORTED BY DETAILED WORKPAPERS AND MODEL LONG-TERM RATE IMPACTS**

Consistent with its desire to ensure utility service is safe, reliable and affordable, in Attachment 2.1 WSD requires the utilities to provide bill impact information for Wildfire Expenditures dating back to 2016. In its prior feedback on the WMP guidance, TURN recommended that, to the extent the WSD relies on this information, it require the utilities to provide detailed workpapers identifying all relevant assumptions and inputs. TURN interprets the direction that “Utilities will be required to report their methodology for calculating the increase[d] costs to ratepayers, clearly showing how they derived each value” to mean that the WSD intends the utilities to provide workpapers consistent with this suggestion. The final resolution adopted should further clarify this requirement.

TURN also recommends that the utilities be required to provide a 10-year forecast of rate impacts. Considering the increased capital expenditures incurred as a result of wildfire mitigation work, additional years of rate impacts are required to demonstrate the long-term rate implications of wildfire work on utility customers, especially as the utilities increase capital spending year over year, and particularly given that tax impacts often result in very low, or even negative, revenue requirement impacts in the first one or two years of capital spending, which are then reversed in later years.

. A long term forecast of utility rates prevents the utilities from underestimating the impact of increased spending on their customers.

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<sup>4</sup> WSD-001, p. 4.

#### **4. MITIGATION COSTS AND RISK SPEND EFFICIENCIES SHOULD BE PRESENTED CONSISTENT WITH THE SMAP SETTLEMENT AT A GRANULAR LEVEL.**

WSD calls on the IOU WMP to include Risk Spend Efficiency (RSE) calculated for each mitigation proposed as part of the WMP.<sup>5</sup> In order to promote the optimal and cost-effective combination of mitigations to address a utility's risk, RSEs must be calculated consistent with the SMAP Settlement adopted in D.18-12-014, on a sufficiently granular basis and for all programs, whether new or existing. The WSD should require the utilities to work towards more transparency and more granularity. WSD Guidance provides for two changes, however, that undermine these goals and the value of the RSE.

First, the WSD guidance explicitly provides an alternative to the utilities that fail to track costs on a granular level. Proposed change 7c allows the IOU to aggregate the costs of proposed mitigations “when spend cannot be disaggregated.”<sup>6</sup> TURN opposes this provision. The baseline requirement should be that all wildfire spending is disaggregated and where it cannot be disaggregated, the utility should be required to estimate the disaggregated costs. The utilities can then use the comments section to both explain why costs cannot be disaggregated and, when the disaggregated costs are estimated, the assumptions that were relied on by the IOU to derive the estimates. To the extent that the WSD continues to allow the utilities to aggregate costs, it limits its ability to compare mitigations. Rather than implicitly allow continued obfuscation of costs, WSD must require cost disaggregation.

Second, and relatedly, mitigations should be scored at “as deep a level of granularity as reasonably possible”, consistent with the SMAP Settlement.<sup>7</sup> RSE is to be calculated on a “Tranche” basis and “[f]or the purposes of risk analysis, each element (i.e. asset or system) contained in the identified Tranche would be considered to have homogeneous risk profiles (i.e., considered to have the same [Likelihood of Risk Event] or [Consequence of Risk Event]).”<sup>8</sup> The goal is to have tranches that are as narrowly defined as possible, i.e. circuits in similar condition (age, material, etc) and similar locations (vegetation, wind, etc). Instead, WSD requires that “RSE for each initiative shall be reported

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<sup>5</sup> See WSD-011, Attachment 2.3, Table 12.

<sup>6</sup> WSD-011, Attachment 2.1, p. 24.

<sup>7</sup> D.18-12-014, Attachment A, Appendix A, Line 14, p. A-11.

<sup>8</sup> *Id.*

as 3 numbers: RSE in [High Fire Threat District (HFTD)] tier 3 areas; RSE in HFTD tier 2 areas; and RSE in non-HFTD regions.”<sup>9</sup>

While the Guidance requires RSE to be provided on an individual basis for individual mitigations, it should go further to ensure that RSEs are provided consistent with the SMAP settlement. Consistency with the SMAP settlement would require the utility to provide the RSE at as granular level as possible, ideally, at a circuit basis, so the WSD can compare the RSEs of proposed mitigation alternatives. This is consistent with the feedback provided by the Wildfire Safety Advisory Board (WSAB) that “The 2021 WMP Guidelines should require utilities to complete an RSE analysis for each mitigation measure, at a circuit level, so that each measure can be considered individually, in aggregate, and against each other, to determine optimal appropriation of wildfire mitigation efforts.”<sup>10</sup>

Requiring that the RSE for each mitigation initiative only be broken down to the HFTD tiers and non-HFTD is insufficient granularity for comparing mitigation alternatives. To the extent that this is only for the purposes of summarizing the RSE results, it may be appropriate, while unhelpful, for this high level RSE to be provided. However, to the extent that the WSD intends to use this RSE to compare mitigation alternatives, the guidance provided will not require the utilities to provide the information necessary to properly judge the efficacy of the proposed mitigations.

Further, in addition to comparing the efficacy of two different mitigation alternatives, the RSE score can inform how programs are scoped. Ultimately, each circuit has different characteristics that informs the risk that it poses as well as the impact a potential mitigation will have on a circuit. In short, the riskier a circuit, the greater the RSE. By calculating RSE on a circuit by circuit basis, the utility can identify the circuits where a given mitigation will have the most impact, those where it will not, and, ultimately, the proper scope of the program. However, the WSD cannot determine that the utility has scoped each mitigation program to provide the optimal benefit unless the RSE is calculated on a granular basis. Unless mitigations are scored at a granular level, which requires the utilities to disaggregate the costs, the WSD will not be able to get a full picture of the effectiveness of wildfire mitigations.

The WSD has the authority to require the utilities to provide more complete, granular and transparent information on their systems and their actions to address wildfires. The WSD should use that authority. TURN recommends that, in addition to requiring disaggregated costs and granular

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<sup>9</sup> WSD-011, Attachment 2.1, p. 25.

<sup>10</sup> WSD-011, Attachment 1, p. 7.

RSEs, WSD clearly state that any failure to provide this information in 2021 submissions will result in an unequivocal rejection of the proposed WMP. California residents and utility ratepayers deserve and are legally entitled to safe utility service consistent with affordable rates. The WSD should make clear that delay in supplying information that WSD needs in order to determine the cost effectiveness of proposed mitigations is unacceptable.

## **5. CLARIFICATIONS WOULD IMPROVE THE PROPOSED METRICS**

Reliable metrics are valuable as a tool for measuring progress over time and performance as compared to other similarly situated utilities. Metrics must be specific, objective, resistant to manipulation and auditable. Unless metrics are precisely defined, they are potentially subject to manipulation as evidenced in the Federal Monitor October 16, 2020 letter (attached) to Judge Alsup who is overseeing PG&E's probation:

Despite the fact that the top 100 circuits on the risk model had significantly higher risk scores than the remaining 596 circuits ranked in the model, approximately 59% of PG&E's completed 2019 EVM mileage was outside of the top 100 circuits. Of course, operational considerations may force some deviations from any risk model or related plan informed by that model, but in this case, the severity of the deviations strongly suggest that the Company prioritized the achievement of EVM mileage targets over the most meaningful wildfire risk reduction.<sup>11</sup>

While PG&E was able to demonstrate that it met identified program targets or metrics, in fact it had not completed the work consistent with safety considerations. In essence, PG&E manipulated its metrics to suggest that the utility was safer than it is in actuality.

As WSD moves forward it should keep this potential for manipulation in mind and take the steps necessary to audit utility reports to ensure any metrics relied on by the WSD reflect the reality of utility operations. Further, the WSD should work with the CPUC, and potentially intervene in R.20-07-013 the Second Safety Model Assessment Proceeding, to ensure that the safety metrics and measurements are consistent across the utility proceedings. Coordination will become increasingly important after the WSD relocates to the Department of Interior in Summer 2021.

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<sup>11</sup> Letter from Mark Filip, Federal Monitor to Honorable William H. Alsup, Re. Information Request Regarding Monitor Team Field Inspections (Oct. 16, 2020), p. 2 (Attached as Attachment 1).

Additionally, TURN offers the follow feedback on specific metrics identified by WSD:

| <b>WSD Attachment 2.3 Table, Metric Name</b> | <b>TURN Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>TURN Recommendation</b>                                                                                                                                                                                                                                                                                    |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Table 7.1, 7.2, All Metrics                  | In addition to specifying when these events occur in high fire threat districts, utilities should also specify when these events occur on red flag warning days. This will provide the WSD with information on the ability of utility equipment to withstand high consequence weather events.                                                                                                                                                         | For each year and each HFTD Tier an additional column should be added to track the number of events occurring on Red Flag Warning days.                                                                                                                                                                       |
| Table 10, All Metrics                        | Infrastructure upgrades generally, and grid hardening specifically, includes a variety of activities. The variety of potential work is reflected in Table 12. The utility should separately identify the activities with specificity planned in order to provide the most accurate data on proposed spending and efficacy of mitigation actions. This will encourage the utilities to disaggregate costs and provide more precise RSEs in the future. | Infrastructure upgrades should be reported with the program specificity relied on in Table 12.                                                                                                                                                                                                                |
| Table 11, Metric 5                           | While injuries and fatalities associated with utility wildfires and mitigations are tracked in other tables, there is no metric that would reflect the injuries or fatalities associated with PSPS events.                                                                                                                                                                                                                                            | <p>Additional Metrics:</p> <p>Fatalities due to PSPS - Full-time employee</p> <p>Fatalities due to PSPS - Contractor</p> <p>Fatalities due to PSPS – Public</p> <p>OSHA injuries due to PSPS - Full-time employee</p> <p>OSHA injuries due to PSPS - Contractor</p> <p>OSHA injuries due to PSPS - Public</p> |

## 6. THE WSD SHOULD ADOPT SPECIFIED TRIGGERS THAT PRECLUDE THE PROVISION OF A SAFETY CERTIFICATION

WSD lays out its proposed process for the annual safety culture assessment required under § 8389. WSD proposes that its assessment will be based on “four forms of data collected from the electric corporations: 1. Targeted workforce survey...2. Organizational self-assessment and plan...3. Supporting documentation requirement...4. Interviews and observational visits.”<sup>12</sup> Additionally, WSD will consider certain safety related metrics to “measure improvements in safety culture.”<sup>13</sup>

The provision of a safety certificate allows a utility to benefit from a relaxed burden of proof in demonstrating the reasonableness of wildfire costs.<sup>14</sup> Additionally, whether or not a utility has a safety certificate will affect how much it must reimburse the Wildfire Insurance Fund in the event it causes a wildfire.<sup>15</sup> These benefits could lead to multi-billion dollar financial benefits.

WSD proposes that it will conduct a workforce study of utility employees after further coordination with the utilities to determine the appropriate population for the study. WSD acknowledges that to be effective survey administration must be fair and unbiased.<sup>16</sup> To that end, TURN proposes that the survey allow respondents to provide anonymous feedback so as to avoid any chance for retaliation.

WSD also proposes that each electrical corporation may complete a “self assessment” of its safety culture: “indicat[ing] its perceived state in 2021 and its target state for the following year.”<sup>17</sup> TURN continues to question the value of a self-serving utility self-assessment of safety culture given the benefits conferred by a safety certification. As reflected in the discussion of the Federal Monitor Letter above, the utilities are already incentivized to manipulate information consistent with their desired outcome. Tying the safety certificate to this process only encourages this behavior. Even without the benefits conferred from a safety certificate, in order to protect themselves against future legal challenges as a result of potential wildfire damage, it is unlikely that the utility would release any

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<sup>12</sup> WSD-011, Attachment 4, p. 4.

<sup>13</sup> WSD-011, Attachment 4, p. 10.

<sup>14</sup> Cal. Pub. Util. Code § 451.1(c).

<sup>15</sup> Cal. Pub. Util. Code § 3292(h).

<sup>16</sup> WSD-011, Attachment 4. p. 13-14.

<sup>17</sup> WSD-011, Attachment 4. p. 14.

self-assessment that is anything but positive. For these reasons, TURN recommends that the WSD not move forward with any self- assessment and instead focus its efforts on other indicators of safety culture.

TURN’s prior comments on WSD’s proposal identified certain conditions that WSD should treat as a disqualification from the provision of a safety certificate. TURN continues to submit that these events should include, at a minimum:

- Any failure of the utility to meet applicable legal requirements to report a safety incident to the California Public Utilities Commission during the preceding year;
- Any CPUC finding of a Rule 1 violation related to a safety matter in the preceding year;
- Any felony conviction in the preceding year;
- Any violation of the conditions of probation in the preceding year; and
- Any finding by the CPUC in the preceding year that a utility called an unnecessary PSPS or a PSPS that exceeded an appropriate scope by 25% or more;

Any of these triggering events should be treated as evidence of a deep safety problem and should be treated as sufficient evidence that the utility in question needs to further develop its internal safety culture before reaping the benefits of a safety certificate.

Finally, WSD directs that in order to achieve a favorable safety assessment each electric corporation appoint a Chief Safety Officer or equivalent board level director.<sup>18</sup> As TURN laid out in its comments on the draft proposal, it is not clear that the appointment of a Chief Safety Officer would have the impact of improving safety performance. Given that this position has been required for PG&E in its Bankruptcy, TURN recommends that WSD monitor the impact of this position on PG&E’s safety record before creating this additional position in the other utilities.

## 7. CONCLUSION

TURN appreciates this opportunity to provide comments on the August 11-12 workshops and accompanying proposals. For all the foregoing reasons, TURN recommends that the WSD adopt the recommendations described herein.

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<sup>18</sup> WSD-011, Attachment 4. p. 12.

Dated: November 2, 2020

Respectfully submitted,

By: \_\_\_\_\_/s/\_\_\_\_\_

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**Attachment A**

**October 16, 2020 Federal Monitor Letter Re: Information Request Regarding Monitor Team  
Field Inspections**

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October 16, 2020

The Honorable William H. Alsup  
United States District Court for the Northern District of California  
450 Golden Gate Avenue  
Courtroom 12 - 19th Floor  
San Francisco, CA 94102

Re: Information Request Regarding Monitor Team Field Inspections

Dear Judge Alsup:

This letter responds to your request for an update on the Monitor team's field inspections of PG&E's vegetation management and infrastructure inspection operations since last year.

### **Vegetation Management**

The Monitor team continued conducting vegetation management inspections of PG&E's Enhanced Vegetation Management ("EVM") work in August of this year, following the Company's completion of the majority of its 2020 EVM mileage targets. In sum, based on inspections completed to date (and a smaller sample this year than last, given quarantine restrictions and field conditions), the Monitor team has not seen a meaningful improvement in the quality of work from late 2019 to 2020.

On a per-mile basis, the Monitor team is finding more missed trees (what we refer to as "potential exceptions" to the EVM scope) in 2020 than we did in the later part of 2019. For perspective, from May to July 2019, the Monitor team found 11.4 potential exceptions per mile. After we discussed the underlying deficiencies with PG&E throughout the summer and early fall of 2019, and following revamped training by PG&E, the quality of work improved, and the exception rate dropped to 1.1 potential exceptions per mile from September to December 2019. This year, the Monitor team has found approximately 4.82 potential exceptions per mile, with potential missed hazard trees accounting for roughly half of the exceptions. Therefore, although there were meaningful improvements within 2019, that improvement appears to have, at best, plateaued, and perhaps actual regression has occurred. For the Court's reference, we have attached a finding from an October 4, 2020 inspection, during which we identified a tree that PG&E was supposed to have removed in mid-August, but twice failed to remove, seemingly because of a series of process breakdowns. The leaves on the tree had singed from contact with the conductor.

October 16, 2020

Page 2

Following the Monitor team's identification of the tree and immediate escalation to PG&E management, PG&E removed the tree within 24 hours.

It is too early to identify with absolute certainty the cause for increased findings this year or whether there is an actual backsliding trend from late 2019. The Monitor team inspections this year are, for the most part, taking place in more vegetation-dense areas than they did last year, which may explain the increased findings. Our sample size so far this year is also smaller than last year. Although we had already intended to inspect fewer miles this year than last, pandemic-related travel restrictions, stay-at-home orders, quarantine requirements, and social-distancing regulations substantially limited our ability to safely send members of our team into the field to inspect remote portions of PG&E's service territory. Additionally, wildfire-related air quality hazards have forced our inspection teams to remain indoors on many days scheduled for inspections, and the unprecedented scope of wildfires this year has also limited our access to certain inspection locations. Despite these limitations, the Monitor team has analyzed over 1,600 individual conductor line segments and over 10,200 trees with potential to strike electric assets, through inspections of approximately 27.58 miles of EVM work.

One of the reasons the Monitor team believes vegetation density may be playing a role in the increased misses this year stems from field inspection observations and analyses the Monitor team completed in the first quarter of 2020. Specifically, in late 2019 and early 2020, the Monitor team analyzed data collected from approximately 500 miles of line we inspected in 2019, and the more than 1,150 missed trees (including over 300 hazard trees) we identified and reported to PG&E. During those inspections, and particularly towards the later part of 2019 as PG&E was pushing to achieve its year-end EVM targets, Monitor team inspectors were observing fewer and fewer trees—and, at times, no trees at all—on mileage that PG&E had counted towards its 2019 EVM goals. Although we began raising this lack of vegetation density to the Company in December 2019, it prompted us to undertake an in-depth assessment in early 2020 regarding the vegetation density and risk profile of the mileage on which the Company conducted its 2019 EVM work.

In sum, the Monitor team's findings from our field observations and subsequent data analyses suggested that PG&E completed the majority of its 2019 EVM work in relatively low-risk portions of its high fire-threat districts ("HFTDs"). Put another way, as the Company pushed to meet its 2,455-mile EVM target for 2019, it did not prioritize wildfire risk reduction according to its risk model. PG&E had previously represented that it prioritized 2019 EVM work based on a risk model the Company developed with a third-party consultant, which assigned a risk score for each HFTD circuit. The Company also highlighted that its EVM plan prioritized higher-risk mileage in the multi-year EVM program to achieve the greatest risk reduction sooner rather than later in the plan lifecycle. Despite the fact that the top 100 circuits on the risk model had significantly higher risk scores than the remaining 596 circuits ranked in the model, approximately 59% of PG&E's completed 2019 EVM mileage was outside of the top 100 circuits. Of course, operational considerations may force some deviations from any risk model or related plan informed by that model, but in this case, the severity of the deviations strongly suggest that the Company prioritized the achievement of EVM mileage targets over the most meaningful wildfire risk reduction.

October 16, 2020

Page 3

Aside from the risk model, our assessment and field observations further revealed that not only were the selected circuits lower risk, but the EVM work completed in 2019 focused on portions of those circuits with fewer trees and that required less tree trimming work under the EVM scope. For example, 92% of mileage that passed EVM work verification (and was therefore counted towards PG&E's 2019 EVM targets) through November 2019 did not require any EVM tree trimming work. This statistic showed some directional improvement by the end of 2019, dropping to 77%. PG&E continued its directional improvement in 2020 and is conducting EVM work in higher density areas requiring more tree trimming work (preliminary analysis through September 2020 suggests that 57% of the EVM mileage completed in 2020 did not require any EVM tree trimming work, and our field observations suggest PG&E is performing more work in higher tree-density areas). Despite the directional improvement, we believe that the Company needs to do a much better job of prioritizing wildfire risk reduction within mileage targets through its EVM work, while operating pursuant to an effective risk model. The Company has committed to do so and is working on a revised risk model and EVM scope for 2021 EVM work. Preliminary indications (subject to ongoing assessment by the Company) are that the Company is planning to reduce the EVM work scope in 2021, for example, by trimming branches overhanging lines only on selected tree species, instead of all trees, among other reductions, while also planning to achieve its risk reduction targets with fewer resources. The Monitor team is continuing to inquire regarding the Company's 2021 plans, including whether, if necessary, the Company should devote more resources to meet its Wildfire Mitigation Plan targets, while abiding by its representations that it will do so in a manner that prioritizes overall wildfire risk reduction. Moving forward, the Monitor team will be focusing its vegetation management inspections in areas with greater vegetation density, and we will continue to evaluate the Company's use of its risk models.

### **Infrastructure Inspections**

The Monitor team is continuing field inspections in 2020 of PG&E's distribution assets and is including certain transmission assets into our oversight efforts. Our infrastructure inspections began around this time last year, as we commence our work following PG&E's completion of its own annual inspections of HFTD areas. We received the last of the data necessary to initiate our field checks of PG&E's work on September 28, 2020. In light of PG&E's inspection cycle, our plan is to conduct infrastructure field inspections of PG&E's 2020 inspections program through the second quarter of 2021. In 2019, the Monitor team found issues likely missed by PG&E's inspectors on approximately 12% of the assets our team inspected, and inspectors failed to collect basic asset information for PG&E's recordkeeping purposes on approximately one-third of assets inspected. In February 2020, the Monitor team presented specific feedback and findings to the leaders of PG&E's new System Inspections Team, who incorporated that feedback into PG&E's 2020 inspections program.

This is the first year of the Monitorship where PG&E has brought PG&E's entire electric asset inspections program under the leadership of a single Systems Inspections Team at the Company. The Monitor team viewed this centralized accountability as a positive step. However, the Monitor team recently discovered that the Company failed to perform enhanced climbing inspections of selected transmission towers in HFTDs prior to peak fire season this year—we immediately elevated this finding within the Company (senior leadership was unaware). In its initial planning, PG&E had set an internal target (not a Wildfire Mitigation Plan deadline) of

October 16, 2020

Page 4

August 31, 2020 to conduct enhanced, ignition-based climbing inspections of 100% of the 967 applicable transmission structures selected for 2020 inspections in HFTDs. That target would have allowed PG&E to inspect those transmission assets in the highest threat areas and begin any immediate repairs prior to peak fire season. By August 31, 2020, PG&E represented that it had conducted no such inspections (although it had completed less robust ground inspections of the 967 assets, and has since reported making progress on the climbing inspections). Additionally, the Company had conducted approximately 1,000 climbing inspections of transmission towers *outside of* high threat areas by that time, further underscoring the Company's shortcomings in executing work in a manner that prioritizes wildfire risk reduction. The failure to timely inspect the HFTD transmission towers pursuant to PG&E's plan appears to have been caused by human error, lack of oversight, miscommunications, and failure to appropriately escalate matters. The Company has now represented that it plans to complete these inspections by Thanksgiving 2020, and the Monitor team will continue to evaluate the Company's progress.

Overall, we believe the inspections and related analyses have identified material shortcomings in PG&E's progress, as compared to its stated goals regarding wildfire risk reduction. This is not to say that the EVM and other wildfire mitigation work PG&E completed in 2019 and 2020 did not result in a meaningful reduction in the wildfire risk profile—they did, and directionally the risk profile is being lowered—but it strongly appears that the Company failed to adhere to its risk models in its work execution and could have done better under its own chosen metrics and approaches. The Monitor team has identified these shortcomings to PG&E leadership and will monitor progress towards meeting past and current PG&E goals. Should the Court have any further questions in the meantime please do not hesitate to reach out.

Sincerely,

A handwritten signature in black ink that reads "Mark Filip". The signature is written in a cursive, slightly slanted style.

Mark Filip

## **Exhibit – Tree Report**

**PG&E Monitor Team Immediate Hazard  
Reported October 4, 2020**

- Segment ID: CIL\_AO123-K17\_233536
- GPS Coordinates: 37.8359150, -122.2016603
- Nearby Address: 6924 Snake Road, Oakland, CA 94611
- Veg Point ID: VP\_AO123-K18\_1733229\_2020
- HFTD: Tier 3
- Species: Blue Gum / Eucalyptus
- Height: 38
- DBH: 54 (including multiple stems)
- Monitor Team Observations: Leading sprouts of tree observed within one inch of primary conductor, and tree shows evidence of singeing from prior contact with conductor. Tree also located on steep slope with exposed roots.
- PI Comments field in Arc Collector states: "L/O PI 0907 Uphill Multistem, sent to HN URG 8/12/2020 M8D9 - revisited 8/31/2020, HN not complete, created WI point for removal M8D9"
- Photos of the potential exception are included below.









