

**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)

**REPLY COMMENTS OF
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933 E)**

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March 22, 2019

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Pursuant to the Assigned Commissioner’s Scoping Memo and Ruling dated December 7, 2018, Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty CalPeco”) hereby submits these reply comments on its Wildfire Mitigation Plan (“WMP”). These comments primarily respond to recommendations made by the Public Advocates Office (“Cal Advocates”) and the Office of the Safety Advocate (“OSA”).

I. MEANING OF PLAN APPROVAL

SB 901 requires the Commission’s “review and approval” of WMPs,¹ but parties disagree as to what “approval” of a utility’s WMP means. As described by MGRA, the process outlined by SB 901 creates a fundamental timing problem:

If the Commission decides *not* to hold that approval of the plans constitutes a reasonableness review, and to defer that decision to a future application by the utilities, then the utilities are operating at-risk with regard to spending on new programs specified in the WMPs, and have no guarantee of recovery. The constraints placed on the Commission with regard to the timeline for WMP scope and development have created a situation where due process rights for one or more parties may well be violated. ... There

¹ Cal. Pub. Util. Code § 8386(b).

may be safety impacts as well. If utilities are unsure as to certainty of recovery, they may hesitate to undertake expensive but possibly necessary improvements.²

Liberty CalPeco believes the process may be harmonized so utilities can move forward with wildfire mitigation measures while ensuring that costs associated with such measures can still be thoroughly reviewed and ultimately approved in a utility's general rate case ("GRC").

Approval of a utility's WMP must mean that the proposed programs and mitigation measures outlined in the WMP are approved and deemed reasonable, so a utility has the necessary funding to implement its WMP and further mitigate as intended by SB 901. Intervenors and interested parties will then have the opportunity to review and contest the reasonableness of any WMP costs in the utility's GRC. How a utility spends money to execute approved WMP programs and mitigation measures would be subject to review, but the actual WMP measures—having already been approved by the Commission—would be deemed reasonable and would not be subject to additional review. For example, if a WMP proposes to replace existing bare overhead conductor with covered conductor, once the WMP is approved, the utility's determination to replace the conductor with covered conductor would be deemed reasonable. However, parties would have the opportunity to contest the costs of the conductor replacement as part of the utility's GRC.

This approach is consistent with SB 901. Under SB 901, before the Commission approves a utility's WMP, parties and the public may examine and contest the proposed WMPs and measures and programs included therein.³ SB 901 requires that the Commission consider comments from "the public, other local and state agencies, and interested parties, and verify that the plan complies with all applicable rules, regulations, and standards, as appropriate."⁴ In addition to considering outside feedback on

² MGRA Comments, p. 4, footnote omitted, emphasis in original.

³ Furthermore, parties have the opportunity to review proposed costs for WMP programs and mitigation measures. As noted by Farm Bureau, "in establishing the templates for the WMPs cost estimates were required to weigh the cost implications." (Farm Bureau Comments, p. 3.)

⁴ Cal. Pub. Util. Code § 8386(d).

WMPs, the Commission will also carefully review WMPs and any proposals in the WMPs. Based on this information and the record developed in the instant proceeding, the Commission can then approve, disapprove, or require modifications to the WMPs.⁵

SB 901 requires that utilities must demonstrate compliance with their approved WMPs.⁶ However, utilities can only implement their WMPs if there is funding for the WMP programs and mitigation measures. SB 901 recognizes the necessity for WMP funding and requires that the Commission “authorize the utility to establish a memorandum account to track costs incurred to implement the plan.”⁷ However, providing the assurance needed to implement WMPs necessitates that WMP “approval” constitutes approval of the programs and mitigation measures outlined in the WMP.

SB 901 requires that consideration of whether costs of implementing WMPs are just and reasonable will be reviewed in the GRC.⁸ Liberty CalPeco’s proposal is consistent with the statute. While approval of the WMP would constitute approval of WMP programs and mitigation measures, the costs of implementing those programs and mitigation measures would then be subject to reasonableness review as part of the utility’s GRC. This would be the opportunity for parties to ensure “that the approach for the programs is the most cost-effective method available to the utility.”⁹

The GRC, however, is not the forum to review the actual mitigation measures in WMPs, which would have already been approved by the Commission. Therefore, while review of WMP costs in the GRC may be appropriate, the GRC is not a second opportunity to challenge WMP programs and measures.

Liberty CalPeco’s proposed meaning for WMP approval is consistent with Commission

⁵ “Prior to approval, the commission may require modifications of the plans.” (Pub. Util. Code § 8386(b).)

⁶ Once approved, “the commission shall oversee compliance with the plans.” (Pub. Util. Code § 8386(b).)

⁷ Cal. Pub. Util. Code § 8386(e).

⁸ Cal. Pub. Util. Code § 8386(g).

⁹ Farm Bureau Comments, p. 5, footnote omitted.

precedent. In D.10-06-048, the Commission approved a flexible spending approach for a utility reliability program, concluding that “expenditures authorized by this decision will be subject to the same reasonableness standards as for projects that are forecasted and adopted in the GRC process. That is, once completed, there is no requirement for a reasonableness showing or review.”¹⁰ The Commission should similarly conclude that approval of a utility’s WMP constitutes approval of the WMP programs and mitigation measures, ensuring that there is no requirement for any additional reasonableness review of the approved WMP programs and mitigation measures.

Liberty CalPeco’s proposal is also consistent with recommendations made in opening comments. For example, the approach recommended by Cal Advocates describes how “each utility is authorized to establish a memorandum account to track costs beginning with the date the Plans are approved, which allows for the consideration of whether the costs incurred to implement the plan was just and reasonable in their GRCs.”¹¹ Further, as described by Farm Bureau, this process will ensure “that specified programs would commence as soon as possible yet ensure the Commission would exercise its full oversight over the costs.”¹² Accordingly, approval of WMPs should ensure that WMP programs and mitigation measures are approved and deemed reasonable.

Approval of WMPs must allow for modifications and improvements. Wildfire mitigation is not a static process. CEJA notes:

SB 901 requires an analysis of factors including whether the “noncompliance resulted in harm,” whether the utility self-reported the “circumstances,” whether the utility implemented corrective actions, and whether the utility “had previously engaged in conduct of a similar nature that caused significant property damage or injury.” As shown by this language, SB 901 hinges on evaluation of the harm that occurs from a utility’s actions, circumstances that may cause harm, self-corrections, and exercise of reasonable care. These factors are not focused, for example, on the specific amount of hardening done, but rather on how well the system is working at preventing wildfires.¹³

¹⁰ D.10-06-048, p. 43.

¹¹ Cal Advocates Comments, p. 2, footnote omitted.

¹² Farm Bureau Comments, p. 4.

¹³ CEJA Comments, p. 4, footnote omitted.

To prevent wildfires effectively, utilities must be afforded the flexibility to improve their WMPs continually, incorporating lessons learned and best practices to effectively address wildfire risk.

Flexibility is necessary, given the timeframe and limits that are likely to impact WMP implementation. Availability of resources may require utilities to adjust proposals in their WMPs. If, for example, there is a shortage of covered conductor or a shortage of certified contractors that can implement WMP proposals, utilities must have the flexibility to deviate from their approved WMPs, given the lack of available resources to timely implement approved WMP proposals. Similarly, if scarcity, increased demand, or other factors impact prices for products or services such that costs for approved WMP proposals become unreasonable or restrictive, utilities must have the ability to deviate from the approved WMP to ensure mitigation measures can occur without subjecting customers to unreasonable costs.

Flexibility is particularly important, given the expedited schedule required by SB 901. As described by the Commission in the OIR:

The Commission does not expect to achieve perfection in the short time that will be available for the initial review and implementation of the first wildfire mitigation plans, but will work with the parties to make the best use of that time to develop useful wildfire mitigation plans. The Commission will also use this proceeding to further refine its approach to the review and implementation of subsequent electric utility wildfire mitigation plans.¹⁴

Utilities should be permitted to make the best use of the limited time to implement WMPs to refine proposals to enact effective and reasonable mitigation measures. To the extent that a utility deviates from its approved WMP to address situational needs and/or improve mitigation measures, such deviation may be reviewed and addressed in the utility's GRC.

In light of the multi-year intervals between GRCs and the likely substantial costs to implement the annual WMPs, the Commission should also authorize utilities to seek interim cost recovery via

¹⁴ OIR, p. 3.

application, with costs subject to refund upon reasonableness review in the GRC. The Commission should not adopt inflexible cost recovery rules that limit cost recovery to triennial GRC proceedings, as this may slow the pace of the utility’s critical fire safety work.

II. OVERALL OBJECTIVES AND STRATEGIES

A. Liberty CalPeco’s territory already has established evacuation plans

OSA recommends that Liberty CalPeco perform a traffic simulation and evacuation study, suggesting that Liberty CalPeco should “find an expert to work with who can do an evacuation study to examine anticipated traffic conditions and evacuation times.”¹⁵ OSA suggests that Liberty CalPeco “needs to work with their jurisdictional representatives from Cal FIRE, their county’s sheriff department, and the California Office of Emergency Services (‘OES’) to develop an evacuation plan.” OSA further recommends that “evacuation issues should always be a consideration when determining risk factors and if a PSPS is necessary to insure public safety.”

The Lake Tahoe area already has established evacuation plans for both the North and South Lake Tahoe areas. With funding provided by Cal FIRE, the North Lake Tahoe Fire Prevention District and the Meeks Bay Fire Prevention District developed the North Lake Tahoe plan.¹⁶ The South Lake Tahoe Emergency Management Community Council, in collaboration with Lake Tahoe-based safety agencies, developed the South Lake Tahoe plan, which was partially funded through grants from U.S. Homeland Security and the Federal Emergency Management Agency.¹⁷

Liberty CalPeco is ready and willing to work with these organizations, when requested, to provide any additional input to evacuation and other emergency response plans.

¹⁵ OSA Comments, p. 4.

¹⁶ The North Lake Tahoe plan, titled the ‘Emergency Preparedness and Evacuation Guide,’ can be accessed at <https://www.ntfire.net/emergency-preparedness>.

¹⁷ The South Lake Tahoe plan, titled ‘Emergency Management Guide,’ can be accessed at <https://cityofslt.us/171/Emergency-Disaster-Information>.

III. RISK ANALYSIS AND RISK DRIVERS

A. Liberty CalPeco adheres to strict wildlife protection standards and has a protection plan

OSA recommends that Liberty CalPeco “develop a wildlife facilities protection plan for their distribution facilities and transmission facilities located in Tiers 2 & 3 of the HFTD map.”¹⁸ OSA also makes an unfounded assumption that Liberty CalPeco “most likely has a problem with wildlife caused faults.”

While only a small number of Liberty CalPeco outages are wildlife-related, Liberty CalPeco already has an Avian Protection Plan in place to protect birds and reduce wildlife-related outages.¹⁹ In addition, Liberty CalPeco adheres to strict wildlife protection standards of permitting agencies, such as the United States Forest Service and state and county jurisdictions, during the permitting process for work on overhead distribution facilities throughout its service territory.

B. PSPS Event Issues

1. Liberty CalPeco sufficiently addresses contact of critical service providers and critical care customers, as well as sets forth a timeline for a five-phase notification procedure

OSA voices the following issues related to Liberty CalPeco’s PSPS action plan:

- The plan does not say anything about contacting critical service providers, such as, water treatment plant owners, telecommunications providers, hospitals, nursing homes, or school districts.
- There is no description of baseline medical customers or vulnerable customers described or is there any information how these types of customers will be tracked or contacted during the execution of their PSPS procedures.
- There is no established time line for when the four stages of the PSPS plan notification will take place.²⁰

¹⁸ OSA Comments, pp. 20-21.

¹⁹ A copy of Liberty CalPeco’s Avian Protection Plan is included as Attachment 1.

²⁰ OSA Comments, p. 22.

Liberty CalPeco addresses OSA’s points as follows. Liberty CalPeco provided a “response stakeholder list” in its WMP that will be used for immediate contact/notification during an emergency event.²¹ The stakeholder list includes water treatment plant owners, telecommunications providers, hospitals, and various other agencies and organizations. During a de-energization event, Liberty CalPeco will activate its Emergency Response Plan, included in Appendix C of its WMP, and would utilize the stakeholder list to address nearby local governments, ratepayers, and critical agencies such as primary care hospitals, public utility districts, water and wastewater treatment plants, telecommunication companies, emergency personnel, and those with whom the utility has established mutual aid agreements.

Liberty CalPeco maintains a list of critical care customers who have notified the company of medical conditions that require electric service in its GIS system. During long-duration outages, Liberty CalPeco performs outreach calls via its Everbridge automated calling system to notify customers. Liberty CalPeco plans to use Everbridge during wildfire and PSPS events.

Liberty CalPeco continues to enhance procedures to communicate the various stages of a PSPS to customers and other stakeholders, utilizing various means of communication, including the Liberty Utilities website, Interactive Voice Response, social media, local media correspondents, roadside signage, and Everbridge.

In its 2020 WMP, Liberty CalPeco will propose a five-phase notification procedure to inform customers and other stakeholders of a PSPS event. The five phases include:

- Phase 1: An ongoing process designed to strengthen existing partnerships and correspondence between regional agencies, customers, organizations, and commerce.
- Phase 2: A warning stage during which anticipated wildfire threats are elevated, and the

²¹ Liberty CalPeco WMP, p. 42 (Table 5-1).

justification for a potential power shut-off is evident. Presently, Liberty CalPeco proposes that Phase 2 be initiated 72 hours before the PSPS event.

- Phase 3: An alert stage, proposed to be initiated 48 hours in advance of a PSPS event. The Director of the Safety Enforcement Division (“SED”) will be notified, as soon as practicable, after the decision to de-energize is made. It should be noted that Liberty CalPeco may not always be able to provide notice of a PSPS event this far in advance because of rapidly changing conditions that may require a PSPS event in a shorter timeframe.
- Phase 4: Communications throughout the PSPS event.
- Phase 5: Communications at the completion of a PSPS event. This phase would also include contact with the SED Director and report of the PSPS event.

IV. WILDFIRE PREVENTION STRATEGY AND PROGRAMS

A. Liberty CalPeco’s substation design hardening projects would significantly reduce wildfire risks, and changed facts and conditions support their authorization

Regarding the two substation projects included in Liberty CalPeco’s WMP, Cal Advocates suggests that Liberty CalPeco “should identify the wildfire risk reduction benefits before the Commission approves this program.”²² Cal Advocates also recommends:

For projects that the Commission has previously not authorized cost recovery but where the utility now seeks cost recovery again, the Commission should direct the utility to provide supplemental information about the specific changed facts and conditions around seeking authorization this time through the WMPs.²³

1. A recent fire marshal inspection recommends the modernization and relocation of Brockway Substation

The aging and failing Brockway Substation poses an imminent wildfire risk and needs to be relocated and rebuilt to alleviate fire safety concerns.²⁴ Brockway Substation is situated in a small

²² Cal Advocates Comments, p. 13.

²³ Cal Advocates Comments, p. 25.

²⁴ Liberty CalPeco WMP, pp. 24-26.

clearing of a heavily forested area and, if ignited, could result in a catastrophic and widespread wildfire. Many assets within the Brockway Substation are at risk of igniting because of close proximity to heat sources. The location of aging oil circuit breakers directly under wood bus work could result in fire proliferation in the event of a breaker failure, and the placement of manually operated switches and disconnects on warped wood bus work can result in misaligned switch components that can cause arcing and ignition when operated.

After inspecting the Brockway Substation on January 22, 2019, Division Chief Todd Conradson, the Fire Marshal of the North Tahoe Fire Prevention District, wrote a letter to Liberty CalPeco, stating that the Fire District “has great concerns over the potential for fire from that facility and the threat to the local community.”²⁵ The Fire Marshal also stated the substation “has the potential to create a devastating fire given the weather conditions at the time of a failure.” The Fire Marshal recommended that Liberty CalPeco “relocate the Brockway Substation out of the residential area” because, “given the location and degrading condition of the current facility, the availability of other sites, and the threat it poses to the surrounding area, the Fire District believes it is a timely solution to an identified problem.”

When Cal Advocates recommends that Liberty CalPeco should be directed to provide supplemental information about the specific changed facts and conditions for projects that were previously not authorized by the Commission, Cal Advocates is referring to the Brockway Substation. The inspection and ensuing letter from the Fire Marshal are significant changed facts since the issuance of Resolution E-4929. An additional changed fact is that Brockway Substation continues to age and deteriorate even further.

Another important point to consider is that Liberty CalPeco previously notified the Commission about the fire safety issue at Brockway Substation, including during the Commission’s review of Advice

²⁵ Liberty CalPeco WMP, Appendix B.

Letter 64-E. In comments on draft Resolution E-4929, Liberty CalPeco discussed the fire risk posed by the Brockway Substation:

Relocating the functionality of Brockway Substation to the neighboring Kings Beach Substation will not only greatly improve reliability on the North Tahoe System, it will also improve fire safety. Kings Beach Substation has significantly more clearance to adjacent trees. Also, Liberty CalPeco will be utilizing a switch gear design at Kings Beach Substation, which will house the high voltage components inside a building, instead of being exposed to the open air. This design will protect the substation components from outside influences such as animals and trees.²⁶

The Commission initially rejected Advice Letter 64-E requesting authority to construct the Phase 2 625/650 North Lake Tahoe Powerline Upgrade project (which included the Brockway Substation replacement) because the Commission determined the project did not meet the load requirements established in D.15-03-020. Based on Resolution E-4929, the Commission did not take fire safety into account when reviewing Liberty CalPeco's request to replace the Brockway Substation. Resolution E-4929 does not mention fire safety at all.

2. Proposed changes at Stateline Substation would alleviate many fire risk issues.

The proposed changes at Stateline Substation would alleviate many of the same fire risk issues as the Brockway Substation and includes the removal of oil circuit breakers and disconnects supported by wood bus work. Furthermore, the Stateline Substation is adjacent to the city of South Lake Tahoe and could prove catastrophic if an ignition event were to cause a wildfire.

B. Liberty CalPeco will determine if accelerating its covered conductor program is feasible and will update its WMP accordingly

Cal Advocates recommends that Liberty CalPeco's WMP be updated to address several issues related to its proposed covered conductor program, including: (1) providing a timeline that demonstrates the risks, costs and benefits of the program; (2) clarifying if Liberty CalPeco intends to replace all 217

²⁶ See Attachment 2, Liberty CalPeco's Comments on Draft Resolution E-4929, p. 9.

miles of distribution lines; and (3) providing approaches to accelerating its covered conductor program for projects that mitigate the most significant wildfire risks.

Liberty CalPeco's WMP identifies 217 miles of distribution lines to be evaluated for possible inclusion in the covered conductor program. Liberty CalPeco identified two major reconductoring projects, already in process and requested in the GRC, to be the initial focus of the program. Both projects are located in HFTD areas, and both have safety and reliability issues due to high winds and aging equipment.

As the Commission intends to make the WMPs an annual, iterative process, Liberty CalPeco will continue to work to develop approaches to best mitigate the dangers posed by wildfires. This work will include determining if accelerating the covered conductor program makes sense. Liberty CalPeco will also work to identify ways to accelerate the program by increasing internal and or external resources and will update its 2020 WMP accordingly.

V. EMERGENCY PREPAREDNESS, OUTREACH AND RESPONSE

Liberty CalPeco has no issues to address related to this section.

VI. PERFORMANCE METRICS AND MONITORING

Liberty CalPeco has no issues to address related to this section.

VII. RECOMMENDATIONS FOR FUTURE WMPS

Liberty CalPeco has no issues to address related to this section.

VIII. OTHER ISSUES

A. If the Commission so authorizes, Liberty CalPeco may establish subaccounts in its Fire Risk Mitigation Memorandum Account to track costs related to developing and implementing its WMP

Cal Advocates recommends that the Commission "direct both Liberty and Bear Valley to utilize the SB 901 memorandum account and Fire Hazard Prevention memorandum account as appropriate.

Subaccounts within these accounts could be established to allow for more granular tracking if

necessary.”²⁷

Liberty CalPeco has no issue utilizing one memorandum account to track all WMP-related costs. In Advice Letter 110-E, which was approved effective January 1, 2019, Liberty CalPeco requested the authority to establish the Fire Risk Mitigation Memorandum Account (“FRMMA”) to track costs incurred for fire risk mitigation planning activities. Liberty CalPeco intended to track all costs for developing its WMP in the FRMMA and to request authority at a later date to establish a second memorandum account to track the costs of implementing its WMP.

Liberty CalPeco may establish subaccounts to track costs related to both developing and implementing its WMP if the Commission authorizes Liberty CalPeco to do so in the WMP decision. Liberty CalPeco would need to submit an advice letter to revise the FRMMA tariff language if the Commission prefers the use of one memorandum account to record all WMP-related costs.

B. Liberty CalPeco will continually assess its reliance on various resources, including contract resources, to perform WMP activities

Cal Advocates recommends that, “to ensure that operational resources are utilized to their full potential, Liberty Utilities should conduct a cost-benefit analysis to determine whether hiring additional staff is more cost-effective than contracting if these positions will be long-term in nature.”²⁸ While Liberty CalPeco does not believe a cost-benefit analysis is necessary at this time, Liberty CalPeco will continually assess its reliance on various resources, including contract resources, to perform the activities throughout the year during implementation of WMP-authorized projects and programs.

In light of the fact the Commission intends to make WMPs an annual, iterative process, Liberty CalPeco will have more time to develop its 2020 WMP. Liberty CalPeco will also have the benefit of a Commission decision in its 2019 WMP when it develops longer-term plans to mitigate wildfire risks, at

²⁷ Cal Advocates Comments, p. 25.

²⁸ Cal Advocates Comments, p. 26.

which time it will be more prudent to analyze cost-effectiveness of hiring additional staff versus use of contract resources to perform WMP activities.

IX. CONCLUSION

Liberty CalPeco's WMP sets forth an effective approach to mitigate wildfire risks in compliance with SB 901. A strategic, risk-based evaluation with extensive data and analysis support this WMP. The Commission should approve Liberty CalPeco's WMP, direct the its implementation, and authorize the recording of associated costs, effective the date of approval. This Commission approval should allow for recovery of just and reasonable costs of implementation, subject to reasonableness review, and permit deviation from the WMP at Liberty CalPeco's discretion to address situational needs and/or improve mitigation measures. Given multi-year intervals between GRCs and the likely substantial costs to implement the WMP, the Commission should also authorize Liberty CalPeco to seek interim cost recovery via application, with costs subject to refund upon reasonableness review in the GRC.

Respectfully submitted,

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March 22, 2019

Attachment 1

Liberty CalPeco's Avian Protection Plan



Liberty Utilities



LIBERTY UTILITIES AVIAN PROTECTION PLAN 2015



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I. LIBERTY UTILITIES BIRD MANAGEMENT POLICY

Bird interactions with power lines may cause bird injuries and mortalities, which, in turn, may result in outages, violation of bird protection laws, grass and forest fires, or raise concerns by employees, resource agencies, and the public. Liberty Utilities is committed to minimizing its impact on endangered species and migratory birds, while providing reliable, cost effective electrical services and incorporating the best available technology in protecting California's wildlife resources.

The goals of Liberty Utilities in achieving avian protection include:

Ensure Liberty Utilities actions comply with the Migratory Treaty Act of 1918 (16 U.S.C. 703-712), the Bald and Golden Eagle Act of 1940 (16 U.S.C. 668), and the Endangered Species Act of 1973 (16 U.S.C. 1538).

Document and report bird mortalities, identify problem poles, lines, and problem nests to retrofit and prevent future mortalities.

Provide information, resources, and training to improve its employees' knowledge and awareness of the Avian Protection Plan (APP).

Construct all new or rebuilt facilities in important bird areas to Liberty Utilities avian-safe protection standards.

Retrofit or modify power poles where protected and migratory birds were injured or killed in past occurrences.

Participate with public and private organizations in programs and research to reduce detrimental effects of bird interactions with power lines and equipment.

To assure a continued commitment toward avian protection, Liberty Utilities will coordinate efforts with members as an ad hoc Avian Protection Steering Committee. The committee coordination would consist of any or all of the following:

1. Liberty Utilities Area Business Manager(s)
2. Committee Administrator
3. Liberty Utilities Regional Engineer
4. Liberty Utilities Environmental, Health, Safety & Security Manager
5. Liberty Utilities Vegetation Manager
6. Environmental Specialist
7. USFWS Representative(s)

II. TRAINING

A training program for all appropriate utility personnel, including managers, supervisors, line crews, engineers, and design personnel will be implemented to reduce avian mortalities along power line and substation structures. This training program will provide the informational resources necessary to improve its employees' knowledge and awareness of the APP. The training program will include:

A. Reporting Methods of Avian Mortalities

In order to assess and prioritize avian protection needs, mortality reports will be a key component in identifying and reducing the impact on avian electrocutions and outages. Management and utility personnel will be trained in providing the appropriate reporting information to Liberty Utilities Environmental, Health, Safety & Security (EHSS) Department (*see Appendix A – Liberty Utilities Avian Mortality Report Form*).

An additional information source is the company's outage reporting system. The EHSS Department will access this system routinely to determine if listed outages were bird related and initiate corrective actions.

Liberty Utilities EHSS Department will continue to investigate bird related mortalities gathered from Liberty Utilities monitoring practices, state and federal agencies, and the public. Liberty Utilities Area Business Managers and personnel will be informed not to move any bird and to allow Liberty Utilities to investigate, transport, or properly dispose of the carcass based upon Liberty Utilities permit requirements and direction from the USFWS.

B. Avian Protection Installation Protocols

Based upon the information gathered from site investigations and mortality incidents, Liberty Utilities EHSS Department will coordinate avian protection remediation activities with the Area Business Managers. The Area Business Managers shall be responsible in providing the avian protection remediation activities within the existing operations and maintenance budget, while maintaining the operation's ability to provide reliable electrical services to the customer.

Projects of greater magnitude and resources, defined as capital improvements, will require additional planning and logistical coordination between Liberty Utilities Engineering Department and the current existing practices to comply with the avian protection guidelines provided in the APP.

C. Disposing of Carcasses

It is strictly prohibited for field personnel to transport or dispose of a bald or golden eagle carcass. All eagles will be immediately reported to, and recovered by, Liberty Utilities EHSS Department and transported in accordance to its permit conditions to the nearest Liberty Utilities location in South Lake Tahoe or Tahoe Vista, CA. Upon being notified, USFWS will direct Liberty Utilities on retrieval and receipt of the eagle carcass.

Disposing of all other raptors and bird carcasses on-site may only occur based upon consent from the USFWS. Liberty Utilities EHSS Department must be notified immediately of an

avian electrocution or collision and informed of the species killed, if known. To assist the field personnel in bird identification, handouts will be provided to each Area Business Office for distribution to the operation crews. If unsure of the species, a Liberty Utilities representative will mobilize to the site for species determination and/or retrieval.

D. Compliance with Applicable Regulations

The practices established in this APP are designed to meet the requirements of the Migratory Bird Treaty Act (MBTA), the Bald and Golden Eagle Protection Act (BGEPA), and the Endangered Species Act (ESA). It is Liberty Utilities mission to retrofit structures with a history of avian injuries/mortalities.

E. Consequences of Non-Compliance to Federal Regulations

A violator of the MBTA by the killing or taking of a migratory bird may be fined up to \$15,000 and/or imprisoned for up to six months for a misdemeanor violation. A violator of the BGEPA may be fined up to \$100,000/\$200,000 (individual/organization) and/ or imprisoned for up to one year. The second offense is a felony and upon conviction may result in a \$250,000/\$500,000 (individual/organization) fine or be imprisoned for two years or both.

A violation of the ESA, which includes threatened species, prohibits take which includes harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect. The unlawful take of an ESA listed species may result in a fine of \$100,000/\$200,000 (individual/organization) or imprisonment for one year or both.

The MBTA, BGEPA, and ESA have no provisions for allowing incidental take, therefore, allowing federal and state wildlife enforcement agencies to impose penalties for each incident. *Depending on the species, a bird could be protected by all three Acts.*

III. PERMIT COMPLIANCE

Liberty Utilities maintains one federal permit regulated by the USFWS. Renewal of these permits, notification procedures, compliance, and annual reporting will be the responsibility of Liberty Utilities EHSS Department (*See Appendix B-Liberty Utilities Special Purpose Permit*). The permits and their conditions are as follows:

USFWS-Special Purpose Permit:

Authorizes Liberty Utilities for emergency removal of nests from transmission and distribution systems to prevent electrocution of birds and prevent power outages; allows for removal and/or relocation of active nests (eggs or young present) that could be affected by construction, reconstruction, modification or maintenance activities; allows for recovery of sick or injured migratory birds and transportation of those birds to a wildlife rehabilitation facility holding federal and state permits. Dead birds may be picked up and disposed of as directed by the USFWS Law Enforcement Office. Eagles and endangered species must be recovered and delivered/received to the USFWS Law Enforcement Office.

NOTE: All Liberty Utilities personnel must first coordinate with the EHSS Department before actions can be taken to exercise the conditions of this permit.

IV. CONSTRUCTION AND MODIFICATION DESIGN STANDARDS

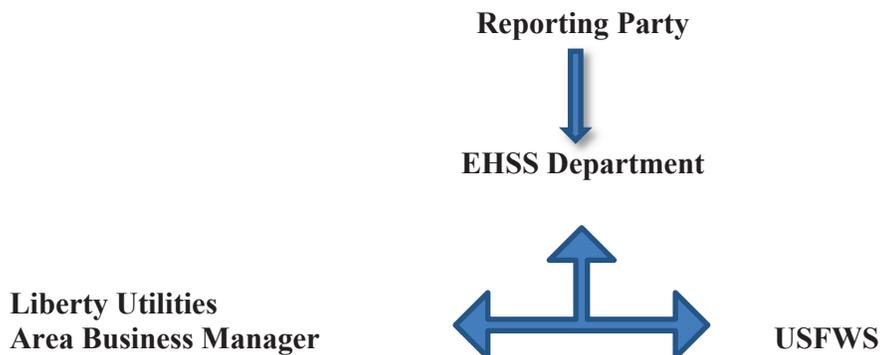
Avian protection construction on both new and existing lines shall meet the specifications provided in the Liberty Utilities construction guidelines to minimize or prevent bird mortalities.

If the modification of an existing line is specific to preventing or minimizing a bird contact, before and after pictures shall be taken of the work performed. The cost associated with the modification will be tracked and reported accordingly in the annual report.

V. AVIAN MORTALITY REPORTING AND PROTOCOL

A well implemented reporting system can assist in pinpointing the location of mortalities and establish priorities in avian protection. Managers, supervisors, and field personnel will be trained in accordance to the APP's reporting requirements and protocol.

LIBERTY UTILITIES'S AVIAN MORTALITY REPORTING PROTOCOL



The reporting party or Area Business Manager of an avian mortality will immediately contact Liberty Utilities EHSS Department with the following information:

- Date/time carcass was discovered
- Location of the mortality (GPS coordinates, directions, etc...)
- Pole/structure number and/or facility name
- Species (if known)
- Name and phone number of reporting party

If possible, pictures should be taken of the bird/carcass, the pole/facility, and the surrounding environment. Based upon the reporting party's information, Liberty Utilities EHSS Department will provide site investigation on raptor mortalities and determine cause of death, submit an internal Avian Injury/Mortality Report Form for future risk assessment, and complete USFWS's online "Bird Fatality/Injury Report."

VI. RISK ASSESSMENT METHODOLOGY

Liberty Utilities EHSS Department will gather and review the available data accumulated from site investigations and mortality reports addressing areas of high avian use, avian mortality, and problem nests. The information received from the risk assessment data will be the key component in prioritizing avian protection remediation on existing power lines and setting standards for new construction activities. Liberty Utilities EHSS Department will serve as the liaison with the Area Business Managers and Liberty Utilities Avian Protection Committee in prioritizing avian protection within Liberty Utilities distribution system.

VII. MORTALITY REDUCTION MEASURES

Mortality reduction measures will be implemented based upon the information provided in the risk assessment data. The key to reducing avian mortality is focusing efforts on the areas that pose the greatest risk to migratory birds. Liberty Utilities EHSS Department will work closely with Area Business managers and wildlife agencies to determine and prioritize these areas for remedial action.

Management support is critical in implementing an avian mortality reduction plan. The key components to this plan include:

Assessment of facilities to reduce risk

Allocation of resources

Standards for new or retrofit avian-safe construction

Budget for operation and maintenance (O&M) and capital investment

System for tracking remedial actions and associated costs

Timely implementation of remedial measures

Positive working relationship with state and federal wildlife agencies.

VIII. LIBERTY UTILITIES'S ROLES AND RESPONSIBILITIES

Liberty Utilities Avian Protection Committee:

1. Establish a budget and allocation of resources to implement an effective corporate supported APP.
2. Meet on a periodic basis to review the existing APP and determine if improvements can be made to maximize the effectiveness of the plan.
3. Review the remedial actions completed within our service territory on an annual basis and set goals for the following year.
4. Maintain a continued dialogue with agencies and interested parties to address concerns and improve the process of reducing avian mortality.

5. Provide a public outreach mechanism through fact sheets, newsletters, brochures, and websites conveying Liberty Utilities commitment to avian species protection.

Liberty Utilities EHSS Department:

1. Act as the primary contact for Liberty Utilities Area Business Managers, regulatory agencies and private parties reporting avian mortalities from power line electrocutions.
2. Provide on-site investigations of reported avian mortalities. The investigations will provide information gathering to prevent future mortalities and to provide the information needed for the notification process required by the USFWS.
3. Act as the contact for field personnel in salvage and disposal options of avian electrocution and collision mortalities.
4. Coordinate remedial actions with the Area Business Managers to prevent future mortalities in areas of recorded electrocutions and collisions.
5. Provide the required reporting of avian mortalities by completing the avian mortality form and USFWS's online "Bird Fatality/Injury Report." An annual mortality report will also be completed in compliance to the Liberty Utilities permit requirements.
6. Act as an informational source to Liberty Utilities Avian Protection Committee.

Area Business Managers:

1. Notify Liberty Utilities EHSS Department on all avian mortalities immediately with the information outlined in the reporting protocol requirements.
2. Coordinate with line crews to remediate problem power lines based upon requests from Liberty Utilities EHSS Department, Regional Engineer, and dialogue with federal and state wildlife agencies.
3. Provide guidance to field personnel in coordination with Liberty Utilities Standards Committee in compliance to Liberty Utilities APP and the National Electric Safety Code when implementing avian protection.

Field Personnel:

1. Notify Liberty Utilities EHSS Department and Area Business Manager immediately of an avian mortality.
2. Complete all avian protection remediation activities in accordance to Liberty Utilities construction guidelines.

IX. QUALITY CONTROL

On an annual basis, the Liberty Utilities Avian Protection Committee will review existing practices of the APP and ensure its efficiency and effectiveness. The review process will include internal operating procedures, more effective avian protection technologies, and budget review to meet the requirements of Liberty Utilities APP. Notification of changes to the APP will be addressed in follow up training sessions and collaboration with Liberty Utilities Area Business Managers and personnel.

X. ANNUAL REPORT

An annual report will be submitted each calendar year within the first 2 months of the previous year. The report will include a copy of this APP, a list of all retro-fit projects, associated pictures and related costs, and a summary of any bird mortalities and associated action items. This report will be submitted to the following office:

U.S. Fish & Wildlife Service
Office of Law Enforcement
2800 Cottage Way, Room W-2605
Sacramento, CA 95825-1846

XI. PUBLIC AWARENESS

Liberty Utilities will develop a method for educating the public about Liberty Utilities commitment in protecting and preserving wildlife in California and the Tahoe Basin, the company's avian protection program, and its successes in avian protection. Public awareness and education can be accomplished through Liberty Utilities web site, online publications, and leaflet information included in customer billing statements.

XII. KEY RESOURCES

Liberty Utilities will consult with a list of experts to address avian protection issues including company specialists, consultants and state and federal resource agencies. The following resources include:

United States Fish and Wildlife Service
Avian Power Line Interaction Committee
California & Nevada Division of Wildlife
Liberty Utilities Area Business Managers
Edison Electric Institute
NV Energy Environmental Services Department

Appendix A

AVIAN MORTALITY REPORT

Date of Report:

Time of Call:

Source of Information (name/dept):

Phone #:

Date/time carcass was discovered:

Species (if known):

Nest? 0 Taken/salvaged? 0 Eggs? (Qty.) 0 Taken/salvaged? 0

Is the bird banded/marked?

If yes, provide band # _____ Sex, if known _____

Suspected Cause of Death:

Weather Conditions:

Facility or line name, and voltage:

Pole or structure number (include sketch) _

Describe location by reference to nearest road/landmarks, etc. (draw map) _____

Down dip structure serves a nearby pad mount transformer and switch assembly

GPS (lat/long or UTM) _

Carcass collected by:

Date/Time:

USFWS rep. Notified _____ Date/Time _____

Carcass delivered date/time _____ to: UNLV _____, USFWS _____,

Or Other: _____

US Forest Service notified (if occurs on USFS land): Date/Time: _____

Comments:

*** Sketch of pole or structure and/or diagram of location**

Appendix B

USFWS-Special Purpose Permit (to be inserted upon approval of the permit application which accompanies this document)

Appendix C

Liberty Utilities Avian Protection Committee Contact List

1. Liberty Utilities Area Business Manager(s)

Randy Kelly
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South Lake Tahoe, CA 96150
Email: randy.kelly@libertyutilities.com Ph.: 530-543-5221

Blaine Ladd
701 National Ave
Tahoe Vista, CA 96148
Email: blaine.ladd@libertyutilities.com Ph.: 530-546-1773

2. Committee Administrator

Angie Custer
701 National Ave
Tahoe Vista, CA 96148
Email: angela.custer@libertyutilities.com Ph.: 530-546-1737

3. Liberty Utilities Regional Engineer

701 National Ave
Tahoe Vista, CA 96148
Email: Ph.: 530-546-1763

4. Liberty Utilities Environmental, Health, Safety & Security Manager

Sam Rohn
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Tahoe Vista, CA 96148
Email: sam.rohn@libertyutilities.com Ph.: 530-546-1744

5. Liberty Utilities Vegetation Manager

Jessica Drummond
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Tahoe Vista, CA 96148
Email: jessica.drummond@libertyutilities.com Ph.: 530-546-1713

6. Ron Johnstone

701 National Ave
Tahoe Vista, CA 96148
Email: ron.johnstone@libertyutilities.com PH: 530-546-1718

Attachment 2

Liberty CalPeco's Comments on Draft Resolution E-4929



Liberty Utilities (CalPeco Electric) LLC
933 Eloise Avenue
South Lake Tahoe, CA 96150
Tel: 800-782-2506
Fax: 530-544-4811

VIA EMAIL AND FEDERAL EXPRESS

July 9, 2018

California Public Utilities Commission
Energy Division, Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

**Subject: Advice Letter No. 64-E-A (U 933-E)
Agenda ID 16587 // Resolution E-4929
Liberty CalPeco (U 933-E) Comments to Draft Resolution E-4929**

I. PURPOSE

Pursuant to Rule 14.5 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Liberty Utilities (CalPeco Electric) LLC ("Liberty CalPeco") hereby submits its Comments to Draft Resolution E-4929 ("Draft Resolution"), which recommends denial of Liberty CalPeco's Advice Letter 64-E-A ("AL-64"), which seeks approval to construct Phase 2 of the 625 and 650 Line Upgrade Project ("Upgrade Project") as authorized by D.15-03-020 ("Upgrade Decision").

Liberty CalPeco respectfully submits that the reasoning outlined in Draft Resolution E-4929's denial of Phase 2 Upgrade Project is flawed, as outlined in these comments. The Draft Resolution misinterprets the purpose of Liberty CalPeco's network study, which clearly demonstrates the need for immediate commencement of the Upgrade Project due to reliability criteria violations, not just attainment of the 89 MW trigger. The Draft Resolution also ignores key findings of the Upgrade Decision, including reducing the dependence on the Kings Beach Diesels, and ignores the condition of the aging and failing Brockway Substation, which in its present state clearly presents safety and reliability risks. Lastly, the draft resolution directs Liberty CalPeco to seek approval of a project that has already been approved by the Commission in a formal proceeding that evaluated many alternatives before opting for the project approved, and for which extensive work (and costs), including project planning, environmental studies, and permitting have already been completed.

II. BACKGROUND

On August 30, 2010, Sierra Pacific Power Company submitted Application (A.10-08-024) for a Permit to Construct (“PTC”) authorizing it to construct the Upgrade Project. In September 2011, Liberty Utilities, which had acquired the North Lake Tahoe Transmission System pursuant to D.10-10-017, fully assumed the PTC application when it filed an amendment to the application.

In the Upgrade Decision, the Commission authorized Liberty CalPeco to upgrade the North Lake Tahoe Transmission System by proceeding with the construction in three separate phases. It also certified the Environmental Impact Statement/Environmental Impact Statement/Environmental Impact Report (“EIR”) for all three phases jointly prepared by Tahoe Regional Planning Agency, the U.S. Forest Service, and the Commission.

The certified EIR identified five project objectives and examined Liberty CalPeco’s proposal and all project alternatives for their ability to fulfill these objectives. The Upgrade Decision chose the three-phase project based on its ability to:

1. Provide normal capacity for current and projected loads;
2. Provide reliable capacity to assure adequate service to all customers during single-contingency outages;
3. Reduce dependence on the Kings Beach Diesel Generation Station;
4. Reduce the risk of fire hazards and outage durations associated with wooden poles and encroaching vegetation; and
5. Provide more reliable access to the 625 Line for operation and maintenance activities.

The Upgrade Decision authorized Liberty CalPeco to immediately construct Phase 1. Liberty CalPeco commenced construction of Phase 1 on August 5, 2015, which was completed and placed into service on October 5, 2016. The Upgrade Decision also authorized Liberty CalPeco to construct Phases 2 and 3, but placed the following requirements as preconditions to Liberty CalPeco commencing construction on these subsequent phases of the Upgrade:

Ordering Paragraph 1(b) of the Upgrade Decision requires:

Construction of Phase 2 shall not commence without verification that load growth on the North Lake Tahoe Transmission System is approaching 89 megawatts (MW), as further specified in Ordering Paragraphs 2 and 3

Ordering Paragraph 2 of the Upgrade Decision further specifies that Liberty CalPeco:

... [S]hall perform a new network study to verify the load growth predicates that warrant commencement of Phase 2 and of Phase 3; all data and assumptions for the new network study must be documented and justified along with results and power flow plots, with the final deliverables being the construction commencement timeline (i.e., the “trigger points”) for Phase 2 and for Phase 3. Liberty [CalPeco’s] new network study analysis must identify and explain any “other considerations” that affect its identification of the trigger points and must verify that load growth outside of its own system is not the basis for the trigger points.

Ordering Paragraph 3 of the Upgrade Decision additionally specifies that Liberty CalPeco:

... [M]ust file the new network study and other information supporting the construction commencement timeline (i.e. the “trigger points”) for Phase 2 in a Tier 2 Advice Letter for review by the Commission’s Energy Division. Liberty [CalPeco] must file the Tier 2 Advice Letter on the service list for Application 10-08-024, together with all other service required by General Order 96-B.

In accordance with the Upgrade Decision, in mid-2016, Liberty CalPeco commissioned Ascension Power Engineering (“Ascension”) to conduct a new network study (“Ascension Study”) to verify whether the load growth predicates supported and warranted the commencement of Phase 2. As the Ascension Study demonstrated commencement of Phase 2 was warranted, on October 14, 2016, Liberty CalPeco filed AL-64 with the Energy Division.

Following the filing of a Protest by the North Tahoe Citizen Action Alliance (“NTCAA”), Liberty CalPeco submitted its response to the protest on November 10, 2016.

On July 20, 2017, the California Energy Commission (“CEC”) provided Energy Division with a Staff Assessment (“CEC Staff Assessment”) of the Ascension Study, in which CEC Staff concluded there were no significant system reliability issues requiring mitigation via Phase 2. On August 18, 2017, Energy Division issued Draft Resolution E-4883, recommending denial of AL-64. On August 23, 2017, Energy Division served the CEC Staff Assessment and supporting technical files on the parties to this proceeding. On August 28, 2017, Liberty CalPeco informed Energy Division of a significant error in CEC’s load model, which CEC staff acknowledged on August 31, 2017. On January 4, 2018, Draft Resolution E-4883 was subsequently withdrawn.

Liberty CalPe3co provided two addendums to its 2016 Transmission Study, one on September 28, 2017 and another on October 30, 2017. The CEC issued a revised Staff Assessment on November 21, 2017. On February 28, 2018, Liberty CalPeco filed AL-64-E-A, a supplement to AL-64-E, which addressed issues identified in the CEC’s revised Staff Assessment.

III. COMMENTS ON DRAFT RESOLUTION

The Upgrade Decision authorizing the Upgrade Project reviewed various alternatives for dealing with the increasing peak load demands of Liberty CalPeco’s North Lake Tahoe transmission system and approved a project, via extensive review in the EIR, that provided for a comprehensive solution to these demands that allowed Liberty CalPeco to provide safe and reliable service to its customers and that addressed the five key objectives listed above, including improving the safety and reliability of the system and reducing the dependence on the Kings Beach Diesel Generation Station.

In denying Liberty CalPeco’s request for permission to initiate Phase 2 of the Upgrade Project, the Draft Resolution:

1. Misinterprets the purpose of Liberty CalPeco's network study that demonstrates the need for immediate commencement of the Upgrade Project due to reliability criteria violations, not just attainment of the 89 MW trigger;
2. Ignores key findings of the Upgrade Decision, including reducing the dependence on the Kings Beach Diesels;
3. Ignores the condition of the aging and failing Brockway Substation, which presents clear reliability and safety risks; and
4. Directs Liberty CalPeco to seek approval of a project, already comprehensively reviewed and approved in D.15-03-020, in another formal proceeding, even though extensive work, including project planning, environmental studies, and permitting have already been completed.

All of these points are addressed in further detail in the following sections.

A. Liberty CalPeco's Network Study Demonstrates the Need for Phase 2

In the Draft Resolution, Energy Division states: "Liberty CalPeco interprets the 89 MW target referenced in D.15-03-020 as the exclusive test for receiving Commission approval of Phase 2. This standard disregards that D.15-03-020 determined that the established "triggers" may not represent the actual operating capacity of the North Tahoe System. Based on the discussions contained in D.15-03-020 in their totality, we do not agree with the Liberty CalPeco interpretation." (Draft Resolution, p. 11-12.) The Draft Resolution further states:

...The intent of the new network study was not simply verification of the previously established "triggers" but rather a full reevaluation of the North Tahoe System so that an accurate construction commencement timeline ("deliverable") could be established. In other words, the cited "triggers" represented a starting point for reevaluation of the actual load capacity of the North Tahoe System, and not an accepted load level capacity for the North Tahoe System. The phase "identification of trigger points" implies that the established triggers were not intended to prompt construction commencement, but to only initiate a new network study that would identify an accurate timeline that the original

flawed studies could not. Therefore the established 89 MW peak load “trigger” is not the threshold for construction to commence, it is merely the “trigger” for a new and accurate network study to develop as a “deliverable” a defensible construction commencement timeline based on an accurate assessment of North Tahoe System load carrying capabilities.... (Draft Resolution, p. 12.)

Liberty CalPeco respectfully disagrees with this interpretation of the Upgrade Decision. As discussed above, Ordering Paragraph 2 of the Upgrade Decision simply required that, before Phase 2 (and Phase 3) construction could commence, Liberty CalPeco must conduct a new network study – to establish the proper trigger point for which Phase 2 facilities need to be in service to maintain reliability and to demonstrate that the load demand is approaching, or has attained, that trigger level. To accomplish these purposes, Liberty CalPeco commissioned the Ascension Study during the summer of 2016.

The Ascension Study was not prompted by the attainment of any particular load threshold. Rather, the study was undertaken: (1) to model the North Lake Tahoe (“NLT”) transmission system (“NLT System”) based on actual 2015-2016 winter peak load demands; and (2) to determine if the system – at whatever that winter peak load demand level might be – would be reliable, without criteria violations, under normal and single contingency outage events. The Ascension Study revealed that the 2015-2016 load demand total on the NLT System was 88.7 MW, which nearly equaled the 89 MW threshold discussed in the Upgrade Decision. As the study showed, and CEC Staff has subsequently confirmed, the 88.7 MW load level resulted in reliability criteria violations. As thoroughly explained in Liberty CalPeco’s AL-64 submissions, this finding establishes that the Phase 2 facilities needed to be in service for the 2015-2016 winter.

Given that the 88.7 MW load level resulted in reliability criteria violations, the assertion in the Draft Resolution that the 89 MW peak load trigger is “...merely the ‘trigger’ for a new and accurate network study to develop as a ‘deliverable’ a defensible construction commencement timeline” is unsupported. As the Ascension Study points out, and as explained in Liberty CalPeco’s AL-64 submissions, Phase 2 (which involves a nearly one year construction timeline) actually needed to be completed and in-service before the 2015-2016 winter, even before the

Ascension Study was performed. Thus, based on the Ascension Study, a construction timeline of spring to fall 2015, resulting in an in-service date for Phase 2 in October 2015, would have been justified. If the Ascension Study determined that Phase 2 would be triggered at some load threshold not yet attained, the load demand growth could have been projected to support a timeline for future construction; however, in this case, the NLT System load had already been shown to have exceeded the reliable capacity of the existing Phase 1 facilities.

B. Liberty CalPeco Cannot Rely on the Kings Beach Diesels

The simple fact of the matter is that the Kings Beach Diesels should not be relied upon to solve the transmission capacity issues in Liberty CalPeco's North Lake Tahoe system. As Liberty CalPeco pointed out in AL-64-E-A, the increased use of Kings Beach Diesels has already been evaluated and rejected through the proceeding that led to the Upgrade Decision and is, in fact, entirely contrary to the objectives of the Upgrade Project. The project-certified EIS/EIS/EIR specifically states that;

This alternative (increased use of Kings Beach Diesel Generation) would be feasible from a technical, legal, and regulatory perspective. However, this alternative would result in greater environmental effects than the action alternatives and would not meet the project objectives and goals.

The proposal to increase use of the Kings Beach Diesels is also contrary to one of the five project objectives in the certified EIR. Objective #3 specifically states that one of the objectives is to "reduce dependence on the Kings Beach Diesel Generation Station."

In addition, the Kings Beach Diesels, due to environmental concerns, are limited to 720 hours of use per year, of which only 360 hours are dedicated for use by Liberty CalPeco. As Liberty CalPeco pointed out in AL-64-E-A, it is important to understand the pace at which the utilization of the Kings Beach operating hours can be exhausted during an extended transmission contingency in the area, absent the required transmission upgrades. Conservatively, Liberty CalPeco would utilize three or four generating units for a period of approximately 10 hours per day in the event of one of the studied transmission contingencies, thereby consuming 30 to 40 unit hours per day through the duration of a single transmission outage. As stated in previous data request responses

to the CEC staff, the duration of transmission outages can be rather lengthy during the winter season due to remoteness of facilities and difficulty of access to rights of way, exacerbated by the environmental conditions.

In addition, the Kings Beach Diesels need to be started before a system fault occurs to prevent the voltage violations. In the event of one of the studied transmission contingencies, Liberty CalPeco would need to run three or four of the diesel generating units for approximately 10 hours per day, and the often lengthy transmission outages that occur during the winter season can be quite lengthy. A single outage would force Liberty CalPeco to consume 30 to 40 unit hours in a single day.

Due to their limited availability and environmental impacts, it is short-sighted and inappropriate to rely on the Kings Beach Diesels as a substitute or alternative to the much-needed and overdue transmission capacity upgrades needed in the region.

C. The Aging and Failing Brockway Substation Must Be Replaced

A large component of the Phase 2 Upgrade Project is the retirement and decommissioning of the aging and failing Brockway Substation. In January 2017, shortly after Liberty CalPeco submitted AL-64-E for approval to commence with Phase 2, the Brockway Substation sustained a catastrophic failure. This catastrophic event resulted in a total loss of the #2 regulator, and was accompanied by violent destructive mechanical forces that caused the wooden box support structure surrounding the #2 regulator and distribution terminals to sustain significant fire damage. Had it not been for the ample snow coverage, the fire could have resulted in fire engulfing the structures and posing grave risk to the neighboring community.

The extent of the damage and the urgency of making the necessary repairs led to Liberty CalPeco submitting AL-75-E on March 3, 2017. AL-75-E requested approval to commence with the immediate retirement and decommissioning of Brockway Substation and replacing its functionality at the neighboring Kings Beach Substation. Beyond the loss of the #2 regulator, the transformers are 1960's vintage, and have exhibited accumulations of combustible gases in their insulating oil, indicative of deterioration of winding insulation and typically a meaningful indicator of possible electrical failure. AL-75-E is still pending with the Commission.

Later in 2017, Liberty CalPeco placed a new substation transformer in the Brockway Substation as a temporary measure to allow operation through the 2017-2018 winter. It should also be noted that the use of additional diesel generation to mitigate reliability issues, as discussed in the draft resolution, fails to mitigate any of the present risk being experienced by the aging and failing Brockway Substation.

It is also important to note that Liberty CalPeco is currently in an N-1 situation since there is only one operating transformer at Brockway Substation due to fire concerns on the other unit. If the one operating transformer is lost during peak activity there is a high likelihood that North Lake Tahoe could be out of power for several days.

Relocating the functionality of Brockway Substation to the neighboring Kings Beach Substation will not only greatly improve reliability on the North Tahoe System, it will also improve fire safety. Kings Beach Substation has significantly more clearance to adjacent trees. Also, Liberty CalPeco will be utilizing a switch gear design at Kings Beach Substation, which will house the high voltage components inside a building, instead of being exposed to the open air. This design will protect the substation components from outside influences such as animals and trees.

Approval of AL 64-E-A is necessary for Liberty CalPeco to re-establish the transformer capacity and distribution feeder terminals of the Brockway Substation at the new Kings Beach Substation site. Failure to do so puts safety and reliability at risk and is unacceptable.

D. The Upgrade Project Must Not be Re-Litigated

The Upgrade Project went through a five-year review process that explored various alternatives, and based on the five objectives discussed in the certified EIR, was chosen as the best alternative to mitigate the transmission reliability and fire safety issues on the North Lake Tahoe Transmission System. Alternatives that included the increased use of the Kings Beach Diesels were evaluated and rejected.

The Upgrade Project is the only comprehensive solution that resolves all of the reliability and safety issues on the North Lake Tahoe System identified in the Upgrade Decision. The project solves the problems of overloading, voltage drops, fire danger, diesel usage, and infrastructure

replacement. Alternatives proposed by the draft resolution only resolve some of the issues, and also stray from the objectives of the approved project.

Once the project was approved in the Upgrade Decision, Liberty CalPeco prudently undertook significant planning and permitting work on the project to ensure that Phases 2 and 3 would be ready to move forward when they were needed. That need is now.

Liberty CalPeco respectfully submits that it is unreasonable for the Commission to now order Liberty CalPeco to “seek Commission approval for the Line 650 Upgrade Project Phase 2 in a formal proceeding” because Liberty CalPeco has already done so during the Application process and approved in the Upgrade Decision. Changing course now from the comprehensive project approved in the Upgrade Decision is unacceptable, and would result in delaying the urgently needed upgrades required to ensure that Liberty CalPeco can continue to provide safe and reliable service to its customers on the North Lake Tahoe System.

IV. CONCLUSION

For the foregoing reasons, Liberty CalPeco respectfully requests that the Draft Resolution be revised to approve Liberty CalPeco’s AL-64-E.

Respectfully submitted,

/s/ Gregory S. Sorensen
GREGORY S. SORENSEN
President, Liberty Utilities (CalPeco Electric) LLC

cc: Liberty CalPeco Advice Letter Service List
Service List for A.10-08-024
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Mary Jo Borak, CPUC
Jack Mulligan, CPUC
Andrew Barnsdale, CPUC
Michael Rosauer, CPUC
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Mike LeFevre, USFS

Liberty Utilities (CalPeco Electric) LLC
Advice Letter Filing Service List
General Order 96-B, Section 4.3

VIA EMAIL

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CALIFORNIA PUBLIC UTILITIES COMMISSION Service Lists

Proceeding: A1008024 - CALIFORNIA PACIFIC E
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