



October 14, 2020

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Re: Reply Comments of BVES Regarding First Quarterly Report on 2020 Wildfire Mitigation Plan

Background

On September 18, 2020, Bear Valley Electric Service, Inc. (“BVES” or “Bear Valley”) submitted its revised 2020 Wildfire Mitigation Plan (“Revised 2020 WMP”), its first Quarterly Report (the “Report”) and its Remedial Compliance Plan in accordance with the Wildfire Safety Division (“WSD”) Final Action Statement (“Final Action Statement”) dated August 26, 2020. The WSD issued a Guidance on Remedial Compliance Plan & Quarterly Report Process Set Forth in Resolution WSD-002 dated July 17, 2020 (“July 17, 2020 Guidance Document”) which provided that electrical corporations may submit reply comments to any stakeholders’ comments on Quarterly Reports within seven days from the due date for stakeholders comments. However, this was modified by the Director of WSD in a letter dated September 8, 2020 that provides that any stakeholder may submit reply comments, not to exceed five pages, within two weeks of submission of opening comments on the first quarterly reports. BVES’ reply comments comply with such letter.

BVES Agrees that Extensive Use of Cross References Should Be Avoided.

On September 30, 2020, the Small Business Utility Advocates (“SBUA”) submitted comments on Bear Valley’s Report. SBUA objected to the formatting used by BVES in its Report which contained cross-references of where the information could be found in its Revised 2020 WMP. SBUA requested that WSD clarify whether this approach is appropriate, indicating that SBUA believes that the Report should be complete in and of itself.¹

Bear Valley was urged by WSD to address deficiencies identified by WSD in its Draft Action Statement, draft Resolution WSD-006 and Resolution WSD-002. WSD did not specify whether BVES should address those deficiencies in the Revised 2020 WMP or in a separate quarterly report. BVES chose to address the deficiencies in its Revised 2020 WMP. In its Report,

¹ SBUA Comments, fn. 2 at p. 1.

BVES stated that, out of an abundance of caution, BVES was also filing, concurrently with the filing of its Revised 2020 WMP, its Report in accordance with Resolution WSD--002, which requires Class B deficiencies to be addressed in a Quarterly Report. However, BVES noted that the Report would first briefly describe the Class B deficiency declared by WSD and then provide a cross reference to where in the Revised 2020 WMP Bear Valley's response to such Class B deficiency could be found. In effect, BVES stated that the Report provided a "road map" of where in the Revised 2020 WMP Bear Valley's response to a Class B deficiency may be found.

The extensive use of cross references in the Report was due to the unique circumstances surrounding Bear Valley's first quarterly report. BVES generally agrees with SBUA that quarterly reports should contain as much of the necessary information as practical, while minimizing the use of cross references to existing documents. BVES intends to utilize such an approach in future quarterly reports.

SBUA's Request for Firm Date to Develop Risk-Spend Methodology Is Contrary to Commission Decisions and Current Rulemaking Proceedings

Condition Guidance-1 of WSD-002 requested utilities to provide the following information in their first quarterly report:

- i. its calculated reduction in ignition risk for each initiative in its 2020 WMP;
- ii. its calculated reduction in wildfire consequence risk for each initiative in its 2020 WMP; and
- iii. the risk models used to calculate (i) and (ii) above.

BVES responded in its Revised 2020 WMP that it has not been required to conduct a Risk Assessment and Mitigation Phase ("RAMP"), and described generally how it prioritized its wildfire risk mitigation initiatives. It further stated that its risk-based decision-making framework effectively targets circuits and assets to assure initiatives that provide the greatest mitigation benefits are properly prioritized. BVES committed to work to develop a model, within the next three years, to quantify ignition risk drivers and associated probabilities to assist in determining which initiative mitigations to targeted circuits and assets will provide the greatest benefit to wildfire risk reduction.²

After acknowledging that small utilities cannot report on information that they do not have and have not used in their decision-making, SBUA nonetheless recommends that the WSD set a firm final date by when BVES and the other small utilities have to (i) develop their risk-spend methodology and (ii) implement it into their WMPs.³ SBUA's recommendation is misguided and overly simplistic. It should be rejected by the WSD.

Risk spend efficiency ("RSE") methodology is an integral element of the RAMP proceedings. In responding to Condition Guidance-1, the large investor-owned utilities ("IOUs") used RSE values derived from their RAMP models based on the Safety Model Assessment Proceeding ("S-MAP") Decision 18-12-014, which is itself a precursor to the 2020 RAMP Report.

² Revised 2020 WMP, Appendix B at p. B-1.

³ SBUA Comments at p. 2.

According to the Commission, the S-MAP and related RAMP filings, Risk Spending Accountability Reports (“RSAR”) and Safety Metrics Performance (“SPM”) reports “are a complex set of *interacting* requirements.”⁴ In D.14-12-025, the Commission required the small utilities to include risk-based decision-making framework in their GRC applications, but not the same as the large IOUs. The Commission stated that it believed it would be best to gain experience through the efforts of the large IOUs before requiring the small IOUs to take similar steps. In D.19-04-020 the Commission adopted a Voluntary Agreement on Risk-Based Decision-Making Framework Between the Safety and Enforcement Division and the Small and Multijurisdictional Utilities (“Voluntary Agreement”). The Voluntary Agreement has much simpler requirements for the small IOUs and sets forth the information and analytical requirements to be filed with their GRC applications.

In the recently initiated R.20-07-013, the Commission noted that in D.19-04-020 its intent was for SMJUs to move toward a more probabilistic approach to risk-based decision-making as required for the large IOUs in D.18-12-014, “*to the extent feasible*” and that the Commission may revisit and formalize the Voluntary Agreement in a future S-MAP proceeding.⁵ The Commission stated it would consider the need to further refine the Voluntary Agreement to move it further towards the risk-based decision-making requirements for the large IOUs and/or for the Commission to formally adopt the Voluntary Agreement as is.⁶ The Commission said that it would consider adopting specific RSAR and other requirements for the small IOUs, which may include consideration of RSAR requirements for small IOU GRCs resolved via the Settlement Agreement and/or RAMP and Risk Mitigation Accountability Report (“RMAR”) requirements of the small IOUs.⁷ In short, the Commission intends to investigate a host of wildfire risk-related issues that are unique to SMJUs in light of their unique characteristics and limited resources.

As noted above by the Commission, S-MAP and related RAMP filings RSAR, SPM reports, as well as the RMAR are a complex set of *interacting* requirements, of which risk spend methodology and values are an integral part, and the Commission has an open rulemaking proceeding to address, among other things, the risk spend methodologies and requirements of small IOUs. Not only is SBUA’s recommendation overly simplistic and potentially impacts a myriad of other issues, BVES believes it is contrary to the Commission’s intent to address a myriad of risk-related issues in R.20-07-013, including the very issue SBUA has raised. Accordingly, WSD should reject SBUA’s request and not interfere with the Commission’s deliberations in R.20-07-013.

BVES Has Collaborated With Local Organizations

BVES-15 deficiency requests BVES to describe in greater detail how it collaborates with outside agencies, uses best practices and acts on lessons learned from this collaboration. SBUA claims that BVES makes no reference to lessons learned from its collaborative efforts or how BVES intends to improve those efforts. It also recommends that BVES should prioritize

⁴ R.20-07-013 at p. 3. Emphasis supplied.

⁵ Id. at p. 16 (emphasis supplied), referring to D.19-04-020 at pp. 55-56.

⁶ R.20-07-013 at p. 16.

⁷ Id. at p. 17.

outreaching to organizations that provide resources directly to small businesses, and report on any challenges faced that inhibit collaboration and lessons learned/best practices.

In its Revised 2020 WMP, BVES outlined how it has collaborated with outside agencies within its service territory. Given its compact service territory, BVES' customers constitute a tight-knit community where collaboration is not only integrated into customers' daily lives, it is a necessity for a thriving, small community. In its response to BVES-15 Class B deficiency, BVES listed 17 different local organizations and agencies with which it had collaborated. SBUA does not identify any best practices that BVES has failed to implement or that BVES' collaborative efforts were ineffective. As for SBUA's recommendation to prioritize outreaching to organizations that provide resources directly to small businesses. BVES values its small-business customers and, as a result, has collaborated closely with the Big Bear Lake Chamber of Commerce and Big Bear Lake Resort Association/Visit Big Bear Center, which are the only organizations that include small businesses in Big Bear Lake and its surrounding areas.

In light of its small service territory and its tight-knit community, BVES did not experience any challenges that inhibited its collaborative efforts with local organizations and agencies. Nevertheless, it will continue its efforts to work collaboratively with local organizations and agencies, including those that represent small-business customers.

Bear Valley appreciates the constructive feedback by SBUA and the opportunity to respond.

Respectfully submitted,

Bear Valley Electric Service, Inc.

 /s/ Paul Marconi
Paul Marconi
President & Treasurer