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**Re: Supplemental Filing Regarding BVES 2020 WMP**

As directed in the August 26, 2020 Wildfire Safety Division (“WSD”) Final Action Statement, Bear Valley Electric Service, Inc. (“BVES” or “Bear Valley”) submits this supplemental filing to its new 2020 Wildfire Mitigation Plan, dated September 18, 2020 (“WMP”).

**Background**

On February 7, 2020, BVES filed its original WMP for 2020. On March 6, 2020, BVES filed a reformatted version of the 2020 WMP filed on February 7 in compliance with the 2020 WMP Guidelines issued on December 16, 2019 in Rulemaking 18-10-007. The WSD analyzed Bear Valley’s original (February 7) and reformatted (March 6) WMPs and issued a draft Action Statement and draft Resolution WSD-006 on May 7, 2020. After reviewing the draft resolution WSD-006, BVES identified errors in some of the tables of its previously filed WMPs. BVES filed an errata WMP on May 22, 2020 which identified and corrected errors in the February 7 and March 6 versions of the 2020 WMP. In response to BVES’s May 22 errata WMP filing, WSD withdrew draft Resolution WSD-006. On August 26, WSD issued its Final Action Statement on the BVES 2020 WMP as put forth in its May 22 errata filing.

The August 26 WSD Final Action Statement concluded that the corrected information contained in Bear Valley’s May 22 errata WMP made such substantial changes that it rendered moot virtually the entire WSD analysis of Bear Valley’s original and reformatted WMPs.<sup>1</sup> The Final Action Statement directed BVES to file a new 2020 WMP no later than 60 days from the date of the Final Action Statement.<sup>2</sup> The Final Action Statement also directed BVES to make a supplemental filing, but stated that it need not be filed concurrently with the filing of the new

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<sup>1</sup> Final Action Statement at p. 2.

<sup>2</sup> Id. at p. 6

WMP. The supplemental filing is to provide a full and detailed explanation of how and why the errors leading to the May 22 errata WMP were made, including but not limited to:

- What caused the errors?
- How BVES reviewed the consultant's work products before submission to the WSD?
- How much BVES paid for the consultant's work product(s)?
- A description of what changes BVES is making to avoid such significant failures in the future?

This letter represents BVES's response and compliance to WSD's directive for a supplemental filing. In the following sections of this letter, BVES will discuss each of the four bullet points listed above with regards to the May 22 errata filing.

### **The Errors in the Original and Reformatted WMPs Were Caused by a Confluence of Various Factors**

The errors in the WMPs were twofold in nature. The February 7<sup>th</sup> WMP was not formatted properly in accordance with WSD guidelines. And the February 7<sup>th</sup> and March 6<sup>th</sup> WMPs contained seven tables with incorrect cost data. Both of these factors will be addressed separately.

*Formatting Error.* The formatting of the 2020 WMP was to follow the 2020 WMP Guidelines issued on December 16, 2019 in Rulemaking 18-10-007. Bear Valley's 2020 WMP filing of February 7<sup>th</sup> incorrectly followed the outdated WMP Guidelines from the 2019 WMP submissions.

Bear Valley's management is comprised of a small group of engineers. BVES management viewed the preparation of the 2020 WMP as primarily an engineering and system operations project, rather than a policy/regulatory project. Thus, the efforts in developing, reviewing and implementing the 2020 WMP were dominated by BVES's engineering staff, not regulatory personnel or lawyers.

As a small utility, BVES has a very lean management structure. BVES' engineering staff consists of two engineers and three technical assistants. Consequently, BVES retains outside consultants on a project-by-project, as-needed basis. This practice enables management to effectuate large projects that cannot be adequately or efficiently carried out solely by the existing full-time BVES personnel, allowing BVES staff to maintain focus on their top priority to provide safe and reliable electric service.

The formatting error of the February 7<sup>th</sup> WMP primarily resulted from a confluence of various factors. BVES management mistakenly viewed the 2020 WMP as an update of the 2019 WMP, which had been approved by the WSD. Prior to the February 7<sup>th</sup> filing, neither BVES nor its consultant was aware that the 2020 WMP guidelines had significantly modified the formatting requirements and specifically required the new data tables to be embedded in the narrative as well as be submitted as separate data files. Bear Valley's regulatory personnel only became actively involved shortly before the February 7<sup>th</sup> filing deadline, with limited time or opportunity to

compare the WMP against the WMP guidelines. Nor was legal counsel involved in the preparation or review of the 2020 WMP prior to it being filed.

*Errors in Tables.* The February 7<sup>th</sup> and March 6<sup>th</sup> WMP filings included tables with cost projections that were incorrect. BVES management was intensely focused on developing and reviewing the text contained in the body of the WMP. It delegated to Bear Valley's engineering staff and the consultant's team the task of taking the description and costs of the wildfire mitigation initiatives contained in the text of the WMP and accurately depicting that information in the appropriate tables. Management failed to provide adequate oversight and review of engineering staff's and consultant's work product with regard to the tables, for which it takes full responsibility.

In order to provide the consultant Risk Spend Efficiencies ("RSEs") for the selected projects, BVES provided the consultant its entire risk registry and possible mitigation initiatives. This information included all identified wildfire risks, as well as the risk of Southern California Edison executing a public safety power shutoff ("PSPS") to supply lines to BVES's service area. This information also included several alternative mitigation projects which were not selected nor intended to be included in the WMP program and associated tables. The consultant mistakenly entered *all* of the considered mitigation measures in the tables, as opposed to only entering mitigation measures narrowed by BVES. Bear Valley's engineering staff, as well as management, failed to identify this error. This resulted in rejected alternatives, such as "underground the entire sub-transmission system" and "underground the entire distribution system" which had very high cost and extremely low RSEs, to incorrectly be included in the tables.

Additionally, the proposed dates of execution for each mitigation measure in the risk registry did not include or reflect BVES's long-term mitigation plan adopted by management. However, due to miscommunications, the consultant entered several mitigation projects in the table for the 2020-2022 time-period that were not intended to be included in such time-period. Compounding this error was the fact that several of these projects were substation upgrades, which were erroneously entered as undergrounding projects. Another undetected error was that circuit miles were used instead of line miles for grid design and hardening projects, which made the per mile cost essentially three times the actual estimated cost. While the narrative text reflected the correct project plans, costs and sequencing for 2020-2022 time-period, the tables were incorrect. BVES management and engineering staff, as well as the consultant team, failed to note the resulting errors (*i.e.*, inconsistencies between the tables and the narrative text).

Because BVES management focused on the narrative and the tables were separate files in the original WMP, management missed these significant errors for the original filing on February 7<sup>th</sup>, 2020. Unfortunately, and regrettably, BVES management missed a second opportunity to note and correct these errors in its reformatted March 6<sup>th</sup> WMP filing because it was focused on ensuring the formatting was corrected in accordance with the guidelines and assumed the substance and content was not in question and did not require additional review.

To be clear, this BVES management failure was not due to laziness or systemic lack of desire for accuracy. There were several challenging events and circumstances involving the BVES

electric system that arose during the time the original and reformatted 2020 WMPs were being prepared and reviewed. Specifically, the following weighed on BVES management and staff:

- BVES's contractor performing safety and technical upgrades to the Pineknott Substation was late in completing this project and the delay kept the substation off service until late January 2020. With December and January being BVES's peak load period, BVES struggled to manage load on affected circuits on a daily basis to sustain continuous power delivery service to customers without causing any unsafe overload conditions. Further, time-sensitive acceptance testing for the substation work occurred in January 2020, diverting engineering staff's attention.
- During this same time-period, BVES's largest customer, Bear Mountain Resorts, had a significant load imbalance on its end resulting in voltage regulator performance issues at Bear Mountain Substation. BVES's engineering staff spent considerable time and effort troubleshooting the issue and developing a resolution to meet the customer's needs during its busiest season.
- BVES's staff was also heavily involved in planning and executing several large projects in support of its capital improvement plan approved in its General Rate Case and its 2019 WMP, which demanded a great deal of their time and effort. These included the evaluation of the design for the Radford Line Replacement Project and issuing the construction request for proposal; developing the scope of work and design for the safety and technical upgrades to the Palomino Substation; developing the specific scope of work that would be needed for Bear Valley Power Plant upgrades during the 2020 construction season; executing the conventional fuse replacement program; designing the work packages for the circuits to be included in pole loading and assessment program during the 2020 construction season (April to October due to winter weather); and designing the work packages for the tree attachments to be removed as part of the tree attachment removal program during the 2020 construction season.
- BVES staff was further tasked with preparing for and participating in Commission hearings in January 2020 regarding complex technical issues for Bear Valley's solar energy project.

These matters demanded enormous effort, time and attention of Bear Valley's relatively small management and engineering team. The BVES team worked long workdays and weekends to address these challenging issues. In hindsight, it is clear that Bear Valley's small but dedicated management team was simply stretched too thin. These multitude of issues/events contributed to management's failure to sufficiently review the engineering staff's and consultant's administrative preparation of the WMP tables. Bear Valley's senior management takes responsibility for failing to properly assess the workload of its management team and staff, and their ability to timely carry out all assigned tasks in a highly competent and professional manner.

Another contributing factor was the failure of the BVES team to fully appreciate how the information in the WMP tables would be used by WSD. Had BVES's management team realized that the tables would be an essential factor in WSD's analysis of the 2020 WMP, BVES management would certainly have focused a great deal of attention on the tables. BVES's senior

management takes responsibility for failing to understand the importance of the WMP tables in the WSD review process.

### **BVES' Review Process of Consultant's Work Product Prior to Submission to WSD.**

As required by the Final Action Statement, set forth below is a description of the review process of the consultant's work product prior to the submission of the 2020 WMP to WSD.

Prior to the submission of the original 2020 WMP, the Operations & Planning Manager had primary responsibility and oversight of the consultant assisting BVES in preparing its 2020 WMP. These responsibilities included, but were not limited to, assigning tasks to the consultant, interfacing with and providing direction to the consultant as it progressed through the various stages of preparing the 2020 WMP, and reviewing the consultant's work products. The Operations & Planning Manager internally delegated to the Engineering Supervisor the responsibility of putting together data inputs to the WMP tables and ensuring accuracy of the data. In fact, the Operations & Planning Manager had directed the Engineering Supervisor to be able to have a backup for every number used in the WMP, including the tables.

BVES management had developed a review and approval plan for the 2020 WMP. This plan included a sequential process for review based on assigned due dates:

- Final draft submittal by consultant.
- Final review by BVES's Operations & Planning team.
- Final review and approval by BVES's Regulatory Affairs team.

Regrettably, this sequential review and approval plan was not effectively implemented. One significant factor undermining the plan was BVES was having significant issues in preparing the WMP GIS data. In fact, the team grappled with the GIS files right up until the day of the initial filing on February 7, 2020. Both consultant and BVES staff and management efforts and attention were diverted to resolving the GIS issues. The team failed to properly implement the review and approval plan during the final stages of developing the WMP. Delays in both gathering and processing the necessary information to complete the WMP created a cascading effect resulting in BVES's Operations & Planning staff's quality reviews being delayed and BVES's Regulatory Affairs staff not being provided adequate time to reasonably perform their review.

A definite flaw in the process was the review and check plan was conducted as a sequential process for the entire WMP and while this is needed for the final product, it would have been more effective and efficient to conduct reviews of each section as each was completed. As described above, several significant events and circumstances involving the Bear Valley system arose during the time the 2020 WMP was being prepared and reviewed. These matters demanded considerable effort and attention of Bear Valley's relatively small management team, and reduced the amount of available management time and attention on the development and review of the 2020 WMP.

The foregoing circumstances limited Bear Valley's ability to thoroughly review the 2020 WMP before filing it with the WSD. BVES's Operations & Planning Manager did not recognize the impact of the delays and did not develop alternate solutions such as reviewing each completed section separately and alerting BVES's Regulatory Affairs staff to the delays.

### **Compensation to Consultant for Work Product.**

The Resolution directed BVES to disclose how much it paid the consultant for its work product(s).<sup>3</sup> The consultant was paid \$86,392.23 for work undertaken from September 2019 through June 2020 in support of the 2020 WMP. BVES has advised the consultant that it does not intend to pay the consultant for such work in light of the rejection of initial filings of the 2020 WMP, and will credit future invoice(s) to reflect that fact.

### **BVES Has Implemented Significant Changes to Improve Its Quality Control Procedures**

Bear Valley has taken immediate steps to improve its internal processes to ensure the quality and accuracy of its wildfire mitigation work, reporting and regulatory submissions. As required by the Final Action Statement,<sup>4</sup> Bear Valley sets forth below a description of what changes BVES has made in an effort to avoid future failures similar to its February 7<sup>th</sup> and March 6<sup>th</sup> WMP filings.

BVES implemented certain corrective actions to improve its quality control processes to help ensure the quality and accuracy of its wildfire mitigation work, reporting and regulatory submissions. These corrective actions 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. The process involves breaking the WMP into logical sections and conducting initial reviews as soon as each section is completed. This renders the final review of the entire WMP more efficient.
- Approved inclusion of regulatory staff and counsel to a greater degree and at an earlier phase in the WMP preparation and review 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. One position is the Wildfire Mitigation & Safety Engineer who will have direct and specific responsibility for WMP data and metrics being accurately and comprehensively collected, for evaluating and analyzing the data and metrics, and for providing recommendations to management based on the analysis. The other position is a Project Coordinator dedicated to assist in planning and executing projects on a day-to-day basis, thereby allowing the Operations & Planning Manager and the Engineering Supervisor responsible for the WMP preparation to focus on the WMP planning, preparation and review work and the higher level execution decisions.

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<sup>3</sup> Final Action Statement at pp. 4-5.

<sup>4</sup> Id. at p. 6.

- Updated the duties and responsibilities of the Utility Manager (formerly called Operations & Planning Manager) to include very clear, direct, and specific responsibilities for the preparation and execution of the WMP.<sup>5</sup>
- Implemented a structural change to the organization for the Field Operations Supervisor to no longer report directly to the Utility Manger so that the Manager is not distracted by day-to-day system operational issues and, thus, is afforded more bandwidth to dedicate to planning and executing the WMP.
- Updated the duties and responsibilities of the Utility Engineer & Wildfire Mitigation Supervisor (formerly called Engineering Supervisor) to include very clear, direct, and specific responsibilities for the preparation and execution of the WMP.<sup>6</sup>
- Updated the duties and responsibilities of the GIS Specialist position to require increased skills and competence in this area in order to meet WSD’s standards for GIS in WMP submittals. While this was not cited as a specific deficiency in the February 7<sup>th</sup> filing, BVES’s GIS Specialist was not at the level of competency being required by the WSD and that contributed to consultant and management diverting focus to this area in the final stages of the filing.<sup>7</sup>
- Management discussed with staff the critical importance of ensuring information provided to the Commission, its Divisions, and any federal, state or local agency be accurate and timely. BVES will make this a recurring training objective, as well as reminding staff prior to any major Commission filings.

BVES agrees that use of a consultant to prepare documents does not relieve a regulated entity of the obligation to submit accurate information to the consultant, check the consultant’s work, verify it is accurate, and submit material to the Commission and the WSD that meets statutory and regulatory requirements. Therefore, BVES made immediate improvements to its internal processes as noted above to increase the quality and accuracy of its wildfire mitigation work, reporting and regulatory submissions.

## **Conclusion**

BVES management and staff regret the errors that occurred with regard to the original filings of the 2020 WMP, and the resulting wasted time and effort of WSD staff in analyzing a deficient WMP.

In short, the errors in Bear Valley’s WMPs were twofold – failure to comply with WSD guidelines in formatting, and failure to ensure accuracy in WMP tables. To address the first error, BVES commits to involving its regulatory department and regulatory counsel early and more often

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<sup>5</sup> The Operations & Planning Manager responsible for the 2020 WMP filing of February 7<sup>th</sup> and March 6<sup>th</sup>, 2020 is no longer associated with BVES.

<sup>6</sup> The Engineering Supervisor responsible for the 2020 WMP filing of February 7<sup>th</sup> and March 6<sup>th</sup>, 2020 is no longer associated with BVES.

<sup>7</sup> The GIS Specialist involved in the 2020 WMP filing of February 7<sup>th</sup> and March 6<sup>th</sup>, 2020 is no longer associated with BVES. BVES is actively recruiting a replacement GIS Specialist to a much higher standard and level of competence in GIS.

in the filing process to help ensure that BVES management and staff clearly understand and comply with applicable rules and guidelines.

As for increasing its quality assurance and accuracy in Commission filing to address the second error, BVES has undertaken numerous steps. It has implemented a more formal, multi-level internal review and approval process for WMP and other Commission filings. Regulatory staff and counsel will be involved to a greater degree and at an earlier phase of Commission filings to bolster the Bear Valley's oversight and review resources. In addition, two new staff positions have been established to help ensure accurate and timely information is provided. Existing management positions have had their responsibilities modified to more clearly describe their duties and responsibilities in ensuring accurate information in, and reviewing and approving filings of, WMPs and their implementation. For management positions that are now vacant following the rejection of the WMP, candidates will be apprised of the heightened importance of accuracy of BVES filings with the Commission filings. And finally, BVES is committed to hiring a more experienced and qualified GIS Specialist to accelerate and maintain BVES' GIS data system. Collectively, BVES believes these steps will immediately increase the quality and accuracy of Commission filings, and help to ensure that the types of errors that occurred with respect to the initial 2020 WMP filings are not repeated.

Respectfully submitted,

Bear Valley Electric Service, Inc.

        /s/ Paul Marconi          
Paul Marconi  
President & Treasurer