



August 11, 2020

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**Re: Comments on Draft Action Statement and Resolution Rejecting BVES 2020 WMP**

In accordance with Rule 14.5 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure and the July 22, 2020, Wildfire Safety Division (“WSD”) letter from Director Caroline Thomas Jacobs, Bear Valley Electric Service, Inc. (“BVES” or “Bear Valley”) submits these comments on the draft Action Statement and draft Resolution WSD-010 (“Draft Resolution”) denying approval of Bear Valley’s 2020 Wildfire Mitigation Plan (“WMP”).

**Background**

The draft Action Statement and Draft Resolution deny Bear Valley’s WMP submitted on February 7, 2020, as updated on March 6<sup>th</sup>, and made the subject of an errata submitted on May 22, 2020.<sup>1</sup> The February 7<sup>th</sup> WMP was not formatted in accordance with the December 16, 2019 guidance in Rulemaking 18-10-007. On March 6, 2020, BVES filed a reformatted WMP. On May 7, 2020 the WSD issued a draft Action Statement and draft Resolution WSD-006 regarding Bear Valley’s WMP filings.

After reviewing draft Resolution WSD-006, Bear Valley sent an e-mail on May 20 advising the Director of WSD that Bear Valley had found a number of errors in the data tables of the February 7<sup>th</sup> WMP<sup>2</sup>, and that it was making corrections to the errors. On May 20, 2020, the Director directed BVES to file a corrected and redlined version of the corrected WMP, but noted that the WSD had already conducted its analysis based upon the February 7<sup>th</sup> WMP filing, as updated on March 6, and that the WSD would not be making any updates or changes in its evaluation based upon the corrected information. On May 22, BVES filed an errata WMP that corrected cost and program descriptions in seven of the tables in the WMP.

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<sup>1</sup> Draft Action Statement at p. 1 and Draft Resolution at p. 1

<sup>2</sup> Similar errors were in the data tables of the March 6<sup>th</sup> WMP filing also.

On July 22, the WSD issued a draft Action Statement and Draft Resolution WSD-010 in response to BVES's May 22 errata WMP. The draft Action Statement and Draft Resolution conclude that the corrected information contained in the May 22 errata WMP made such fundamental changes to the WMP that much of WSD's analysis of Bear Valley's February 7<sup>th</sup> / reformatted March 6<sup>th</sup> WMP filings was rendered moot.<sup>3</sup> The draft Action Statement and the Draft Resolution direct BVES to file a new 2020 WMP no later than 60 days from the date of the final Resolution.<sup>4</sup>

### **BVES Regrets Errors in WMP Filings**

Bear Valley does not dispute WSD's conclusion that its cost analysis was rendered useless by the revisions of seven tables in the errata WMP filing. For example, Bear Valley erroneously used circuit miles instead of line miles in its tables, causing the estimated costs per mile to appear triple the actual predicted costs. Another mistake committed by Bear Valley was that the tables submitted erroneously included alternative mitigation projects that were considered during the preparation of the WMP but not selected because other projects were found to be more risk spend efficient (RSE). One such project was undergrounding the entire BVES electric sub-transmission and distribution systems. These are examples of the errors which resulted in WSD's determination that the total projected WMP costs would be \$247M over a 3-year period. Bear Valley estimates that the costs of the intended program should be \$46M. BVES sincerely regrets that its errors resulted in stakeholders, the WSD and the Commission wasting precious resources in response to Bear Valley's erroneous filing.

BVES accepts full responsibility for inadequate quality control with regards to the February 7 and March 6 WMP filings. BVES is committed to addressing the quality control failures that occurred and to implementing appropriate corrective changes. BVES intends to describe its corrective actions more fully in the supplemental filing that will be made concurrent with BVES's new 2020 WMP.

### **BVES Objections to Certain Statements and Conclusions**

While BVES acknowledges the shortcomings of its February 7/March 6 WMP filings that are detailed in the WSD's July 22 draft Action Statement and Draft Resolution, BVES believes some of the statements and conclusions in those two documents are unsupported by the facts. BVES has identified three such instances and requests that the WSD consider revising the text of the Action Statement and/or the Resolution.

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<sup>3</sup> Draft Action Statement at p. 1 and Draft Resolution at p. 1.

<sup>4</sup> Id.

## **The Errata Reflects Substandard Quality Control, Not A Failure of BVES to Understand Its Own Wildfire Mitigation Initiatives.**

The draft Resolution states:

BVES's conduct demonstrates a serious problem with its quality control, its understanding of its own wildfire mitigation initiatives, and the WMP process.<sup>5</sup>

A similar statement can be found in the draft Action Statement, in addition to the following statement:

In the WSD's view, BVES's conduct demonstrates lack of organizational control and leadership and calls into question management's understanding of its own strategic direction on wildfire initiatives.<sup>6</sup>

The draft Action Statement and draft Resolution conflate BVES's lack of adequate quality control with management's leadership and understanding of its wildfire initiatives. One does not necessarily follow the other. And, respectfully, does not do so in this case.

In preparing the mitigation initiatives for the February 7<sup>th</sup> WMP, management focused its attention on developing, reviewing and finalizing the text in the body of the WMP, paying particular attention to the descriptions of each wildfire mitigation initiative and projected costs. Bear Valley's wildfire initiatives, both those considered but rejected, as well as those proposed to be adopted, never changed from the February 7<sup>th</sup> WMP, the March 6<sup>th</sup> WMP or the May 22<sup>nd</sup> errata WMP. Nor did the projected costs set forth in the body of the documents change. These facts clearly demonstrate BVES management had, and continues to have, a clear understanding of its own wildfire mitigation initiatives. Moreover, the development and continued implementation of effective wildfire mitigation measures described in BVES' WMP demonstrates effective leadership by BVES management.

The errors in the WMP tables were not caused by management's lack of leadership or understanding of its wildfire mitigation initiatives. The errors in the tables were the result of insufficient quality control to ensure that both the descriptions and the projected costs that management carefully scrutinized in the body of the WMP were accurately transferred to the associated tables by BVES staff.

BVES is not minimizing the importance of providing accurate data in the tables included in the WMP. BVES management failed in that regard, for which it takes full responsibility. That failure, however, does not reflect a lack of leadership or failure to understand its wildfire initiatives. Bear Valley failed in process. But it did not fail in substance. The draft Action Statement and draft Resolution conflates process with substance.

Given these facts, the claims in the draft Action Statement and the draft Resolution that Bear Valley's management lacks leadership or understanding of its wildfire mitigation initiatives are unsupported and inappropriate. Bear Valley respectfully requests that all such claims be deleted from the draft Action Statement and the draft Resolution.

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<sup>5</sup> Draft Resolution at p. 2.

<sup>6</sup> Draft Action Statement at p. 2.

## **BVES Is Committed to Safety of Californians.**

The Draft Resolution states:

The Commission and the WSD's most important responsibility is ensuring the safety of Californians. BVES should demonstrate the same commitment.<sup>7</sup>

BVES agrees that its most important responsibility is ensuring the safety of Californians. The statement in the Draft Resolution, however, suggests otherwise without any supporting facts or justification.

BVES has an approved 2019 WMP, which it has diligently and effectively implemented. By all applicable metrics, BVES is on schedule for implementing its approved wildfire mitigation initiatives.<sup>8</sup> For its 2020 WMP, BVES developed additional, effective wildfire mitigation initiatives which were carefully and consistently described in the body of the February 7<sup>th</sup>, March 6 and errata WMP filings. BVES has taken, and continues to take, reasonable and prudent actions to ensure the safety of Californians, including mitigation of wildfire risks.

Bear Valley's failure was in its quality control to ensure its 2020 WMP was properly formatted and its data tables accurately reflected the information in the body of the WMP. Bear Valley regrets the adverse impact its processing errors caused stakeholders, the WSD and the Commission, and the resulting delay in approval of the 2020 WMP. But the 2020 WMP initiatives continue to be implemented. This clearly demonstrates Bear Valley's continuing commitment, in very real and practical terms, to ensuring the safety of Californians. Bear Valley believes that its quality control failure, which it will rectify, does not support a wholesale indictment of Bear Valley's overarching commitment to safety. BVES respectfully requests that the statement suggesting BVES has failed to demonstrate a commitment to safety be deleted.

## **Statement Questioning Whether BVES Would Have Found Errors Is Unnecessary and Unwarranted**

The Draft Resolution claims:

Had the WSD not found errors in BVES' WMP, it is not clear BVES would have ever discovered or corrected them on its own.<sup>9</sup>

A similar claim was made in the draft Action Statement.<sup>10</sup> Bear Valley questions whether this statement is either necessary or warranted.

The reason for inclusion of this statement is not entirely clear to BVES. BVES does not dispute the fact that it was WSD who first raised serious concerns about the total costs of BVES' WMP initiatives when it issued its May 7th draft Action Statement and Resolution BVES (WSD-

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<sup>7</sup> Draft Resolution at p. 2.

<sup>8</sup> As noted in Bear Valley's May 27, 2020 comments and Advice Letter No. 374-E, the Radford Line Covered Conductor Replacement Project has been delayed due to higher than planned costs.

<sup>9</sup> Draft Resolution at p. 3.

<sup>10</sup> Draft Action Statement at pp. 2-3.

006). It goes without saying that prior to the May 7<sup>th</sup> Draft Resolution, BVES was unaware of the errors in its 2020 WMP filing. Again, that fact is indisputable.

BVES's concern is that the statement, in conjunction with other statements in the Draft Resolution questioning BVES management's understanding of its own initiatives, potentially implies something more critical. Namely, that BVES's management would not have discovered the errors on its own because BVES management didn't fully understand its own initiatives. This latter interpretation is incorrect.

Upon receiving draft Resolution WSD-006, BVES management knew immediately something was wrong, given its clear understanding of its WMP initiatives. BVES initiated a concerted effort to identify the problem. Once BVES was certain it had identified the cause of the problem, BVES reached out to the Director of WSD to advise there was a problem and seek guidance on how BVES should proceed.

Although BVES management made a critical error in not ensuring the information in seven tables matched the information in the body of the WMP, BVES does not believe that this fact warrants a statement suggesting BVES would never have discovered or corrected such an error on its own. This statement is entirely conjectural. Moreover, BVES's actions upon receiving draft Resolution WSD-006 belies such a suggestion. BVES believes the statement is unnecessary and arguably inflammatory. BVES respectfully requests that the statement be removed from the final version of the Action Statement and Resolution WSD-010.

### **Immediate Corrective Actions Taken**

BVES has implemented certain corrective actions to immediately improve its quality control processes to help ensure the quality and accuracy of its wildfire mitigation work, reporting and regulatory submissions. These will be detailed in a supplemental filing, but include the following:

- Implemented a more formal, multi-level internal review and approval process to increase accountability and assurances that WMP filings contain accurate information and comply with all WMP guidelines.
- Approved inclusion of regulatory staff and counsel to a greater degree and at an earlier phase in the WMP process to help ensure that WMP filings comply with all regulatory requirements and guidelines, and contain accurate information.
- Authorized two additional staff positions to be filled as soon as practicable to assist management in ensuring that WMP filings contain accurate information and are implemented in a timely and compliant manner.

These and other corrective actions will be described in more detail in the supplemental filing required by the draft Resolution.

**Conclusion**

BVES sincerely regrets the errors in the formatting of its February 7<sup>th</sup> and March 6<sup>th</sup> WMP filings, as well as the inaccurate cost information in seven of the associated tables. It accepts full responsibility for these shortcomings. Those shortcomings, however, do not support claims that Bear Valley lacks leadership or understanding of its own wildfire initiatives. Nor do they justify the implication that Bear Valley is not committed to the safety of Californians. Bear Valley respectfully requests that such unsupported claims and implications be removed from the draft Action Statement and Draft Resolution.

Bear Valley is committed to addressing its quality control failures and implementing measures to ensure the quality and accuracy of future WMP mitigation work, reporting and regulatory submissions. Certain measures identified above have already been implemented. These and other measures will be described in greater detail in the upcoming supplemental filing.

Respectfully submitted,

Bear Valley Electric Service, Inc.

\_\_\_\_\_/s/ Paul Marconi  
Paul Marconi  
President