BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Maintenance, Operations and Practices of Pacific Gas and Electric Company (U39E) with Respect to its Electric Facilities; and Order to Show Cause Why the Commission Should not Impose Penalties and/or Other Remedies for the Role PG&E's Electrical Facilities had in Igniting Fires in its Service Territory in 2017.	Investigation 19-06-015

**COMMENTS OF THE PUBLIC ADVOCATES OFFICE
CONTESTING THE PROPOSED SETTLEMENT**

DIANA L. LEE
Attorney

Public Advocates Office
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 703-4342
E-mail: Diana.Lee@cpuc.ca.gov

HENRY BURTON
Program and Project Supervisor

RAMINDER KAHLON
Senior Utilities Engineer

MATTHEW TAUL
Utilities Engineer

SHELBY CHASE
Regulatory Analyst
Public Advocates Office
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 696-7311
E-mail: henry.burton@cpuc.ca.gov

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TABLE OF CONTENTS

Pages

TABLE OF AUTHORITIES

I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

On December 17, 2019, Pacific Gas and Electric Company (PG&E), the Safety and Enforcement Division (SED), the Office of the Safety Advocate (OSA), and the California Coalition of Utilities Employees (CUE) jointly filed a motion for approval of a Proposed Settlement Agreement[1] that would resolve issues related to the 19 devastating wildfires within the scope of this proceeding.[2] California's Department of Forestry and Fire Protection (CAL FIRE)[3] determined that PG&E's electric facilities ignited 17 of the 2017 Northern California wildfires, as well as the 2018 Camp Fire. Pursuant to the Rule 12.2 of the Commission's Rules of Practice and Procedure, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these comments contesting the Proposed Settlement Agreement.

The Proposed Settlement Agreement provides that PG&E would forgo recovery of $1.625 billion of wildfire expenditures recorded in balancing accounts and spend $50 million on corrective actions "intended to further enhance PG&E's efforts to minimize the risk of catastrophic wildfires in the future."[4]

First and foremost, the Proposed Settlement Agreement's terms are not commensurate with the harm that PG&E caused, which includes 108 deaths, as well as many injuries and lost

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[1] *Joint Motion of Pacific Gas and Electric Company (U 39 E), the Safety and Enforcement Division of the California Public Utilities Commission, Coalition of California Utility Employees, and the Office of the Safety Advocate for Approval of Settlement Agreement Public Version,* December 17. 2019 (Joint Motion). The Proposed Settlement Agreement is appended to the Joint Motion as Exhibit 1.

[2] *Order Instituting Investigation and Order to Show Cause,* June 27, 2019 (OII), pp. 12-13. The OII listed 16 fires, including the 37 Fire, which was classified as "not a reportable incident." The Commission subsequently expanded the proceeding to include the 2017 Lobo and McCourtney Fires (*Assigned Commissioner's Amended Scoping Memo and Ruling*, October 28. 2019, pp. 3-4) and the 2018 Camp Fire (*Assigned Commissioner's Second Amended Scoping Memo and Ruling*, December 5, 2019, pp. 3-4.

[3] CAL FIRE is the state agency responsible for "fire protection and stewardship of over 31 million acres of California's privately-owned wildlands." https://www.fire.ca.gov/about-us/ CAL FIRE investigated the causes of the fires that are within the scope of this proceeding. SED *Report on October 2017 Fire Siege,* June 13, 2019, p. 2.

[4] Joint Motion, p. 38.

homes.[5] [6] Moreover, the Proposed Settlement would inappropriately allow PG&E to seek recovery of costs related to fires that were caused by PG&E's failure to operate its electric facilities according to the law.[7] It is neither just nor reasonable to expect PG&E customers, including those who lost their homes, loved ones, and/or livelihood to compensate PG&E for costs related to its failure to adhere to regulations governing the safe operation of its electric infrastructure. To add insult to injury, the Proposed Settlement Agreement fails to identify a process for considering and implementing corrections to lessen the likelihood of future catastrophic wildfires caused by PG&E's electric facilities.

Finally, the Proposed Settlement Agreement would needlessly constrain the Commission's ability to evaluate the October 2017 Tubbs Fire, even if new information changes CAL FIRE's current conclusion that PG&E's facilities did not ignite the Tubbs Fire.[8] The Commission should retain the discretion to evaluate and respond appropriately to such information.

For these reasons and as explained below, the Proposed Settlement Agreement is not reasonable in light of the record, not consistent with the law, and not in the public interest. Rule 12.1(d) states that "[t]he Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law,

[5] *Order Instituting Investigation on the Commission's Own Motion into the Maintenance, Operations, and Practices of Pacific Gas and Electric Company with Respect to its Electric Facilities; and Order to Show Cause Why the Commission Should not Impose Penalties and/or Other Remedies for the Role PG&E's Electrical Facilities had in Igniting Fires in its Service Territory in 2017*, I.19-06-015, June 27, 2019, (OII) p. 4 fn. 8 (22 deaths from fires started by PG&E facilities); Sacramento Bee, "Camp Fire death toll rises to 86 after man who suffered third-degree burns dies," August 8, 2019, https://www.sacbee.com/news/california/fires/article233683422.html

[6] In comparison, the 2010 San Bruno disaster killed eight people. In response, the Commission launched three separate investigations spanning over four years. PG&E paid $300 million in fines, a $400 million refund to natural gas customers, $50 million in remedies proposed by the Consumer Protection and Safety Division (SED's predecessor), and shareholders were required to pay $850 million in infrastructure improvements for its failures associated with the 2010 San Bruno disaster. These amounts do not include amounts PG&E paid to resolve tort claims that stemmed from the San Bruno disaster. *See*, *Decision on Fines and Remedies to Be Imposed on Pacific Gas and Electric Company for Specific Violations in Connection with the Operation and Practices of is Natural Gas Transmission System Pipelines*, D.15-04-024, pp. 1-2.

[7] Proposed Settlement Agreement, Section IV C, p. 6.

[8] SED Report E20171009-03, May 13, 2019, p. 1 ("CALFIRE's investigation eliminated all other fire causes, with the exception of an electrical caused fire from an unknown event affecting the private electrical system on the property.").

and in the public interest."[9] As the Commission has stated, "[w]here . . . the settlement is entered into by some but not all parties to the proceeding the proponent's showing in the above areas must be all the more compelling."[10] Moreover, regarding the public interest requirement, the Commission has stated that a settlement that "commands broad support among participants [that are] fairly reflective of the affected interests" and "does not contain terms which contravene statutory provisions or prior Commission decisions" meets the public interest criterion.[11] Although the parties participating in settlement talks included the Public Advocates Office, The Utility Reform Network (TURN), Mendocino and Sonoma Counties, Napa County, the City and County of San Francisco, Thomas Del Monte, the City of Santa Rosa, Wild Tree Foundation, and Institutional Equity Investors,[12] support for the Proposed Settlement Agreement is limited to PG&E, SED, and OSA, and CUE. The Public Advocates Office recommends that the Commission reject the Proposed Settlement Agreement as drafted.

II. SUMMARY OF THE PROPOSED SETTLEMENT AGREEMENT

The Proposed Settlement Agreement provides that PG&E will not seek recovery in future applications of certain wildfire-related expenditures,[13] listing the amounts that PG&E would forego in accounts[14] related either to inspections and repairs to decrease the risk of wildfires[15] or the restoration of service after the 2017 and 2018 wildfires.[16] The amounts total $1.625 billion.[17]

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[9] Rule 12.1(d), emphasis added.

[10] D.09-10-028, *Decision Adopting Settlement Agreement Between the Division of Ratepayer Advocates and Golden State Water Company, on Behalf of its Bear Valley Electric Services Division*, October 15, 2009, p. 5.

[11] See D.10-06-015, *Decision Approving Settlement Agreement for Southern California Edison Company's and Pacific Gas and Electric Company's Economic Development Rate Program*, June 3, 2020, pp. 11-12.

[12] *Joint Status Report of Pacific Gas and Electric Company (U 39 E) and Safety and Enforcement Division of the California Public Utilities Commission,* December 5, 2019, p. 1.

[13] Proposed Settlement Agreement, Section II A, pp. 2-3, and Exhibit 1, pp. 2-3.

[14] The accounts in question include several memorandum accounts (Fire Risk Mitigation Memorandum Account, Wildfire Mitigation Plan Memorandum Account, Fire Hazard Prevention Memorandum Account, 2017 Northern California Wildfires Catastrophic Event Memorandum Account, and 2018 Camp Catastrophic Event Memorandum Account) and transmission owner rate cases related to inspections and repairs.

[15] *Pacific Gas and Electric Company's (U 39 E) Response to December 30, 2019, Ruling Requesting Additional Information Regarding Settlement Agreement,* January 10, 2019 (PG&E Response re Settlement Agreement), pp. 2-4.

[16] PG&E Response re Settlement Agreement, pp. 4-7.

[17] Proposed Settlement Agreement, Section II A, pp. 2-3.

The Commission has not reviewed the reasonableness of the costs in these accounts, so there is no assurance that PG&E could recover them, regardless of the Proposed Settlement Agreement.[18]

The Proposed Settlement Agreement would also allow PG&E to seek recovery of wildfire expenditures, other than the proposed disallowances.[19] Because PG&E has not disclosed the amount of these costs and the Settlement Agreement does not cap them, these cost could entirely or substantially cancel out any fines paid or recovery waived by PG&E. Additionally, there are third-party claims (i.e., tort claims by victims and insurers) related to these fires, which PG&E may seek to pass onto its customers. In contrast to its claims in the federal bankruptcy proceeding PG&E has been unwilling to state that it will not seek to pass these costs onto its customers.[20]

The Proposed Settlement Agreement includes 20 "System Enhancement Initiatives," which PG&E shareholders will fund in the amount of $50 million.[21] The Public Advocates Office supports many of those initiatives. However, the Public Advocates Office recommends revising one of the System Enhancement Initiatives so that the independent wildfire safety audit of PG&E's overhead distribution and transmission maintenance program starts within one month of the Proposed Settlement Agreement's effective date rather than "within one year" as currently drafted.[22] There is no reason to delay the audit for a year, given SED's findings regarding the Camp Fire (discussed in Section III D of these comments).

The Proposed Settlement Agreement does not include any fines for violations of law. Public Utilities Code Sections 2107 and 2108 authorize the Commission to impose fines, separate and apart from any determination of whether certain costs are reasonable and should be recovered in rates. While ratepayers have paid PG&E hundreds of millions of dollars to prevent

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[18] Section 451 of the Public Utilities Code requires all that charges demanded by a public utility such as PG&E be "just and reasonable."

[19] Proposed Settlement Agreement, Section IV C, p. 6.

[20] PG&E's response to the Public Advocates Office data request Plan of Reorganization OII – 2019 Investigation 19-09-016 Data Response PlanOfReorganizationOII_DR_PubAdv_006-Q01 is appended as Attachment A in which PG&E responds:

> The statement that "nothing in the bankruptcy will be put to consumers," refers to PG&E's Plan. Mr. Johnson was <u>not referring to any ratemaking proceedings following exit from Chapter 11</u>.

[21] Proposed Settlement Agreement, Section III B, pp. 4-5, and Exhibit C, pp. 1-2.

[22] Proposed Settlement Agreement, Exhibit C, Section B 14(b), p. 9.

wildfires, under the Proposed Settlement Agreement PG&E's financial consequences are limited to disallowances of costs that PG&E might not have been authorized to recover, and corrective actions.

III. THE PROPOSED SETTLEMENT FAILS TO REFECT THE MAGNITUDE OF PG&E'S VIOLATIONS OR THE HARM THEY CAUSED

A. PG&E's inadequate vegetation management practices caused eight of the October 2017 wildfires.

Beginning on October 8, 2017, a series of deadly wildfires resulted in fatalities, caused massive destruction and wreaked havoc in the Northern California counties of Butte,[23] Calaveras,[24] Lake,[25] Mendocino,[26] Napa,[27] Nevada,[28] Sonoma,[29] and Yuba.[30] CAL FIRE concluded that PG&E's electric facilities ignited 16 of those fires,[31] killing 22 people, burning hundreds of thousands of acres, and causing billions of dollars in property damages.[32] SED investigated the fires that potentially involved PG&E's electric facilities to determine compliance with the Commission's safety requirements, including General Order (GO) 95, which "prescribes the minimum design, construction and maintenance requirements of overhead electric infrastructure in California."[33] SED concluded that PG&E violated vegetation management requirements by failing to identify and remove hazardous vegetation for eight of those fires.[34] During the dry, windy conditions that prevailed during the October 2017

[23] Cherokee and LaPorte Fires.

[24] Point Fire.

[25] Sulphur Fire

[26] Potter/Redwood Fire.

[27] Atlas, Nuns, Partrick, and Tubbs Fires.

[28] Lobo and McCourtney Fires.

[29] Adobe, Norrbom, Oakmont/Pythian, Pocket, Youngs and 37 Fires.

[30] Cascade Fire.

[31] The total number of fires excludes the Tubbs Fire, which CAL FIRE determined was caused by private electric facilities, but includes the 37 Fire, which SED determined was not a reportable incident.

[32] OII, p. 4.

[33] *Report on October 2017 Fire Siege, October 2017 Wildfires in Northern California*, Safety and Enforcement Division California Public Utilities Commission. June 13, 2019 (October 2017 Fire Siege Report), p. 2.

[34] The vegetation management requirements include not just the specific clearance requirements of

wildfires, the results of PG&E's failure to properly manage vegetation near its infrastructure were disastrous. PG&E's failure to identify and abate two hazardous trees and maintain required vegetation clearances resulted in six people dying in the Atlas Fire.[35]

General Order 95, Rule 35, but Rule 31.1's requirement that if "an intended use or known local conditions require a higher standard than the particulars specified in General Order 95 to enable the furnishing of safe, proper, and adequate service, the company shall follow the higher standard."

[35] SED Incident Report Atlas 1: 171023-8596 & Atlas 2: 171020-8589, May 2, 2019 (SED Atlas Report), pp. 1-2.

2017 Wildfire Vegetation Management Violations Identified by SED[36]

Adobe	GO 95, Rule 31.1 – Hazardous tree not identified and abated
Atlas	GO 95, Rule 31.1 – Failure to identify and abate hazardous Black Oak tree at Atlas 1 site GO 95, Rule 31.1 – Failure to identify and perform correctional prune of hazardous Valley Oak codominant branch at Atlas 2 site GO 95, Rule 35 – Vegetation clearance not maintained at Atlas 1 site GO 95, Rule 35 – Vegetation clearance not maintained at Atlas 2 site
Lobo	GO 95, Rule 31.1- Hazardous tree with open cavity not identified and abated GO 95, Rule 31.1 - Failure to identify unsafe condition that left the subject tree exposed to high winds GO 95, Rule 35 - Vegetation clearance not maintained
McCourtney	GO 95, Rule 31.1 – Hazardous tree not identified and abated G0 95, Rule 35 - Vegetation clearance not maintained
Norrbom	GO 95, Rule 31.1 – Hazardous tree not identified and abated GO 95, Rule 35 – Vegetation clearance not maintained
Partrick	GO 95, Rule 31.1 – Hazardous tree not identified and abated GO 95, Rule 35 – Vegetation clearance not maintained
Pocket	GO 95, Rule 31.1 – Hazardous tree not identified and abated GO 95, Rule 35 – Vegetation clearance not maintained
Youngs (Maacama)	GO 95, Rule 31.1 – Hazardous tree not identified and abated GO 95, Rule 35 – Vegetation clearance not maintained

[36] Summarized from October 2017 Fire Siege Report, pp. 13-14; E20171012-02, April 29, 2019 (SED Lobo Report), p. 2; E20171011-03, May 6, 2019 (SED McCourtney Report), p. 2.

B. SED found other troubling violations in its investigation of the October 2017 wildfires.

In addition to the vegetation management violations that caused eight of the October 2017 wildfires, SED discovered other violations with serious safety consequences. The Cascade Fire ignited when PG&E's conductors contacted each other, killing four people. SED found that PG&E violated General Order 95, Rule 38,[37] by virtue of its failure to maintain its electric infrastructure.[38]

The Oakmont/Pythian fire started on October 13, 2019, when a falling tree contacted overhead conductors, which then fell to the ground. These wires ignited a fire when PG&E made the decision to re-energize the overhead conductor. SED determined that PG&E's failure to perform a complete patrol prior to reenergizing its system violated GO 95, Rule 31.1 and "may have directly contributed to the ignition of the Oakmont/Pythian fire."[39]

SED's investigations also found that that PG&E completed work orders late[40] or not at all,[41] improperly prioritized required repairs, [42] failed to maintain required records,[43] improperly disposed of evidence[44] and failed to timely report a second fire.[45] While SED determined that these violations did not contribute directly to the ignition of the October 2017 wildfires, they nevertheless have potential safety consequences, including hindering the ability of SED to investigate and determine the cause of wildfires.

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[37] SED Incident Report E20171020-06, May 6, 2019 (SED Cascade Report), pp. 1-2.

[38] SED Cascade Report, p. 2.

[39] SED Incident Report E20171020-03, May 1, 2019 (SED Oakmont/Pythian Report), p. 21. SED did not find any vegetation management violations for the Oakmont/Pythian Fire.

[40] SED Incident Report E20171010-02, April 29, 2019 (Adobe, p. 6; SED Atlas Report, p. 8; SED Oakmont/Pythian Report, p. 6.

[41] SED Oakmont/Pythian Report, p. 14.

[42] SED Incident Report E20171016-01, May 1, 2019 (SED Nuns Report), p. 6.

[43] SED Adobe Report, p. 12; SED Incident Report E20171009-02, May 3, 2019 (SED Potter/Redwood Report) pp. 12 & 20; SED Incident Report E20171011-02, May 10, 2019 (SED Sulphur Report), p. 8; SED Lobo Report, p. 8.

[44] SED Incident Report E20171009-03, April 26, 2019 (SED Point Report), p.19; SED Sulphur Report, p. 10.

[45] SED Potter/Redwood Report, p. 19.

Remaining October 2017 Violations Identified by SED[46]

Adobe	GO 95, Rule 31.1 – Work order completed late GO 95, Rule 31.1 – Records of 2015 CEMA inspection not retained
Atlas	GO 95, Rule 31.1 – Work order completed late
Cascade	GO 95, Rule 38 – Conductor clearance not maintained
Lobo	GO 95, Rule 31.1 – Repair of 2014 CEMA inspection not maintained
Nuns	GO 95, Rule 35 – Improper prioritization and delay in abating vegetation strain on secondary conductor
Oakmont/Pythian	GO 95, Rule 31.1 – Completed a work order late GO 95, Rule 31.1 – Incomplete patrol prior to re-energizing circuit GO 95, Rule 31.1 – Failed to complete work order and reinforce a pole
Point	GO 95, Rule 19 – Evidence disposal
Potter/Redwood	Resolution E-4184 – Second fire located at 9100 Main St., Potter Valley, not reported GO 95, Rule 31.1 – Repair records not maintained GO 95, Rule 31.1 – Repair of 2016 CEMA inspection not maintained
Sulphur	GO 95, Rule 19 – Evidence disposal GO 95, Rule 31.1 – Record of 2016 CEMA inspection not maintained

C. The violations SED reported for the October 2017 wildfires yield potential penalties of more than $943.8 million.

Public Utilities Code Sections 2107 and 2108 prescribe fines for violations of law, including any violation of a Commission order. The Public Advocates Office calculates potential penalties of $943,810,000 associated with the October 2017 wildfires.[47]

[46] Summarized from October 2017 Fire Siege Report, pp. 13-14; SED Lobo Report, p. 2),

[47] The Public Advocates Office's estimated penalties use SED's reported violations. The spreadsheet calculating the potential penalties is appended as Attachment B.

In evaluating whether the Proposed Settlement Agreement is reasonable, the Commission should consider the potential penalties that could be levied on PG&E for causing the October 2017 wildfires and related violations.

D. PG&E's failure to maintain the Caribou-Palermo transmission line caused the ignition of the 2018 Camp Fire.

On November 8, 2018, barely a year after the start of the October 2017 wildfires, PG&E's Caribou-Palermo Transmission line ignited the deadly Camp Fire in Butte County.[48] The Camp Fire which killed 86 people,[49] destroyed 18,804 structures, and burned over 150,000 acres,[50] was the result of PG&E's failure to maintain its Caribou-Palermo transmission line.

The transmission tower (tower :27/222) and associated equipment that ignited the Camp Fire (known as the Incident Tower) were installed by the Great Western Power Company between 1919 and 1921 and placed into service on May 6, 1921.[51] Though PG&E acquired the facilities in 1930,[52] SED's Camp Fire investigation revealed that PG&E was unable to determine when or even if maintenance and inspections were performed on the Caribou-Palermo transmission line. In addition to disturbing gaps in PG&E's maintenance and inspection of the Caribou-Palermo transmission line, SED identified multiple violations. These violations are summarized on the following table.[53]

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[48] A C-hook connecting a transposition jumper to a transmission tower failed resulted in arcing between the jumper and the transmission tower, igniting the vegetation below. SED Camp Fire Report, p. 11.

[49] Sacramento Bee, "Camp Fire death toll rises to 86 after man who suffered third-degree burns dies," August 8, 2019, https://www.sacbee.com/news/california/fires/article233683422.html

[50] SED Incident Investigation Report E20181108-01 (SED Camp Fire Report).

[51] SED Camp Fire Report, pp. 8-9.

[52] SED Camp Fire Report, p. 9.

[53] The violations are from pages 2 and 3 of SED's Camp Fire Report.

2018 Camp Fire Violations Identified by SED

Safety Requirements	Violations
GO 95, Rule 44.3	PG&E failed to replace or reinforce the C-hook on Tower :22/222 (Incident Tower) before its safety factor was reduced to less than two-thirds of the safety factor specified in Rule 44.1, Table 4, which is a violation of Rule 44.3.
GO 95, Rule 31.1	PG&E failed to maintain the C-hook supporting the transposition jumper on the Incident Tower :27/222 for its intended use and regard being given to the conditions under which it was to be operated.
GO 95 Rule 31.2	PG&E failed to inspect Incident Tower thoroughly and failed to detect an immediate Safety Hazard or Priority A condition on the incident C-hook.
GO 165, Section IV	PG&E failed to follow its procedures by failing to document the factors and reasons that led to the delay in the repair work on the Incident Tower.
GO 165, Section IV	PG&E failed to conduct detailed climbing inspections when conditions to trigger climbing inspections were evident as specified in PG&E's procedures. Wear on the original working eyes that remained on the Incident Tower is an indication of a known condition with potential to recur on the added hanger plates with working eyes, which should have triggered detailed climbing inspection to examine the added hanger plates.
GO 95, Rule 31.1	The condition of the C-hook (material loss > 50%) supporting the transposition jumper on Tower :24/199 demonstrates that PG&E did not maintain the tower for its intended use.
GO 95, Rule 31.2	PG&E failed to inspect Tower :24/199 thoroughly and failed to detect an immediate Safety Hazard or Priority A Condition on the C-Hook.
GO 165. Section IV	C-hook on Tower :24/199 had material loss of over 50%. PG&E failed to detect and correct the Priority A Condition as specified in PG&E procedures.
GO 95, Rule 18	PG&E assigned an incorrect priority for an immediate Safety Hazard (disconnected insulator hold-down anchor on Tower :27/221).
GO 165, Section IV	PG&E failed to follow its procedures by using an outdated inspection form during the detailed climbing inspections that PG&E conducted from September 19 to November 5, 2018.
D.06-04-055 as amended by Resolution E-4184	PG&E failed to report the reportable incident on the Big Bend 1101 12kV Distribution Circuit in a timely manner.
CA Public Utilities Code Section 451	PG&E failed to maintain an effective inspection and maintenance program to identify and correct hazardous conditions on its transmission lines in order to furnish and maintain service and facilities, as are necessary to promote the safety and health of its patrons and the public.

PG&E's history with the C-hook on the Caribou-Palermo transmission line is both particularly telling and egregious. SED observed significant wear on the Incident Tower's failed C-hook, at the point the C-hook connected to the hanger plate of the transmission tower's runner arm.[54] The hanger plate was added after the Caribou-Palermo line was placed in service but again, PG&E was unable to determine when.[55] PG&E believes that the hanger plate "may have been installed to address wear on the original working eyes of the left- and right-phase transposition runner arms."[56] SED observed wear on the Incident Tower's runner arms and the added hanger plates.[57] Failure of the C-hook shows that it was unable to support its intended load of 143 pounds.[58] Based on the extent of the wear on the Incident Tower's failed C-hook, SED concluded that the wear occurred over a long period of time.[59]

SED also observed significant wear on the C-hook of another transmission tower (:24/199) on the Caribou-Palermo transmission line similar in configuration to the Incident Tower but located three miles to the north. Based on its visual observation, SED concluded that the C-hook on the second tower had a material loss of over 50 percent and should have been corrected immediately.[60]

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[54] SED Camp Fire Report, p. 11

[55] SED Camp Fire Report, p. 11.

[56] "Based on original design drawings for towers of the type corresponding to the Incident Tower (on which the replacement hanger plates do not appear), as well as recent photographs showing that the original working eyes on the left- and right-phase transposition runner arms are worn, PG&E believes that the replacement hanger plates may have been installed to address wear on the original working eyes of the left- and right-phase transposition runner arms." *Response to Follow-Up Questions re CPUC Report on Camp Fire, Further Questions to Be Answered by PG&E by December 19 and Supplemental Question 6a, filed December 19, 2019 in United States District Court Northern District of California San Francisco Division*, United States of America vs. Pacific Gas and Electric Company, Case No. 14-CR-00175-WHA (PG&E's Response to Questions re CPUC Camp Fire Report), p. 3. A copy is appended as Attachment C.

[57] SED Camp Fire Report, p. 11.

[58] SED Camp Fire Report, pp. 11 & 12.

Based on these observations, SED concluded that PG&E violated General Order 95, Rule 44.3 (parts must be repaired or replaced before they fall below the required safety factor) and Rule 31.1 (infrastructure must be maintained for its intended use).

[59] SED Camp Fire Report, p. 11. PG&E is unable to state when the hardware was installed.

[60] SED Camp Fire Report, p. 11. SED concluded that these were violations of GO 95 31.1 and GO 165. Section IV (requiring preparation of and adherence to inspecting and maintaining transmission lines).

PG&E did not perform climbing inspections of the Caribou-Palermo's 115 kV lattice steel transmission towers[61] until September 19, 2018, in response to a work order directing climbing inspections of all Caribou-Palermo steel structures as part of PG&E's asset management strategy.[62] Yet, even during the climbing inspections completed between September 19, 2018 and November 5, 2018,[63] which did not include the Incident Tower, PG&E used an outdated inspection form that did not require an assessment of the hardware such as C-hooks.[64]

After the Camp Fire, PG&E performed climbing inspections of the remaining Caribou-Palermo transmission towers. These inspections revealed 29 problems requiring an immediate response and 495 problems that required a response within three to twelve months.[65] PG&E completed climbing inspections of the Caribou-Palermo transmission line only after the Camp Fire. By then the line had been de-energized, perhaps permanently.[66]

PG&E and the Commission retained Exponent, Inc., an independent consultant, to analyze why the post-Camp Fire inspections yielded a relatively high number of high priority work orders in comparison to similar transmission lines.[67] Exponent concluded that the greatest number of high priority work orders were associated with "cold end hardware," such as C-hooks, that attach the nonconductor end of the insulator (cold-end) to the transmission tower.[68] Among Exponent's observations were that:

> Caribou-Palermo and other North Fork Feather River Canyon lines appear to have a unique set of factors that contributed to increased rates of high-priority cold-end hardware tags relative to other comparison lines. Factors such as design (link connectors and a relatively large number of non-tensioned insulated conductors), <u>long-duration exposure to higher</u>

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[61] SED Camp Fire Report, pp. 13 & 15.

[62] SED Camp Fire Report, p. 16. (Line Corrective Notification 114730861.)

[63] SED Camp Fire Report, p. 16.

[64] SED Camp Fire Report, p. 16. The revised form includes boxes for marking the condition of the hanger plate and the connectors, such as the C-hook that failed on the incident tower. *Id.*, p. 29.

[65] SED Camp Fire Report pp. 18, 36. Priority A Tags require an immediate response, while Priority B. E. or F Tags require responses with three, twelve or twenty-four months, respectively, from the date the problem is identified.

[66] SED Camp Fire Report, p. 2.

[67] Attachment N to SED Camp Fire Report*, Exponent Report on PG&E Caribou-Palermo Asset Condition Investigation*, November 1, 2019 (Exponent Report), p. CAMP 057.

[68] Exponent Report, pp. CAMP 0562, 0564.

> winds, age, and historical inspection methodologies likely all contributed to these cold-end hardware wear issues.[69]

PG&E responded to questions from Judge William Alsup, the federal District Court judge supervising PG&E's criminal probation, regarding SED's Camp Fire Report.[70] When asked if there had been evidence of worn C-hooks or hanger plates prior to the Camp Fire, PG&E identified twelve instances of worn C-hooks or similar suspension hooks, and hanger plates between 1987 and March 2018.[71] PG&E's response did not include the age of the worn C-hooks or hanger plates or whether those components were exposed to higher wind for long periods of time. Nevertheless, the existence of at least 12 separate instances of worn C-hooks and/or hanger plates prior to the Camp Fire demonstrates that PG&E was aware of wear on C-hooks and/or hanger plates, and the importance of properly inspecting and monitoring the condition of transmission hardware.

According to PG&E, the first known instance of worn suspension hooks, such as C-hooks, and attachment plates prior to the Camp Fire was a 1987 incident on the Oleum G 115 kV transmission line.[72] PG&E's Department of Engineering Research performed testing on the suspension hooks[73] and hanger plates at the time and recommended that PG&E perform random testing of different suspension hooks used on its transmission lines to check the strength of the hooks against the specifications.[74] PG&E was unable to locate any such records[75] so it is unclear whether the recommended testing was even completed, much less used to inform future transmission inspection and maintenance.

PG&E received yet another warning regarding the need to monitor its transmission components from a 2010 study completed by Quanta Consulting for PG&E Transmission Asset

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[69] Exponent Report, p. CAMP 0626 (emphasis added).

[70] *Response to Follow-Up Questions re CPUC Report on Camp Fire, Further Questions to Be Answered by PG&E by December 19 and Supplemental Question 6a,* filed December 19, 2019 in United States District Court Northern District of California San Francisco Division, United States of America vs. Pacific Gas and Electric Company, Case No. 14-CR-00175-WHA (PG&E's Response to Questions regarding CPUC Camp Fire Report).

[71] PG&E's Response to Questions re CPUC Camp Fire Report, pp. 6-9.

[72] PG&E's Response to Questions re CPUC Camp Fire Report, p. 7.

[73] PG&E's Response to Questions re CPUC Camp Fire Report PG&E at pages 9 and 10 refers to the hooks as J-hooks rather than C-hooks.

[74] PG&E's Response to Questions re CPUC Camp Fire Report, p. 10.

[75] PG&E's Response to Questions re CPUC Camp Fire Report, p. 10.

Management (Quanta Report). The Quanta Report examined PG&E's transmission infrastructure to understand the expected service life of transmission components under normal operating and maintenance practices.[76] The Quanta Report observed that the failure risk associated with conductor connectors and fittings (such as C-hooks and other cold end hardware) is generally higher than the failure risk of the conductor itself.[77] The Quanta Report recommended providing "detailed training on evidence of wear caused by wind, vibration, heating, corrosion or other conditions"[78] and visual inspections via aerial, walking and climbing patrols.[79] Despite these prudent recommendations in 2010, despite problems with similar hardware as early as 1987, and despite the addition of the hanger plates to the Incident Tower at an unknown date, PG&E did not begin climbing inspections of the 97-year old Caribou-Palermo transmission towers[80] until two months before the Camp Fire.

In sum, PG&E had at least 31 years, an expert analysis, and 12 prior similar examples, which should have served as warnings that PG&E should regularly inspect cold-end hardware on transmission towers. PG&E disputes SED's claim that accepted good practices required climbing inspections of the Caribou-Palermo transmission line prior to the Camp Fire, or that its failure to do so violated Commission safety regulations.[81] Yet, PG&E fails to explain how its management of the Caribou-Palermo line could be consistent with accepted and prudent good practice, in light of the various warnings it had and the post- Camp Fire discovery of 29 problems requiring an immediate response and another 495 problems needing to be addressed within a year.[82]

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[76] *Transmission Line Component Management Report Summary*, prepared for PG&E, May 2010 (Quanta Report), p. 1 (Appended to these Comments as Attachment D).

[77] Quanta Report, p. 6.

[78] Quanta Report, p. 7.

[79] Quanta Report, p. 8.

[80] This assumes that the transmission towers were built in not later than the May 6, 1921 in-service date for the Incident Tower, but it is possible that the facilities were installed as early as 1919. SED Report, p. CAMP 0008.

[81] Joint Motion, p. 13.

[82] SED Camp Fire Report pp. 18 & 36.

E. Based on the violations and magnitude of the harm, the Commission could fine PG&E more than $1.4 billion for the 2018 Camp Fire.

The potential penalties for the 2018 Camp Fire are estimated at $1,481,470,000.[83] In evaluating whether the Proposed Settlement Agreement is reasonable, the Commission should consider the potential penalties stemming from 2018 Camp Fire.

F. PG&E's decision to declare bankruptcy should not prevent the Commission from prohibiting recovery of costs related to the wildfires for which SED found violations.

PG&E and its holding company, PG&E Corporation (PG&E Corp) filed voluntary petitions for bankruptcy on January 29, 2019.[84] PG&E testifies that it filed for reorganization under Chapter 11 as a result of claims arising from the 2017 and 2018 wildfires,[85] and has limited ability to raise capital as part of its bankruptcy plan of reorganization.[86]

PG&E's decision to file for bankruptcy has been costly. Prior to September 27, 2019, the attorneys' fees alone were estimated at $140 million, including at least $4 million in "questionable expenses."[87] The money PG&E has opted to pay from the bankruptcy estate for transaction fees and bankruptcy litigation, by some reports nearly $600,000 dollars per day,[88] is money no longer available to improve PG&E's ability to prevent or withstand wildfires, prevent Public Service Power Shutoffs, or pay fines for its failure to operate its system safely.

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83 The spreadsheet calculating the potential penalties is appended as Attachment E. Based on SED's reported violations for all the wildfires in the scope of this proceeding, Public Utilities Code Sections 2107 and 2108 provide for potential penalties in excess of $2.4 billion.

84 OII, p. 2

85 *PG&E Reply Testimony, Chapter 2: PG&E's Financial Condition and Ability to Pay a Penalty Distribution*, Nicholas Bijur Witness Testimony, November 18. 2019 (PG&E Reply Testimony, Bijur), p. 2:1:23-24.

86 PG&E Reply Testimony, Bijur, p. 2:2:13-14.

87 *United States Trustee's Response to Motion to Approve Fee Procedures and Comments Regarding First Interim Fee Applications,* filed September 27, 2019 in United States Bankruptcy Court Northern District of California San Francisco Division, In re PG&E Corp and Pacific Gas and Electric Company, Bankruptcy Case No. 19-30088 (DM), p. 2. A copy is appended as Attachment F.

88 "Since [PG&E] filed for Chapter 11 protection in January, lawyers and consultants have made a staggering $217 million. Big banks have netted $114 million in financing fees — and that number could top $1 billion by the time the company exits bankruptcy next year." $217 million divided by 365 is $594,520. https://www.kqed.org/news/11791486/wall-street-could-make-1-billion-off-pges-bankruptcy-and-ratepayers-are-on-the-hook.

Even while PG&E is spending approximately more than half a million dollars per day to pay for its voluntary bankruptcy, it argues that imposing significant fines or remedies would likely jeopardize its ability to take advantage of the Wildfire Fund or the shareholder protections afforded by Assembly Bill 1054[89] (Statutes of 2019).[90] However, PG&E's regardless of current financial situation, the Commission should prohibit PG&E from seeking future cost recovery related to the wildfires for which SED found that PG&E violated the Public Utilities Code, Commission General Orders, or Commission Resolutions.[91]

The Public Advocates Office recommends that the Commission adhere to the straightforward longstanding and well-established principle that PG&E should bear the costs of its imprudent management or negligence.[92] This principle is consistent with the law[93] and precedent.[94]

A reasonable settlement of this proceeding would prohibit PG&E from seeking cost recovery of third-party claims and any other costs associated with the fires for which SED found violations. Although PG&E disputes most of these violations, it has chosen not to litigate the case and rebut SED's findings.[95] Under these circumstances, not imposing any fines, but requiring PG&E to bear the costs of fires for which SED found violations is reasonable.

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[89] PG&E has argued that parties to this proceeding must be mindful of AB 1054 and the need for PG&E to emerge from bankruptcy" well in advance of June 30, 2020 (Reporter's Transcript, August 13, 2019 pre hearing conference, p. 13:22-25, PG&E attorney Mr., Hill) and that imposing penalties may risk "PG&E's ability to emerge from Chapter 11 on a timely basis) (PG&E Reply Testimony, Bijur, p. 2:2:21-24. .

[90] Holden, (Statutes of 2019) effective July 12, 2019. Public Utilities Code Section 3292 limits shareholder reimbursements for disallowed costs to the Wildfire Fund at the lesser of the actual costs disallowed or twenty percent of transmission and distribution equity rate base.

[91] Based on this OII, the wildfires for which the Commission should prohibit cost recovery are: Adobe, Atlas, Camp, Cascade, Lobo, McCourtney, Norrbom, Nuns, Oakmont/Pythian, Partrick, Pocket, Point, Potter/Redwood, Youngs and Sulphur. Nor should the Commission permit cost recovery of any amounts discharged in the bankruptcy court.

[92] D. 18-05-004, *Decision Granting with Modifications The Pacific Gas And Electric Company 2016 ERRA Compliance Application*, May 10, 2018 (applying the reasonable manager standard)

[93] *See e.g.*Public Utilities Code Section 451 (costs must be just and reasonable).

[94] D.17-11-033, issued December 6, 2017 in Application 15-09-010 (denying cost recovery of expenses in the utility's Wildfire Expense Memorandum Account, because the utility did not reasonably operate and manage its system prior to the 2007 Southern California Wildfires).

[95] PG&E filed testimony regarding the October 2017 wildfires but not the Camp Fire.

IV. THE PROPOSED SETTLEMENT FAILS TO INCLUDE A PROCESS FOR CONSIDERING AND IMPLEMENTING CORRECTIONS TO LESSEN THE RISK OF FUTURE CATASTROPHIC WILDFIRES CAUSED BY PG&E's ELECTRIC FACILITIES.

The only intervenors submitting testimony related to the October 2017 fires were OSA and Thomas Del Monte.[96] There is no testimony related to the 2018 Camp Fire, which was belatedly added to the scope of the proceeding on December 5, 2019,[97] following SED's November 26, 2019, service of its report summarizing its findings and violations related to the 2018 Camp Fire. Intervenors were not even afforded an opportunity to comment on SED's reply to PG&E's Response to Attachment B,[98] which relates to the potential systemic issues associated with the October 2017 wildfires. SED stated that based on its document review, it was "unable to conclude whether any of the potential systemic issues identified in Attachment B contributed to ignition of the October 2017 wildfires,"[99] yet parties had no opportunity to respond to this conclusion, which appears at odds with the vegetation management and other issues identified in SED's incident reports for the 2017 Northern California wildfires.

It is important to take a closer look at the fires that are the subject of this OII. At a minimum, the Commission should leave this proceeding open to evaluate the root causes and circumstances underlying the 2017 and 2018 fires started by PG&E's electrical facilities. The overarching purpose of this new phase would be to evaluate the systemic issues that contributed to the 2017 and 2018 wildfires and PG&E's progress in resolving those issues, but not to levy additional fines. It is essential to understand the totality of the circumstances underlying the wildfires, including not only violations of applicable rules and standards, but also instances in which PG&E's conduct may have been prudent. This examination will allow the Commission to

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[96] Other than a five-day extension to serve testimony related to the Lobo and McCourtney Fires, the November 1, 2019, motion of the Public Advocates Office for an extension of time, based largely on PG&E's failure to timely respond to data requests, was not granted. "This ruling finds that the additional revised deadlines proposed by the Public Advocates Office are not in the public interest in light of Pacific Gas and Electric Company's pending bankruptcy proceedings and the timelines set forth in Assembly Bill 1054 (Stats 2019)." *E-Mail Ruling Granting Limited Extension of Time for Intervenor Testimony*, November 5, 2019, p. 2.

[97] *Assigned Commissioner's Second Amended Scoping Memo and Ruling*, December 5, 2019.

[98] SED Reply to PG&E's Report in Response to Attachment B, November 15, 2019 (SED Report re Systemic Issues).

[99] SED's Report re Systemic Issues, p. 1.

craft more effective remedies to mitigate the risk of future catastrophic wildfires caused by the imprudent operation of electric facilities.

A. AB 1054 does not eliminate the Commission's duty to oversee the safe operation of utility facilities.

Section 451 of the Public Utilities Code requires the Commission to oversee the safe operation of public utility facilities, including the requirement that utilities such as PG&E provide and maintain "adequate, efficient, just and reasonable" services and facilities as are necessary for the "safety, health, comfort, and convenience" of its customers and the public. The accelerated schedule for this proceeding prevented the Commission from undertaking the detailed examination needed to decrease the risk of future catastrophic wildfires caused by PG&E's operation of electric facilities, as required by Public Utilities Code Section 451. Testimony was limited by the deadlines imposing in the scoping memo and related rulings.

PG&E's decision to declare bankruptcy and its desire to avail itself of the Wildfire Fund are the reasons for the accelerated schedule for this proceeding, yet neither PG&E's decision to declare bankruptcy or the Legislature's enactment of AB 1054[100] allow the Commission to skirt due process or disregard its obligation to develop a full and complete record in this proceeding. Indeed, the Commission's claim that the public interest calls for a schedule and process that was accelerated to the point of compromising due process is unfounded and unexplained. Neither PG&E, any party, or the Commission has identified anything in AB 1054 that relives the Commission of its statutory obligation to develop a full and complete record on which to determine what is just, reasonable, and in the public interest.

In contrast to the current OII, the Commission conducted three separate investigations following the San Bruno gas transmission explosion, including an investigation of the circumstances underlying the explosion,[101] an investigation of PG&E's recordkeeping

[100] Holden, (Statutes of 2019) effective July 12, 2019. Public Utilities Code Section 3291 conditions PG&E's participation in the Wildfire Fund on the approval of PG&E's plan of reorganization by the bankruptcy court and the Commission by not later than June 30, 2020. The Wildfire Fund will pay eligible claims for covered wildfires caused by a California electrical corporation. Public Utilities Code Section 3284(a).

[101] Investigation (I.)12-01-007, Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company to Determine Violations of Pub. Util. Code § 451, General Order 112, and Other Applicable Standards, Laws, Rules and Regulations in Connection with the San Bruno Explosion and Fire on September 9, 2010

practices,[102] and an investigation PG&E's pipeline classification related to higher density populations.[103] These three investigation revealed "the characteristics and consequences of PG&E's longstanding failure to heed federal and state regulations governing the safe operation of natural gas transmission pipelines throughout its system.[104] The Commission must ensure that this OII produces similarly detailed results regarding the circumstances underlying the wildfires in this proceeding.

Approving the Proposed Settlement Agreement without leaving the proceeding open for a second phase would be akin to the Commission having merely fined PG&E for the 2010 San Bruno disaster, rather than launching full and complete investigations into PG&E's recordkeeping, how PG&E set its pipeline pressures, and how PG&E complied with federal regulations regarding population density around its transmission pipelines.

B. This proceeding should remain open to consider vegetation management and other issues that contributed to the 2017 and 2018 fires.

CAL FIRE determined that other than the Tubbs Fire, PG&E facilities ignited all the fires within the scope of this proceeding. SED found vegetation management violations that ignited the Adobe, Atlas, Lobo, McCourtney, Norrbom, Partrick, Pocket, and Youngs Fires, which raises questions about the adequacy of PG&E's procedures for inspecting vegetation and correcting any identified problems.

PG&E testifies that between 2012 and 2017 it completed 7 to 13 inspections or patrols of the locations of the fires where SED found vegetation management violations.[105] Two of those

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[102] I.11-02-016, Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company with Respect to Facilities Records for its Natural Gas Transmission System Pipelines

[103] I. 11-11-009, Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company's Natural Gas Transmission Pipeline System in Locations with High Population Density

[104] D.15-04-024, p. 1.

[105] *PG&E Reply Testimony, Chapter 3: Distribution Vegetation Management Policies, Procedures, Practices, and Records*, Brian Biancardi Witness Testimony, November 18,2019 (PG&E Reply Testimony/Biancardi), pp.3-12 (Adobe Fire-7 inspections/patrols); 3-14 (Atlas Fire-11 inspections/patrols); 3-16 (Lobo Fire-8 inspections/patrols); 3-17 (McCourtney Fire-7 inspections/patrols), 3-19 (Norrbom Fire-7 inspections/patrols); 3-21 (Partrick Fire- 8 inspections/patrols); 3-22 (Pocket Fire-9 inspections/patrols); 3-24 (Youngs Fire-13 inspections/patrols).

Most of the inspections and patrols were completed by contractors, but PG&E completed a patrol of the site of the Atlas Fire between April 20 and May 20, 2012. *Id.*, p. 3:14:1-4.

inspections or patrols resulted in work orders for the Valley Oak Tree SED identified as the cause of the Pocket Fire.[106] PG&E records show that the prescribed pruning of that tree was completed.[107] The PG&E testifies that while the inspections were audited by PG&E and/or the contractors, none of the audits reviewed the trees alleged to have caused the Adobe, Atlas, Lobo, McCourtney, Norrbom, Partrick, Pocket, or Youngs Fires.[108]

PG&E's testimony includes the expert report of John Goodfellow, a consultant with 38 years of experience in utility vegetation management.[109] Mr. Goodfellow reviewed PG&E's use of vegetation management patrols[110] and contractors to perform vegetation management tasks,[111] as well as PG&E's quality control procedures.[112] Mr. Goodfellow concludes that PG&E's vegetation management practices at issue in this OII "met accepted good practice for the industry, exceeded best practices for the electric utility as a whole, and complied with applicable regulations."[113] In fact, Mr. Goodfellow believes that "PG&E is a thought leader in [vegetation management] practices in the utility industry."[114]

Mr. Goodfellow's conclusions, apparently limited to his review of documents,[115] are at odds with the "boots on the ground" review of PG&E's Enhanced Vegetation Management

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[106] PG&E Reply Testimony/Biancardi, p. 3-22:4-5.

[107] PG&E Reply Testimony/Biancardi, p. 3-23:177. PG&E testifies other trees identified by SED as igniting fires were not identified for work. *Id.,* pp. 3-12:7-8 (Adobe Fire); 3-14:3-4 (Atlas Fire); 3-16:3-4 (Lobo Fire); 3-18:3-4 (McCourtney Fire); pp.3:19:9-10 (Norrbom Fire); 3-21:3-4 (Partrick Fire); 3-24:3-4 Youngs Fire.

[108] PG&E Reply Testimony/Biancardi, pp. pp.3-12:10-11 (Adobe Fire); 3-15:1-2 (Atlas Fire); 3-16:5-7 (Lobo Fire); 3-18:6-7 (McCourtney Fire), 3-19:12-13 (Norrbom Fire); 3-21:6-7 (Partrick Fire- 8); 3-23:9-10(Pocket Fire); 3-24:6-7 (Youngs Fire).

[109] *PG&E Reply Testimony, Chapter 8, Expert Report of John, W. Goodfellow,* November 18, 2019 (PG&E Reply Testimony/Goodfellow), p. 8-22.

[110] Mr. Goodfellow reviewed PG&E's Routine Distribution Patrols (pp. 8-6—8-14), its Drought and Tree Mortality Response Patrols (pp. 8-14 to 8-15), and its Public Safety and Reliability Patrols (pp. 8-15 & 8-16).

[111] PG&E Reply Testimony/Goodfellow, pp. 8-16 to 8-18).

[112] PG&E Reply Testimony/Goodfellow, pp. 8-19 & 8-20).

[113] PG&E Reply Testimony/Goodfellow, p. 8-3; Mr. Goodfellow states that even accepting as true SED's allegations of vegetation contact with PG&E powerlines in October 2017, the facts do not support the conclusion that PG&E "failed to meet the standard of care or that its program was inconsistent with accepted good practice. Id., p. 8-10.

[114] PG&E Reply Testimony/Goodfellow, p. 8-3.

[115] PG&E Reply Testimony/Goodfellow, pp. 8-29-8-31. The list of documents Mr. Goodfellow reviewed include SED's incident reports for the 2017 October wildfires, pertinent safety regulations, and PG&E's contracts with vegetation management contractors. The list does not include Mark Filip's July 26, 2019,

(EVM) program,[116] prepared under the direction of the federal Monitor pursuant to PG&E's ongoing criminal probation (Monitor's Report).[117] The Monitor's Report summarizes the results of field inspections between May and early July of 2019,[118] including three urgent issues that could have resulted in injuries, fatalities or serious damage if they were not promptly remediated.[119] By July 5, 2019, the Monitor's team inspected the equivalent of 53.5 miles of primary distribution lines and found 3,280 trees that appeared to have been missed, given the requirements of the EVM program, or 61.3 missed trees per mile.[120] The Monitor's team also observed broader issues with PG&E's EVM program, including training, post-work verification,[121] failure to mark trees that required pruning or removal,[122] and use of inconsistent marking on trees inspected and tagged for pruning or removal,[123]

A second phase of this proceeding should consider whether the issues identified in the Monitor's Report have been rectified, along with the results of the root cause analyses of the wildfires in this OII and independent wildfire safety audits that will be completed as System Enhancement Initiatives.[124] Other issues that may be appropriate to consider are whether PG&E has clarified and revised its inspection procedures in response to the Oakmont/Pythian Fire;[125] the appropriate use of laboratory inspections in identifying trees that require inspection and

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Report to Judge Alsup.

[116] Mr. Goodfellow did not review the EVM patrols, but it is reasonable to conclude that the issues identified with those patrols exist with other vegetation management patrols as well.

[117] SED Reply to PG&E's Report in Response to Attachment B, November 15. 2019, Attachment A, Monitor Mark Filip's July 26, 2019, Report to Judge Alsup (Monitor's Report).

[118] Monitor's Report, pp. 1, 18. The process was designed not merely to report problems, but to provide "actionable feedback to PG&E."- Monitor's Report, p. 1.

[119] Monitor's Report, pp. 15-17. One of the urgent issues the Monitor team reported was a tree located in a Tier 3 high-fire threat district and within inches of a primary conductor. It appeared that tree's leaves had been burned by contact with the primary conductor. Not only had a contractor falsely certified that the tree had been trimmed, but a subsequent inspection marked the tree for work but failed to note the urgency. *Id.*, pp. 16-17.

[120] Monitor's Report, p. 18.

[121] Monitor's Report, p. 18.

[122] Monitor's Report, pp. 20-21.

[123] Monitor's Report, p. 23.

[124] Proposed Settlement Agreement, Exhibit C, Sections B 7, p. 5, B-14, pp. 8-10.

[125] SED Incident Report E20171020-03, May 1, 2019, p. 21.

pruning;[126] the appropriate distance from wires for identifying and inspecting trees that pose risks to PG&E's infrastructure;[127] the circumstances underlying the Cascade Fire; and whether revisions to General Order 95, Rule 38 are appropriate.

The failure to address these significant safety issues increases the likelihood of their recurrence, thereby increasing the likelihood of one or more catastrophic wildfires.

C. This proceeding should remain open to consider transmission inspection issues that contributed to the 2018 Camp Fire.

A second phase of this proceeding should also evaluate PG&E's transmission inspection policies and whether revisions are needed, especially in light of PG&E's claims that neither accepted good practices nor the Commission's safety regulations required climbing inspections of the Caribou-Palermo transmission line prior to the Camp Fire.[128] The second phase should consider why PG&E revised its climbing inspection form in September 2018 and why it failed to make the revised forms immediately effective.

D. This proceeding should remain open to consider recordkeeping issues that exacerbate the risk of wildfires.

The Monitor's Report found significant recordkeeping deficiencies during the field inspections of PG&E's EVM program, observing:

> Record keeping defects have been a recurrent problem for PG&E—both before and after the San Bruno explosion and before and after the more recent 2017 am 2018 wildfires. Recordkeeping defects persist.[129]

The Monitor's Report identified inaccuracies in the maps used to record tree work and failures to record trees marked for work in the Arc Collector (the software application PG&E used to track EVM work during the Monitor's field inspections).[130] Each of these defects increases the risk that trees will not be remediated as needed.

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[126] PG&E Reply Testimony/Goodfellow, pp. 8-13-14.

[127] PG&E Reply Testimony/Biancardi, p. 3-26 (Table shows that the distance between the conductors and trees that ignited fires ranged from 10 to 60 feet.)

[128] Joint Motion, p. 13.

[129] Monitor's Report, p. 32.

[130] Monitor's Report, p. 32. PG&E plans to transition to Tree Tracker for recording vegetation management activities. Proposed Settlement Agreement, Exhibit C, Section B 14(a), p. 9.

PG&E was unable to retrieve important records pertinent to the Camp Fire investigation, including the date that the hanger plate was added to the Incident Tower and records related to the strength testing of suspension hooks, such as C-hooks, against the manufacturer's specifications that PG&E's Department of Engineering Research recommended in 1987.[131] PG&E cites GO 95, Rule 18.1 and Federal Energy Regulatory Commission requirements as prescribing the retention period for records regarding how long the C-hooks and hanger plates related to the Camp Fire had been in place.[132] But PG&E admits that General Order 95, Rule 18(A)(1) requires that records that records be retained for <u>at least ten years</u>.[133] General Order 95, Rule 18(A)(1) does not preclude a longer retention period, particularly for records necessary for the safe operation of its electric facilities

While neither of the recordkeeping requirements PG&E cites excuses its failure to maintain the Caribou-Palermo transmission line so that it would operate safely, a second phase of this proceeding should examine the adequacy of the CPUC's existing recordkeeping requirements for transmission and distribution infrastructure.

V. THE PROPOSED SETTLEMENT AGREEMENT IMPROPERLY CONSTRAINS THE CONSIDERATION OF ANY NEW INFORMATION ABOUT THE TUBBS FIRES.

The Proposed Settlement Agreements includes the following provision:

> SED agrees to release and refrain from instituting, directing, or maintaining any violations or enforcement proceedings against PG&E related to the 2017 Northern California Wildfires and 2018 Camp Fire based on the information: (a) known, or that could have been known, to SED at the time that SED executes this Settlement Agreement, or (b) substantially similar to the facts alleged in the SED Fire Reports. This information will include any reports or findings made by the California Department of Forestry and Fire Protection ("CAL FIRE") and information produced in *In re PG&E Corp. & Pacific Gas and Electric Company*, U.S.D.C., 3:19-cv-05257-JD and in *California North Bay Fire Cases*, Cal. Super., No. CJC17004955.[134]

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[131] PG&E's Response to Questions re CPUC Camp Fire Report, p. 10.

[132] PG&E's Response to Questions re CPUC Camp Fire Report, p. 5

[133] PG&E's Response to Questions re CPUC Camp Fire Report, p. 5 (emphasis added).

[134] Proposed Settlement Agreement, Section IV, D, p. 6.

This provision would hinder the ability of SED to investigate the Tubbs Fire, in the event that CAL FIRE, a court, or another state, federal, or local investigatory agency determines that PG&E's infrastructure was the cause of the fire. Thomas DelMonte served the testimony of Kenneth Buske,[135] which concluded (based on review of physical evidence available after CAL FIRE completed its investigation) that PG&E facilities caused the Tubbs Fire. The Public Advocates Office takes no position on Mr. Buske's conclusion but recommends that the Commission not limit its discretion to consider violations or enforcement proceedings regarding the Tubbs Fire. In the event that CAL FIRE or another state or federal entity determines that PG&E infrastructure was the cause of the Tubbs Fire, SED should retain the ability to investigate the Tubbs Fire, regardless of what it "could" or "should" have known.

VI. CONCLUSION

The Proposed Settlement Agreement is not reasonable in light of the whole record, is inconsistent with the law, and is not in the public interest. The Public Advocates Office recommends that the Commission deny the Motion and require the Settling Parties to revise the Proposed Settlement Agreement to (a) bar PG&E from seeking recovery of costs associated with fires for which SED found violations and (b) allow SED to consider violations or enforcement proceedings regarding the Tubbs Fire in the event that that CAL FIRE or another state, federal, or local entity determines that PG&E's infrastructure was the cause of the Tubbs Fire. In addition, the Commission should leave this proceeding open to consider and implement corrections to lessen the likelihood of future catastrophic wildfires caused by PG&E's electric facilities.

Respectfully submitted,

/s/ **DIANA L. LEE**
Diana L. Lee
Attorney

Public Advocates Office
Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Telephone: (415) 703-4342
E-mail: Diana.Lee@cpuc.ca.gov

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[135] *Prepared Direct Testimony of Kenneth E. Buske, BSEE, MSEE, MSIA, PE on Behalf of Party Thomas Del Monte,* November 8, 2019.