

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item #31 (Rev. 1)

ID #12633

ENERGY DIVISION

RESOLUTION E-4614

December 19, 2013

R E S O L U T I O N

Resolution E-4614. San Diego Gas and Electric Company (SDG&E) requests deviation from the maximum 15 month facility inspection intervals during the transition over several years to a new fixed time inspection plan.

PROPOSED OUTCOME: Approves Tier 3 Advice Letter (AL) 2510-E of SDG&E as filed to comply with Decision (D.) 13-06-011 and SED's approval of SDG&E's inspection plan to implement the new definition of "year" over a transition period.

SAFETY CONSIDERATIONS: SDG&E's implementation plan of electric facilities inspections under the more restrictive definition of "calendar year" ordered by D. 12-01-032 and modified by D. 13-06-011 requires a transitional period of several years with longer than 15 month intervals. However facilities in high fire-threat zones are inspected early in each calendar year and would not be affected by the temporary inspection intervals beyond 15 months allowed by D. 13-06-011. Since fire threat is primarily caused by the environment (vegetation growth, weather) around the facilities, not by deterioration of facilities, SDG&E's implementation plan would not substantially lessen safety.

ESTIMATED COST: Minor.

By SDG&E Advice Letter 2510-E filed on August 6, 2013.

SUMMARY

This Resolution approves SDG&E's transition plan of extended intervals of facility inspections with a base year of 2014 as complying with D. 13-06-011.

BACKGROUND

Rule 31.2 of General Order (G.O.) 95 requires that overhead electric lines “be inspected frequently and thoroughly for the purpose of ensuring that they are in good condition so as to conform” with the remainder of the rules found in G.O. 95. G.O. 165 states the minimum inspection intervals for various types of inspections and provides greater detail as to the meaning of the terms “frequently”, “thoroughly” and “year” as used in Rule 31.2. As relevant to this Advice Letter, Table 1 of G.O. 165 provides the inspection intervals applicable to electric distribution facilities, whether overhead, underground or pad-mounted facilities. Those intervals are differentiated according to the location of the facilities and the intensity of the inspection. For example, urban patrol inspections are conducted at different intervals than rural or intrusive inspections. Patrol inspections of overhead facilities located in rural areas are to be conducted once every two years. Exceptions are those areas of seven southern counties, including San Diego County and Orange County where SDG&E’s facilities are primarily located, designated as “extreme” and “very high fire threat zones”. Patrol inspections must be conducted there every year. Detailed inspections in the “extreme” and “very high fire threat zones” must be conducted every three or every five years, depending on the location and type of facility.

G.O. 165 adopted in March 1997, defined “year” as calendar year, which allowed utilities to perform annual inspections anytime in a calendar year and could result in 24 month intervals – e.g., a utility could comply with G.O. 165 by performing an annual inspection on January 1, 2010 and December 31, 2011.

This definition of “year” provided the utility with considerable flexibility as to the scheduling of inspections because utilities could conduct their inspections without regard to the date of previous inspections, so long as the calendar-year limitation was observed. D. 12-01-032, on p.74 adopted a narrower definition of the term “year”, as follows:

For the purpose of implementing the patrol and detailed inspection intervals in Table 1 above, the term “year” is defined as 12 consecutive calendar months starting the first full calendar month after an inspection is performed, plus or minus two full calendar months, not to exceed the end of the calendar year in which the next inspection is due.

The Commission thus constrained the period during which inspections need to be performed, adopting a four-month-long “window” determined solely on the basis of the date of the most recent previous inspection of a facility.

In response to the Joint Electric Utilities’ petition to modify D. 12-01-032, the term “year”, in the context of G.O. 165, was further redefined in D. 13-06-011 to eliminate the “year minus two months” shorter interval and extend the “plus two months” longer interval to “plus three months”. This modified the inspection “window” to fifteen months, with the specific months relevant to the window once again determined by referencing the date of the most recent previous inspection of a facility. Under the original G.O. 165 the utilities could schedule annual inspections anytime within a calendar year and inspect the same facility at different time each calendar year.

The decision did not impose a hard deadline for transition to this new schedule, but SED staff expects the Electric Safety Review Branch (ESRB) to start auditing in 2014 with the understanding that 2013 would be the base year.

SDG&E’S PROPOSAL

Pursuant to the requirements of D. 12-01-032 and D. 13-06-011, SDG&E has developed a comprehensive plan for aligning its periodic inspections with the redefinition of the maximum inspection intervals that must be observed by electric utilities. SDG&E submitted this plan as AL 2510-E.

SDG&E developed an implementation plan such that inspections of its entire inventory of electric facilities would be scheduled in nine “Paths”. Each “Path” corresponds to one of the first nine months of the calendar year, plus three months. SDG&E’s approach would eventually establish twelve-month inspection cycles, well within the fifteen-month window adopted by D. 13-06-011.

The assignment of specific facilities to any specific Path will be based upon a variety of important and relevant operational considerations, such as location, type of facility, the availability of equipment and trained personnel, property owners’ preferences and other constraints important to the scheduling and actual performance of inspections. SDG&E will assign facilities to Paths and synchronize its planning and control systems with those assignments in a manner designed to maximize the operational efficiency and cost-effectiveness of SDG&E’s overall compliance and maintenance programs.

Further, SDG&E will also be synchronizing its longer-term inspections, i.e., those occurring once every two, three and five years, with the annual patrol inspections so that, to the maximum extent possible, the annual and longer-term inspections will be coordinated and performed, whenever and wherever possible, at the same time by the same personnel.

SDG&E is continuing to evaluate the effects of adding a tenth Path, attached to the month of October, to its implementation plan and may not make a final decision as to the efficacy and benefits of this alternative until well after the launch of the implementation plan as currently designed and described above. This tenth Path would be for inspections to be completed by December 31 of the same year and provide some flexibility to account for efficiency, crew availability, property and joint pole owners and users' interests and local permitting. SDG&E is therefore requesting that the Commission authorize SDG&E to modify its implementation plan to add a tenth Path if in SDG&E's best judgment it would be prudent to do so.

Due to the sheer number of facilities involved and the complexity of redesigning SDG&E's existing inspection program and protocols for each and every one of its facilities across its entire system, using the "best", "most logical" and/or "most efficient" Path assignments may not coincide with the most immediate implementation of the terms of D. 13-06-011 as the starting point for the redesign of its inspection and maintenance program.

If equipment would have to be inspected within the 15 months interval of D. 13-06-011 starting with the last inspection performed under the very different and more flexible rule of D. 12-01-032¹, the Path assignments for many facilities would be more influenced, and in some cases governed, by the date of the last inspection conducted for those facilities. This may result in the first several years under the new rules that the next required inspections of certain equipment may fall outside the maximum interval of one year plus three months.

To bring those inspections into compliance with the Commission's orders, and staff's expectations of auditing compliance with the new orders, SDG&E would

¹ "12 consecutive calendar months starting the first full calendar month after an inspection is performed, plus or minus two calendar months, not to exceed the end of the calendar year the next inspection is due."

either (a) have to disregard the rules-based method by which those facilities would be assigned to their “best fit” Path or need to conduct an “extra” inspection within the fifteen-months window with another inspection conducted as part of the later (and optimal) Path group of facilities just a few months later.

Similarly, it may not be possible to optimize the coincident scheduling of annual patrol inspections with the longer-term detailed inspections for any number of facilities because within the currently applicable “calendar-year” definition completely flexible inspection schedules are allowed rather than strictly coordinated, repeating schedules proposed by this AL. The repeating schedules allows SDG&E to coordinate and combine the two inspection intervals (annual patrol and longer-term detailed) without regard to when the Year One patrol inspection was conducted. Under a strict interpretation of D. 13-06-011, however, SDG&E may now be required to conduct the Year Two inspection within a certain plus three months. SDG&E would be required to schedule two separate visits to a facility, a potentially inefficient use of equipment and personnel that would require SDG&E to intervene in its management-control systems manually in order to assure appropriate scheduling intervals were observed. SDG&E could be facing a choice between creating suboptimal Path assignments or disregarding the efficiencies and coordination designed into the SDG&E implementation plan for its redesigned comprehensive inspection program.

Therefore SDG&E proposes to implement its plan with the new fifteen-month window adopted by D. 13-06-011, subject to allowing inspections to be performed within the “calendar year” under the D. 12-01-032 “calendar year” definition. This plan will allow SDG&E to bring its comprehensive and complex inspection program into full compliance with D. 13-06-011 within a short set of years and capture the efficiency of upon which the implementation plan is based without any significant compromise to public safety and system reliability.

SDG&E’s implementation plan is being scheduled to launch on or about January 1, 2014, the “base” year.

NOTICE

Notice of subject ALs was made by publication in the Commission’s Daily Calendar. SDG&E states that copies of the Advice Letter were mailed and distributed in accordance with Section 4 of G.O. 96-B.

PROTESTS

No protests were filed to this Advice Letter. This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

DISCUSSION

In order to satisfy the requirement of cost effective inspections per the revised calendar year definition SDG&E is requesting a transition period for complying with D.13-06-011. Given the need to balance staff's expectation to begin auditing compliance with D. 13-06-011 with the 2014 year using 2013 as the base year in absence of any deadlines for compliance specified in D. 12-01-032, Ordering Paragraph (OP) 15, SDG&E's proposal to align its inspection schedule with the decision over time appears reasonable. SDG&E expects that the majority of the inspection assignments of specific facilities to their respective Paths and associated calendar months can be made in accordance with both the rules of the implementation plan and the fifteen-month window specified in D. 13-06-011, starting with 2014. Some facilities may therefore not be inspected at the onset of the new fixed schedule as planned to avoid duplication within a few months.

For example, if SDG&E placed a set of poles in the first Path (January) and those poles were inspected in November 2013, an unnecessary duplication could occur within less than two to five months for the annual inspections.

SDG&E estimates that approximately 30% of the overhead electric facilities would be inspected at an interval greater than fifteen months, and approximately twenty percent of the facilities would be inspected at an interval greater than eighteen months.

In order to mitigate this inefficiency during the transition (base) year, SDG&E proposes to apply in those cases the current 14-month interval rule which allows extension into the following calendar year, in this case to the end of January 2015.

The narrower inspection window of D. 13-06-011 (within one calendar year plus 3 months, modifying the 12 consecutive months plus/minus 2 months of D. 12-01-032) was primarily ordered to assure timelier detection of fire threats in high risk zones than under a utility interpretation of Table 1 of G.O. 165 allowing

annual inspections to be performed any time during a calendar year, which could result in 24-month inspection intervals.

SDG&E's current practice schedules facilities in high fire-threat zones for inspection early in the year to allow repairs to be completed before the historical fire season. SDG&E will continue this practice under the proposed plan and therefore most facility inspections in the high fire-threat zones would remain in strict compliance with D. 13-06-011 during the transition period.

Since equipment in high fire threat zones was the main reason for redefining the definition of "year", we believe that SDG&E's plan has no significant safety implications.

SDG&E maintains that within a few years' transition time all facilities will be inspected in strict compliance with the new "calendar year" inspection window. The number of years depends on considerations in each case of duplicating inspections in shorter than maximum allowed intervals and type of inspection cycle (one, three or five years). In 2015 all annual inspections would be performed in compliance with D. 13-06-011. Application of the calendar year definition of D. 12-01-032 in some cases will allow shifting of inspections into a following calendar year but also shortens the allowed interval from 15 to 14 months. This change will be especially helpful for facilities inspected in November or December 2013 and placed in Path one or two in 2014.

Per SDG&E's response to a data request the following maximum delays for complete incorporation of D. 13-06-011 staff expects that would occur under its plan:

- Annual patrol inspections by March 2016
- Detailed (three-year cycle) inspections by March 2018
- Detailed (five -year cycle) inspections by March 2020

A high percentage of inspections will however be performed within the D. 13-06-011 requirements in earlier years. Inspections in high fire threat areas are scheduled early in each year and therefore performed within the 15 month intervals permitted by D. 13-06-011.

Legal bases for disposition of the AL

Per G.O. 96-B, General Rule 7.6.1 "The Commission intends by this rule to make advice letters subject to Industry Division disposition in all instances where the delegation of such authority to an Industry Division is lawful." Thus, an advice letter will be subject to Industry Division disposition even though its subject matter is technically complex, so long as a technically qualified person could determine objectively whether the proposed action has been authorized by the statutes of Commission orders cited in the advice letter. Whenever such determination requires more than ministerial action, the disposition of the advice letter on the merits will be by Commission resolution, as provided in General Rule 7.6.2.

General Rule 7.6.2 says "Except for those circumstances in which, as provided in General Rules 5.3, 7.5.1, or 7.6.1, the reviewing Industry Division may approve or reject an advice letter, the reviewing Industry Division will prepare and place on the Commission's meeting agenda a resolution approving, rejecting, or modifying any advice letter filed with the Industry Division. The resolution will contain the Industry Division's recommended disposition and analysis supporting such disposition."

D.12-01-032 states in Section 6.21, Implementation:

All entities subject to the rules, regulations, and ordering paragraphs adopted by today's decision shall implement these directives as soon as possible. We do not adopt any deadlines except those specifically established in the rules, regulations, or ordering paragraphs themselves.

In order to satisfy cost effectiveness of inspections per the revised calendar year definition SDG&E is requesting a transition period for complying with D. 13-06-011. Given the absence of any deadlines for compliance specified in the decision, we find that SDG&E's proposal to align its inspection schedule with the decision over time is reasonable. The cost to implement this resolution is expected to be minor.

D. 13-06-011 does not set forth, however, a method by which staff may determine, as a ministerial matter, whether the specific modification requested by SDG&E should be approved. Therefore, under G.O. 96-B, General Rule 7.6.1 and 7.6.2, a Resolution is required. There is no record of the utilities'

interpretation of Table 1 of G.O. 165 as allowing up to 24 month versus 12 month inspection intervals having caused a fire problem and D. 13-06-011 allows delays of G.O. 165 inspections for up to 6 months after a disaster, accordingly we find SDG&E's request is reasonable.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. G.O. 95 and 165 require periodic inspections of overhead electric facilities.
2. Inspection intervals are differentiated according to location and type of facilities and the intensity of inspections.
3. Originally G.O. 165 defined "year" for annual inspections as calendar year.
4. Utilities could therefore perform annual inspections up to 24 months apart until D. 12-01-032 adopted a narrower definition of "year" as 12 consecutive calendar months, plus / minus two months, not to exceed the end of the calendar year in which the next inspection is due.
5. The utilities petitioned to modify D. 12-01-032 and D. 13-06-011 to eliminate the minus two month's constraint and extended the plus two to plus three months upper constraint.
6. In order to keep within the calendar year, SDG&E redesigned its calendar year with a three month extension for each "Path".
7. To avoid duplication of inspections within less than twelve months from the current schedule and comply with the mandate for cost effective inspections (equivalent for 3 and 5 year inspections), SDG&E requests a transition time with some inspection intervals longer than 15 months and extending into the following calendar year an inspection is due, as ordered in D. 12-01-032.
8. D. 12-01-032, OP 15 did not adopt any deadlines for the utilities to incorporate the revised scheduling according to the adopted definition of "calendar year".
9. The 70% of SDG&E's annual inspections will be in complete compliance with D. 13-06-011 in 2014 as the base year.

10. In order to implement the inspection intervals per D. 13-06-011 in 2014 approximately 30% of the facilities would require duplicate inspections based on the last inspections performed in 2013 for annual cycles (similar for 2 and 5 year inspection cycles).
11. To schedule facilities in the most logical and efficient manner within the nine Paths (equivalent to the first nine calendar month of the year), SDG&E requests that instead of duplicating inspections, some facilities may be inspected under the definition of "calendar year" in D. 12-01-032, allowing 14 month intervals extending into the following calendar year.
12. Facilities in high fire threat zones are currently inspected early in the year and SDG&E will continue this practice to allow sufficient time to correct deficiencies before the historical fire season starts. For annual inspections conducted during 2015 all of SDG&E's overhead facilities would be inspected within the 15 months of their 2014 inspection dates.
13. Within a few years, SDG&E's implementation plan will bring all inspections within complete compliance with the definition of "year", defined as "12 consecutive calendar months starting the first full calendar month after an inspection is performed, plus three full calendar months, not to exceed the end of the calendar year in which the next inspection is due", as required by D. 12-01-032 and modified by D.13-06-011.
14. D. 12-01-032, which still governs other aspects of the inspection program, allows utilities to delay inspections under G. O. 165 up to 6 month in case of declared disasters.
15. The narrower definition of "calendar year" is not based on recorded fires because of utilities' interpretation that Table 1 of G.O. 165 allows inspections to be performed as much as 24 months apart.

THEREFORE IT IS ORDERED THAT:

1. SDG&E's AL 2510-E is approved as filed.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 19, 2013; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director