

PUBLIC UTILITIES COMMISSION

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June 10, 2020

**Wildfire Safety Division Action Statement on
Horizon West Transmission's 2020 Wildfire Mitigation Plan**

This Action Statement is the approval of Horizon West Transmission's (HWT) 2020 Wildfire Mitigation Plan (WMP) and is presented to the California Public Utilities Commission (CPUC) for ratification, via the associated Resolution and Guidance Resolution.¹

Introduction

Wildfires have caused significant social, economic, and environmental damage on a global scale. In California, electric utilities are responsible for some of the most devastating wildfires in recent years. The Wildfire Safety Division (WSD) recognizes that the wildfire threat is only increasing, with utility-related ignitions responsible for a disproportionate share of wildfire-related consequences. To that end, the WSD has a vision of moving towards a sustainable California, with no catastrophic utility-related wildfires, that has access to safe, affordable, and reliable electricity. The WSD recognizes it is critical for utilities to act quickly to reduce utility-related wildfire risk effectively and prudently.

As utility wildfire mitigation has become an increasingly urgent priority, the California Legislature has passed several bills related to utility wildfire prevention and oversight. The main regulatory vehicle for the WSD to regulate utilities in reducing utility wildfire risk is the Wildfire Mitigation Plan (WMP), which was introduced in Senate Bill (SB) 1028 (Hill, 2016) and further defined in SB 901 (Dodd, 2018), Assembly Bill (AB) 1054 (Holden, 2019), and AB 111 (Committee on Budget, 2019). Investor-owned electric utilities are required to submit WMPs assessing their level of wildfire risk and providing plans for wildfire risk reduction. The first WMPs under the SB 901 framework were submitted by the utilities and evaluated by the CPUC in 2019.

AB 1054 and AB 111 transferred responsibility for evaluation and approval of WMPs to the WSD,² which, as of July 2021, will transfer and become the Office of Energy Infrastructure Safety within the California Natural Resources Agency. In this role, the WSD must ensure utility wildfire mitigation efforts sufficiently address increasing utility wildfire risk. To support its efforts, the WSD developed a draft long-term strategy and roadmap. This strategy and roadmap will inform the WSD's work in updating the WMP process and guidelines, and the WSD's evaluation of the WMPs.

¹ Resolution WSD-002 (Guidance Resolution) sets forth deficiencies that are applicable to most electrical corporations along with conditions to remedy those deficiencies. The deficiencies and conditions in the Guidance Resolution are not applicable to HWT and Trans Bay Cable, LLC; however, all other portions of the Guidance Resolution apply.

² With CPUC ratification of the WSD's actions.

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AB 1054 mandates that the WSD complete its evaluation of WMPs within 90 days of submission. The utilities submitted 2020 WMPs on February 7, 2020. Upon completion of the past 90 days of evaluation, the WSD recognizes that the utilities have made significant progress. Compared to their first submissions in 2019, the utilities utilize much more data and objective content in their 2020 WMP filings and share more critical information with key partners. However, while utilities are already undertaking wildfire mitigation activities and building capabilities subject to regulation, all utilities must continue to make meaningful progress. Utilities' activities need to incorporate longer-term thinking by focusing more systematically on increasing their maturity over time. All utilities should take a more robust strategic approach that leverages additional Risk Spend Efficiency (RSE) data to focus on the most impactful actions – all with a local lens. This statement outlines more specifically what the WSD sees as critical priorities for the upcoming year for HWT and approves HWT's 2020 WMP. Together, this statement and the associated Resolutions represent the totality of the WSD's approval of HWT's 2020 WMP.

Background

To ensure that utility wildfire mitigation efforts sufficiently address increasing utility wildfire risk, new WMP Guidelines, a Utility Survey and a Maturity Model were launched for 2020. Together, these tools represent a milestone in the evolution of utilities' wildfire mitigation efforts and ensure consistency with the WSD's enabling legislation.

2020 Guidelines

The 2020 WMP Guidelines implement several changes to further enhance the depth, comparability and quality of utility WMP submissions. Specifically, the WMP Guidelines require reporting of consistent metrics, ignitions, risk data and specific utility initiatives to reduce wildfire risk. Utilities have provided historical metrics and data as a baseline, which can be used to evaluate a utility's wildfire risk level and to assess whether the utility's initiatives sufficiently address this risk. These metrics and data will be used to track utility progress in mitigating the risk of catastrophic wildfire over time.

Maturity Model and Utility Survey

In order to enhance the focus on safety, ensure consistent goals and evaluate performance, the WSD has developed a model for evaluating current and projected wildfire risk reduction performance. It is important to note that this model is not designed to immediately penalize utilities for poor performance, but rather it is an effort by the WSD to work collectively with the utilities it regulates³ to facilitate improvement

³ The WSD (ultimately the Office of Energy Infrastructure Safety) and the CPUC have complementary regulatory roles to fill in ensuring a strong oversight in reducing the risk of ignition of wildfires from utility

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by identifying best practices, current strengths and current weaknesses across the utility landscape. The WSD believes it is in the best interest of the utilities, ratepayers and other key stakeholders to take this collaborative, growth-oriented approach. While certain utilities are currently on the low end of the range for various categories of performance, the WSD is hopeful that providing clear review and evaluation of performance, including identifying such weaknesses, will help drive change in the utilities, allowing all regulated electric utilities in California to improve wildfire risk reduction performance.

As a consequence, the model results are best interpreted as levels – the results are not absolute scores. A utility, for example, could be on the borderline for level 2 in the model, but it would remain at level 1 until it completed 100% of the steps required to cross the threshold to level 2. In this example, the way the model works is the utility would get a result of 1, not 1.8. The purpose of the model is not to penalize the utility for achieving a result of 1 but to identify the specific actions it can take to reach level 2.

Summary of the WSD's Assessment

An effective WMP should have three, overarching components in which utilities should be striving to be “world class.” First, the WMP should demonstrate an understanding of a utility's unique risk. Each utility should measure outcome and progress metrics and use a sophisticated model to lay the foundation for safe operation within its service territory. Second, with a deep understanding of its risk, the utility should deploy a suite of initiatives designed to incrementally and aggressively reduce that risk. Finally, this deployment should be done with a key, strategic eye toward maximizing every scarce resource, whether it be direct costs, personnel, or time, to maximize its impact. The result should be that with each passing year California is safer from wildfire threats, with a significant reduction and eventual elimination of the need to use Public Safety Power Shutoffs (PSPS) as a mitigation action.

The WSD evaluated 2020 WMPs considering the following factors:

- Completeness: The WMP is complete and comprehensively responds to the WMP requirements
- Technical feasibility and effectiveness: Initiatives proposed in the WMP are technically feasible and are effective in addressing the risks that exist in the utility's territory
- Resource use efficiency: Initiatives are an efficient use of utility resources
- Forward looking growth: The utility is targeting maturity growth

infrastructure. The WSD, CPUC, and other relevant agencies will work together to ensure roles are defined and regulatory outcomes are met.

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The WSD used the utilities' 2020 WMP submissions and subsequent updates, public comments, responses to the WSD's data requests, utility reported data and utility responses to the Utility Survey in its assessment of 2020 WMPs.

Upon completion of this review, the WSD then determined whether each utility's 2020 WMP should either be:

- Approved without conditions (Full Approval)
- Approved with conditions (Conditional Approval)
- Denied (Denial)

Pursuant to Public Utilities Code Section 8386.3(a), this Action Statement and the discussion found in the associated Resolutions is the outcome of the WSD's review of HWT's WMP and input from the public and other governmental agencies. As stated previously, this Action Statement is the approval of HWT's 2020 WMP and is presented to the CPUC for ratification, via the associated Resolution and Guidance Resolution.

Discussion of WMP Assessment

HWT is a transmission-only utility with its first project, the Suncrest facility, operational since February 29, 2020. The facility is in San Diego County. Due to the timing of the WMP submission, no past operational data and metrics have been provided. Despite this, the utility submitted details and maps of the project in Appendix 1 to its WMP, which helped inform the WSD on the scope of its planned operations. The key strengths of HWT's planned mitigation lies in its plans to ensure that the newly constructed Suncrest facility is fire-hardened as part of its initial design.⁴ HWT plans to spend \$9M for hardening initiatives during the plan term. HWT also anticipates increasing situational awareness at its newly constructed facility via weather monitoring, weather stations, and overhead cameras.

Given the size and scope of its operation, the WSD believes that these initiatives are sufficient to warrant a full approval, pending any operational changes or ignitions that occur during the plan time period.

⁴ In comments submitted on May 27, 2020, HWT states that there is a delay in underground conversion of the 115-foot segment of line that interconnects the Suncrest Substation to San Diego Gas & Electric's (SDG&E) facilities. HWT's WMP included an underground conversion of this line segment as a key aspect of reducing its wildfire ignition risk. HWT states that undergrounding the line requires modification of an existing construction easement between HWT and SDG&E, originally approved via Advice Letter 3405-E on August 19, 2019. HWT indicates that SDG&E has not yet filed for modification of the construction easement, resulting in a delay to the undergrounding project. The WSD acknowledges that this delay necessarily results in a delay in HWT's ability to implement this component of its WMP.

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Conclusion

Catastrophic wildfires remain a serious threat to the health and safety of Californians. Electric utilities, including HWT, must continue to make progress toward reducing utility-related wildfire risk. Through the approval granted for its 2020 WMP submission, the WSD will ensure HWT is held accountable to successfully executing the wildfire risk reduction initiatives articulated in its 2020 WMP and required updates. The WSD expects HWT to meet the commitments in its 2020 WMP to ensure it is driving meaningful reduction of utility-related wildfire risk within its service territory.

Sincerely,

 /S/ CAROLINE THOMAS JACOBS

Caroline Thomas Jacobs
Director, Wildfire Safety Division
California Public Utilities Commission