

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4116
September 20, 2007

R E S O L U T I O N

Resolution E-4116. Pursuant to the Governor's Executive Order S-09-07 resulting from the Angora fire in the South Lake Tahoe area to mitigate the potential threat to public health, safety, and property. Requires Sierra Pacific Power Company (Sierra) to cooperate with the appropriate California, federal, and local governmental agencies to take all reasonable and necessary actions to implement the applicable provisions of the Executive Order by removing dead or dying trees and vegetation that could impact its power lines within its rights of way, and comply with existing vegetation clearance statutes, regulations, and ordinances within the Angora fire perimeter. Sierra is authorized to record costs related to these activities in its Catastrophic Event Memorandum Account and should maintain appropriate documentation of its expenditures and justification of its actions taken to implement the applicable provisions of the Executive Order.

SUMMARY

Sierra shall take necessary actions to implement the directives of the Governor's Executive Order S-09-07, and may record costs related to these activities in its Catastrophic Event Memorandum Account (CEMA).

This Resolution orders Sierra Pacific Power Company (Sierra) to take all reasonable and necessary actions to implement the applicable provisions of the Governor's Executive Order S-09-07, dated July 2, 2007. Sierra is directed to cooperate with the California Department of Forestry and Fire Protection (CDF) and other appropriate California, federal, and local governmental agencies to ensure to the extent reasonable and possible that all dead or dying trees and vegetation are cleared from its rights of way in the perimeter of the Angora fire.

These actions are necessary to mitigate the potential threat to human health and safety and public property in the aftermath of the Angora fire.

Sierra is authorized to record in its Catastrophic Event Memorandum Account (CEMA), the costs it incurs associated with the actions it takes pursuant to the Governor's Executive Order S-09-07 and this resolution. Costs recorded to the CEMA shall be reviewed in a formal Commission proceeding prior to their recovery in rates.

BACKGROUND

The Angora fire in the South Lake Tahoe area began on June 24, 2007, and was fully contained by July 2, 2007.

The Angora wildfire burned a total of approximately 3,100 acres and destroyed 254 homes and 67 commercial structures. Additionally, 35 residences were damaged. By proclamation dated June 25, 2007, Lieutenant Governor John Garamendi, acting on behalf of Governor Schwarzenegger, proclaimed a state of emergency to exist in El Dorado County due to the damage caused by the Angora wildfire in the South Lake Tahoe area. On July 5, 2007, at the request of the Governor, the Federal Government Office of Disaster Assistance declared El Dorado County as well as the neighboring counties including Alpine, Amador, and Placer Counties as disaster areas. In addition, a State of Emergency was declared by El Dorado County and a Fire Management Assistance Grant was declared by the Federal Emergency Management Agency (FEMA) on June 24, 2007 and June 25, 2007, respectively.

On July 2, 2007, the Governor issued Executive Order S-09-07 directing state agencies to mitigate the effects of the fire.

The Executive Order requested "that the Public Utilities Commission direct utility companies with transmission lines in the established perimeter of the Angora Fire to ensure that all dead and dying trees and vegetation are completely cleared from their utility right-of-ways to mitigate the potential threat to human health and safety and public property."

DISCUSSION

Sierra shall ensure compliance with the applicable provisions of the Governor's Executive Order.

Sierra shall take all reasonable and necessary actions to implement the applicable provisions of the Governor's Executive Order S-09-07, dated July 2, 2007, and all applicable statutes, regulations, and local ordinances regarding vegetation clearance from its power lines and facilities.

We direct Sierra to cooperate with the California Department of Forestry and Fire Protection (CDF) and other appropriate California, federal, and local governmental agencies, the California Tahoe Conservancy, and local land homeowners. To the extent reasonable and possible, Sierra shall remove those trees and vegetation in utility rights of way that are dead or dying and that may fall or contact the utility's power lines or facilities within the designated zones of the Angora fire perimeter in the South Lake Tahoe area of Sierra's service territory.

Even though the Governor's proclamation directly addresses only transmission lines, Sierra has an existing obligation under our General Orders (G.O.) to remove trees as necessary from electric distribution lines, in order to ensure reliable service and public protection. As stated in Rule 35 of G.O. 95, "*When a utility has actual knowledge, obtained either through normal operating practices or notification to the utility, dead, rotten and diseased trees or portions, thereof, that overhang or lean toward and may fall into a span, should be removed.*" Sierra informed Energy Division staff that it has only electric distribution lines and facilities in the affected areas. Sierra is therefore directed to address tree removal and vegetation management for its electric distribution lines and facilities in the South Lake Tahoe area of Sierra's California service territory.

This resolution and its ensuing orders are not subject to CEQA review.

Because of the declared State of Emergency in the designated counties, this resolution and its ensuing orders are not subject to CEQA review, in accordance with Public Resources Code (PRC) Sections 21080 and 21172. As defined in the PRC Section 21060.0 and the CEQA Guidelines Section 15359, an Emergency is defined as, "... a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage

to, life, health, property, or essential public services. Emergency includes such occurrences as fire, flood, earthquake, or other soil or geologic movements, as well as such occurrences as riot, accident, or sabotage.”

Under the declared State of Emergency, Sierra can invoke its Catastrophic Event Memo Account (CEMA).

In accordance with Resolution E-3238 and the associated Sierra tariff sheets (Preliminary Statement, Section 12A), Sierra notified the CPUC on July 25, 2007 that it is using the CEMA to record the costs associated with the restoration of service following the Angora wildfire in the South Lake Tahoe area that began on June 24, 2007.

The Angora fire had a significant impact on Sierra’s electric distribution lines and facilities in the affected areas.

In its July 25, 2007 letter to the CPUC, Sierra indicated that the Angora fire destroyed and damaged its electric distribution facilities in the South Lake Tahoe area of Sierra’s California service territory.

According to Sierra, the fire disrupted service to approximately 1,023 customers. In order to restore service, Sierra stated its crews replaced approximately 75 power poles and 31 transformers along with about 83,000 feet of overhead electric wire. In addition, Sierra had to remove approximately 100 dead and dying trees along with vegetation from Sierra’s rights of way in the burned area in order to restore electric service, which Sierra accomplished as of July 2, 2007.

Sierra estimates that the costs to restore service to its customers was approximately \$1.1 million.

The costs incurred to repair the damage that occurred to Sierra’s electric distribution lines and facilities are estimated by Sierra to be approximately \$1.1 million. Sierra informed the CPUC that at this time, it has only removed those dead or diseased trees necessary to restore immediate service to its electric customers. As a result of the Angora fire, and in compliance with the Governor’s Executive Order S-09-07, Sierra will be required to remove a significantly larger number of dead or dying trees on either side of its restored power lines, in order to remediate the increased danger of those trees falling onto the power lines.

Sierra stated in its July 25, 2007, letter to the CPUC that it is working closely with the U.S. Forest Service, California Tahoe Conservancy, and local landowners in order to mitigate the total cost to Sierra's electric service customers.

Sierra is authorized to record costs related to the Angora fire to the CEMA effective June 24, 2007.

Consistent with D.07-07-041, costs recorded to the CEMA are only those costs incurred after the start of a declared disaster or state of emergency, and which costs are directly linked to the facts underlying the disaster declarations (Cf. D.07-07-041, pp 20-22). Since Sierra incurred costs to its facilities directly linked to the Angora wildfire, which was declared a disaster by FEMA on June 24, 2007, Sierra is authorized to record its costs related to the Angora fire to the CEMA effective June 24, 2007.

Sierra is authorized to record in its CEMA the costs associated with the restoration of service to its customers during and immediately following the Angora wildfire, as well as the ensuing additional costs incurred to comply with the applicable provisions of the Governor's Executive Order S-09-07 and this resolution.

Recovery of the amounts recorded in Sierra's CEMA shall be addressed in a separate application or part of its next General Rate Case.

In its letter to the CPUC on July 25, 2007 invoking the CEMA, Sierra stated its intention to file for cost recovery in a separate application or as part of its next General Rate Case (GRC), which Sierra expects to be filed in the second quarter of 2008. We authorize Sierra to request recovery of the amounts recorded in its CEMA related to the Angora fire in a separate application or as part of its next GRC.

Sierra should maintain appropriate documentation of expenditures and justification of actions taken, which are subject to reasonableness review, to comply with the applicable provisions of the Governor's Executive Order.

When the Commission conducts its review of the expenditures booked into the CEMA accounts in accordance with this resolution, we will ensure that Sierra recovers only those funds used for activities that are above and beyond its pre-

existing tree trimming and vegetation management obligations as specified by the Commission.

This resolution does not address cost recovery.

This resolution does not prejudice what costs associated with Sierra's efforts to comply with the Governor's Executive Order S-09-07 the Commission may subsequently authorize Sierra to recover in rates.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, a draft resolution was issued to all parties for public review and comment no later than 30 days prior to being considered by the Commission.

Timely comments were filed by Sierra on September 7, 2007.

Sierra supports the draft resolution with several minor revisions.

In its September 7, 2007 comment letter on draft Resolution E-4116, Sierra expressed it fully supports the draft resolution. Sierra suggested several minor revisions to update the equipment numbers and costs incurred by Sierra for restoration of service and to include the date service was fully restored to customers in the burned area, as well as to clarify the need for removal of dead and dying trees along its power lines in the burned area. These revisions have been incorporated in the appropriate sections of this resolution.

FINDINGS

1. The Angora fire in the South Lake Tahoe area began on June 24, 2007, and was fully contained by July 2, 2007.
2. On July 2, 2007, the Governor issued Executive Order S-09-07 directing state agencies to mitigate the effects of the fire.
3. Sierra restored electric service to the burned area by July 2, 2007.

4. This resolution directs Sierra Pacific Power Company (Sierra), in cooperation with the CDF and other appropriate California, federal, and local governmental agencies, to take all reasonable and necessary actions to implement the applicable provisions of the Governor's Executive Order S-09-07.
5. Sierra should ensure compliance with existing vegetation clearance statutes, regulations, and ordinances within the Angora fire designated zones in the South Lake Tahoe area of Sierra's California service territory.
6. This resolution and its ensuing orders are not subject to environmental review under CEQA's emergency categorical exemption.
7. Under the declared State of Emergency, Sierra can invoke its CEMA for fund accounting and to comply with its CEMA tariff requirements.
8. The Angora fire had a significant impact on Sierra's electric distribution lines and facilities in the affected areas.
9. Sierra is authorized to record costs related to the Angora fire to the CEMA effective June 24, 2007.
10. Sierra is authorized to record in its CEMA the costs associated with the restoration of service to its customers as well as the ensuing additional costs to comply with the applicable provisions of the Governor's Executive Order S-09-07 and this resolution.
11. Recovery of the amounts recorded in Sierra's CEMA shall be addressed in a separate application or part of its next General Rate Case.
12. Sierra is not requesting any cost recovery at this time.
13. This resolution does not prejudge what costs recorded in the CEMA the Commission will authorize Sierra to recover in rates.

THEREFORE IT IS ORDERED THAT:

1. Sierra, in cooperation with the CDF and other appropriate California, federal, and local governmental agencies shall take all reasonable and necessary actions to implement the applicable provisions of the Governor's Executive Order S-09-07 by removing to the extent reasonable and possible all dead or dying trees and vegetation that could impact its power lines within its rights of way, and to ensure compliance with existing vegetation clearance statutes, regulations, and ordinances within the Angora fire perimeter.

2. Sierra is authorized to record costs related to the Angora fire to the CEMA effective June 24, 2007.
3. Sierra is authorized to record in its CEMA the costs associated with the restoration of service to its customers as well as the ensuing additional costs to comply with the applicable provisions of the Governor's Executive Order S-09-07 and this resolution.
4. Sierra shall maintain appropriate documentation of expenditures and justification of actions taken, which are subject to reasonableness review, to implement the applicable provisions of the Governor's Executive Order S-09-07 and appropriate enhanced activities to comply with existing vegetation clearance statutes, regulations, and ordinances.
5. Recovery of the amounts recorded in Sierra's CEMA associated with the Angora fire shall be addressed in a separate application or as part of its next General Rate Case expected to be filed in the second quarter of 2008.

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 September 20, 2007; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners