FILED
11/07/24
04:59 PM
A2205015

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.	Application 22-05-015 (Filed May 16, 2022)
Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2024.	Application 22-05-016 (Filed May 16, 2022)

OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES MANISHA LAKHANPAL AND JOHN LARSEN

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November 7, 2024

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OPENING COMMENTS OF THE UTILITY REFORM NETWORK ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGES MANISHA LAKHANPAL AND JOHN LARSEN

1. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, The Utility Reform Network ("TURN") submits these opening comments on the Proposed Decision of Administrative Law Judges Manisha Lakhanpal and John Larsen ("PD"), issued on October 18, 2024. Overall, TURN believes that the PD is well reasoned and does a good job of evaluating the complex data and evidence presented in the case, resulting in a balanced decision. At the same time, there are a few areas that TURN believes warrant another look either because the record is clear that Southern California Gas Company ("SoCalGas") and San Diego Gas & Electric Company ("SDG&E") did not meet their burden of proof, or because adopting SoCalGas and SDG&E's proposals would result in unjust and unreasonable rates. Furthermore, the PD adopts revenue requirement increases of 14.8% for SoCalGas and 10.5% for SDG&E,[1] both of which far exceed the average income growth for Californians, making their utility bills less affordable. While bill impacts are projected to be between 2.7% to 8.8%,[2] the reality is that bill components not covered by this GRC are also likely to increase during this GRC period. Thus, the Commission should take a closer look at the areas discussed in these comments to further address the affordability crisis.

TURN appreciates the opportunity to bring these items to the Commission's attention. TURN's recommended changes to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs are set forth in Attachment 1.

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[1] PD, pp. 1-2.

[2] PD, p. 3.

2. THE PD ERRED IN IGNORING EVIDENCE PRESENTED REGARDING THE DISPROPORTIONATE IMPACTS OF RATE INCREASES ON PEOPLE OF COLOR

TURN presented evidence regarding the disproportionate impacts rate increases have on people of color who generally have lower average incomes, which results in higher energy burdens.[3] For the counties served by the Sempra Utilities, Black, Latino and Native Americans have the highest percentages of people living in poverty of any racial group shown in the analysis.[4] This is significant because the Affordability Ratio analysis presented by SoCalGas and SDG&E uses an income distribution based on the *total* median income, which is skewed by the higher income of whites and Asians.[5] TURN also presented evidence regarding the growing increase in the percentage of people falling within the affordability gap, households with incomes that are too high to qualify for energy rate assistance programs, but too low to keep up with the many increases in basic necessities costs.[6] TURN is disappointed that the PD does not address or even acknowledge the evidence TURN presented regarding the impact of rate increases on people of color or the affordability gap. This failure constitutes a factual error, and the PD's discussion of Affordability Customer Impacts in Section 5 should be revised to include a discussion of the disproportionate impacts rate increases have on people of color.

3. DIMP FOR SOCALGAS AND SDG&E (PD SECTIONS 13.1.2 AND 13.2.2)

TURN strongly supports the PD's findings and conclusions concerning the plastic pipe (VIPP) and steel pipe (BSRP) replacement programs for SoCalGas and SDG&E, and TURN

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[3] Ex. TURN-3, pp. 4-11.

[4] Ex. TURN-3, p. 5,

[5] Ex. TURN-3, pp. 6, See Table 1: Median Household Income by Race – California Statewide and Sempra Counties.

[6] *Id.* at p. 8.

believes that the conclusions correctly reflect the actual record evidence concerning pipeline failure risk on the utilities' pipeline distribution systems. TURN recommends one clarification; namely, that in adopting the total costs for the BSRP as recommended by TURN, the Commission finds reasonable both the scope as well as the unit cost for the BSRP. This change is necessary to ensure that the utility provides proper data and justifies the reasonableness of both recorded mileages and unit costs in the next rate case.

4. THE PD ERRED IN ADOPTING SDG&E'S FORECAST TO FUND THE NORTH HARBOR UNDERGROUND CABLE REPLACEMENT PROJECT (PD SECTION 19.1.3.1)

The PD incorrectly adopts SDG&E's forecast of $0 for 2022, $23.281 million for 2023, and $7.761 million for 2024 to install new trench and cable infrastructure near the San Diego Airport.[7] SDG&E purports that this project is necessary to support aging infrastructure. However, the project's extremely low RSE score along with SDG&E's failure to demonstrate the short-term or long-term necessity of the project indicate otherwise.[8] SDG&E calculates a RSE score of 1 for the North Harbor project and ranks it 136th.[9] For comparison, SDG&E gives the project with the highest RSE score, a score of 4,896.9.[10] TURN's analysis of the project indicates a more appropriate RSE score for the North Harbor project is .5, and converts this to a cost-benefit ratio of 0.01, meaning that for every dollar spent on the project, customers will only see one cent of benefits.[11] This extremely low RSE score is even more problematic given that

[7] Ex. TURN-07-R2, p. 4:20; Ex. SDG&E-11-R, p. OR-120:15-16.

[8] A.22-05-015, TURN Opening Brief, p. 190; Ex. TURN-07-R2, p. 5:9-13; Ex. SDG&E-213, p. OR-34:18-22; Ex. TURN-500, p. 2, SDG&E Response to TURN-SEU-92 Q 1.a.

[9] A.22-05-015, TURN Opening Brief, p. 190.

[10] A.22-05-015, TURN Opening Brief, p. 190.

[11] A.22-05-015, TURN Opening Brief, p. 190; A.22-05-015, TURN Reply Brief, p. 34.

SDG&E presented no evidence regarding the reliability of the existing assets, instead only pointing to the potential for future failure.[12]

In addition to the short-term necessity, TURN presented evidence that the long-term necessity of the project is also uncertain, as the San Diego airport has already installed a microgrid that supplies 40% of its needs.[13] TURN's showing indicates it is possible that capital invested now would become largely unnecessary should the Airport continue to pursue microgrids–an option that both TURN and SDG&E agree has "been proven to support grid resiliency and can support large critical load temporarily."[14] Further, even if the Commission found SDG&E's presentation of the necessity of the project as sufficient, SDG&E fails to show that it considered more cost-effective alternatives. Given the extremely low RSE score, TURN demonstrated that it is highly unlikely that the North Harbor project would be the most cost-effective and prudent solution. The PD erred in ignoring the factual evidence demonstrating the North Harbor project is not cost-effective and that SDG&E failed to meet its burden to demonstrate the necessity of the project in this rate case cycle. Accordingly, the PD should be revised to reject SDG&E's forecast for the North Harbor project.

5. SDG&E'S GRID DESIGN AND SYSTEM HARDENING (PD SECTION 19.3.5)

a. The PD Should Explain That It Adopts a More Aggressive Grid Hardening Program Than Was Authorized for PG&E

TURN strongly supports the PD's findings and conclusions concerning the optimal mix of undergrounding ("UG") and covered conductor ("CC") on SDG&E's system that will reduce

[12] A.22-05-015, TURN Reply Brief, p. 34.

[13] Ex. SDG&E-213, p. OR-34:18-22.

[14] Ex. SDG&E-211, p. OR-34:15-16.

risk quickly and at a lower cost. TURN believes that the conclusions correctly reflect the complex record evidence concerning wildfire risk on SDG&E's electric distribution system. TURN recommends that the PD explain that the adopted grid hardening program is proportionately significantly greater than the program the Commission authorized for PG&E in D.23-11-069. While the wildfire risk in PG&E's service territory is greater than in SDG&E's territory, the Commission authorized PG&E to underground 1,230 miles and install 778 miles of covered conductor, amounting respectively to 4.9% and 3.1% of PG&E's 25,080 miles of HFTD distribution lines, for a total grid hardening of 8% of the HFTD system.[15] In comparison, the PD authorizes SDG&E to underground 140 miles and install 400 miles of covered conductor, amounting to 4.1% and 11.6% of SDG&E's 3,455 miles of HFTD lines, for a total grid hardening of 15.7% of the HFTD system. The undergrounding proportion is quite similar, and the covered conductor proportion is significantly greater than authorized for PG&E. Indeed, if one accounts for the fact that SDG&E has already hardened over 25% of its HFTD system,[16] the amount of undergrounding authorized by the PD is proportionately *higher* for SDG&E that the amount the Commission authorized for PG&E!

b. The PD Should Clarify It Adopts Reasonable Unit Costs for CC

TURN recommends that the Commission clarify that it finds reasonable both the adopted mileage as well as unit cost for covered conductor installation. This change is necessary to ensure that SDG&E provides proper data and justifies the reasonableness of both recorded mileages and unit costs in its direct testimony showing in the next rate case.

[15] See, D.23-11-069, p. 2 and Finding of Fact 81 (p. 862); Ex. TURN-08-E, p. 9, fn. 15.

[16] For example, Ex. SDG&E-49, p. KCG-4.

c. The PD Should Provide More Specific References to Record Evidence and Make Factual Findings Concerning Critical Safety Issues

In addition, since eliminating wildfire risk is such a critical priority on the SDG&E system, TURN recommends that the text discussion of the "significant deficiencies" in SDG&E's risk analyses (pages 469-470 of the PD) be expanded to more fully reflect the factual record and undisputed evidence. The PD should add certain findings concerning these issues, analogous to the findings in D.23-11-069, as detailed in the Appendix.

First, bullet point 3, concerning the appropriate wildfire size for modeling risk, should explain that using different wildfire size assumptions affects the relative ranking of "grid hardening" versus other non-wildfire mitigation measures; however, using a larger wildfire size would increase the RSEs of both UG and CC, and would not change the relative ranking of UG and CC. TURN found that CC had a higher cost-effectiveness output in the WiNGS model for each and every circuit segment![17]

Second, bullet point 4, concerning UG unit costs, should note that the "1.2" conversion factor is contained in SDG&E's own WiNGS model, but is *not included* in the RAMP RSE model. Thus, the fact that SDG&E's RAMP RSE analysis inflates the value of UG is essentially undisputed.

Third, bullet point 7, concerning the flawed decision tree, should note that the decision tree logic is based on SDG&E's own data, as was explained in detail in Ex. TURN-08-E at pages 38-39 and Ex. MGRA-01-2E at pages 46-48. This is a critical point, as during oral argument, SDG&E witness and Chief Safety Officer Geraghty repeatedly claimed that the WiNGS model

[17] See, Ex. TURN-08-E, pp. 40-41 and Figures 22 and 23.

does not at all favor undergrounding;[18] yet in the relevant rebuttal testimony SDG&E witness Woldermariam *explicity conceded* this point:

> The decision tree is built with the premise that should a segment qualify for an undergrounding type of mitigation based on RSE logic, then that will be the mitigation recommended by the model.[19]
>
> Using the logical assumption that undergrounding has on average a relatively higher PSPS risk reduction and a definite higher wildfire risk reduction portfolio than covered conductor, the undergrounding RSE is first assessed within the decision-making framework to see if it meets the threshold within the model. If the model does not support the selection of undergrounding, it continues on to assess the effectiveness of covered conductor through the RSE.[20]

The WiNGS model selects undergrounding *first* based on SDG&E's arbitrary RSE criterion, and then selects CC only if UG does not meet this criterion, despite the fact that the RSE in the WiNGS model is greater for CC than for undergrounding for every circuit segment, as discussed above.

Fourth, bullet point number 5, concerning the use of PSPS risk reduction in the RSE model, simply cites to the positions in opening briefs. The PD should cite to SDG&E's own workpapers (Wildfire-2R-60933) and testimonies (Ex. SDG&E-213, pp. B-2 and B-17), which demonstrate that SDG&E's RAMP RSE risk model erroneously assumes that *all* of the annual PSPS events are forecast to occur on the exact 125 miles targeted for undergrounding during the year, even though there are about 3,500 total HFTD miles. This erroneous assumption unreasonably escalates the RSE of UG; while at the same time the RSE Model incorrectly attributes no PSPS risk reduction to CC.

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[18] TURN has not yet obtained the transcript and thus cannot provide a specific citation to the Oral Argument held on November 5, 2024.

[19] Ex. SDG&E-213, p. JTW-11:21-23.

[20] Ex. SDG&E-213, p. JTW-16:20-24.

d. **The PD Could Include Record Evidence Concerning Historical Grid Hardening Work on the SDG&E System**

During oral argument, SDG&E's witness Geraghty claimed that somehow SDG&E can do undergrounding more quickly than covered conductor, apparently based on the notion that SDG&E has started engineering design on undergrounding projects.[21] There is absolutely no evidence on the record defying the common sense notion, supported by historical experience from PG&E and SCE, that environmental permitting and trenching challenges make undergrounding a much slower, as well as costlier, approach to eliminating wildfire risk on overhead lines. The PD could be modified to include evidence showing that SDG&E has historically conducted significant amounts of grid hardening without any undergrounding, primarily by replacing poles and existing bare wire with thicker bare wire, so that it is clear that SDG&E could rapidly conduct similar wire replacement but with covered conductor rather than bare wire.[22]

6. THE PD ERRED IN ADOPTING SOCALGAS' UNSUPPORTED ACLARAONE PROJECT AND FAILING TO ACCOUNT FOR THE ASSOCIATED COST SAVINGS (PD SECTION 29.2.3.1.4)

The PD incorrectly adopts SoCalGas' unsupported AclaraONE project by stating that the project is "necessitated by the vendor's move to Cloud-based products."[23] Just because a next-

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[21] TURN has not yet obtained the transcript and thus cannot provide a specific citation to the Oral Argument held on November 5, 2024.

[22] For example, Ex. SDG&E-49 (Geraghty), p. KCG-4. TURN also requests that the Commission take Official Notice of SDG&E's own website description (from 2023) of its grid hardening and covered conductor work, available at https://www.sdge.com/sites/default/files/documents/FINAL_S2370088_ElecSystHardening_FAQ_ONLINE%20%281%29.pdf?nid=25091#:~:text=SDG%26E®%20also%20started%20installing,sparks%20by%20the%20electric%20system, and attached as Attachment 2.

[23] PD, p. 643.

generation technology is available and cloud-based does not mean that costs associated with the project are automatically deemed to be reasonable and cost-effective. SoCalGas' entirety of its "support" for the capital project consists of less than two pages of testimony and one and half pages of workpapers, which largely repeats the testimony.[24] There is no business case, no cost-benefit analysis, and no quantification of potential benefits included in SoCalGas' direct testimony or workpapers.[25] SoCalGas' internal documents (which was not provided with its application) show that SoCalGas is expected to reap $28.9 million of benefits over five years as a result of this project, including $5.8 million in 2025, $5.8 million in 2026, and $5.8 million in 2027. Yet, SoCalGas is not including any of these projected savings in this GRC.[26]

If the Commission approves the proposed project, it should at a minimum account for the projected O&M savings in 2026 and 2027 by proportionally reducing the 2024 forecast. The project is forecasted to result in a total O&M benefit of $17.4 million during this GRC cycle ($5.8 million in 2025, $5.8 million in 2026, $5.8 million in 2027). The Commission should reduce the 2024 O&M forecast by 1/4 of the projected benefit, or $4.35 million. The Commission recently found this approach to be reasonable, and this PD also adopts this approach in multiple instances.[27] Thus, The Commission should modify the PD to consistently apply this approach.

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[24] TURN Opening Brief, p. 271.

[25] TURN Opening Brief, p. 271.

[26] TURN Opening Brief, p. 271.

[27] D.20-12-005, pp. 174-175; TURN Opening Brief, p. 273; *E.g.*, PD, p. 641, p. 642.

7. THE PD ERRED IN ADOPTING SDG&E' UNSUPPORTED CIS REGULATORY & ENHANCEMENTS PROJECT AND FAILING TO ACCOUNT FOR THE ASSOCIATED COST SAVINGS (PD SECTION 29.7.4)

The PD incorrectly adopts SDG&E's unsupported CIS Regulatory & Enhancements Project by stating that "unforeseen regulatory requirements necessitated the additional funding."[28] SDG&E received approval for $245.89 million to replace its aging Customer Information System in 2018. SDG&E promised that the new system would enable it to "implement increasingly complex California regulatory requirements, and keep pace with the rapidly changing energy industry and evolving service demands of customers." [29] Furthermore, it would enable SDG&E to "more effectively implement new customer programs and rate options, and providing customers with a significantly improved service experience." [30] Yet, a mere four years later, SDG&E is now requesting more than $130 million for "enhancements" that is more than 50% of its original price tag. The Commission should be alarmed that instead of focusing on delivering benefits to customers as promised, SDG&E is back asking for a lot more – in the form of capital dollars that would result in additional profits for shareholders.[31]

Many of the reasons provided by SDG&E for this "enhancement" are very similar to the benefits that were supposed to be delivered by the new CIS system – regulatory and compliance initiatives, customer experience improvements, security enhancements, automation and streamlining of business operations. SDG&E does not provide support for why these

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[28] PD, p. 672.

[29] TURN Opening Brief, pp. 278-279.

[30] TURN Opening Brief, pp. 278-279.

[31] TURN Opening Brief, pp. 278-279.

functionalities or "enhancements" could not have been accomplished with the more than $245 million price tag.[32]

Furthermore, the entirety of SDG&E's testimony for this project costing over $130 million is approximately three pages long. SDG&E acknowledges that it did not conduct a business case or cost-benefit analysis for the project. SDG&E has clearly not met its burden of proof.[33]

In addition, SDG&E does not forecast any cost savings for ratepayers, yet concedes that several of the enhancements could result in potential cost savings, including the automation of existing manual processes, enabling more customers to take advantage of self-service options, implementing a new capability that will allow customers to request a service order or field visit online, automation of lower complexity billing exceptions, and streamlining and automating the processing of program applications for different programs.[34] Thus, approving this project without accounting for the cost savings would result in unjust and unreasonable rates.

If the Commission approves the proposed project, it should at a minimum order SDG&E to account for the projected cost savings in an Advice Letter and require that the savings be passed along to ratepayers.

8. THE PD ERRED IN ADOPTING SDG&E' UNSUPPORTED CONTACT CENTER OF THE FUTURE PROJECT AND FAILING TO ACCOUNT FOR THE ASSOCIATED COST SAVINGS (PD SECTION 29.7.5)

The PD incorrectly adopts SDG&E's forecast for its Contact Center of the Future by stating that "the proposed capital project is needed to upgrade its customer contact center

[32] TURN Opening Brief, pp. 279-280.

[33] TURN Opening Brief, pp. 279-280.

[34] TURN Opening Brief, pp. 280-281.

system."[35] The entirety of SDG&E's "support" for the capital project consists of less than two pages of testimony and one and half pages of workpapers, which largely repeats the testimony. There is no business case and no cost-benefit analysis. SDG&E claims that the business case is still under development. If so, it is premature for the Commission to approve such a project without knowing whether it is cost-effective.[36]

Furthermore, SDG&E is not projecting any cost savings from the project. In fact, it is requesting an increase of $0.7 million a year as a result of the project.[37] At the same time, SDG&E's internal documents show that the project is estimated to result in 125,653 hours of capacity gained per year, which is more than 60 FTEs![38] SDG&E also estimated that implementing the project would result in a reduction of 32 FTEs in the Contact Center alone in addition to other cost savings: call volume reduction, reduced average handle time, call prevention, increased agent productivity, and reduced time to proficiency.[39] None of these savings are being passed along to ratepayers! Shareholders will earn a rate of return from the capital expenditures and also reap the cost savings as increased profits. This is a prime example of an outcome that would lead to unjust and unreasonable rates.[40]

If the Commission approves the proposed project, it should at a minimum order SDG&E to account for the projected cost savings in an Advice Letter and require that the savings be passed along to ratepayers.

[35] PD, p. 673.

[36] TURN Opening Brief, pp. 275-276.

[37] TURN Opening Brief, p. 276.

[38] TURN Opening Brief, p. 276.

[39] TURN Opening Brief, p. 276.

[40] TURN Opening Brief, p. 276.

9. THE PD'S DETERMINATION THAT TURN'S ALTERNATIVE ELECTRIC CUSTOMER FORECAST DOES NOT MAKE A SIGNIFICANT IMPACT ON ANY CONTESTED ISSUES IN THE GRC CONSTITUTES A FACTUAL ERROR (PD SECTION 41.3)

The PD erred in determining that SDG&E's electric residential customer forecast is reasonable.[41] TURN presented evidence that SDG&E has a history of over-forecasting residential customers, including by 73% for 2014-2016[42] and 9.4% in the 2019 GRC.[43] TURN also demonstrated that the two vendors SDG&E relies on for housing completion data, Moody and S&P Global, over-forecast housing competitions for 2022 by 20% and 14% respectively.[44] TURN proposed an alternative forecast that utilizes SDG&E's forecasting model, but inserts housing data that reflects the average quarterly new housing construction from the most recent ten years (2014-2023 for TY 2024), which results in a forecast of 1,361,013 residential customers in 2024, 8,471 less customers than forecast by SDG&E.[45] TURN used a similar methodology to forecast gas residential customers, which the PD finds reasonable.[46]

Despite adopting TURN's methodology for gas residential customer forecast, the PD declines to adopt TURN's methodology for the electric residential customer forecast and finds that "TURN's proposed alternatives to SDG&E's electric residential customer forecasts do not

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[41] PD, p. 829.

[42] Ex. TURN-14-Atch-1: A 14-11-004 SDG&E-31-WP pg14 compared with TURN-14-Atch-1 A 17-10-008 SDG&E-31-WP pg. 6.

[43] Ex. TURN-14-Atch-1: A 17-10-008 SDG&E-31-WP pg. 6 compared with SDGE -40-WP.

[44] See Ex. TURN-309 & Ex. TURN-311: This is seen by comparing total 2022 forecasted housing completions in TURN -311 to total actual housing completions for 2022 provided in TURN-309: 37,590 to 29,976 for Moody's and 34,625 compared to 29,683 for Global insight respectively.

[45] Ex. TURN-14-R, p. 47.

[46] PD, pp. 827-828.

make a significant impact on any contested issues in this GRC."[47] This finding ignores the fact that while SDG&E's customer forecasts are primarily used to determine financial needs for certain customer services and new meter installations in TY 2024, the customer forecasts also impact other electrical distribution forecasts. Due to the many capital and O&M forecasts that are impacted by the customer forecast, any reduction to the customer forecast has a significant impact on SDG&E's request in this GRC. The PD should be revised to correct this error and to adopt TURN's methodology that uses more up to date data than SDG&E's methodology

10. THE COMMISSION SHOULD ELIMINATE THE AMBIGUITY IN THE PD REGARDING CHANGES TO THE LIABILITY INSURANCE PREMIUM BALANCING ACCOUNT AND AFFIRM THAT ALL CHANGES SPECIFIED IN THE INSURANCE SETTLEMENT AGREEMENT ARE ADOPTED. (PD SECTION 43.1.3)

The PD would approve the proposed Insurance Settlement Agreement in full in Section 48.2.1.[48] The Insurance Settlement Agreement includes, in pertinent part, several changes to the Liability Insurance Premium Balancing Account (LIPBA), specifically the vehicle for recovery of amounts in the Under Limits Sub-Account, changes to the treatment of balances in the Over Limits Sub-Account, and the addition of a Self-Insurance Sub-Account.[49] Elsewhere, in Section 43.1.3, the PD also discusses changes to LIPBA. There the PD seems to suggest that only one change to the LIPBA is approved, the addition of a new Self-Insurance Sub-Account.[50] This discussion in Section 43.1.3 conflicts with the PD's adoption of the whole Insurance Settlement

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[47] PD, p. 829.

[48] PD, p. 899.

[49] PD, pp. 897-899.

[50] PD, p. 839 ("Based on the Insurance Settlement, continuing uncertainty regarding the cost of insurance, particularly for wildfire liability, and Sempra's lack of control over insurance prices, the Commission finds it unnecessary to modify the LIPBA in this GRC beyond the parties' agreement to establish a wildfire liability coverage subaccount for the first $50 million of wildfire liability coverage.").

Agreement.[51] To eliminate this ambiguity, the Commission should modify the PD's discussion of LIPBA in Section 43.1.3 to affirm that all changes specified in the Insurance Settlement Agreement are adopted.

Date: November 7, 2024

Respectfully submitted,

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[51] PD, Conclusion of Law 317 ("The October 24, 2023 settlement agreement on insurance issues should be adopted without modification.").

ATTACHMENT 1

Recommended Changes to Findings of Fact, Conclusions of Law, and Ordering Paragraphs (additions in underline, deletions in strikethrough)

Findings of Fact

7. Given Sempra Utilities' proposed revenue request, low-income households, especially those with minimum-wage earners, may face increased financial burdens and longer working hours to afford essential utilities. These increased financial burdens are likely to disproportionately impact communities of color who generally have the highest energy burdens.

74. A Bare Steel Replacement Plan forecast of $86.578 million, $63.005 million, and $79.737 million for the years 2022, 2023, and 2024 respectively is reasonably based on maintaining the replacement rate for bare steel pipe, the risk of which has not been fully assessed and which may have a higher risk than Aldyl-A plastic pipe, and on using TURN's more appropriate average unit cost.

151. San Diego Gas & Electric Company's North Harbor Underground Cable Replacement Project forecast for 2022, 2023, and 2024 has an extremely low RSE score and it is questionable whether the project is necessary in the immediate future and in the long-term. ~~reasonably based on the scope of work and challenges related to traffic, groundwater, and contaminated soil.~~

275. The Utility Reform Network's recommended capital forecast for installing covered conductor and undergrounding in San Diego Gas & Electric Company's territory of $154.5 million in 2024 is reasonably based on undergrounding 35 miles of electric lines in the highest fire risk areas at a cost of $82.6 million and installing 100 miles of covered conductor at a cost of $71.9 million ~~in 2024~~. San Diego Gas & Electric Company must provide cost and mileage data separately for these two components of system hardening in its next rate case. San Diego Gas & Electric Company must explain and justify its selection of circuit segments for undergrounding based on risk analyses or other factors in its next rate case.

314. Southern California Gas Company (SoCalGas) needs to upgrade to AclaraONE software in the Cloud because the vendor will no longer support the onsite version, which can lead to reliability and security risks, and expensive maintenance costs. The Utility Reform Network's recommendations to reduce Southern California Gas Company's 2024 operations and maintenance forecasts by $4.35 million to account for the benefits as shown in SoCalGas's internal documentation are reasonable.

420. ~~San Diego Gas & Electric Company's (SDG&E's)~~ The Utility Reform Network's electric residential customer forecasts are reasonably based on the most recent ten-year average quarterly

new housing construction data input into SDG&E's customer forecast model ~~methodologies used and their application to the forecasts in SDG&E's testimony and workpapers~~.

New Findings of Fact in the "Electrical Distribution Wildfire Mitigation and Vegetation Management" Section:

A unit cost of $0.800 million per mile in 2024 for overhead covered conductor installation is reasonable, and SDG&E did not justify its higher proposed unit cost.
SDG&E underestimated the relative costs of undergrounding by not including its 1.2 overhead to underground conversion factor into the RAMP RSE Model.

SDG&E inappropriately used a minimum RSE cutoff in the WiNGS model to always select the undergrounding option rather than compare the relative RSEs of grid hardening options for different circuit segments.

SDG&E erroneously assumes that all PSPS events will occur on its planned undergrounding circuits to overestimate the amount of PSPS risk reduction due to undergrounding.

Conclusions of Law

124. San Diego Gas & Electric Company's North Harbor Underground Cable Replacement Project forecast for 2022, 2023, and 2024 of $0, $23.281 million, and $7.761 million, respectively, is unreasonable and should be rejected ~~adopted~~.

225. ~~San Diego Gas & Electric Company's capital cost Customer Information System enhancements are reasonable and should be approved.~~

296. The Utility Reform Network's ~~San Diego Gas & Electric Company's (SDG&E's)~~ methodologies and the resulting electric residential customer forecasts are reasonable and should be adopted.

Ordering Paragraphs

7. SDG&E should submit a Tier 1 advice letter every 12 months, starting after the tariff becomes available, and include the following information: Total number of participants and kWh; total number of participants by eligible technology, climate zone and CARE status; resulting rate impact on remaining customers; incremental usage or load shift for customers with previously existing qualifying technology.

ATTACHMENT 2

Electric System Hardening Frequently Asked Questions

Did you know?

To date, we have replaced more than 26,000 wood poles with fire-resistant steel poles and have upgraded nearly 800 miles of overhead power lines in areas at most risk for wildfires.

Q: What is the purpose of SDG&E's Electric System Hardening Program?

A: We're leading the transition to a resilient, clean energy future. As energy demand and extreme weather threats increase, strengthening the energy grid is more important than ever. SDG&E's Electric System Hardening program is one of the programs in our Wildfire Mitigation Plan (WMP) that helps strengthen our electric infrastructure in areas most prone to wildfires.

Q: How does this program make the electric system safer?

A: Launched in 2013, the Electric System Hardening program addresses wildfire risk by modernizing critical and aging infrastructure and implementing innovative technologies. This includes replacing wood power poles with fire-resistant steel poles and upgrading overhead distribution lines with stronger and more resilient wire. SDG&E® also started installing covered conductor wire in 2020. The new lines are designed to withstand 85 mile-per-hour (mph) wind speeds and, in some specific cases, wind speeds up to 111 mph to reduce the risk of failures and potential sparks by the electric system.

To date, we have replaced more than 26,000 wood poles with fire-resistant steel poles and have upgraded nearly 800 miles of overhead power lines in areas at most risk for wildfires. Over the next 10 years, we plan to upgrade more than 300 miles of overhead lines with covered and stronger conductor wire. These improvements to the resiliency of the regional power grid will help enhance safety, reduce the potential of Public Safety Power Shutoffs (PSPS) and improve reliability during extreme weather conditions.

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Q: What can I expect when this work starts in my area?

A: Activities near your property or residence include survey and site preparation activities and replacing existing conductor with stronger steel and aluminum wire that is also covered. Markers will be placed to identify the proposed new pole and anchor locations. Crews will perform the replacement work in your neighborhood in phases.

These teams will be on-site digging holes for the first few days. The installation of new poles and overhead line work will follow soon after. Both the former wood poles and upgraded steel poles may remain in place until crews can remove the wood poles from the site. SDG&E crews and our contractors will make every effort to minimize construction impacts on our customers. We work closely with design, construction and environmental experts to ensure we are respecting environmentally-sensitive areas and other site-specific concerns.

Q: What can I expect during construction?

A: Crews will be installing new steel poles and overhead, covered conductor wires. Existing wood poles that do not have third-party communication lines (phone, cable, internet) will be removed promptly. Poles with third-party communication lines attached cannot be removed until these lines have been transferred to the new pole by the associated communication company. Tree pruning or brush clearing may be required on some jobs prior to work. After construction, inspections may be performed on foot or with drones and/or helicopters and additional repairs may be necessary. Some activities may require temporary outages to ensure crews can work safely. If a power outage is necessary, you will be contacted in advance.

Q: Will the roads near my property be repaired after construction?

A: Road damage is not anticipated; however, repairs will be made if needed.

Q: Will I be able to use my driveway during construction?

A: Depending on the location of your property, your driveway may temporarily be inaccessible during construction. Our crews will notify you in advance should your access be impacted. Traffic control personnel will be on-site to ensure that you will be able to travel freely and safely. We appreciate our customers' time and flexibility as we do this critical work in the most efficient way possible to reduce wildfire risk and keep your home and community safe.

Q: I prefer advance notice before construction begins on my property. Can I request a phone call 72 hours in advance of the crew arriving to work on my property?

A: Yes, if your property has unique requirements, locked gates, difficulty accessing roadways or sensitive livestock. We have an outreach team that can coordinate details with you. Please call **877-738-0580** and inform them of your circumstances.