

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

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2020.

(U 39 M)

Application 18-12-009
(Filed December 13, 2018)

**RESPONSE OF THE COUNTY OF NAPA AND THE
COUNTY OF SONOMA TO A.18-12-009**

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Dated: January 17, 2019

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In accordance with Rule 2.6 of the Commission’s Rules of Practice and Procedure, the County of Napa and the County of Sonoma (“Counties”) submit their response to Application 18-12-009. PG&E’s application proposes a \$5 billion Community Wildfire Safety Program, which it asserts would focus on enhanced vegetation management, system hardening for overhead electrical infrastructure, improved technology and system monitoring, and other support programs.

While the Counties support revamping PG&E’s above-ground electric system and operations in order to prevent future wildfires and to make fundamental structural and operational changes to the way PG&E responds to emergency situations to enhance public safety, the Counties assert that the proposed changes are long overdue and should have been, and should still be, in great part paid for by PG&E and its shareholders (even if the expense of the program is funded by PG&E through its reorganization plan), without further burdening the Counties’ residents and ratepayers who have already shouldered the expense and trauma of wildfires that should have been prevented. Furthermore, the Counties are concerned about

systemic deficiencies at PG&E that may hamper the timeliness and effectiveness of the program it is proposing.

I. BACKGROUND

The Counties have extensive first-hand experience with PG&E's' community outreach, emergency response, coordination with local authorities and first responders, vegetation management, infrastructure maintenance and construction, decision-making, and information gathering and dissemination practices—before, during, and after a life-threatening emergency. In October 2017, the Northern California wildfires swept through the Counties, destroying thousands of buildings, causing billions of dollars of damage, and claiming dozens of lives.

While the Counties have no reason to doubt that PG&E's on-the-ground personnel wanted to act quickly and do what they could with their available resources in response to the fires, the Counties' experience with PG&E, both before a crisis arises and in its aftermath, however, indicates that PG&E suffers from systemic weaknesses in its ability to communicate and to respond to the needs of residents, and to follow through on corrective actions. In particular, in its post-fires de-energization actions, and its failure to address the needs of vulnerable populations, PG&E has demonstrated a lack of coordination and effective communication, among other failings. And while its belated vegetation removal program should mitigate the risk of future fires to some extent, the manner in which PG&E has carried out its removal of trees and other vegetation (including in some cases excess tree removal and/or failure to clear from the site the trees and other vegetation it has cut down) reveals a disregard of environmental concerns and watershed protection.

PG&E's general rate case application proposes a \$5 billion¹ Community Wildfire Safety Program that would ostensibly enhance PG&E's vegetation management, overhead electrical equipment, operational practices, situational awareness, employee training, and community outreach in order to reduce wildfire risk. However, implementation of the Community Wildfire Safety Program, alone, is not enough. In order to build a safer electrical system, PG&E also needs to correct the shortcomings in its operations and communications, or PG&E's customers would be burdened with a significant premium for increased bureaucracy, reduced efficacy, and questionable benefits to safety. The Commission should not approve the Community Wildfire Safety Program without requiring that PG&E demonstrate that the program will improve its existing operations. In making that determination, the Commission should work with the local government entities in PG&E's service territory to confirm that PG&E's proposal will improve public safety and the public's experience.

II.
THE COMMUNITY WILDFIRE SAFETY PROGRAM MUST GUARANTEE
IMPROVEMENTS TO SYSTEMIC ISSUES

The Counties have experienced problems with PG&E's routine infrastructure service, ability to disseminate accurate and timely information, approach to communicating with vulnerable populations, decision-making process regarding de-energizing power lines, and vegetation management practices. The five main elements of the proposed Community Wildfire Safety Program will rely on PG&E's ability to do all of these things well and quickly. The Commission should not approve the Program until PG&E demonstrates that it will adequately address and resolve existing issues with its current operations and communications.

¹ While the Counties do not have sufficient information to address PG&E's cost estimates in this response, the Counties do not concede that \$5 billion is reasonable or necessary to accomplish the Program's goals.

A. Enhanced Vegetation Management

PG&E's proposal for enhanced vegetation management cannot be squared with the actual vegetation management practices the Counties have observed in the aftermath of the 2017 wildfires. PG&E's proposal calls for targeted removal of 10 tree species that are prone to falling on power lines in high-wind conditions, clearing tree overhang above distribution lines, and increasing vegetation-to-line clearance from 18 inches to 48 inches.² The enhanced vegetation management proposal seems reasonable on paper. In practice, the Counties have observed PG&E engaging in excessive tree removal, resulting in potential risks of erosion when it rains. In fact, under normal conditions, the extent of PG&E's land-clearing activities might warrant code enforcement steps by the County. Much of this work is being done on private property; the Counties have been informed that in some cases, the landowners are not informed ahead of time or given adequate notice, and are not given the chance to discuss removal versus pruning particular trees with PG&E. Furthermore, in some cases PG&E leaves the uprooted vegetation, chipped debris, and felled trees on the landowner's property "as a courtesy."³ While the trees and vegetation are the legal property of the landowner, PG&E's zealous clear-cutting has apparently resulted in huge piles of debris left for the owner to dispose of. Not only does this impose a financial burden on the landowner, but piles of now-dead tree material are a fire and erosion hazard in their own right.

The Counties understand that, in high-wind conditions, trees located much farther than 48 inches from a distribution line can fall on the power lines. The Counties support practical approaches to vegetation management that will address actual fire hazards on a case-by-case basis. But PG&E's current vegetation management activities have simply replaced one

² See A.18-12-009, PG&E Exh. 4, Vol. 1, ch. 2A, pp. 2A-26 to 2A-27.

³ See PG&E tree work webpage: https://www.pge.com/en_US/safety/yard-safety/powerlines-and-trees/tree-work-near-distribution-lines.page (last visited January 12, 2019).

problem with several new ones, and PG&E has not, to the Counties' knowledge, communicated the rationale behind its practices (which may border on clear-cutting in some instances) to the landowners, local governments, or the Commission. Is PG&E adhering to its current vegetation management protocols? Is this a new approach developed after the 2017 fires? Does PG&E intend to refrain from clear-cutting in favor of the Community Wildfire Safety Program's enhanced vegetation management practices? Or is this how the enhanced vegetation management program looks in practice? PG&E must answer these questions before the Commission considers the relative merits of the Community Wildfire Safety Program.

B. System Hardening

The Counties support PG&E's desire to upgrade its overhead electric system to reduce equipment-related fire risk. The Counties are concerned, however, that PG&E's history of significant delays in performing smaller infrastructure projects, coupled with its history of unreliable scheduling and poor communication with customers and local governments regarding pending projects, not be carried over into the system hardening work. System hardening will require PG&E to de-energize, remove, or rebuild segments of distribution line, which will affect peoples' homes and businesses, as well as local government offices and services. Local governments have to be able to plan for outages so that essential services are not interrupted. Businesses need to know when they will lose power, or when deliveries will be blocked because of trenching or other construction activity. People need to know when their homes will be without power, particularly if they have medical equipment that runs on electricity. While some delays and missed communications are inevitable, PG&E's internal scheduling practices and its internal protocols for customer communication must be improved.

The Counties are also concerned that the system hardening work encompasses so much of PG&E's distribution system that PG&E will not have the personnel to accomplish the

work in this general rate case period. The Counties recommend that the Commission direct PG&E to partner with local governments, whose Departments of Public Works may be able to share some of the workload if provided funding and adequate plans, and hold competitive solicitations for private contractors to share the burden, as well. Outsourcing will also likely reduce costs, as the projects will not be subject to PG&E's overhead adders.

C. Enhanced Operational Practices

The Counties support PG&E's desire to increase remote operation capabilities and enhanced electronic monitoring of its electric system. The upgraded technology is not enough on its own, however. PG&E's internal decision-making structure, response time in a crisis, and communications with its community liaisons and the communities it serves must also be improved if the increased ability to monitor its system is to mean anything.

In this proceeding, the Counties may provide information and evidence detailing PG&E's repeated failures to communicate effectively with customers, with local emergency response personnel, and internally in the aftermath of the fires. Creating "smart" transmission and distribution lines will not help communities during a crisis if PG&E's own people at the scene are not adequately informed. It appears that the company's internal deliberative process may be so cumbersome that it cannot respond to a community's needs quickly.

A smarter electric system will also be of no use to PG&E's customers if PG&E cannot communicate effectively about potential Public Safety Power Shutoff (PSPS) events or other issues affecting their electric service. During the PSPS event that PG&E announced in November 2018, it appears that PG&E failed to identify and communicate with Napa County's vulnerable populations before de-energizing, for example. The Counties understand that the question of how PG&E should communicate with its vulnerable-population customers will be

addressed in the de-energization Rulemaking, but the Commission must bear in mind that PG&E's request for funding to upgrade its electrical system does not exist in a vacuum.

By that same token, the Counties are concerned about PG&E's decision-making process related to PSPS events. The November 2018 PSPS was called due to high winds, and PG&E cancelled the PSPS at 1:00 in the afternoon on November 8 while the winds were still high and reports that the Camp Fire had started burning were already in wide circulation. PG&E's decision-making process will affect how it makes use of the enhanced operational practices and remote equipment access. Before approving PG&E's request for funding, the Commission should ensure that PG&E's customers and communities will see an improvement in how PG&E serves them.

D. Other Support Programs

The Counties support increased employee engagement and training, providing employees with tools to allow them to better do their work, and establishing oversight for the Community Wildfire Safety Program. This is the facet of the program that can implement the structural changes necessary to improve PG&E's internal and external communications, its responsiveness to community needs, and its deliberative process.

The Counties expect to produce evidence of significant problems with PG&E's practices before, during, and after emergency events, including but not limited to issues in the following areas:

- The adequacy of PG&E's practices in keeping community liaisons up to date on relevant, and often critical, information;
- The question of whether PG&E provides its on-scene personnel with sufficient decision-making authority, which results in delay not only in

action but their ability to communicate and respond definitively to requests for information or action from local governments;

- The adequacy of PG&E’s decision-making process for PSPS events;
- PG&E’s practices in tracking medically vulnerable customers; and
- The extent to which PG&E’s post-wildfire vegetation removal practices fail to properly mitigate environmental impacts.

If PG&E’s efforts to reduce wildfire risk to the communities that it serves are to be successful, PG&E must change the way it operates and communicates, both internally and with its customers and local entities. The Commission should not burden ratepayers with any significant share of the proposed \$5 billion in additional expenses unless and until PG&E makes systemic changes required to address the concerns described above. Neither should the Commission take PG&E at its word that it will develop the necessary plans and make the necessary changes. The Commission should direct PG&E to work with the local governmental entities in its service territory to identify operational, managerial, and communication shortfalls of PG&E that affect local governments before, during, and after emergency events.

III. OTHER ISSUES

A. Categorization and Need for Hearings

The Counties agree with PG&E’s proposed “ratesetting” categorization for this application. The Counties also agree that evidentiary hearings are likely to be requested.

B. Proposed Schedule

The Counties do not oppose the tentative schedule proposed by PG&E.

C. Issues to be Considered

The Counties believe that two issues should be added to PG&E's proposed catalogue of issues to be addressed in this proceeding:

1. Whether the proposed Community Wildfire Safety Program, as originally designed and structured by PG&E, is likely to accomplish its goals in this general rate case period, and, if not, what changes should be made; and
2. What effect the U.S. District Court's Order to Show Cause issued in *U.S. v. PG&E*, Case No. 3:14-cr-00175-WHA, Document 961 (filed January 9, 2019) concerning proposed additional conditions on PG&E's probation, will have on the scope of work proposed in the Community Wildfire Safety Program and the related effect on PG&E's proposed revenue requirement.

IV.
CONCLUSION

The Counties appreciate that PG&E appears to have put significant thought and effort into its detailed proposal. But the magnitude of work and cost associated with PG&E's Community Wildfire Safety Program give the Counties pause in light of the significant shortfalls in PG&E's current communications and operations before, during, and after an emergency. A \$5 billion program will not accomplish \$5 billion worth of good for PG&E's customers if these shortcomings are not adequately and timely addressed.

Respectfully submitted January 17, 2019, at San Francisco, California.

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