

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



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Application of San Diego Gas & Electric Company
(U 902 M) to Submit Its 2021 Risk Assessment and
Mitigation Phase Report.

Application 21-05-011
(Filed May 17, 2021)

Application of Southern California Gas Company
(U 904 G) to Submit Its 2021 Risk Assessment and
Mitigation Phase Report.

Application 21-05-014
(Filed May 17, 2021)

PROTEST OF THE UTILITY REFORM NETWORK



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Pursuant to Rule 2.6 of the California Public Utilities Commission’s Rules of Practice and Procedure,¹ The Utility Reform Network (TURN) submits this Protest to the Applications of San Diego Gas and Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (collectively “the Sempra Utilities”), in which they present their 2021 Risk Assessment and Mitigation Phase (RAMP) Reports.

I. BACKGROUND

A. The RAMP Is the Vehicle By Which the Commission Can Ensure That It Has Essential Information About the Cost Effectiveness of Proposed Safety Programs for the Sempra Utilities’ Upcoming 2024 Test Year General Rate Cases

One of the key purposes of RAMP is to provide a preview of key information that will inform the upcoming GRC that will determine future utility revenue requirements. In the case of the Sempra Utilities, the upcoming GRC will address revenue requirements for the four-year period beginning with the 2024 test year and continuing through 2027.

- By virtue of the Safety Model Assessment Proceeding (SMAP) Settlement adopted in D.18-12-014, California’s large electric and gas utilities, including the Sempra Utilities, are required to use the methodology prescribed in that Settlement to determine cost effectiveness values (known as Risk Spend Efficiency or RSE) at a granular level for risk mitigation programs that they intend to propose in their upcoming GRC. Properly computed and sufficiently granular RSE values will be essential for the parties and Commission to assess whether the Sempra Utilities’ 2024 GRC requests are targeting the right risks with appropriate and cost-effective mitigations.

¹ Notice of A.21-05-011 and A.21-05-014 appeared in the CPUC’s Daily Calendar on May 20, 2021 and May 21, 2021, respectively. This protest of both applications is therefore timely filed in accordance with Rules 2.6 and 1.15.

The cost effectiveness of proposed utility activities has always been an important inquiry in GRCs. As the Commission stated in D.14-08-032, “[v]irtually everything a utility does [has] some nexus to safety and can be deemed to have some safety impact, *but the emphasis should be on those initiatives that deliver the optimal safety improvement in relation to the ratepayer dollars spent.*”² However, ensuring that the Sempra Utilities’ safety initiatives are cost effective takes on even greater importance given the increasingly unaffordable levels of the Sempra Utilities’ rates.

The CPUC Staff “White Paper” supporting the Commission’s February 2021 En Banc to address trends in utility electric rates showed that SDG&E’s average residential rate is much higher than that of PG&E and SCE³ and, over the rest of this decade, projected to rise faster than the rates of those other two utilities.⁴ And those other utilities have some of the highest rates in the country and are cause for concern in their own right. The continuing escalation of SDG&E’s electric rates at rates that significantly exceed inflation is a serious problem for affordability and for achievement of the state’s electrification goals, among other concerns. As the CPUC white paper says, “[t]he need to improve the safety and reliability of the electric system while meeting California’s climate goals and various statutory mandates will require careful management of rate and bill impacts to ensure that electric services remain affordable.”⁵

Although the White Paper devoted less attention to gas rates, the White Paper also projected the potential for significant escalation in SDG&E and SoCalGas residential natural gas

² D.14-08-032 (Decision on PG&E’s 2014 GRC), p. 28 (emphasis added).

³ *Utility Costs and Affordability of the Grid of the Future, An Evaluation of Electric Costs, Rates, and Equity Issues Pursuant to P.U. Code Section 913.1* (“White Paper”), CPUC Staff, Feb. 2021, pp. 4-5, 70.

⁴ White Paper, p. 8.

⁵ White Paper, p. 7.

rates over the coming decade,⁶ which will add to the ever-increasing affordability problems with the Sempra Utilities.

These RAMP proceedings provide an important opportunity for the Commission to ensure that the upcoming 2024 GRCs will have reliable and sufficiently granular RSE values that can be used to fulfill the Commission’s long-stated goal of achieving “optimal safety improvement in relation to the ratepayer dollars spent.” In particular, these cases allow the Commission’s Safety Policy Division (SPD) and the parties to provide their recommendations on how the Sempra Utilities’ risk analysis and RSE determinations can be improved. In addition and of great significance, if the Sempra Utilities are failing to comply with any requirements of the settlement adopted in D.18-12-014, these proceedings provide an opportunity for the Commission to order the Sempra Utilities to take remedial actions so that the RSE values submitted in the 2024 GRC meet the Commission’s requirements.

II. GROUNDS FOR THE PROTEST

Based on its review to date of the two utilities’ RAMP reports and TURN’s fully engaged participation in the June 17, 2021 workshop, TURN has several concerns about the utilities’ RAMP submissions. In general, those concerns track the issues raised in TURN’s February 12, 2021 Informal Comments in Response to the Sempra Pre-RAMP Workshops (“Informal Comments”), which are attached to this Protest **as Attachment A** and hereby incorporated by reference. For the most part, the Sempra Utilities’ RAMP submissions continue to have the problems identified in TURN’s February 12, 2021 Informal Comments, and the utilities’ explanations for rejecting TURN’s concerns and recommendations – which appear in Chapter

⁶ White Paper, pp. 71-72.

RAMP-E -- fail to justify the utilities' positions. In its upcoming comment and pleading opportunities in this proceeding after further analysis of the RAMP submissions, TURN intends to provide a more detailed rejoinder to the utilities' Chapter RAMP-E response to TURN's Informal Comments.

Here, for the limited purposes of this Protest, TURN will identify some of the issues of particular concern based on its review to date of the RAMP submissions and the June 17, 2021 workshop. TURN emphasizes that this is a necessarily preliminary and incomplete identification of concerns at this early stage of the proceeding. Indeed, further analysis may lead TURN to identify problems and deficiencies that are not discussed here or in TURN's February 12, 2021 Informal Comments.

A. Compliance With the Settlement's Requirements to Provide RSEs at a Granular Level for Each Tranche of Assets with Homogenous Risk Characteristics

As TURN's Informal Comments explained at pages 2-3, one of the most important requirements of the settlement is for the utility to break down its RSE analysis for each risk by tranches that have "homogenous risk profiles."⁷ As Row 14 of the Settlement requires:

*For each Risk Event, the utility will subdivide the group of assets or the system associated with the risk into Tranches. Risk reductions from mitigations and risk spend efficiencies will be determined at the Tranche level, which give a more granular view of how mitigations will reduce risk.*⁸

Appropriately granular tranches provide the RSE information necessary to ensure that the truly highest risks in the system, which may be geographically localized or focused on a small

⁷ D.18-12-014, Settlement (Attachment A to the Decision), Row 14. TURN's Informal Comments provide a further discussion of the Settlement's requirements for the level of tranche granularity, which TURN will not repeat here.

⁸ D.18-12-014, Settlement, Row 14 (emphasis added).

subset of an asset group, get the requisite attention. Likewise, the granularity requirement ensures that the mitigations efforts are focused where they are most needed and ratepayer funding is not wasted because a mitigation program is too broadly scoped.

Many of the highest cost mitigations in the Sempra Utilities' RAMP Reports are programs to replace or modify existing assets – such as undergrounding, covered conductor installation, and pipeline replacement -- with deployments that prioritize assets based on level of risk. These deployments are effectively based on tranches with homogenous risk profiles, where the highest risk tranches with the highest RSE are addressed first and each successive tranche with decreasing RSEs are addressed in turn. RSEs for each tranche that Sempra plans to address in the upcoming rate case period are necessary for the parties and Commission to assess whether the scope and pace of Sempra's proposals provide sufficient risk reduction benefits in relation to the required amount of ratepayer funding. Given the diminishing marginal risk reductions with each homogenous tranche, tranche-level RSEs are essential to determining how fast and how far such programs should proceed.

Even though, in their actual management of their system assets, the Sempra Utilities appear to deploy these mitigations based on granular tranches defined by homogenous risk profiles, such analysis is not reflected in the RAMP submissions to date.

With respect to the important Wildfire risk, SDG&E's RAMP Report provide RSEs broken down only by HFTD Tier 3, HFTD Tier 2 and non-HFTD assets, which fails to reflect the much more granular tranches that SDG&E actually uses in its decision-making about deployment of grid hardening and other wildfire mitigation activities.⁹ SPD's Report on

⁹ Slides 80-82 of the Sempra Utilities' June 17, 2021 Workshop presentation show that SDG&E uses the WiNGS model to determine RSEs at a highly granular "segment" level.

PG&E's 2020 RAMP Report was highly critical of PG&E's similar highly aggregated tranches and urged a much higher level of granularity in PG&E's GRC presentation.¹⁰ In the June 17, 2021 workshop, SDG&E indicated that it has much more granular "segment-level" information which will be shared in "supplemental workpapers" to be provided at an as-yet unspecified date in the future. TURN hopes that this supplemental information will provide RSEs for tranches at the much more granular level required by D.18-12-014.

With respect to other risk chapters, although TURN's review is ongoing, it appears that the Sempra Utilities have failed to comply with the granular tranche requirement for other key risks. For example, with respect to risks associated with the high-pressure and medium-pressure gas systems,¹¹ the Sempra Utilities generally appear to have broken their systems down into only two or three tranches – such as High Consequence Area (HCA) and non-HCA or steel and plastic pipe – and only provide RSEs at these highly aggregated levels, which mask significant disparities in risk characteristics. Based on TURN's understanding of gas systems, TURN believes that, as with wildfire mitigations, the Sempra Utilities' deployment of many mitigations for these risks is based on a much more granular analysis that groups the assets into homogenous risk profiles. However, the RAMP Reports fail to explain why more granular tranches were rejected. In fact, the relevant chapters for these risks do not even attempt to explain and justify the highly aggregated tranches used in the analysis, contrary to the Settlement's requirement that, for each Risk Event, the RAMP submission include a discussion of "the rationale for the determination of tranches."¹² TURN is deeply concerned that, based on the June 17, 2021

¹⁰ *SPD Staff Evaluation on PG&E's 2020 RAMP Application*, Nov. 25, 2020, pp. 4-5.

¹¹ SDG&E-3, SDG&E-9, SCG-1, SCG-3.

¹² D.18-12-014, Settlement, Row 14.

workshop discussion, the supplemental workpapers are unlikely to provide any more granular RSEs than the highly aggregated values supplied in the RAMP Reports.

As its analysis proceeds, TURN will continue to assess the Sempra Utilities' compliance with the Settlement's tranche granularity requirements. To the extent that TURN's analysis shows clear non-compliance, TURN intends to bring such non-compliance to the Commission's attention and to seek an order directing that the utilities bring their analysis and RSE values into conformity with the Settlement's requirements in their GRC presentations.

B. Failure to Use the Correct Baseline for Pre-Mitigation Risk Scores

TURN's Informal Comments (pp. 4-5) explained why the Settlement requires the Sempra Utilities to use subject matter expert (SME) estimates of the risk reduction that will be achieved at the end of 2023 as the baseline for the pre-mitigation risk scores that are used to calculate RSEs. Specifically, Rows 10 and 11 of the Settlement require the Sempra Utilities to use "SME judgment that takes into account the benefits of any mitigations that are expected to be implemented prior to the GRC period under review." Sempra's GRC will be setting revenue requirements for the period 2024 through 2027. Moreover, the Sempra Utilities will move ahead with their planned mitigations in 2021 through 2023 and will not be basing their deployment of mitigations in those years on the upcoming decision on the 2024 Test Year GRC request, which is unlikely to come until the end of 2023 at the earliest. Accordingly, in this case, "the GRC period under review" begins in 2024.

Nevertheless, in direct violation of the Settlement, the Sempra Utilities chose to use 2020 as the baseline year to determine pre-mitigation risk scores. As a result, Sempra's RSEs are inflated by counting risk reductions that will already have been achieved by work that the Sempra Utilities plan to perform in 2021, 2022 and 2023. For example, SDG&E plans to

significantly accelerate its Wildfire mitigation undergrounding program from 29 and 25 miles in 2020 and 2021 respectively¹³ to 80 miles in 2022 and 125 miles in 2023.¹⁴ Using 2020 as the baseline means that 230 miles of undergrounding – and the attendant significant risk reduction -- is not reflected in SDG&E's pre-mitigation aggregate risk score. In addition, for the granular tranche RSEs required by the settlement, SDG&E's use of a 2020 baseline means that SDG&E's RSEs will reflect work that will already have been performed by the time the GRC decision is issued. In effect, as TURN explained in its Informal Comments, in their RSE justification for mitigations proposed in their 2024 GRC the Sempra Utilities would be able to double count risk reduction benefits that will have already been achieved. The result would be to benefit the utility at the expense of ratepayers by artificially inflating the benefits that can be achieved by mitigation activities in the upcoming GRC period.

Unless the Sempra Utilities have a change of position or indicate that they will provide appropriately granular RSEs using an end of 2023 baseline,¹⁵ the utilities will be in violation of the Settlement's requirements. If necessary, in a future pleading, TURN intends to seek an order directing that the utilities bring their analysis and RSE values into conformity with the Settlement's requirements in their GRC presentations.

C. Insufficient Transparency and Supporting Information

Row 29 of the Settlement adopted in D18-12-024 sets forth transparency requirements for the RAMP report. These include: (1) inputs and calculations for each step of the analysis

¹³ SDG&E 1-41.

¹⁴ June 17, 2021 Workshop, Slide 79.

¹⁵ At the June 17, 2021 workshop, the Sempra Utilities would not answer TURN's question whether the companies can and would provide alternative RSEs using an end of 2023 baseline in response to a TURN data request, even though they have had considerable time to think about this question.

required by the Settlement to be “clearly stated and defined;” (2) “[t]he sources of inputs should be clearly specified;” (3) when SME judgment is used, “the process the SMEs undertook to provide their judgment should be described” and (4) the utility “should specify all information and assumptions that are used to determine pre- and post-mitigation risk scores.”

To date, the material provided by the Sempra Utilities has fallen far short of these requirements. As Mussey Grade Road Alliance (MGRA) has pointed out,¹⁶ the RAMP Reports and scant associated workpapers fail to provide supporting documentation and data sources for many of the inputs used in the analysis and provide much less of the required information than PG&E provided in its 2020 RAMP report and workpapers. For example, based on review of the single PDF workpaper for the risk score and RSE analysis for SDG&E’s wildfire risk,¹⁷ TURN cannot determine the source and computation of such key values such as pre- and post-mitigation LoRE and CoRE, and % Change in the LoRE, including the extent to which the values are based on data and SME judgment – and if the latter, the process that was used to provide such judgment.

For the first time at the June 17, 2021 workshop, a full month after the due date for the RAMP reports and required supporting information, the Sempra Utilities indicated that they intend to provide “supplemental workpapers.” However, they would not specify a date that they will produce this material, nor state clearly what it would include. Hopefully, these additional materials will bring the utilities into compliance with the Settlement’s transparency provisions. The Sempra Utilities should keep in mind the additional requirement of Row 29 of the Settlement – that “[a]ll calculations should be repeatable by third parties using utility data and

¹⁶ MGRA Protest, June 9, 2021, pp. 3-4.

¹⁷ SDG&E-Risk-1-Wildfire_QWP_PDFA.pdf, p. 4.

assumptions.” In order to be able to repeat the Sempra Utilities’ calculations, parties must be given the data and assumptions on which they are based, which the Sempra Utilities have not yet done.¹⁸

D. Incomplete Submission

As noted in the previous section, more than one month after the due date for their RAMP submissions, the Sempra Utilities have failed to provide anything approaching the required supporting information for their risk scores and RSE values. The utilities have essentially conceded as much by promising to provide supplemental workpapers -- albeit at an unspecified future date. In addition, as noted in Section II.A above, SDG&E indicated at the June 17, 2020 workshop that the supplemental workpapers may include information that would address the RAMP Report’s failure to identify sufficiently granular tranches for the Wildfire risk.

All of this information was required to be provided by the May 15th due date for the RAMP submission set by the Rate Case Plan decision.¹⁹ Accordingly, the Sempra Utilities’ submission is significantly and materially incomplete. At the June 17, 2021 workshop, the Sempra Utilities showed no remorse for failing to meet this fundamental requirement, and even refused to provide a definitive date for completing their submission. A few days’ slippage could be excused, but over one month (and counting) is inexcusable. By omitting key information, the Sempra Utilities have prejudiced the ability of SPD and the parties to meet the deadlines set in the Rate Case Plan decision.

¹⁸ Row 29 notes that the above-quoted requirement is subject to practicality and feasibility constraints of sharing data and models, but the Sempra Utilities, to date, have failed to demonstrate a good faith effort to provide the required supporting material. As noted, the information provided pales in comparison to the supporting information provided by PG&E.

¹⁹ D.20-01-002, p. 49.

Consequences should attach to the Sempra Utilities' failure to provide a complete submission. Otherwise, such behavior will become the norm in RAMP proceedings. Such consequences should include, but not be limited to the following. First, when they provide the "supplemental" information, the Sempra Utilities should be required to include a full explanation for the delay, supported by an affidavit of a responsible officer, explaining in detail why the required information was not provided by the due date and attesting that the Sempra Utilities will meet any and all Commission specified deadlines in this proceeding and in its next RAMP submission. Second, at the prehearing conference, the Commission should allow parties to request a shortened response time for data requests. Third, in setting its schedule for this case, the Commission should take into account the Sempra Utilities' failure to provide a complete submission by the due date and should not hesitate to adapt the schedule as necessary to alleviate the prejudice that SPD and the parties have suffered as a result of the incomplete submission. IN addition, the Commission should consider other measures to discourage the Sempra Utilities and other utilities from failing to take seriously a clear Commission deadline.

III. EFFECT OF THE APPLICATION ON THE PROTESTANT

TURN is a non-profit consumer advocacy organization and has a long history of representing the interests of residential and small commercial customers of California's utility companies before this Commission. TURN's articles of incorporation specifically authorize our representation of the interests of residential customers. These applications directly affect the interests of the Sempra Utilities' residential ratepayers, whose interests TURN represents, by failing to present accurate and complete information regarding the cost-effectiveness of proposed risk mitigation activities, thereby frustrating the key purpose of the quantitative methodology for risk and mitigation analysis adopted in D.18-12-014. Unless the Sempra Utilities' proposed

mitigations represent the optimal response to the utilities' risks, the Sempra Utilities' request to collect the costs of these mitigations from ratepayers will be unjust and unreasonable.

IV. CATEGORIZATION AND NEED FOR EVIDENTIARY HEARINGS

In Resolution ALJ 176-3487 (June 3, 2021), the Commission preliminarily determined that this proceeding should be categorized as "ratesetting." TURN concurs with this assessment. TURN also agrees with the applicants that evidentiary hearings are not necessary. In the past, the RAMP proceedings have consisted primarily of workshops and written pleadings. At this time, TURN believes that workshops and written pleadings are sufficient to inform the SPD report to be produced pursuant to D.14-12-025 and to inform Commission determinations to direct the Sempra Utilities to remedy non-compliance with the Commission's requirements for RAMP submissions and the calculation of RSE values. TURN intends to actively participate in all stages of the case to the extent necessary to support our recommendations regarding the issues in this proceeding.

V. SCHEDULE ISSUES

A. The Commission Should Direct the Sempra Utilities to Be More Cooperative and Open to Debate in Workshops and Other Discussions that Will Inform SPD and Party Comments

The bare-bones schedule proposed by the Sempra Utilities is insufficient to allow SPD and the parties the necessary opportunity for analysis and questioning of the Sempra Utilities' RAMP submissions. Based on their June 17, 2021 workshop comments, the Sempra Utilities seem to have the impression that their RAMP work is now done and all that remains is for SPD and parties to provide comments on the RAMP reports. Worse, the Sempra Utilities seem uninterested in hearing alternative views and challenges to how they carried out their analysis.

The Commission should explicitly reject this unduly narrow view of RAMP proceedings. Instead, these proceedings are an opportunity not just for understanding the basis for the utilities' analysis, but for SPD and parties to question and challenge that analysis. Workshops and other discussions are an important vehicle for fostering the necessary dialogue and debate. As previously noted, one of the key goals of these proceedings is to ensure that the Commission has the necessary record to determine the optimal safety programs in relation to the ratepayer dollars spent. Challenging and debating the utilities' choices is key to ensuring that the GRC record has the best possible RSE values in order to achieve this goal. The Sempra Utilities need to be told by Commission decision-makers that the utilities are expected to be more cooperative in scheduling and preparing for workshops and/or working group sessions and that they should expect questions and criticism and be open to debating the choices reflected in their RAMP submissions in these discussions.

B. SPD Should Be Delegated the Authority to Schedule Additional Workshops and/or Working Group Sessions

As MGRA has pointed out, in PG&E's RAMP, three workshops and several other working group sessions to discuss sensitivity analyses were held. Those workshops and sessions were determined by SPD and by agreement of the parties, and did not need authorization in the Scoping Memo. In these cases, SPD should likewise be delegated the authority to schedule additional workshops and working group sessions based on party input. In this regard, on June 22, 2021, TURN will be submitting its proposal for additional workshops to SPD. TURN anticipates requesting workshops to discuss the utilities' chapters relating to electric distribution and gas system (high- and medium-pressure) risks, and cybersecurity. In addition, after the promised "supplemental workpapers" are delivered, TURN expects to seek additional workshops

to have the Sempra Utilities explain how to make use of the workpapers to find the requisite supporting information and for parties to execute sensitivity analysis on their own where this is possible. In addition, TURN anticipates requesting at least one more workshop on Wildfire issues, including to address whatever additional material is provided in the supplemental workpapers. TURN's June 22, 2021 proposal to SPD will likely include other topics for workshop discussions.

C. TURN Agrees with MGRA that Additional Time for SPD and Party Comments is Warranted, Particularly In Light of the Sempra Utilities' Incomplete RAMP Submissions

As previously noted, the Sempra Utilities have failed to provide complete RAMP submissions and have yet to indicate when they will provide the additional information required by D.18-12-014. As MGRA notes, the lack of the requisite supporting information prejudices the parties by requiring them to serve data requests just to obtain information that already should have been provided. MGRA proposes a schedule that extends the date for final reply comments by two weeks beyond the Sempra Utilities' proposed schedule. Under the circumstances, this is a more than reasonable recommendation. Indeed, depending on when the supplemental workpapers are provided and what they contain, additional time beyond what MGRA has proposed may be needed. TURN will discuss its proposed schedule in more detail in its prehearing conference statement, in the hope that the Sempra Utilities will have provided the supplemental workpapers well before the due date for that pleading.

D. The Schedule Should Recognize that Parties May Need to Submit Motions to Require Compliance with D.18-12-014 and that Commission Determinations on Those Motions Will Be Required

As discussed in Section II above, TURN's preliminary analysis indicates that the Sempra Utilities appear to have failed to comply with key requirements of D.18-12-014. While TURN remains hopeful that at least some of these violations will be remedied by the supplemental workpapers, the Commission needs to be prepared to entertain motions from parties seeking orders directing the Sempra Utilities to correct any remaining violations in their GRC submissions. The schedule for this proceeding should recognize that such motions may be necessary and that timely rulings on those motions will be needed. TURN will address this issue further in its prehearing conference statement and at the prehearing conference.

VI. CONCLUSION

For all of the foregoing reasons, TURN protests the applications of SDG&E and SoCal Gas.

Dated: June 21, 2021

Respectfully submitted,

By: _____/s/_____
Thomas J. Long

Thomas J. Long, Legal Director
THE UTILITY REFORM NETWORK

ATTACHMENT A

February 12, 2021 Informal Comments of TURN in Response to the Sempra Pre-RAMP Workshops



February 12, 2021

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Informal Comments of TURN In Response to the Sempra Pre-RAMP Workshops

Introduction

Based on the discussion at the January 27, 2021 pre-RAMP workshop and at the invitation of the Safety Policy Division, The Utility Reform Network (TURN) provides these informal comments. These comments address TURN's concerns regarding the information the Sempra Utilities have presented to date regarding the methodology they intend to use for their upcoming RAMP submission. TURN welcomes the opportunity to provide these comments to provide a written record of TURN's concerns – most of which have been expressed orally in workshops and other meetings -- in the hope that the Sempra Utilities will take the opportunity to bring its methodology into conformity with the requirements of the SMAP Settlement adopted in D.18-12-014 ("Settlement") and to otherwise improve their methodology.¹

TURN Is Deeply Concerned that the Sempra Utilities Will Not Comply with the Settlement's Requirements Regarding Granularity of Tranches

Row 14 of the Settlement requires each element (i.e., asset or system) in an identified tranche to "have homogeneous risk profiles", which means "the same LoRE and CoRE." In other words, to comply with the Settlement, all of the assets in each tranche should be grouped so that there are no significant differences in either the LoRE or the CoRE of those assets. If there is a meaningful difference, the asset group needs to be broken out into more granular tranches. The Settlement also states that utilities should "strive to achieve as deep a level of granularity as reasonably possible."

Sufficiently granular tranches are necessary to achieve the goal of providing accurate information for GRC decision-making about the cost-effectiveness of proposed mitigations. When assets with different LoRE and CoRE values are grouped together, the resulting average RSE values will mask differences in individual asset RSEs. This matters because a key objective

¹ Because these comments are based on the information that the Sempra Utilities have thus far provided, TURN emphasizes that the analysis and recommendations presented in these comments are necessarily subject to revision and refinement as TURN gains more information.

of this quantitative analysis is to identify mitigations that will provide the greatest risk-reduction value for PG&E's customers, employees, and the public at large. Using average RSE values that do not account for individual asset differences prevents the Commission from having a record that allows it to make fine-tuned decisions about which mitigations to approve and in what scope, given affordability and other constraints.

Put another way, appropriately granular tranches make sure that the truly highest risks in the system, which may be geographically localized or focused on a small subset of an asset group, get the requisite attention. Likewise, the granularity requirement ensures that mitigation efforts are focused on where they are most needed and money is not wasted because a mitigation program is too broadly scoped.

Sempra provided limited and confusing information about the tranches that it will use for its analysis of the various risks in its RAMP report. Because of the outsize significance of the wildfire risk, most of the attention given to tranches in the workshops related to this risk. However, TURN emphasizes that Sempra is obligated to meet the Settlement's tranche requirements for all risks.

With respect to the wildfire risk, if TURN understood Sempra correctly, SDG&E intends to have its tranches correspond with the three High Fire Threat District tiers. If this is indeed SDG&E's intention, such tranches would be grossly overbroad and in blatant violation of the Settlement's tranche requirements. It is simply not credible that there are no meaningful differences in either the LoRE or the CoRE for the large number of miles in each of the HFTD tiers. TURN is certain that, when SDG&E deploys wildfire risk mitigation programs, the utility uses information in its possession to prioritize the work based on differences in LoRE and CoRE within the HFTD tiers. That information must be used to develop Settlement-compliant tranches. The overbroad tiers that Sempra appears to be planning would be an obvious failure to comply with the Settlement and a disservice to the Commission's efforts to obtain useful cost-effectiveness data for GRC decision-making. Given that PG&E's RAMP was roundly criticized by SPD and the parties for having insufficiently granular tranches, it is both surprising and disappointing that Sempra appears ready to replicate PG&E's failures.

Sempra's extremely confusing presentation in the November 17, 2020 workshop seemed to suggest that it would be using different tranches for different mitigations within the same risk category, *e.g.*, one set of tranches for covered conductor and another set of tranches for vegetation management. This approach would be contrary to the settlement, which requires the subdivision of assets into tranches to be done "for each Risk Event."² SDG&E seems to read this requirement out of the Settlement and instead wants to define tranches based on assets for which a given mitigation has the same effect. This is not what the Settlement requires. Under the Settlement, the utility must show how a mitigation affects all of the assets with the same LoRE

² Settlement, Row 14.

and CoRE. In this way, apples-to-apples comparisons can be made of the cost-effectiveness of mitigations at the tranche level.

One of potentially many problems with SDG&E's suggested approach would be to frustrate an incremental analysis of the benefits of applying a secondary mitigation after a primary mitigation has been performed. For example, if covered conductor is deployed in a tranche, an important question is how much the RSE of vegetation management programs (such as expensive removal of living trees) would be reduced. (The vice versa question is also important.) If different tranches are used for these different mitigations, then SDG&E's analysis will not be able to answer these questions in a way that provides useful, actionable information.

At the November 17, 2020 workshop, Sempra suggested that more granular tranches would make the presentation of information unmanageable. As a party who will need to review the RAMP submission, TURN rejects this contention. Excel worksheets with thousands of rows and many columns are to be expected with sophisticated risk analysis. In addition, granular results can be summarize for presentation purposes, but it is essential that the analysis be performed at the correct tranche level in order to comply with the Settlement and produce the granular cost-effectiveness information that the parties agreed upon and that, by virtue of Commission adoption, is now required by Commission order.

The Settlement Requires the Sempra Utilities Discretion to Provide Risk Spend Efficiency (RSE) Calculations for All Mitigations

The Sempra Utilities state that, as a general matter, they intend to provide RSEs for both new and existing mitigations (the latter being sometimes referred to as "controls"). TURN applauds the decision to provide RSEs for current mitigations, which is both required by the Settlement and consistent with the longstanding guidance from SPD.

However, the Sempra Utilities also indicate that they intend to excuse themselves from the requirement to provide an RSE when they believe meaningful data or SME judgment is not available. Failing to provide an RSE for all mitigations would violate the clear requirement of the Settlement that "the utility's RAMP filing will provide a ranking of all RAMP mitigations by RSE."³ Furthermore, Row 31 of the Settlement addresses how the utility is to proceed when it has concerns about insufficient data:

All estimates should be based on data whenever practical and appropriate. However, the available data should not restrict the application of the risk assessment methodologies. SME judgment should be used if the methodologies require use of data that is not available. Over time, SME judgment should be increasingly supplemented by data analysis as the methodologies mature.⁴

³ Settlement, Row 26.

⁴ Settlement, Row 31 (emphasis added).

The Settlement is clear that a perceived lack of available data is not a reason to fail to provide an RSE, because SME judgment can and should be used when necessary data is unavailable. If the Settlement intended to allow utilities to decline to apply the methodologies based on a claim that they lack the subject matter expertise to estimate a value needed to calculate RSE, the Settlement would have said so in this paragraph. Instead, Row 31, which was negotiated with the utilities, presupposes that SME judgment will always be available to supplement the available data. This of course makes sense. If a utility intends to propose a mitigation, it must be because one or more utility SMEs believe the mitigation will provide risk reduction benefits. The Settlement requires the utility to document and justify any such judgment that the utility is relying upon. The Sempra Utilities agreed to this requirement, which is now a Commission order that the Sempra Utilities must abide by.

If the Sempra Utilities are not confident in their SME judgment, they can say so in their RAMP submission. Indeed, Row 29 of the Settlement, addressing transparency, states that “when SME judgment is used, the process that the SMEs undertook to provide their judgment should be described” and that “any questionnaire or document used to solicit SME judgment will be made available to the CPUC and parties upon request.” If the Sempra Utilities lack confidence in the process they used to obtain SME judgment or the conclusions reached by their SMEs, the transparency provisions of the Settlement encourage, if not require, the sharing of this information.

The Sempra Utilities indicate that they are considering providing ranges for their RSE calculations. If the suggestion is that the risk reduction numerator of the RSE calculation can meaningfully incorporate variances and confidence intervals, TURN disagrees. To do such calculations properly would be extremely complicated, and it would be challenging to ensure that the calculations were performed correctly. Instead, the concern about uncertainty related to estimated values for inputs should be addressed by meeting the Settlement’s transparency requirements discussed in the previous paragraph. The Sempra Utilities should provide in their Report information about the uncertainty of the inputs to the RSE calculations and the effect of that uncertainty on a given RSE. Such an approach would enable parties to have more information to help them decide the situations that warrant requesting alternative RSEs (*i.e.*, alternative scenarios) with different input values.

The Focus of this RAMP Is the Portfolio of Mitigations that Should Be Approved for the Sempra Utilities’ 2024 Test Year; Accordingly, the Baseline for the Risk Reduction Calculations Should Be Risk Levels at the End of 2023

The purpose of the upcoming Sempra RAMP submission is to inform the Commission’s decision in the GRC that will set revenue requirements for the years 2024 through 2027, based on a 2024 test year. Thus, the focus of the GRC and the RAMP needs to be the risk reduction impact of mitigations to be deployed in 2024 and subsequent years. To properly calculate the risk

reduction benefits of mitigations proposed for 2024 and beyond requires that the baseline for the risk reduction calculations be the level of risk expected at the end of 2023. Otherwise, the analysis would double count risk reduction benefits that are supposed to be achieved by activities that take place before the 2024 test year. The result would be incorrect, and likely excessive, RSEs for the Commission to use in its 2024 GRC deliberations. For example, when the Commission is deciding whether and in what scope to approve the use of covered conductor for 2024 and beyond, the RSE analysis should not include covered conductor work and attendant risk reduction benefits that will have already been achieved before 2024. Because it is reasonable to expect declining marginal benefits as such programs are extended into lower priority parts of the utility system, it is essential that the analysis not double count benefits that will already have been attained.

Use of the correct baseline for the risk reduction analysis is required by Rows 10 and 11 of the Settlement, which require that data reflecting past results “must be supplemented by SME judgment that takes into account the benefits of any mitigations that are expected to be implemented prior to the GRC period under review in the RAMP submission.” This language could not be clearer that the analysis must ensure that benefits of mitigations implemented prior to the GRC period under review – estimated based on SME judgment -- are reflected in the baseline for the risk reduction calculations.

The Sempra Utilities have correctly noted that the 2024 Test Year GRC will also address their proposed capital spending for 2022 and 2023. This fact should not change the analysis above. First, with respect to O&M programs, the GRC will not determine appropriate spending levels prior to the 2024 test year. Second, with respect to capital spending, by the time the GRC decision is made, the Sempra Utilities will likely have implemented their capital programs for 2022 and 2023. While the GRC provides an opportunity for the Commission to assess the reasonableness of spending for those years, the greater focus is on capital spending for the test year. As a result, TURN believes the focus of the RAMP, with respect to capital programs, should be on programs that would be implemented in 2024, which necessitates using the end of 2023 as the baseline. To the extent that risk reduction benefits for mitigations for years prior to 2024 would be useful to the GRC record, parties can and should address that issue in the GRC proceeding.

Concerns with the Sempra Utilities’ Multi-Attribute Value Function (MAVF)

A. The Statistical Value of Life and Other Equivalencies Implied by Sempra’s MAVF Are Questionable

The MAVF is a means of assigning a common value to the different types of consequences of a risk event. By providing this “common currency,” an MAVF creates equivalencies among the various attributes based on the assigned ranges and weights. Examining these equivalencies is a good way to assess the reasonableness of how the MAVF has been constructed.

For example, under Sempra's proposed MAVF, the statistical value of life (SVL) is \$100 million. This is because the upper limit of the financial attribute is \$500M and the weight is 0.15. Hence, 0.15×100 scaled units = 15 weighted risk units, which corresponds to \$500M. The safety index range is from 0 to 20, which means that the maximum safety index corresponds to 20 Fatalities. The weight on Safety is 0.60, so 20 Fatalities corresponds to 0.60×100 scaled units = 60 weighted risk units. Therefore, 20 Fatalities is equivalent to $4 \times \$500\text{M} = \2000M , both of which correspond to 60 weighted risk units. Therefore, 1 Fatality is equivalent to $\$2000\text{M} / 20 = \100M .

In contrast, the accepted SVL used by federal agencies for safety policy analysis is approximately \$10 million.⁵ Sempra's valuation means that it expects society to value a 1% reduction in the likelihood of occurrence of a single fatality at \$1 million. In other words, Sempra would be willing to spend \$1 million per year to accomplish this and nothing else. This is an order of magnitude greater than the values used by U.S. government agencies for many years to weigh environmental and safety regulations that reduce risk. This discrepancy is a reason for Sempra to re-think the reasonableness of the weights and ranges it selected for its attributes.

Other equivalencies are implied by Sempra's proposed MAVF. Using the same approach described above for the SVL, one SAIDI minute is equivalent to \$1.67 million, which implies that Sempra views it as worth spending \$1.67 million on a mitigation designed to reduce the impact of a risk event from 100 to 99 SAIDI minutes.

If Sempra cannot justify these and other equivalencies, it should re-visit the weights and ranges in its proposed MAVF. Using unreasonable weights and ranges is likely to result in incorrectly valuing different risks and risk reductions and therefore misallocating ratepayer dollars away from more cost-effective risk management activities.

B. The Stakeholder Impact Attribute Needs to Be Better Defined and Explained

TURN is not necessarily opposed to the Stakeholder Impact attribute that the Sempra Utilities propose to use for their MAVF. However, in the workshops, TURN raised two concerns.

First, TURN is concerned that whatever is being measured by this attribute is unclear, creating the possibility that this attribute overlaps with other attributes. Avoiding such overlap is

⁵ The most recent values used by the U.S. EPA and U.S. Dept. of Transportation, which are based on studies from the academic literature, can be found in the following documents: U.S. EPA, "[What Value of a Statistical Life Does EPA Use](#)." The EPA uses a value of \$7.4 million in 2006\$, which is approximately \$10 million in 2020\$. See also, U.S. Dept. of Transportation, "[2016 Revised Value of a Statistical Life Guide](#)," August 8, 2016. The DOT uses a value of \$9.6 million in 2016\$, also equivalent to about \$10 million in 2020\$. The DOT also estimates the value of a severe injury at 26.6% of the SVL, or about \$2.5 million.

important. Otherwise, the impacts of an adverse event will be overestimated. Sempra has thus far failed to explain exactly what this attribute is meant to measure and how that measured value differs from what other attributes measure. In the workshops, Sempra representatives gave the example of a catastrophic wildfire and stated that this attribute would capture consequences that are not captured by the Health and Safety and Financial attributes. If a catastrophic wildfire kills one or more members of the public, those deaths will be reflected in the Health and Safety Attribute. If the Stakeholder Impact attribute identifies additional “severe” consequences to the “public” stakeholder group, it is unclear how those severe impacts are different from the loss of life by members of the public. Sempra needs to do a much better job of explaining what exactly this attribute is measuring and how it differs from other attributes.

Second, the specification of the attribute is incomplete. Sempra’s slide shows that the value assigned to this attribute will depend on how three different factors (stakeholders affected, severity and duration) would be affected, each at four different levels. Yet Sempra’s table of values shows just four of the 64 possible cases. Sempra needs to provide the values for all of the permutations of the variables it proposes to use for this attribute.

Ideas for Sensitivity Analysis

At the January 27, 2021, SPD asked parties to include in these informal comments any ideas the parties have now about the types of sensitivity analyses they might request after the Sempra Utilities submit their RAMP report.

As TURN explained at that workshop, the scenario analyses we will request will depend on Sempra’s submission, including the methodology Sempra uses and the quality and completeness of the supporting information that Sempra provides to meet the Settlement’s transparency requirements. In addition, reviewing parties will need prompt responses to their data requests that will inform the decision of which scenario analyses to request.

The foregoing comments should provide an indication of the concerns that may prompt requests for alternative scenarios to be analyzed. These include:

- If Sempra’s tranches are insufficiently granular, TURN will likely ask the Sempra utilities to supply the information they use to decide how to prioritize the roll-out of mitigations. Based on that information, TURN would then likely ask for more granular tranches and for a complete RSE analysis based on those tranches, as we did for PG&E’s 2020 RAMP submission. TURN emphasizes that we should not have to do this. Such requests can be avoided if the Sempra Utilities comply with the Settlement’s tranche requirements. Absent such an effort, TURN will also consider legal actions to enforce the Sempra Utilities’ obligations under the Settlement, including sanctions for non-compliance, particularly in light of the fact that the Sempra Utilities have had the benefit

of PG&E's experience and SPD's strong criticism of PG&E's insufficiently granular wildfire tranches.

- If the Sempra Utilities do not sufficiently address the concerns discussed above relating to their MAVF, TURN may request that the analysis be performed using alternative structures for the MAVF, as we did with PG&E's 2020 RAMP.
- For any RSE calculations that appear to be based on unreasonable input values, TURN may request alternative scenario analyses based on input values that TURN considers to be more reasonable. Before we will be able to make such requests, we will need to understand the source and basis for Sempra's input values, which should be provided with the RAMP submission in order to satisfy the Settlement's transparency requirements.
- If the Sempra Utilities do not provide this information, TURN may request that Sempra provide RSEs and supporting analysis with respect to the incremental benefits of a secondary mitigation assuming a primary mitigation is deployed, as discussed above. Such RSE information is necessary to avoid the use of limited ratepayer funding for programs that have little incremental benefit and cannot be justified as cost-effective if another mitigation is used.

TURN emphasizes that these comments about potential scenario analysis requests are preliminary in nature and will depend to a great extent on Sempra's RAMP submission.

Conclusion

TURN appreciates the opportunity to present these views. To a significant extent, these comments repeat points and concerns that TURN has explained over the past several months in the three pre-RAMP workshops. As a result, the Sempra Utilities have had ample time to consider these concerns and address the problems that have been identified. Ideally, the Sempra Utilities will honor the time and effort that SPD and parties have devoted to this pre-RAMP process by giving serious consideration to the concerns and fixing the problems that have been pointed out. If any of these concerns are not addressed by changes to Sempra's RAMP approach, Sempra's RAMP report should explain why the requested modifications were not made.

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