



PUBLIC UTILITIES COMMISSION

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**Agenda ID #24327
Catastrophic Wildfire**

TO PARTIES OF RECORD IN APPLICATION 25-06-017:

This is the proposed decision of Administrative Law Judge Robert Haga. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's August 13, 2026 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC:sgu

Attachment

Decision PROPOSED DECISION OF ALJ HAGA (MAILED 6/22/26)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Liberty Utilities
(CalPeco Electric) LLC (U933-E) for
Authority to Recover Costs Related to
the 2020 Mountain View Fire
Recorded in the Wildfire Expense
Memorandum Account.

Application 25-06-017

**DECISION AUTHORIZING LIBERTY UTILITIES TO RECOVER OF COSTS
RELATED TO THE 2020 MOUNTAIN VIEW FIRE**

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DECISION AUTHORIZING LIBERTY UTILITIES TO RECOVER OF COSTS RELATED TO THE 2020 MOUNTAIN VIEW FIRE

Summary

This decision authorizes Liberty Utilities (CalPeco Electric) LLC (Liberty) to recover approximately \$58.05 million in costs related to the 2020 Mountain View Fire recorded in Liberty's Wildfire Expense Memorandum Account, plus up to an additional \$3.375 million in additional financing costs related to the five-year recovery period, along with seventy-five percent of the five unresolved claims. Liberty shall use a Tier 2 advice letter process for approval of the Wildfire Expense Memorandum Account costs related to the unresolved Mountain View Fire claims paid after January 23, 2026. A five-year amortization period will be used by Liberty to recover the authorized Wildfire Expense Memorandum Account costs through a volumetric surcharge on customer bills.

This proceeding is closed.

1. Background

On November 17, 2020, at approximately 11:55 a.m. the Mountain View Fire started following a conductor-to-conductor contact and one of the conductors separating and falling to the ground. The conductors were part of the Topaz 1261 Circuit that was owned and operated by Liberty Utilities (CalPeco Electric) LLC (Liberty). The fire was not contained until approximately 2:00 a.m. on November 18, 2020, when rain began to fall. Before the rain fell, high winds caused the fire to spread rapidly resulting in more than 20,000 acres burned, destruction of almost 100 structures, and one civilian fatality.

Cal Fire determined that the "most probable" cause of the Mountain View Fire was "an energized conductor contacting the ground."¹ The Commission's

¹ LIB-02E, Appendix A at 21.

Safety and Enforcement Division opened an investigation into the Mountain View Fire, and as of yet, has not issued an investigation report. Nonetheless, Liberty concedes that the evidence is “consistent with the possibility that electrical facilities caused the Mountain View Fire.”² This proceeding deals solely with the allocation of the financial costs Liberty has incurred and will pay related to the Mountain View Fire.

1.1. Factual Background

On June 20, 2025, Liberty filed the instant Application (Application) seeking authority to recover costs related to the 2020 Mountain View Fire recorded in the Wildfire Expense Memorandum Account (WEMA). Liberty seeks authority to recover in rates costs related to the 2020 Mountain View Fire that have been recorded in Liberty’s WEMA.³ Specifically, Liberty requests to recover approximately \$59.85 million in costs to resolve third-party claims arising from the Mountain View Fire, as well as associated legal (approximately \$4.17 million) and financing (approximately \$13.43 million) costs, a total of approximately \$77.4 million in costs.⁴ Liberty also seeks findings under Public Utilities Code⁵ § 451.1(b): (a) that factors beyond its control exacerbated the costs and expenses; (b) settlements of the legal claims and associated costs are reasonable; and (c) incurred and estimated future financing costs are reasonable. Liberty seeks authorization to recover the allowed WEMA costs over a three-year period through a volumetric surcharge on customer bills, and to use a Tier 2 advice

² Liberty Opening Brief at 8, LIB-02E at 6-10.

³ LIB-01 at 3.

⁴ Costs reflected are net of insurance as of the date of the application as well as anticipated financing costs. *Id.* Liberty originally requested approval of \$78.2 million in costs, and reduced that to \$77.4 million in LIB-11 at 7-8.

⁵ All statutory references are to California Public Utilities Code unless indicated otherwise.

letter process for WEMA costs related to the Mountain View Fire paid after January 23, 2026 (the date of service for Liberty's rebuttal testimony).

Nearly all of Liberty's facilities are in high-fire threat districts.⁶ The specific facilities adjacent to the origin of the Mountain View Fire are part of the Topaz 1261 Circuit between Liberty Pole 40288 and Liberty Pole 266731 in Walker, California (Subject Span).⁷ The closest protective recloser is approximately 2.7 miles upstream of the Subject Span. The conductors at the Subject Span are arranged in a triangular crossarm configuration and the phase conductors have a steel core surrounded by aluminum strands.⁸

The Mountain View Fire ignition occurred when a spark from an energized conductor ignited dried grass in a field near Walker, California. The Mountain View Fire was first reported shortly before noon on November 17, 2020, after igniting in a field adjacent to the Mountain View Barbeque.⁹ The Mountain View Fire quickly grew to over 20,000 acres, destroying nearly 100 structures and resulting in one civilian fatality.¹⁰ Specifically, the field phase of the Subject Span was found on the ground near the ignition location, Liberty's metallurgical expert observed evidence consistent with a power line-caused ignition, and witnesses reported seeing conductors moving in the wind and sparks falling from the West Pole.¹¹ In addition, evidence showed the field and center phase conductors came into contact, with the field phase melting due to

⁶ LIB-3E at 4-5.

⁷ *Id.* at 7.

⁸ *Id.* at 8.

⁹ LIB-2E at 2.

¹⁰ LIB-1 at 4.

¹¹ LIB-2E at 2, 6-8.

arcing between the conductors and then separating and falling to the ground.¹² Liberty's reclosers also recorded electrical events consistent with conductor-to-conductor contact and a downed conductor.¹³ All indications are that the reclosers functioned as intended for the setting they were in at the time and shut off power to the conductor 35 seconds after the initial phase-to-phase fault.¹⁴ We cannot be certain as to the exact second that the fire ignited as there were multiple electrical events as the recloser re-energized the line two times. Liberty personnel were on the scene within eleven minutes after the fire's ignition where they coordinated with firefighters on emergency response.¹⁵

Liberty states it has recognized the risk of wildfire since it took over control of the system from Sierra Pacific in 2011 and, following the implementation of Senate Bill (SB) 901,¹⁶ had its Revised 2020 Wildfire Mitigation Plan conditionally ratified by Commission Resolution in June 2020.¹⁷ Liberty's 2020 Wildfire Mitigation Plan (WMP) allocated \$40 million in capital investments for wildfire mitigation-focused asset management and inspection initiatives, system hardening projects, operational practices, and situational awareness tools. Of particular note, the efforts to enhance situational awareness included installing weather stations, developing a Fire Potential Index (FPI) to forecast the level of wildfire risk, increasing deployment of monitoring sensors and

¹² *Id.* at 7-8.

¹³ *Id.* at 10 ("at approximately 11:55 a.m. ... the 1261 R2 Recloser recorded a phase-to-phase fault followed by phase-to-ground faults").

¹⁴ *Id.* at 10-11.

¹⁵ LIB-3E at 32, 45.

¹⁶ SB 901, Chapter 626, Statutes of 2018.

¹⁷ Resolution WSD-007 Ratifying Action of the Wildfire Safety Division on Liberty Utilities' (CalPeco Electric) 2020 Wildfire Mitigation Plan Pursuant to § 8386.

Supervisory Control and Data Acquisition (SCADA)-enabled devices including reclosers, and additional monitoring of lines and equipment in elevated fire risk conditions.¹⁸ The WMP also outlined Liberty's Public Safety Power Shutoff (PSPS) protocol, based on a new predictive tool supported by a third-party fire science and risk modeling expert firm.¹⁹

On November 17, 2020, Liberty believed it had followed its PSPS criteria for the Topaz 1261 Circuit with respect to the forecast weather and fire risk modeling:

The forecast for 6:00 a.m. on November 17, 2020 calculated (a) an [Energy Release Component] ERC of 60.5%; (b) 6-hour average wind gust of approximately 45 miles per hour; and (c) [Fosberg Fire Weather Index] FFWI of 40. As the day went on, forecasts remained below threshold. At noon, the forecast calculated (a) an ERC of 48.9%; (b) wind gusts of 40-45 miles per hour; and (c) FFWI of approximately 30.²⁰

The first significant snowfall occurred November 8, 2020, though it had melted in the area of the Subject Span by November 17, 2020,²¹ and the National Weather Service (NWS) had not issued a Red Flag Warning. The NWS had "issued a High Wind Warning for the area for that day – forecasting winds of 10 to 15 mph with gusts up to 45 mph increasing to 20 to 30 mph with gusts up to 65 mph in the afternoon."²² The NWS's weather briefings in the days leading up to and the day of the fire noted no heightened fire risk concerns.

Liberty's FPI tool provides a seven-day forecast for the different geographic zones across Liberty's service area, ranking fire risk conditions on a

¹⁸ LIB-3E at 11-12.

¹⁹ *Id.* at 12.

²⁰ LIB-3E at 40 fn. 49.

²¹ RT at 64, 79, 103-104.

²² LIB-06 at 6.

five-category scale: Low, Moderate, High, Very High, and Extreme. Liberty uses its FPI tool to guide decisions regarding operations and field work. FPI forecasts are updated daily on Liberty's fire weather dashboard and communicated to Liberty's field personnel on a daily basis. In the days preceding the Mountain View Fire, the forecast FPI for the Topaz zone ranged from "Low" to "Moderate" for November 17, 2020, indicating there was no elevated fire threat anticipated. In the updated forecast issued at 6:00 a.m. on November 17, the fire risk was identified as "Low."²³

Liberty saw no heightened risk of fire on the days before the Mountain View Fire and had set its reclosers to "normal" mode as it prepared for the winter storm.²⁴ On the morning of November 17, the NWS forecast predicted mountain snow and heavy rains starting in the afternoon and lasting through the night.²⁵ No precipitation fell on November 17. Rain began to fall around 2:00 a.m. on November 18 which helped contain the fire.²⁶

Following the Mountain View Fire, claims by individuals, subrogated insurers, and public entities were brought against Liberty. The civil lawsuits filed against Liberty sought compensation for damages caused by the fire, alleging claims based on inverse condemnation, negligence, and other statutory and common law tort theories, and one claim of wrongful death. Based on the inverse condemnation doctrine applied to investor-owned utilities in California and the fire agency report, Liberty resolved the civil litigation through settlement to

²³ LIB-3E at 34-35.

²⁴ *See*, RT at 75-79.

²⁵ LIB-09 at 17.

²⁶ RT at 77.

minimize litigation risk for Liberty and its customers. Liberty relied on its insurance policies to pay most of the costs.

Liberty seeks to recover approximately \$77.4 million in costs over a three-year amortization period. This would result in an average residential customer experiencing a \$29.78 per month increase for the three-year period; this would increase the average residential customer bill by 15 percent.²⁷

1.2. Procedural Background

On June 20, 2025, Liberty filed the instant Application seeking authorization to recover its uninsured costs, as well as its incurred and ongoing financing costs.²⁸ Pursuant to § 1701.8(b)(1), Liberty states a utility may file a catastrophic wildfire proceeding “at any time after it has paid, or entered into binding commitments to pay, all or, if authorized by the commission for good cause, substantially all third-party damage claims.”²⁹ Liberty intends to seek recovery for expected WEMA-eligible costs that “have not yet been incurred and to update its estimated financing costs once Liberty establishes a long-term debt instrument.”³⁰ Liberty would recover costs incurred after December 31, 2025, through a Tier 2 advice letter process.³¹

On June 24, 2025, Liberty filed a Motion to Shorten Time for Protest and Responses to A.25-06-017 and Replies (Motion to Shorten Time). On July 1, 2025, A-3 Customer Coalition filed a Response to Motion to Shorten Time. On July 9,

²⁷ LIB-07 at 6-7.

²⁸ Application at 1.

²⁹ Application at 6.

³⁰ Application at 17, LIB-05 at 6, LIB-11 at 6-7.

³¹ LIB-07 at 4, *citing*, D.25-01-042 (Southern California Edison’s application to recover costs related to the 2017 Thomas Fire and 2018 Montecito Debris Flow, A.23-08-013).

2025, an Administrative Law Judge Ruling denied Liberty's Motion to Shorten Time.

On July 10, 2025, the Public Advocate's Office of the California Public Utilities Commission³² (Cal Advocates) filed a protest. Cal Advocates argues Liberty's Application should be denied as Liberty failed to act in a manner consistent with the actions a reasonable utility would have undertaken in good faith under similar circumstances by failing to maintain situational awareness of the weather conditions on the ground on November 17, 2020.

A prehearing conference was held on July 18, 2025. A-3 Customer Coalition, Cal Advocates and The Utility Reform Network (TURN) appeared and participated.

TURN filed a protest on July 29, 2025. A-3 Customer Coalition filed a protest on July 30, 2025.

On August 5, 2025, Liberty filed a Reply to the Protests.

On August 15, 2025, the Small Business Utility Advocates (SBUA) filed a Motion for Party Status opposing Liberty's recovery of costs associated with the Mountain View Fire, and claiming Liberty's conduct in preventing the fire was not reasonable. SBUA's Motion was granted by a Ruling on October 28, 2025.

On August 19, 2025, Liberty filed a Proof of Compliance with Rules 3.2(B), (C), and (D) of the Commission's Rules of Practice and Procedure.³³

On August 21, 2025, A.25-06-017 was reassigned from ALJ Regina DeAngelis to ALJ Peter Wercinski.

³² See, § 309.5.

³³ All subsequent references in this decision to "Rules" are to the Commission's Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1.

On August 22, 2025, Commissioner Baker issued an Assigned Commissioner's Scoping Memo and Ruling setting forth, among other things, the schedule, categorization, and scope of the proceeding.

On October 20, 2025, A.25-06-017 was reassigned from ALJ Peter Wercinski to ALJ Robert Haga. On October 28, 2025, TURN filed a Motion for Reassignment on Peremptory Challenge. On November 3, 2025, the Chief ALJ issued a Ruling Denying the Motion for Reassignment on Peremptory Challenge.

On November 7, 2025, Cal Advocates filed a Motion to Deny the Application Without Prejudice. Cal Advocates also filed a Motion to Shorten Time to Respond to the Motion to Deny on November 7, 2025. On November 10, 2025, Liberty filed a Response to the Motion to Shorten Time to Respond. On November 13, 2025, the assigned ALJ issued a Ruling denying the Motion to Shorten Time. On November 24, 2025, Liberty and SBUA each submitted a Response to Cal Advocates Motion to Deny the Application.

On December 3, 2025, the assigned ALJ issued a Ruling denying the Motion to Deny the Application. Cal Advocates filed a Motion to pause the proceeding on December 11, 2025, seeking additional time to meaningfully review and consider changes Liberty made in its testimony and responses to data requests that the applicant served on December 9, 2025. On December 11, 2025, the assigned ALJ issued a Ruling calling for the appearance of parties at a December 12, 2025, Status Conference.³⁴ On December 12, 2025, Liberty filed a Response in opposition to Cal Advocates Motion to pause the proceeding.

³⁴ Prior to the Status Conference SBUA and TURN sent messages that they were not able to attend and stated they supported Cal Advocates' request. A-3 Customer Coalition also sent a message that they would not attend as they did "not intend to submit intervenor testimony and consequently are neutral in the current dispute."

After the Status Conference on December 12, 2025, the assigned ALJ issued a Ruling modifying the schedule for the service of testimony to allow more time for intervenors to respond to the applicant's revised exhibits with supplemental intervenor testimony, require the applicant to quickly respond to any new data requests, and allow more time for Liberty to serve supplemental rebuttal testimony responding to the supplemental intervenor testimony.

On January 13, 2026, the assigned ALJ issued a Ruling granting Cal Advocates' request for a one-day extension to serve its supplemental intervenor testimony. On January 20, 2026, the assigned ALJ issued a Ruling granting the request of Liberty to serve all its prepared rebuttal testimony on January 23, 2026, addressing both initial and supplemental intervenor testimony.

On February 4, 2026, Liberty filed a Notice of Compliance with Rule 13.9 stating that Liberty convened a remote meet and confer for all parties on February 2, 2026, and that Liberty and Cal Advocates attended.³⁵ Evidentiary Hearings were held on February 10 and 11, 2026. Cal Advocates, Liberty, and SBUA participated in the evidentiary hearings.

Opening Briefs were filed by Cal Advocates, Liberty, and SBUA on March 13, 2026. Reply Briefs were filed by Cal Advocates, Liberty, and SBUA on April 3, 2026.

1.3. Submission Date

This matter was submitted on April 3, 2026, upon parties' filings of Reply Briefs.

³⁵ After noticing the meet and confer to all parties on January 30, 2026, Liberty received responses that SBUA would not attend the meet and confer but would participate in the evidentiary hearings. TURN and the A-3 Customer Coalition both indicated that they will not be participating in the evidentiary hearings and did not attend.

2. Legal and Statutory Framework

This is the first wildfire cost recovery proceeding that is governed by Assembly Bill (AB) 1054.³⁶ Enacted in 2019, AB 1054, among other things, requires stronger utility safety requirements related to wildfires, and revises California's approach to utility-caused wildfire claims, including the creation of a Wildfire Fund.³⁷ AB 1054 also modifies the process and defines the basis for finding that an electrical corporation's conduct was reasonable when it seeks to recover costs related to a covered wildfire.

The statute requires the Commission:

[w]hen determining an application by an electrical corporation to recover costs and expenses arising from a covered wildfire, the commission shall allow cost recovery if the costs and expenses are just and reasonable. Costs and expenses arising from a covered wildfire are just and reasonable if the conduct of the electrical corporation related to the ignition was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available to the electrical corporation at the relevant point of time. Reasonable conduct is not limited to the optimum practice, method, or act to the exclusion of others, but rather encompasses a spectrum of possible practices, methods, or acts consistent with utility system needs, the interest of the ratepayers, and the requirements of governmental agencies of competent jurisdiction. Costs and expenses in the application may be allocated for cost recovery in full or in part taking into account factors both within and beyond the utility's control that may have exacerbated the

³⁶ AB 1054, Chapter 79, Statutes of 2019 (AB 1054).

³⁷ *See*, § 3284.

costs and expenses, including humidity, temperature, and winds.³⁸

AB 1054 added § 451.1(b) and changes how the Commission analyzes and determines reasonable conduct in deciding whether to allow a utility to recover certain wildfire costs.³⁹ In its analysis of the bill the Senate Committee on Energy, Utilities and Communications noted “[t]he key provisions include: establishing a new process for electric [investor-owned utilities] IOUs to recover costs related to catastrophic wildfires (changes to the prudence standard)....”⁴⁰ While “largely consistent with the existing requirements of Public Utilities Code § 451 which afforded the [Commission] broad authority to determine what is just and reasonable,” AB 1054 simplified the determination that was required by Senate Bill (SB) 901, and set forth specific considerations around conduct related to the ignition, specified that the “optimum” conduct is not the standard, and that a “spectrum of possible practices, methods, or acts consistent with” system needs, ratepayer interests, and government requirements should be considered. It provides the Commission with discretion to allocate costs based on “factors both within and beyond the utility’s control that may have exacerbated the costs and expenses, including humidity, temperature, and winds.” AB 1054 was clear that this type of review only governs applications for recovery of costs and expenses arising from a covered wildfire.⁴¹

³⁸ § 451.1(b).

³⁹ See, A.B. 1054 Sen. Energy, Utils. & Commc’ns Comm. Analysis (2019–2020 Reg. Sess.) as amended July 5, 2019, at 9-13.

⁴⁰ *Id.* at 12. Cf. e.g., 24 CPUC 2d 476, 486, D.17-11-033, Resolution E-3238, dated July 24, 1991, establishing the Catastrophic Event Management Account process, and related proceedings.

⁴¹ § 451.1(e) (“Notwithstanding Section 451, this section shall direct the commission’s evaluation of applications for recovery of costs and expenses arising from a covered wildfire. This section shall not apply to any other applications for cost recovery.”).

In this case, there is no question that “[a]t the time of the fire, Liberty had and was executing an approved Wildfire Mitigation Plan (WMP), but had not requested a safety certification and does not invoke the presumption of prudence established by AB 1054.”⁴² Therefore, Liberty has the burden of establishing, based on a preponderance of the evidence, that its conduct was reasonable under Section 451.1(c). In addition to the presumption of prudence that is afforded a utility that has a valid safety certificate pursuant to § 8389, having a certificate affects the amount, if any, the electrical corporation must repay the Wildfire Fund for costs and expenses associated with a covered wildfire.⁴³ Liberty did not have a certificate at the time of the ignition of the Mountain View Fire and thus may not avail itself of the Wildfire Fund.

AB 1054 also added § 1701.8 to establish procedures and standards for catastrophic wildfire proceedings. The Mountain View Fire is the first wildfire ignited after the effective date of the statute caused by an electrical corporation as determined by CalFire and it is thus a “covered wildfire” under the statute.⁴⁴ In a catastrophic wildfire proceeding, the electrical corporation must have paid, or committed to pay all claims, unless authorized by the Commission if substantially all third-party damage claims related to the wildfire have been resolved.⁴⁵ Further, the schedule for the proceeding shall be established such that

⁴² Application at 4. *See also*, AB 1054 at Legislative Counsel’s Digest ¶5 (“The bill would provide that an electrical corporation bears the burden to demonstrate, based on a preponderance of the evidence, that its conduct was reasonable, unless it has a valid safety certification for the time period in which the covered wildfire that is the subject of the application ignited.”)

⁴³ § 3292.

⁴⁴ § 1701.8(a)(1).

⁴⁵ § 1701.8(b)(1)(A).

the issuance of a proposed decision will not be later than “12 months after the filing date of the application.”⁴⁶

3. Issues Before the Commission

The following Scoping Memo issues apply to Liberty’s request to recover 2020 Mountain View Fire WEMA costs that are addressed in this decision:

1. Whether Liberty should be authorized to recover the approximately \$77.4 million in costs to resolve third-party claims arising from the Mountain View Fire, as well as associated legal and financing costs, as requested in the Application.
2. Whether Liberty prudently designed, inspected, maintained, and operated its facilities in relation to the Mountain View Fire and that its programs and policies conformed to regulatory requirements and were consistent with industry practices for wildfire mitigation.
3. Whether Liberty’s settlements of the legal claims arising from the Mountain View Fire were reasonable.
4. Whether legal costs Liberty paid in defense of claims arising from the Mountain View Fire were reasonable.
5. Whether Liberty’s incurred and estimated future financing costs related to the Mountain Fire are reasonable.
6. Whether Liberty’s cost recovery proposal is reasonable. The proposal includes, but is not limited to, a three-year amortization period, a proposal to quantify additional claims and associated costs as part of its rebuttal testimony, and a proposal to use a Tier 2 advice letter process for claims and associated costs not reviewed and authorized in this Application.
7. How to mitigate any identified impacts of Liberty’s Application on environmental and social justice communities, including the extent to which any of

⁴⁶ § 1701.8(b)(4)(B) (the deadline may be extended up to six months upon a showing of good cause, pursuant to § 1701.8(b)(4)(C)).

Liberty's proposals impact the achievement of any of the goals of the Commission's Environmental and Social Justice Action Plan.

4. Liberty Should be Authorized to Recover Some of Its Costs Related to the Mountain View Fire

This decision authorizes cost recovery of approximately \$58.05 million in costs related to the 2020 Mountain View Fire recorded in Liberty's WEMA plus up to an additional \$3.375 million in additional financing costs related to the five-year recovery period, along with seventy-five percent of the five unresolved claims. Liberty has met the preponderance of evidence standard that it acted as a prudent manager in response to the wildfire at issue.

Preponderance of the evidence usually is defined as "in terms of probability of truth, e.g., 'such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth'."⁴⁷ Here, Liberty has presented more evidence that supports the requested result than would support an alternative outcome with respect to whether it acted in a prudent manner.

Liberty's conduct related to the ignition of the Mountain View Fire was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available to the electrical corporation at the relevant point of time. Liberty's practices, methods, and acts were consistent with utility system needs,

⁴⁷ See, e.g., *Utility Consumers' Action Network v. Public Utilities Com.* (2010) 187 Cal.App.4th 688, 698, D.12-12-030 (Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms.) at 42, *citing*, D.08-12-058 (In the Matter of the Application of San Diego Gas & Electric Company for a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project), *citing*, Witkin, Calif. Evidence, 4th Edition, Vol. 1, 184.

and the interest of the ratepayers. However, factors within Liberty's control exacerbated the costs and expenses of the Mountain View Fire. Taking into account factors both within and beyond the utility's control that may have exacerbated the costs and expenses, including humidity, temperature, and winds, we determine that seventy-five percent (75%) of the costs incurred should be recovered by Liberty.

4.1. Liberty's Operations and Policies Conformed to Regulatory Requirements and Industry Practices for Wildfire Mitigation

4.1.1. Liberty Claims It Met Its Burden with Respect to Operations and Policies and Practices

Liberty claims that the record in this proceeding demonstrates it prudently designed, inspected, maintained, and operated its facilities in relation to the Mountain View Fire, and that its programs and policies were consistent with regulatory requirements and industry practices for wildfire mitigation. Liberty states that, based on the information available to it at the time of the ignition, its "conduct with respect to the design, inspection, maintenance, and operation of the Subject Span 'was consistent with actions that reasonable utility would have undertaken in good faith under similar circumstances' and therefore prudent."⁴⁸

Liberty's testimony explains that the Subject Span had a triangular crossarm configuration, with two outside phases attached to insulators on an eight-foot crossarm and the center phase elevated and attached to the top of the pole. This triangular crossarm configuration mitigated the risk of conductor contact as it "provided increased separation between the phase conductors, as

⁴⁸ Liberty Opening Brief at 15, *citing*, § 451.1(b).

well as the neutral wire.”⁴⁹ Liberty also explains that the “[c]onductor clearances mandated by [General Order] GO 95 are built into Liberty’s design standards, along with additional clearance for long spans, deflections by the wind, sag from ice or snow, and elevations above 3,000 feet.”⁵⁰ In addition, Liberty states that measurements taken at the West Pole after the fire showed the distance between the center phase and the road and field phases was 54 inches, which equates to horizontal separation of 44 inches between the center and field and road phases and a vertical separation of 31 inches between the elevated center phase and the two lower phases.⁵¹ Liberty claims it is undisputed that these clearances well exceed GO 95’s horizontal separation and vertical clearance requirements.⁵²

Liberty argues that Cal Advocates’ claim that the Subject Span was not compliant with GO 95 is based solely on the conductor contact that occurred during the high winds on November 17, 2020.⁵³ Liberty asserts that GO 95 contains design requirements and nowhere in its text does it contain such an operating protocol,⁵⁴ stating that “GO 95 sets forth design criteria for the construction of overhead electric lines – requirements that Liberty well exceeded”; it “is not an operational protocol” such that “momentary contact during extreme winds . . . does not evidence a GO 95 violation or any imprudence.”⁵⁵

⁴⁹ LIB-3E at 14, LIB-10 at 4.

⁵⁰ LIB-3E at 14.

⁵¹ LIB-3E at 14-15, and Figure 8.

⁵² LIB-3E at 14.

⁵³ LIB-9 at 23, LIB-10 at 6, LIB-10A Attachment 1 at A-014 (Cal Advocates’ response to Liberty-CalAdvocates-DR-003, Question 12); *cf.*, CA-8 at 2.

⁵⁴ LIB-10 at 6.

⁵⁵ LIB-9 at 23; *see also*, LIB-10 at 6.

Liberty argues that the GO 95 Rule cited by Cal Advocates, Rule 38, does not preclude conductor contact and is not intended to “eliminate all conceivable risk” of conductor contact even in extreme conditions.⁵⁶ Using Liberty’s sagging standards, Cal Advocates’ calculated that “phase-to-phase contact would be possible as the clearance is less than two times the sag.”⁵⁷ However, Liberty points to GO 95, Appendix C, which identifies sag values of several feet for bare copper conductors over spans comparable to the Subject Span and which, if multiplied by two as Cal Advocates did with Liberty’s sag values, would require clearances far in excess of GO 95’s required clearances.⁵⁸ Further, Liberty claims the sag tables of Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) provided to Cal Advocates, and GO 95’s sag tables, would be “dangerous” because conductor contact is geometrically possible if Cal Advocates’ argument is correct.⁵⁹ Therefore, Liberty calls for Cal Advocates’ position regarding sagging standards for conductor at the Subject Span to be given no credit as they are contrary to GO 95 and industry practice.

Liberty claims its testimony also shows that it regularly inspected and maintained the utility poles and overhead facilities, near the ignition site of the Mountain View Fire, including the Subject Span.⁶⁰ Liberty explains its vegetation management programs, including recent LiDAR scans of the ignition area and

⁵⁶ LIB-10 at 6.

⁵⁷ LIB-10 at 6-7, *citing*, CA-08 at 6.

⁵⁸ LIB-10 at 7, *citing*, GO 95, Appendix C.

⁵⁹ *Id.*, LIB-10A, Attachment 12 at A-075 – A-077 (SCE sag tables), LIB-10A, Attachment 13 at A-078 – A-080 (PG&E sag tables).

⁶⁰ LIB-10 at 10 (identified no safety hazards ... and confirmed poles and overhead facilities including the Subject Span were in good condition), LIB-10A, Attachment 14 at A-082 – A-085 (2020 inspection records), LIB-3E at 22-23.

recent clearance of vegetation on the ground within a ten-foot radius of the two poles.⁶¹ Liberty also notes that Cal Fire’s report acknowledged the Subject Span was compliant with Public Resources Code Sections 4292 and 4293, and that in its review Cal Advocates stated vegetation management was not a direct cause of the fire.⁶²

4.1.2. Cal Advocates Disputes Liberty’s Claims of Proper Design, Maintenance, and Preparedness for the Conditions on November 17, 2020

Cal Advocates notes that Liberty does not dispute that its equipment and facilities were the direct cause of the Mountain View Fire, and claims that there are several other contributing factors. Among those, according to Cal Advocates, was Liberty’s improperly designed and maintained power lines, which were too slack and allowed “wire-slap” to occur in certain conditions. Cal Advocates also claims that Liberty failed to prioritize remedial actions on the Topaz circuit despite repeated wire-slap caused outages. Further, Cal Advocates argues Liberty’s siloed operations prevented the operations team in California from learning of its workers’ reports of high winds and wire-slap on the day of the fire, and thus prevented the operations team from re-evaluating the decision not to initiate a PSPS event that day. Finally, Cal Advocates claims Liberty’s relaxed attitude toward wildfire conditions resulted in Liberty’s low state of preparedness at the time.

Cal Advocates notes that the town of Walker and the entire Topaz circuit are entirely within Tier 2 of the high Fire Threat Districts map, have been subject to repeated NWS fire warnings, experienced repeated outages, and had just

⁶¹ LIB-3E at 29-30, LIB-10 at 18.

⁶² LIB-10 at 18-19, *citing*, CA-09 at 1, 12.

suffered a large wildfire nearby.⁶³ Cal Advocates claims wire-slap events were frequent on the Topaz circuit, that outage minutes were 14 times higher on that circuit than the rest of its distribution circuits, and that Liberty had good reason to believe immediate remedial action was needed on the Topaz circuit.⁶⁴

Cal Advocates also claims that Liberty's design and maintenance of the Topaz circuit violated GO 95 standards for radial clearances. Cal Advocates states that GO 95 requires "conductors, taps, or lead wires of the same circuit" for circuits like the Topaz circuit have a minimum clearance of six inches, and that in no case should those clearances be reduced by more than 10 percent due to temperature and loading.⁶⁵ Cal Advocates claims that the radial clearances at the poles nearest to the ignition for the conductors involved with the ignition was 54 inches.⁶⁶ Therefore, Cal Advocates states the wires must maintain at least 5.4 inches of radial clearance, even when lines sag to due to high temperatures or snow. Cal Advocates asserts Liberty's line sag tables show that at 100 degrees Fahrenheit line sag would be 28 inches, which would result in a 54-inch radial clearance at the crossarm.⁶⁷

Cal Advocates takes issue with Liberty's arguments that GO 95 required minimum clearances allow for wire-slap to occur. Cal Advocates cites GO 95, Rule 38, to argue that Liberty is required to design its system to maintain at least 5.4 inches of clearance between phases on the Subject Span under heavy loading

⁶³ CA-03-A at A-6 - A-16.

⁶⁴ CA-08 at 4-5.

⁶⁵ *Id.* at 2.

⁶⁶ LIB-03 at 14.

⁶⁷ CA-08 at 6.

conditions.⁶⁸ Cal Advocates also cites Table 4 and Rule 44/44.3 of GO 95 which requires an additional factor of 1.33 times of force per square foot above heavy loading conditions to mean that Liberty's lines must be able to maintain minimum clearances at a minimum wind speed of 48 miles per hour or be replaced. Further, Cal Advocates argues that Liberty's arguments regarding the Aluminum Conductors Steel Reinforced (ACSR) sag tables should be disregarded as Liberty's failure to utilize and provide tables for the #4 ACSR that was in use is further evidence of imprudence. Cal Advocates also claims that the common occurrences of wire-slap and outages on the Topaz Circuit is further evidence that the Subject Span was maintained in a dangerous condition and not in compliance with GO 95. Cal Advocates argues that Liberty should acknowledge that energized conductor contact presents an increased fire risk instead of considering a de-energized line to be a reliability concern.⁶⁹ Cal Advocates claims that Liberty's higher wind speed threshold for a PSPS event for the Topaz circuit reflects Liberty's preference for avoiding de-energization over avoiding wildfires.⁷⁰ Thus, Cal Advocates claims Liberty designed and maintained the wire tension with too much slack for these conductors.⁷¹

Cal Advocates also claims that Liberty did not take remedial actions available to it despite knowing that wire-slap occurred regularly on the Topaz circuit.⁷² For example, Cal Advocates states Liberty could have increased the

⁶⁸ CA-08 at 2.

⁶⁹ Cal Advocates Reply Brief, April 3, 2026, at 12-13, *citing* RT at 63.

⁷⁰ CA-01 at 7 (Because the Topaz 1261 circuit was prone to high winds and wind driven outages, Liberty intentionally set the PSPS threshold for the circuit higher than other less outage prone Liberty circuits.).

⁷¹ *Id.* at 5.

⁷² RT at 134-135.

tension on the lines to increase the radial distance between the lines making it impossible for the lines to touch.⁷³ Cal Advocates also argues that Liberty could have focused its efforts to replace the lines with insulated conductors in and near the town of Walker.⁷⁴ Cal Advocates further faults Liberty for having the reclosers nearest the Subject Span set in “normal” mode instead of “fire mode,” and for not declaring a PSPS to de-energize the line. Cal Advocates argues that any one of these actions could have broken the causal chain of events that led to the ignition of the fire.

4.1.3. SBUA Claims Liberty Should Have Designed and Constructed the Topaz Circuit for the High Fire Threat Area and Higher Wind Conditions It Faced

SBUA claims Liberty should have engineered the Topaz circuit to withstand higher wind thresholds than other circuits. SBUA’s recommendation is based on statements by Liberty that “[b]ecause the Topaz and Muller ... PSPS zones were windier than other PSPS zones under normal weather conditions, Liberty’s protocol established slightly higher thresholds for wind gusts and FFWI.”⁷⁵

⁷³ *Id.* at 134.

⁷⁴ CA-05A at 11-12, *see also*, LIB-03 at 17-18 (Liberty began the system hardening project near the California-Nevada border at their facilities closest to the NV Energy Topaz substation and were working on reconductoring a portion of the circuit approximately one mile northwest of the Subject Span at the time of the ignition).

⁷⁵ LIB-03 at 39.

4.1.4. Liberty Reasonably Designed, Inspected, and Maintained Its Facilities in Relation to the Mountain View Fire, and Its Programs and Policies were Consistent with Regulatory Requirements and Industry Practices for Wildfire Mitigation

Based on the evidence before us we cannot identify a specific GO 95 violation in this case. It is reasonable to ask questions about GO 95 compliance whenever conductor contact occurs, but conductor contact alone is not sufficient to make a finding that a GO 95 violation occurred. In this case, Liberty provides evidence that the clearances exceeded GO 95's requirements, and we are not persuaded by arguments and theories put forth by the intervenors.⁷⁶ There is sufficient evidence that Liberty's design, inspection, maintenance, and operation of the Subject Span was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances. Further, Liberty has shown that it regularly inspected and maintained the utility poles and overhead facilities, near the ignition site of the Mountain View Fire, including the Subject Span. Therefore, we are persuaded that Liberty prudently designed, inspected, maintained, and operated its facilities in relation to the Mountain View Fire and that its programs and policies conformed to regulatory requirements and were consistent with industry practices for wildfire mitigation.

⁷⁶ As we do not find Cal Advocates' calculations with respect to Liberty's sagging standards persuasive, we do not address the fact that Cal Advocates used sagging standards for conductor based on the information Liberty provided, or that Liberty does not provide the sagging standards for #4 ACSR that was in use. *See*, CA-08 at 6, LIB-10 at 7-8.

4.2. Liberty Prudently Operated Its System in Relation to the Mountain View Fire and Its Programs and Policies Conformed to Regulatory Requirements

4.2.1. Liberty Claims It Showed It Prudently Operated Its System in Relation to the Mountain View Fire

Liberty claims that on November 17, 2020, it prudently considered weather conditions, followed its Commission-approved PSPS protocol, prudently operated the Topaz circuit, and prudently operated the Topaz reclosers in support of public safety.

Liberty argues that up to and on the morning of November 17, 2020, the information available to Liberty showed no heightened risk of wildfire.⁷⁷ The first snowfall of the year occurred on November 7 and 8, 2020.⁷⁸ On November 10, 2020, based on its fire science and risk modeling expert, Liberty took its reclosers out of “fire mode” and into “normal” mode in anticipation of winter storms.⁷⁹ On November 13, 2020, the local NWS office moved to “off season” fire weather forecasting.⁸⁰ In the days leading up to November 17, 2020, NWS did not issue a Red Flag Warning or Fire Weather Watch that covered the ignition area.⁸¹ The NWS briefing on the morning of November 17, 2020, stated there were “no concerns” of fire weather due to “lots of moisture,” even as NWS anticipated

⁷⁷ See, LIB-03E at 40-42, LIB-10 at 29-34.

⁷⁸ LIB-03E at 40-41, LIB-10 at 3-4, 29, 30 fn. 82.

⁷⁹ LIB-03E at 41-42.

⁸⁰ LIB-03E at 42, LIB-10 at 30.

⁸¹ LIB-10 at 32.

“strong” winds that would impact, among other things, travel, trees, and power issues.⁸²

Liberty also discounts Cal Advocates’ “after-the-fact review” of Liberty’s weather station data that Cal Advocates claims show the NWS Red Flag criteria were met on November 17, 2020. Liberty relies on the fact that NWS did not issue a Red Flag warning that day and that it had issued such warnings many times with immediate effectiveness.⁸³ Liberty argues that Cal Advocates admitted that NWS had the same access as Liberty did to its weather station data, but did not issue a Red Flag warning.⁸⁴ Further, Liberty claims Cal Advocates’ used incorrect parameters for determining when conditions for a Red Flag warning are met. Liberty claims the NWS Red Flag warning criteria require wind gusts and relative humidity meet certain thresholds for three hours or more, and that Cal Advocates did not apply the three-hour criteria to those components.⁸⁵ Liberty claims that if the correct Red Flag warning criteria are applied, from the Liberty weather station closest to the fire’s origin, the criteria were first met at approximately 10:40 a.m., and thus a Red Flag warning could not have been issued before 1:40 p.m., after the time of ignition.⁸⁶

Liberty also states that it did not rely on NWS for weather information as it developed and implemented a Fire Potential Index (FPI) to guide its operations in the field on fire weather days. Liberty says the FPI rating could lead to

⁸² LIB-10 at 30

⁸³ Liberty Opening Brief at 24-25, *citing*, CA-03-A at A-12, CA-04 at 5, LIB-32 at 1, and RT at 229 discussing LIB-29 and LIB-30.

⁸⁴ *See*, RT at 267.

⁸⁵ *See*, LIB-22 at 18 (showing three-hour criteria for the area of Walker); *cf.* CA-04 at 8. *See also*, CA-04 Attachment 18 at 15, Response 15, and Attachment 17 at 2, Question 1.

⁸⁶ LIB-10 at 33 fns. 88 and 92.

operational restrictions and fire risk mitigation measures; however, on the morning of November 17, 2020, Liberty's FPI classified the fire risk as "Low," and therefore no operational restrictions were required.⁸⁷ Even so, Liberty's fire protection specialist sent emails "to [Liberty's] operations employees notifying them that [Liberty was] monitoring a high-wind event leading into a winter storm" and urging them to be safe "operating under those high-wind conditions."⁸⁸

Liberty argues that Cal Advocates failed to link its contention that Liberty should have recognized Red Flag warning conditions to any imprudence. Liberty states that it followed its Commission-approved PSPS protocol, and following that protocol was not imprudent. Further, Liberty argues that even if Red Flag warning conditions had been met, the criteria in the PSPS would not have been met.⁸⁹ Finally, Liberty notes that Cal Advocates was unable to recommend any "specific actions that Liberty should have taken."⁹⁰ Therefore, Liberty claims it prudently considered weather conditions in its operations in the days leading up to and on November 17, 2020, based on the information available.

Liberty also claims its programs and policies were consistent with regulatory requirements. In addition to compliance with GO 95 discussed above, Liberty states its vegetation management programs⁹¹ and emergency management plan⁹² comply with Commission directives. In addition, Liberty

⁸⁷ LIB-10 at 34.

⁸⁸ RT at 109-110.

⁸⁹ LIB-10 at 21.

⁹⁰ RT at 193.

⁹¹ LIB-3E a 2, 24, 30.

⁹² *Id.* at 43.

claims it took reasonable steps consistent with industry practices for wildfire mitigation. Liberty points to its Commission-approved WMP and its execution of that plan to reduce ignition risk in its service territory. Liberty explained that when it took over the utility in 2012 it developed and submitted a Fire Prevention Plan based on the Commission's direction. Because the available weather data does not indicate whether wind gusts last three seconds or more, Liberty took a conservative, safety-oriented approach and created a plan, despite not clearly being called to do so by the Commission.⁹³

Further, in February 2020, Liberty submitted a Revised 2020 WMP which contained numerous mitigation measures Liberty believed would reduce wildfire risk in its service territory.⁹⁴ Liberty proposed \$40 million in investments ranging from asset management to system hardening projects, and creation of situational awareness tools to enhance operational practices.⁹⁵ The level of investment was comparatively large on a per customer and total overhead line mile basis.⁹⁶

At the time of the Mountain View Fire, Liberty was executing the Topaz 1261 Rebuild Project.⁹⁷ The initial scope of the Topaz 1261 Rebuild Project involved upgrading the circuit's conductors to larger #2 ACSR to proactively harden the system.⁹⁸ However, Liberty re-scoped the project to include covered

⁹³ LIB-3E at 10, *citing*, D.12-01-032 at OP 3.

⁹⁴ LIB-3E at 11.

⁹⁵ *Id.*

⁹⁶ LIB-9 at 14, Figures 2 & 3.

⁹⁷ LIB-3E at 17.

⁹⁸ LIB-9 at 9.

conductor as that emerged as a new wildfire mitigation technology.⁹⁹ The project was designed as a multi-phase, multi-year project to minimize rate impacts and manage its execution.¹⁰⁰ In 2020, following the plan approved as part of D.20-08-030, Liberty installed over three miles of covered conductor working downstream from the origin of Liberty's facilities at the California-Nevada border.¹⁰¹ Liberty has also committed resources to other grid hardening projects such as pole replacements and upgrades, replacement of expulsion fuses, undergrounding, upgrading system automation equipment, and removing tree attachments.¹⁰²

In 2020, Liberty notes it also undertook a systemwide asset survey which included inspecting more than 22,000 overhead assets and documented their condition via digital inspection forms and photographs.¹⁰³ Liberty also notes that its 2020 WMP further included vegetation management programs focused on wildfire mitigation, including LiDAR scans, mid-cycle tree mortality patrols targeted at areas with high levels of tree mortality, slash and debris management, and the Forest Resiliency Corridor project, which prescribed enhanced vegetation treatments along transmission rights-of-way.¹⁰⁴ Liberty also explained that in 2020 it was implementing situational awareness tools,¹⁰⁵ including a Fire Potential Index, which indicated fire risk across different zones

⁹⁹ *Id.*

¹⁰⁰ LIB-3E at 17.

¹⁰¹ LIB-3E at 17; *see also*, CA-05-SA, Attachment 9, Figure I-3 (Liberty 2019 General Rate Case Testimony, LIB-02).

¹⁰² LIB-3E at 23.

¹⁰³ *Id.* at 21, 23.

¹⁰⁴ *Id.* at 26.

¹⁰⁵ LIB-10 at 2, 23.

in Liberty's service territory using two National Fire Danger Rating System indices,¹⁰⁶ and the deployment of weather stations to support monitoring during extreme weather events and to validate forecast models.¹⁰⁷ By November 2020, Liberty had a greater density of weather stations than any of the larger utilities in California.¹⁰⁸

Liberty also notes that its protocols include prescribed operational restrictions based on fire risk, disabled automatic reclosing during periods of elevated fire risk, a PSPS protocol, discussed previously, that could be used as a mitigation tool of last resort in extreme fire weather conditions.¹⁰⁹ In addition, Liberty's 2020 WMP laid out additional initiatives to enhancing its emergency preparedness, including plans to hire specialized emergency response personnel and to improve planning and coordination through exercises and workshops with public safety partners.¹¹⁰

Liberty states that in June 2020, the Commission adopted a resolution that approved Liberty's WMP with conditions.¹¹¹ Liberty claims to have diligently executed its WMP after receiving the Commission's approval, and was found to be substantially compliant by Commission staff in 2022.¹¹²

¹⁰⁶ *Id.* at 34.

¹⁰⁷ *Id.* at 35.

¹⁰⁸ CA-04 at 3.

¹⁰⁹ LIB-3E at 2, 11, 36-37, 41.

¹¹⁰ *Id.* at 12.

¹¹¹ *See*, Resolution WSD-007 (June 19, 2020) at 1, Appendix A (In 2019 AB 1054 added § 8386.3 and stated at that time that "[t]he Wildfire Safety Division shall approve or deny each wildfire mitigation plan and update submitted by an electrical corporation within three months of its submission ... After approval by the division, the commission shall ratify the action of the division." Section 8386.3 was subsequently amended by Stats. 2025, Ch. 119, Sec. 56 (SB 254).).

¹¹² LIB-3E at 12.

4.2.2. Cal Advocates Claims Liberty's Actions Were Not Reasonable Based on the Information Available at the Time

Cal Advocates states the “most important” contributing factor to the ignition of the Mountain View Fire was “Liberty’s complete ignorance of up-to-date weather conditions and resulting lack of preparedness.”¹¹³ Cal Advocates claims that Liberty relied solely on a NWS weather forecast and ignored available information that could have prevented the fire from occurring.¹¹⁴ Further, Cal Advocates states that Liberty incorrectly deemed fire season to be over despite the fact that fires could, and did, occur in the ignition area under the weather conditions at the time.¹¹⁵ For example, by deeming fire season to be over Cal Advocates states Liberty imprudently set its reclosers to “normal” mode despite the high winds forecast and experienced on the morning of November 17, 2020.¹¹⁶ NWS’s forecast from 7:48 a.m. on the morning of November 17 predicted mountain snow and heavy rains starting from that afternoon.¹¹⁷ There was no precipitation or snow during the day on November 17, and rain only began to fall around 2:00 a.m. on November 18, 2020.¹¹⁸ Thus, Cal Advocates argues that Liberty was unprepared to respond to the dangerous conditions that existed on November 17, 2020.

In addition, Cal Advocates argues that Liberty’s actions based on the NWS declaration that fire season over and that there was precipitation on the ground

¹¹³ Cal Advocates Opening Brief at 8.

¹¹⁴ RT at 36.

¹¹⁵ *See*, CA-03A at A-32.

¹¹⁶ *See*, RT at 38, 79.

¹¹⁷ LIB-09 at 16-17.

¹¹⁸ RT at 77.

does not amount to “good faith” under § 451.1(b). Cal Advocates claims that Liberty did not provide testimony from its “fire scientists” and that an email exchange Cal Advocates had with NWS staff contradicts Liberty’s claims that fire season was declared over by NWS.¹¹⁹ Further, Cal Advocates points out that photographs of the area on the day of the fire showed dry ground, dried brown grasses, and no snow, which contradicts Liberty’s claim that recent snow meant that fire season was over for the year. Cal Advocates also points out that there is no dispute that fuel moisture levels were at critical levels, below that which NWS would consider to be dangerous in its Red Flag warning conditions. Cal Advocates also notes that Liberty stopped sampling fuel moisture after November 3, 2020,¹²⁰ and ignored its weather station recordings of low fuel moisture levels.¹²¹

Finally, Cal Advocates argues that it is not “hindsight” to review Liberty’s actions in light of information it had available at the time but did not use. Thus, the failure of Liberty to perform a “root cause” or any other review of the causes of the fire, means that Liberty continues to lack “adequate” wildfire risk assessment procedures.¹²²

¹¹⁹ LIB-47 at 5 (NWS response to Cal Advocates’ question about LIB-10 at 31, Figure 4 (NWS graphic stating “We have technically begun the ‘Off Season’” with respect to Fire Weather. Hooray!)) responding “We never consider fire season ‘over’ or ‘ending’, but do switch to low-season vs peak-season for operational purposes.... The dates for the transition will vary each year, with the antecedent weather conditions the main driver. We will look at the amount of rain/snow that has fallen, temperature trends, the ERCs ... and trends in the coming weeks, the Significant Wildland Fire Potential Outlook (issued by NIFC), drought status and fuel moisture status. Average peak season length is 181 days, with the longest season in 2021 with 203 days and the shortest 152 in 2010.”).

¹²⁰ LIB-10 at 28; *cf.* RT at 95-99 (vegetation had cured at that point and will be dry until the spring when it starts to uptake water to start growing again).

¹²¹ CA-04 at 4-5, 8 Table 1.

¹²² Cal Advocates Opening Brief at 9; *see also*, RT at 80-81.

4.2.3. SBUA Claims Liberty Knew Wind Gusts Would Exceed 50 mph and Should Have De-energized the Circuit

SBUA argues that Liberty knew the Topaz circuit was subject to above-average wind stress but did nothing more than conventional inspection and protection of the circuit. SBUA notes that Liberty identified 34 outages on the Topaz circuit likely to be caused by wire-slap and that shows that the clearances were not sufficient to prevent wire-slap under the conditions of November 17, 2020.¹²³ SBUA argues that even if Liberty is correct that prior inspections show the “conductor clearances were consistent with Liberty’s standard and exceeded GO-95 requirements,” that Liberty must still show it acted reasonably under the circumstances.¹²⁴

SBUA notes that Liberty never explained, provided logs, or other material that would explain the nature of the inspection of the Topaz circuit after the outage at 9:48 a.m. Further, SBUA explains that Liberty should have acted after the 9:48 a.m. events as the crew that was performing maintenance near the Subject Span reported wire-slap and “unbelievable” winds.¹²⁵ SBUA also argues that since Liberty removed slack in the line earlier that day, it should have done more to explain the effect of that action on sag, tension, and wind response.¹²⁶

SBUA claims that Liberty never should have returned the Topaz 1261 R2 Recloser to normal mode on November 17, 2020.¹²⁷ SBUA says that Liberty

¹²³ See, SBUA-01 at 12-13.

¹²⁴ See, SBUA-03 at 8, LIB-10 at 31, Figure 4.

¹²⁵ RT at 48-49.

¹²⁶ See, SBUA-01 at 11. *C.f.*, RT at 73-74 (there are dead-end structures between the Subject Span and the construction area where the slack was removed).

¹²⁷ SBUA-03 at 5, RT at 30-31.

returned the reclosers to normal mode to improve reliability for customers, but Liberty was aware of the “unbelievable” winds and should have engaged a more protective reclosure level or de-energized the line before the phase-to-phase fault that caused the line to break.¹²⁸

Finally, SBUA states that Liberty relied on NWS forecasts from early on November 17, 2020, and prior days that had “No concerns – lots of moisture” with respect to “Fire Weather” on November 17, 2020. SBUA claims that Liberty should have acted proactively on the basis of the actual conditions observed at its weather stations and by its crews on the ground to de-energize its system. SBUA notes that Liberty testified it had “no way of determining who or when or how often anyone is accessing the weather station,”¹²⁹ and presents no evidence anyone did, choosing to ignore real-time information in its continuing determination to not de-energize the system.

SBUA also argues that SCE’s decision to de-energize part of its nearby system shows that Liberty’s PSPS protocols should be examined and may not have been followed.¹³⁰ SBUA claims that Liberty’s PSPS initiation protocols are based on general wind thresholds and fire modeling. SBUA argues that Liberty should have conducted “(a) historical outages involving conductor contact of suspected wire slap on the Topaz 1261 Circuit with (b) historical wind speeds, prior to calibrating and establishing PSPS initiation thresholds or operational circuit settings.”¹³¹ SBUA states that Liberty’s basic PSPS process uses three

¹²⁸ RT at 31-32.

¹²⁹ RT at 110.

¹³⁰ SBUA Opening Brief at 7, *citing*, CA-05A at 8. *See also*, SBUA-03 at 10, *citing* CA-05A, Attachment 3 (SCE PPS Post Event Report November 14 to November 18, 2020).

¹³¹ SBUA-05 at 2.

criteria for de-energization, ERC, wind gust threshold, and FFWI.¹³² However, SBUA claims that Liberty had a responsibility to take proactive action on the basis of actual circumstances it was aware of or should have been aware of, regardless of the formal PSPS protocols, and should have acted when the wind and FFWI thresholds were met about an hour before the ignition event.¹³³

4.2.4. Liberty Has Met the Burden to Show that It Operated Its System Prudently in Relation to the Mountain View Fire

Section 451.1(b) expressly rejects a perfection standard, stating that “[r]easonable conduct is not limited to the optimum practice, method, or act to the exclusion of others, but rather encompasses a spectrum of possible practices, methods, or acts....”¹³⁴ A reasonable act or series of acts can still have a bad result, and that is true here. The statutory framework for the Commission’s evaluation of wildfire cost-recovery applications allows for recovery of costs and expenses based on actions that are “consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available.”¹³⁵ In this regard, the statute is consistent with our long practice recognizing that operational decision-making involves judgment amid uncertain and evolving conditions.¹³⁶

In weighing the evidence presented, we determine that Liberty provides sufficient evidence to persuade the Commission that it operated its system prudently in relation to the Mountain View Fire, and nothing presented by the

¹³² See, LIB-03E at 37-39, CA-05 at 32-36.

¹³³ See, SBUA Opening Brief at 7, SBUA Reply Brief at 3-4.

¹³⁴ § 451.1(b).

¹³⁵ § 451.1(b).

¹³⁶ See, *Pacific Tel & Tel. Co. v. Public Utilities Commission* (1950) 34 Cal.2d 822, 828-829.

intervenors dissuades us from that conclusion. We recognize here, as we have in similar circumstances,¹³⁷ that Liberty must balance public-safety with reliability considerations in connection with PSPS events,¹³⁸ and that the prudence standard is focused on contemporaneous utility judgment.¹³⁹ In this case, it was reasonable at the time to take its reclosers out of “fire mode” and into “normal” mode in anticipation of winter storms.¹⁴⁰ Liberty was reasonable to take note of the NWS decision to move to “off season” fire weather forecasting, and that no Red Flag Warning or Fire Weather Watch had been issued by the NWS.¹⁴¹

While we believe Liberty should have activated its PSPS Incident Management Team (IMT) for November 17, 2020, based on the high wind warning issued by the NWS, as explained below, that does not mean Liberty’s contemporaneous judgment at the time was imprudent. In the days leading up to and on November 17, 2020, Liberty believed it had properly applied its PSPS process and that no de-energization was necessary.¹⁴² Compliance with minimum standards or approved procedures does not automatically establish prudence.¹⁴³ In this case, Liberty has provided sufficient evidence to persuade the Commission that its conduct in applying existing regulations and its

¹³⁷ See, e.g., D.12-04-024 at 6-18.

¹³⁸ See, LIB-03E at 36-40, LIB-10 at 20-21.

¹³⁹ See, *Gantner v. PG&E Corp.* (2023) 15 Cal.5th 396, 407-408, 409-410 (PSPS implementation require a “holistic assessment” of weather, ground, and infrastructure conditions, as well as the “significant adverse impacts” associated with de-energization decisions).

¹⁴⁰ LIB-03E at 41-42. See also, RT at 174-175 (Cal Advocates “doesn’t disagree with Liberty’s decision”).

¹⁴¹ LIB-10 at 30, 32.

¹⁴² See, LIB-10 at 20-21.

¹⁴³ See, *Mata v. Pacific Gas & Electric Co.* (2014) 224 Cal.App.4th 309, 323-324; *City of Vernon v. Public Utilities Commission* (2001) 88 Cal.App.4th 672, 682.

approved procedures were reasonable based on the context, circumstance-specific, and contemporaneous operational judgment it exercised. It is not dispositive whether Liberty technically complied with every component of its WMP, PSPS, or other policy, procedure, or regulatory requirement for the Commission to determine that Liberty's overall operational judgment process, including its interpretation of weather conditions, its situational awareness, and assessment of operational risks remained within the range of conduct a reasonable utility would undertake in good faith under similar circumstances.

Further, while Cal Advocates questions the application of, and potential flaws in, Liberty's programs and policies, we are not persuaded those potential issues alter our conclusion that Liberty's programs and policies conformed to regulatory requirements. The programs and policies themselves are not being reviewed again in this proceeding. For example, Liberty's WMP was approved by the Commission and conformed to regulatory requirements.¹⁴⁴ We are also persuaded that the programs and policies, such as vegetation management, pole replacement and upgrades, the rebuilding of the Topaz 1261 Circuit, and compliance with Commission directives were consistent with industry practices for wildfire mitigation.¹⁴⁵

Finally, we note that while we agree with Cal Advocates that a "root cause" analysis or similar review should be part of a utility's continual improvement process, a root cause review would point to future improvements and is rightfully and regularly, though not always, excluded as evidence as it examines the same contemporaneous decisions and thus its probative value is

¹⁴⁴ See, LIB-3E at 11.

¹⁴⁵ See, LIB-3E at 2, 9, 21, 23-24, 30.

often substantially outweighed by the probability that its admission will create substantial danger of undue prejudice or confuse the issues.¹⁴⁶ Thus, the absence of one here has no bearing on this decision.

4.3. Factors Within Liberty's Control May Have Exacerbated the Costs and Expenses of the Mountain View Fire

4.3.1. Liberty Argues Factors Outside Its Control Exacerbated the Costs and Expenses of the Mountain View Fire

Liberty claims that the Commission is required by § 451.1(b) to allocate costs and expenses, in full or in part, "taking into account factors both within and beyond the utility's control that may have exacerbated the costs and expenses, including humidity, temperature, and winds,"¹⁴⁷ and that such allocation is irrespective of its showing of reasonableness.

Liberty argues that based on its expert modeling that showed \$82.8 million of settlement payments could have been avoided had winds been just 15 miles per hour (mph) "milder" in the hours after ignition,¹⁴⁸ that factors outside its control drove the size and destructiveness of the fire. Liberty notes that one of Liberty's weather stations, located approximately 2.5 miles to the northwest of the fire's origin area, showed that extreme wind conditions developed and worsened in the hours immediately after ignition, with gusts peaking at over 85 mph in the evening.¹⁴⁹ Liberty states that the intense winds subsided in the early morning hours of November 18, 2020, coinciding with the start of

¹⁴⁶ See, Cal. Evid. Code § 352.

¹⁴⁷ § 451.1(b).

¹⁴⁸ LIB-4 at 19.

¹⁴⁹ *Id.* at 11.

precipitation,¹⁵⁰ and that the fire perimeter map from 2:00 a.m. that morning showed that the fire had essentially reached its ultimate footprint by that time, and “demonstrate the decisive effect of the weather conditions on the damage caused by the fire.”¹⁵¹ Thus, Liberty claims that strong winds propelled the fire’s growth and, had winds moderated earlier and had precipitation arrived sooner, the fire’s forward progress could have been stopped more quickly.¹⁵²

Liberty also claims that climate change has facilitated and exacerbated wildfires in California and that § 451.1 was added to the Public Utilities Code in part to address factors that are representative of climate change, including wind and humidity. Liberty’s expert testimony observed that only one other day since 1979 saw relative humidity and daily average wind speed more extreme than November 17, 2020.¹⁵³ Liberty claims that the Mountain View Fire was an extraordinary event as large and destructive November fires have been historically rare in California, but their incidence has increased in recent years,¹⁵⁴ and that the specific combination of observed wind and humidity on November 17, 2020, were factors beyond Liberty’s control.

Liberty also argues that any comparison to SCE’s PSPS decision is not relevant to any of the issues before the Commission. Liberty points to Cal Advocates acknowledging that SCE’s and Liberty’s PSPS approaches are similar as both rely on forecasts to stand up IMTs for potential PSPS and then leverage real-time weather station data and live observations to make de-energization

¹⁵⁰ LIB-9 at 29.

¹⁵¹ *Id.* at 29.

¹⁵² LIB-4 at 19.

¹⁵³ LIB-4 at 6-7.

¹⁵⁴ LIB-4 at 9, 19

decisions.¹⁵⁵ Liberty also points to the fact that neither its nor SCE's PSPS protocols require NWS to issue a Red Flag Warning, and that there are key differences in location and weather where SCE's PSPS events were executed,¹⁵⁶ noting that Cal Advocates' witness conceded that SCE did not de-energize circuits closer to Liberty's service territory.¹⁵⁷

4.3.2. Cal Advocates' Position

Cal Advocates argues Liberty's decision to ignore current, up-to-date weather conditions was within its control, and that its resulting lack of preparedness was the most important contributing factor to the ignition of the Mountain View Fire. Cal Advocates states that if Liberty's had monitored its ratepayer funded weather stations that day, it could have prevented the fire from occurring. Cal Advocates claims Liberty has conceded that the NWS forecast, upon which it based its situation awareness, did in fact warn Liberty of high winds.¹⁵⁸ Therefore, Cal Advocates argues that Liberty cannot now claim that the high winds on November 17, 2020, was a factor beyond its control. Cal Advocates also claims Liberty chose not to monitor its own weather stations that recorded high winds exceeding its PSPS threshold, and did not do anything in response to a report from its staff in the field reporting "unbelievable" winds on November 17, 2020. Cal Advocates states it was within Liberty's control to take

¹⁵⁵ See, CA-05-A at 3, RT at 238.

¹⁵⁶ RT at 239, *see also*, CA-04-SA, Attachment 11 at 110-112 (PSPS de-energization decision tree); *cf., id.* at 110 (de-energization process prior to PSPS decision tree).

¹⁵⁷ RT at 251.

¹⁵⁸ Cal Advocates Reply Brief at 27, *citing*, Liberty Opening Brief at 24 (reproduction of LIB-10 at 31, Figure 4).

mitigation measures to prevent wildfire ignition based on the wind both forecast and reported that day.¹⁵⁹

Cal Advocates points to the red box contained within the NWS forecast¹⁶⁰ which means that wind conditions are consistent with a high wind warning with sustained speeds of 40 mph and 58 mph wind gusts for more than an hour,¹⁶¹ and warns of possible “power issues,” including damage to trees and fences.¹⁶² Cal Advocates claims Liberty failed to pay reasonable heed to the red box showing the high wind warning issued by NWS that was corroborated in real-time by its own weather station data.

Further, Cal Advocates claims that SCE has facilities adjacent to Liberty’s and declared a PSPS for parts of its system in response to the high wind warnings forecasted for November 17, 2020,¹⁶³ as another reason Liberty knew and should have taken mitigation measures that day.

Cal Advocates argues that climate change and the resulting dryer conditions, by themselves, should not be considered as mitigating factors beyond Liberty’s control. Cal Advocates notes that Liberty’s Application demonstrates it was well aware of the increased risks of wildfires due to increasingly hot, dry, and windy conditions due to climate change. The Commission requires utilities to create WMPs and PSPS protocols that account for these risks and mitigate fire threats.

¹⁵⁹ See, RT at 49, CA-03-A at A-3, A-15, CA-05 at 8, CA-08 at 3-4, CA-20 at 1.

¹⁶⁰ LIB-10 at 31, Figure 4.

¹⁶¹ CA-05-SA at Attachment 18 at 15.

¹⁶² LIB-10 at 31, Figure 4.

¹⁶³ CA-05A at 1, CA-01 at 6.

Therefore, Cal Advocates argues that many factors within Liberty's control exacerbated the costs and expenses of the Mountain View Fire, and the cost recovery sought by Liberty should be accordingly allocated to account for these factors, including its failure to take any action in response to the high wind warning;¹⁶⁴ the reports from its field personnel of unbelievable winds;¹⁶⁵ failure to actively monitor the deteriorating conditions on November 17, 2020,¹⁶⁶ especially in light of the wind speeds its own weather stations reported that should have triggered a PSPS review that morning;¹⁶⁷ and admission it was well aware of the increased risk of wildfires due to climate change.¹⁶⁸

4.3.3. SBUA's Position

As noted above, SBUA argues that Liberty knew the Topaz circuit was subject to above-average wind stress but did nothing more than conventional inspection and protection of the circuit. SBUA highlights that Liberty never provided logs, or other material, that would explain the nature of the inspection of the Topaz circuit after the outage at 9:48 a.m. Further, SBUA explains that Liberty should have acted after the 9:48 a.m. events as the crew that was performing maintenance near the Subject Span reported wire-slap and

¹⁶⁴ LIB-10 at 31, Figure 4.

¹⁶⁵ RT at 49.

¹⁶⁶ CA-04 at 3-5; *see also*, LIB-03E at 11-12.

¹⁶⁷ *See*, LIB-04 at 6 (NWS issued a High Wind Warning ... with wind gusts up to 65 mph in the afternoon), CA-05, Attachment 23 (Liberty's Revised 2020 Wildfire Mitigation Plan) at 110 (Liberty's PSPS protocol calls for an separate PSPS evaluation if winds exceed 50 mph), CA-05A at 40 (wind gusts exceed 45 mph at 9:48 a.m. cause wire slap and an outage at a different location on the Topaz circuit), LIB-04 at 12 Figure 4 (wind gusts exceed 50 mph at approximately 9:00 a.m. and 10:00 a.m. and again shortly before ignition); *see also*, CA-20.

¹⁶⁸ LIB-01 at 2.

“unbelievable” winds.¹⁶⁹ SBUA also claims that Liberty never should have returned the Topaz 1261 R2 Recloser to normal mode on November 17, 2020, as Liberty was aware of the “unbelievable” winds and should have engaged a more protective reclosure level or de-energized the line before the phase-to-phase fault that caused the line to break.¹⁷⁰

SBUA also claims that Liberty should have acted proactively on the basis of the actual conditions observed at its weather stations and by its crews on the ground to de-energize its system. SBUA claims that Liberty had a responsibility to take proactive action because of the actual circumstances it was aware of or should have been aware of, regardless of the formal PSPS protocols, and should have acted when the wind and FFWI thresholds were met about an hour before the ignition event.¹⁷¹

4.3.4. Taking into Account the Factors Within and Beyond Liberty’s Control, the Costs and Expenses Sought for Recovery by Liberty Should be Allocated in Part to Its Shareholders

As an initial matter, we note that the list of possible factors within and beyond the utility’s control in § 451.1(b) is an illustrative list and not an exhaustive one. The Legislature was clear in its wording that factors to be taken into account “includ[ed] humidity, temperature, and winds.” By using “including” the Legislature indicates the list is not exhaustive and other factors may be within or beyond the utility’s control that may be considered. In this case, factors within Liberty’s control exacerbated the costs and expenses of the

¹⁶⁹ RT at 48-49.

¹⁷⁰ RT at 31-32.

¹⁷¹ See, SBUA Opening Brief at 7, SBUA Reply Brief at 3-4.

Mountain View Fire. Liberty knew there was a high wind warning, did not put itself in a position of readiness to address those conditions, and did not act after first-hand reports regarding the conditions, even after those reporting the conditions stopped field work because of the wind.

Liberty should have been aware of the worsening conditions on the day of the ignition. Real-time weather data was available, but Liberty did not utilize the data available to it, instead relying on forecasts.¹⁷² As a result, though it was within Liberty's control, Liberty was unaware of the actual weather conditions, even though the information was available at the time of the ignition of the Mountain View Fire. Further, the sharp increase in forecasted ERC values that was recorded between November 14 and November 15 should have been reflected in the PSPS determination.¹⁷³ While the ERC value did not exceed the PSPS threshold, the large change in its value when coupled with the other factors should have resulted in Liberty operating in a more vigilant manner on November 17, 2020.¹⁷⁴

We do have questions about the effectiveness of the FPI developed and implemented by Liberty as part of its WMP process, particularly why no changes were made to it after its own contractor questioned the data quality and whether the Walker RAWs was representative of the Topaz PSPS zone,¹⁷⁵ and whether

¹⁷² Cf. D.12-04-024 at 28-33; *Gantner v. PG&E Corp.* (2023) 15 Cal.5th at 410.

¹⁷³ Whether this sharp increase was the result of the melting of the snow as Liberty speculates, LIB-10 at 22, the move to stop field fuel moisture sampling, LIB-10 at 27-29, or some other reasons is not relevant to the determination that consideration of this sharp increase was a factor within Liberty's control.

¹⁷⁴ See also, LIB-10 at 28; cf. RT at 89-99.

¹⁷⁵ CA-05-SA, Attachment 8, REAX Engineering Report titled "De-energization Thresholds for Prevention of Catastrophic Wildfires" at 24 ("Data quality from this station is questionable.").

Liberty followed a flawed process. However, we need not consider whether that flaw exacerbated the costs and expenses as we can see that the criteria in the PSPS were met but Liberty did not detect it at the time.¹⁷⁶ SBUA is correct that Liberty should have acted when the wind and FFWD thresholds were met about an hour before the ignition event. Thus, while Liberty followed its basic Commission-approved PSPS protocol,¹⁷⁷ it failed to follow its tactical and strategic decision-making protocol for initiating a PSPS which states, in part:

In a case where the NWS reports three-second gusts greater than 50 mph, Liberty CalPeco will check the location of those speeds, and areas where those speeds would peak, for the proximity of service equipment. If the gusts are near service equipment, the equipment is assessed to see if it is scheduled for repair. Liberty CalPeco then monitors humidity and temperature levels to evaluate fuel conditions and forest susceptibility to fire for those areas. If an area is identified to be at risk of causing a wildfire, Liberty CalPeco will first attempt to de-energize that line so that load at the end of the line can continue to be served. In the event that load has to be dropped, Liberty CalPeco will attempt to minimize the lost load and customer disruption.¹⁷⁸

Therefore, in any case where reported wind gusts exceed 50 mph,¹⁷⁹ Liberty's PSPS protocol calls for it to monitor its equipment, assess the humidity, temperature, and fuel conditions, and if at risk, (and most of Liberty's service territory is in high fire risk areas) Liberty "will" attempt to de-energize that line

¹⁷⁶ CA-05, Attachment 23 (Liberty's Revised 2020 Wildfire Mitigation Plan) at 110.

¹⁷⁷ Cf., LIB-04 at 6 (NWS issued a High Wind Warning ... with wind gusts up to 65 mph in the afternoon).

¹⁷⁸ CA-05, Attachment 23 (Liberty's Revised 2020 Wildfire Mitigation Plan) at 110.

¹⁷⁹ LIB-04 at 12 Figure 4 (wind gusts exceed 50 mph at approximately 9:00 a.m. and 10:00 a.m. and again shortly before ignition); *see also*, CA-20.

while attempting to minimize the lost load and customer disruption.¹⁸⁰ Liberty did not follow this protocol on the morning of November 17, 2020, and there is no evidence it did anything additional in the hours between when the conditions were met and the ignition event. Because of the forecast calling for wind gusts up to 65 mph and the ground observations of wind gusts exceeding 50 mph that morning, Liberty should have at least mobilized the IMT. Because of the fuel conditions and forest susceptibility to fire for the area¹⁸¹ Liberty should have at least made an active determination whether the Topaz circuit should be de-energized, but it did not make any determination.

Finally, we take note of the confusing implementation of Liberty's fire weather dashboard as a factor within its control that exacerbated the costs and expenses of the Mountain View Fire.¹⁸² Liberty admits it was a "new situational awareness tool" and claims that Cal Advocates failed to link the data anomalies and "minor" graphical errors to Liberty's actual PSPS decision-making.¹⁸³ However, Liberty failed to explain the dashboard displaying ERC forecast values of 0.0 before November 15, the delays in reporting (or incorporation of third party data), or the incorrect placement of the visual indicators of Liberty's PSPS thresholds on the fire weather dashboard.¹⁸⁴ Liberty claims these "anomalies" would not "have alerted Liberty to elevated fire risk or conditions that would

¹⁸⁰ CA-05, Attachment 23 at 110.

¹⁸¹ *See*, RT at 89-99 Liberty knew the grasses and other fuel sources were as dry as they were going to get for the season and would "stay dry until the spring happens when regrowth occurs."

¹⁸² *See generally*, CA-05 at 22-30.

¹⁸³ LIB-10 at 22.

¹⁸⁴ *Id.* *See also*, CA-04 at 27, Table 4.

have triggered Liberty's PSPS thresholds prior to [November 17, 2020]."¹⁸⁵ And while Liberty is correct that none of Liberty's PSPS thresholds were simultaneously exceeded in claiming it acted reasonably, it is probable that the series of errors factored into Liberty not being prepared for the events on the morning of November 17, 2020.¹⁸⁶ In short, Liberty's lack of preparedness did exacerbate the costs and expenses of the Mountain View Fire.

In setting this recovery amount we are mindful of our obligations for setting just compensation established by the United States Supreme Court in the *Bluefield*,¹⁸⁷ *Hope*,¹⁸⁸ and *Duquesne* cases.¹⁸⁹ While the analysis of § 451.1(b) explains why the Commission determined an allocation was appropriate, the conclusion that the allocation remains consistent with traditional ratemaking principles and constitutional requirements is supported by our analysis under *Bluefield*, *Hope*, and *Duquesne*. *Bluefield* stands for the proposition that a utility's overall return should be comparable to the overall return earned at the same time and in the same general part of the country on investments in other business undertakings attended by corresponding risks and uncertainties.¹⁹⁰ *Hope* states that authorized rates will not be judged invalid as long as they enable a utility to maintain financial integrity, to attract capital, and to compensate

¹⁸⁵ LIB-10 at 22.

¹⁸⁶ See, e.g., *Utility Consumers' Action Network v. Public Utilities Com.* (2010) 187 Cal.App.4th 688, 698.

¹⁸⁷ *Bluefield water works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923) (*Bluefield*).

¹⁸⁸ *Federal Power Commission v. Hope Natural Gas Company*, 320 U.S. 591 (1944) (*Hope*).

¹⁸⁹ *Duquesne Light Company v. Barasch*, 488 U.S. 299 (1989) (*Duquesne*).

¹⁹⁰ See, *Bluefield* at 692-693.

investors for the risks they assume.¹⁹¹ In *Duquesne*, the Court concludes that rates must not be so low as to be confiscatory.¹⁹² In applying these parameters, we must also protect ratepayers from unreasonable risks, including risks of imprudent management.¹⁹³ In addition, the Commission need not use a particular methodology in applying the Constitutional standard, as long as the Commission allows the utility a reasonable opportunity to earn a fair return on investments.¹⁹⁴

AB 1054 was established to ensure utilities have “capital to fund ongoing operations and make new investments to promote safety, reliability, and California’s clean energy mandates.” Hence, our basic objective where factors within and beyond the utility’s control exacerbated the costs and expenses related to a covered wildfire is to allocate those costs and expenses at a level that meets the test of reasonableness.¹⁹⁵ At the same time, the amount of costs and expenses allowed for recovery should be sufficient to support Liberty’s access to capital at reasonable costs to fund safety, reliability, and clean energy investments.¹⁹⁶

In weighing all of these factors, the costs and expenses Liberty seeks to recover, and the factors within and beyond Liberty’s control that may have

¹⁹¹ See, *Hope* at 603-605.

¹⁹² See, *Duquesne* at 307-308.

¹⁹³ See, e.g., *Missouri ex rel. Southwestern Bell Telephone Co. v. Missouri Public Service Commission*, 262 U.S. 276, 289 n.1 (1924) (Brandeis, J., concurring). See also, § 451.

¹⁹⁴ § 701.10(a). See also, *Duquesne* at 317 (Scalia, J., concurring, joined by White and O’Connor, JJ.).

¹⁹⁵ See, e.g., 78 CPUC 638, 723 (1975).

¹⁹⁶ AB 1054 Sec. 1(a)(4) (“ratepayers benefit from low utility capital costs in the form of reduced rates”).

exacerbated the costs and expenses of the Mountain View Fire, an allocation for recovery from ratepayers of seventy-five percent (75%) of the claimed costs and expenses is appropriate in this case. Liberty should be permitted to recover 75% of the \$77.4 million, or \$58.05 million, it seeks from ratepayers in this Application, and other recoverable amounts should be similarly adjusted.

4.4. Liberty's Settlements of the Claims Are Reasonable

Both Cal Advocates and SBUA contest that the settlement of the claims are reasonable based on their view that the underlying claims would not exist but for Liberty's imprudence. Cal Advocates also argues that Liberty has not provided anything to demonstrate it acted prudently in settlement negotiations, and that the specific facts and circumstances surrounding Liberty's exercise of reasonable business judgment to justify the subrogation claims for more than 40% of the total asserted claim were not presented.¹⁹⁷ Accordingly, Cal Advocates asks the Commission to scrutinize Liberty's settlement rate.

Liberty claims the record demonstrates the prudence of Liberty's settlement of claims related to the Mountain View Fire in light of California's inverse condemnation doctrine and the risks inherent in the uncertainty of jury trials. Liberty states that roughly 380 individuals and entities filed suit against Liberty in the three years after the fire.¹⁹⁸ Liberty claims it prudently settled the cases to minimize litigation risk for Liberty and its customers.¹⁹⁹

As part of its settlement process with individual and public entity plaintiffs, Liberty retained damages experts to evaluate settlement demands and

¹⁹⁷ See, § 3292(f).

¹⁹⁸ LIB-05 at 1.

¹⁹⁹ *Id.*

to advocate for lower settlement figures where plaintiffs sought higher recoveries than justified.²⁰⁰ Liberty and many of the plaintiff groups engaged mediators and the global settlement with Public Entity Plaintiffs was less than half the claimed damages.²⁰¹ In aggregate, Liberty's settlements with individual plaintiffs was less than one-third of the claimed damages.²⁰² Liberty did not admit liability or any wrongdoing in the settlements.²⁰³

For the settlements with subrogation plaintiffs, Liberty obtained their claim data and assessed the reasonableness of the claims before negotiating with the subrogation plaintiffs. There are many reasons the subrogation plaintiff settlements reflect a higher proportion of their claimed damages, including the greater certainty at the onset of the claim (i.e., the amounts insurers paid to the insured), and legal fees.

Liberty argues that Cal Advocates misapplied the 40% figure for subrogation claims from § 3292. Liberty says that figure is a benchmark for the Wildfire Fund administrator to use to presume reasonableness of the settlement and settlement amounts above that amount are not automatically deemed unreasonable.²⁰⁴ Liberty also notes that Cal Advocates did not identify any wildfire case where subrogation claims were settled for 40% or less of the total claims.²⁰⁵

²⁰⁰ LIB-05 at 4.

²⁰¹ LIB-5 at 5.

²⁰² LIB-05 at 6.

²⁰³ LIB-05 at 4.

²⁰⁴ LIB-11 at 2.

²⁰⁵ LIB-11 at 3.

After reviewing the record, we are persuaded that the settlement of the individual, public entity, and subrogation plaintiffs are reasonable. Liberty diligently pursued a process to ensure the claim settlements were reasonable, and there is no indication that any of the final settlements were anything less than fair to the victims of the Mountain View Fire or ratepayers. Therefore, the costs related to the settlement of the individual, public entity, and subrogation plaintiffs should be authorized for recovery in a manner consistent with the other costs approved in this decision.

4.5. Liberty's Legal Costs Related to the Mountain View Fire Are Reasonable

Both Cal Advocates and SBUA contest that the litigation costs related to the Mountain View Fire are reasonable based on their view that the underlying claims would not exist but for Liberty's imprudence.

Liberty claims that it prudently retained outside counsel with experience handling wildfire litigation to lead the defense of the claims, and that outside counsel was needed as Liberty had only one in-house counsel who had not previously handled wildfire claims.²⁰⁶ Liberty also engaged expert witnesses at their standard litigation assistance rates to address fire origin and investigation, electrical engineering, fire weather, metallurgy, LiDAR, utility standards of care, and damages calculations.²⁰⁷ Liberty asks for all of the legal costs related to the Mountain View Fire be authorized for recovery independent of the Commission's prudence determination.

We are persuaded that the legal costs incurred by Liberty related to the Mountain View Fire are reasonable. Liberty has provided sufficient explanation

²⁰⁶ LIB-06 at 2.

²⁰⁷ LIB-06 at 2-3.

to justify the related legal costs and managed the costs in a reasonable manner. Therefore, the legal costs related to Mountain View Fire should be authorized for recovery in a manner consistent with the other costs approved in this decision.

4.6. Liberty's Incurred and Estimated Future Financing Costs Are Reasonable

Both Cal Advocates and SBUA claim that all costs that flow from that imprudence are not just and reasonable, including financing costs, because Liberty's imprudence caused the fire.

Liberty explained that the first two rounds of settlements were covered by insurance. The third round of settlements was partially covered by insurance, and Liberty paid the amounts above the insurance limit for those settlements and all subsequent settlements.

Liberty claims the magnitude of the costs required financing different from its standard operations and required specialized advisors and financing arrangements.²⁰⁸ Liberty determined the most cost-effective method was to use the revolving credit agreement between Liberty and its parent company, which allowed Liberty to secure more favorable financing terms than attempting to issue its own commercial paper, and the margin under the credit agreement reasonably accounted for the Liberty-specific risk with the average interest rate through May 2025 of 3.61%.²⁰⁹ Subsequently, Liberty obtained a seven-year note at a fixed interest rate of 5.429%.²¹⁰ The favorable interest rate Liberty obtained reduced the proposed cost recovery from \$78.2 to \$77.4 million.²¹¹

²⁰⁸ LIB-06 at 4.

²⁰⁹ LIB-06 at 5.

²¹⁰ LIB-11 at 7.

²¹¹ LIB-11 at 8.

Liberty argues the financing costs should be authorized for recovery irrespective of the prudence determination in this case. Liberty argues that the legal framework of the WEMA process contains an inherent delay between claim payments and other costs and the Commission's decision regarding those costs, and the financing costs bridge that period and thus are incurred reasonably.²¹²

Liberty has provided evidence to justify the amounts related to the financing costs and persuaded the Commission that those costs should be authorized for recovery. Liberty has sought reasonable terms and obtained favorable financing which ultimately lowers the costs to ratepayers. Therefore, the incurred and forecast financing costs associated with the Mountain View Fire should be authorized for recovery in a manner consistent with the other costs approved in this decision.

4.7. Liberty's Cost Recovery Proposal is Not Reasonable

SBUA encourages the Commission to require a five- or six-year amortization period for the recovery of the Mountain View Fire costs. SBUA notes that Liberty's 2025 General Rate Case (GRC) proposed a 31% rate increase for small commercial customers, and the resulting allocation of customer class revenues shifts more costs on to small commercial customers.²¹³

SBUA states the three-year cost recovery period proposed here by Liberty will increase small commercial customer rates by an additional 12.2%.²¹⁴ While Liberty reports increasing the recovery period to five years will add \$4.5 million

²¹² See, Lib-06 at 1.

²¹³ See, D.26-03-017 at 1 (11.4% increase in revenue requirement); see also, CA-11 at 2.

²¹⁴ LIB-12 at 3.

in financing costs at Liberty's calculated borrowing cost of 5.87%,²¹⁵ that additional cost is less than the "cost of capital" of Liberty's residential and small commercial customers.²¹⁶

Liberty claims its proposed 36-month amortization of the authorized WEMA costs, recovered through a volumetric surcharge on customer bills, best supports customer affordability, accelerates Liberty's financial recovery, and is transparent and administratively simple.²¹⁷ Liberty opposes SBUA's proposed five- or six-year amortization, arguing there is no evidence supporting a six-year amortization period, and that Liberty considered but considered a five-year amortization "not preferable due to increased financing costs that would be borne by customers."²¹⁸

Liberty dismisses the cumulative effect of the rate increase resulting from its GRC and this application as having no bearing on the recoverability of the amounts requested in this case as "it is entitled to recovery under Section 451.1" which "directs that the Commission 'shall' allow cost recovery of just and reasonable wildfire costs."²¹⁹

Liberty also requests the Commission adopt its proposal for recovery of WEMA costs related to the Mountain View Fire paid after January 23, 2026 (the date of its rebuttal testimony). Liberty proposes to use a Tier 2 advice letter process for the Commission's review and approval of costs related to the remaining three individual plaintiffs and two public entity plaintiffs (jointly

²¹⁵ SBUA-03 at 11, LIB-06 at 6.

²¹⁶ SBUA Opening Brief at 9.

²¹⁷ LIB-07 at 4.

²¹⁸ Liberty Reply Brief at 42; LIB-12E at 3.

²¹⁹ Liberty Opening Brief at 58-59.

represented United States Department of Agriculture and Bureau of Land Management). Liberty claims this process was used for trailing WEMA costs in two recent SCE applications.²²⁰

An increase to financing costs to achieve a five-year amortization is reasonable. We disagree with Liberty that the increased financing costs of a five-year amortization would be more burdensome on customers. The “favorable” interest rate that Liberty obtained should be leveraged so that ratepayers are not disproportionately impacted by trying to recover all the costs of the Mountain View Fire in a three-year period. A five-year amortization period is fairer to ratepayers, provides a more reasonable allocation of these costs, and should be adopted by the Commission. Accordingly, up to an additional \$3.375 million in additional financing costs related to the five-year recovery period should be authorized for recovery.

4.8. No Evidence of Any Impacts on Environmental and Social Justice Communities

The Commission is committed to addressing the inequities that create barriers for citizens seeking safe and affordable utility services. In February 2019, we adopted the Environmental and Social Justice (ESJ) Action Plan. The ESJ Action Plan 2.0 was adopted in 2022. The ESJ Action Plan sets nine goals that establish a roadmap to improve services to targeted communities and expand public inclusion in the Commission’s decision-making process.

ESJ communities include those that may be subject to a disproportionate impact from one or more environmental hazards, or that are likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities. With respect to these communities, the

²²⁰ See, D.25-01-042 at 34-35, D.25-12-023 at 25.

Commission considers: (1) whether the proposed action may have a disproportionate impact on service quality and availability of service in the community, or (2) whether the proposed action may have a disproportionate safety impact or burden on the community.

While SBUA argues that many Liberty customers, including small businesses, are in communities that are underrepresented in the policy setting or decision-making process and subject to disproportionate impact from one or more environmental hazards,²²¹ it has presented no evidence of any disproportionate impact on ESJ communities. Liberty states that no party has submitted evidence indicating that the Application raises specific impacts on environmental and social justice communities that require mitigation or would impact achievement of the goals set forth in the Commission's ESJ Action Plan.

As there is no evidence of any impacts on Environmental and Social Justice communities in the record we find that our ESJ goals are reasonably met.

5. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

One hundred and twenty-one (121) comments were submitted using the "Public Comment" tab before the submission of the record in this proceeding. The comments generally criticize the application and oppose any rate increase related to the costs of the Mountain View Fire. Comments proposed alternative

²²¹ SBUA Opening Brief at 9-10.

means to pay the costs including insurance, the profits made by Liberty's parent company, and redirecting executive pay. Many comments noted they just had a rate increase and another one is pending and that many customers were on fixed incomes and any additional rate increase would cause hardship. Comments also called for a separate line item that would appear only for the term of the amortization period so customers would understand the limited period of the cost recovery.

6. Conclusion

This decision resolves the issues identified in Liberty's Application and closes the proceeding.

7. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

8. Comments on Proposed Decision

The proposed decision of ALJ Robert Haga in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

9. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Robert Haga is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Liberty had its Revised 2020 Wildfire Mitigation Plan conditionally ratified by Commission Resolution in June 2020.
2. Nearly all of Liberty's facilities are in high-fire threat districts.

3. At the time of the fire, Liberty had and was executing an approved Wildfire Mitigation Plan (WMP), but had not requested a safety certification and did not invoke the presumption of prudence established by AB 1054.

4. Liberty did not have a safety certificate at the time of the ignition of the Mountain View Fire and thus may not avail itself of the Wildfire Fund.

5. Liberty's 2020 WMP allocated \$40 million in capital investments for wildfire mitigation-focused asset management and inspection initiatives, system hardening projects, operational practices, and situational awareness tools.

6. The approved WMP outlined Liberty's PSPS protocols, based on a new predictive tool supported by a third-party fire science and risk modeling expert firm.

7. On November 17, 2020, Liberty believed it had followed its PSPS criteria for the Topaz 1261 Circuit with respect to the forecast weather and fire risk modeling.

8. The first significant snowfall occurred November 8, 2020, though it had melted in the area of the Subject Span by November 17, 2020.

9. In the days leading up to November 17, 2020, the National Weather Service (NWS) had not issued a Red Flag Warning for the area. The NWS had issued a High Wind Warning for the area for that day – forecasting winds of 10 to 15 mph with, gusts up to 45 mph; increasing to winds of 20 to 30 mph with gusts up to 65 mph in the afternoon.

10. The NWS's weather briefings in the days leading up to and the day of the fire noted no heightened fire risk concerns.

11. Liberty set its reclosers to "normal" mode on November 10, 2020, as it prepared for winter storms.

12. On November 17, 2020, at approximately 11:55 a.m., the Mountain View Fire started following a conductor-to-conductor contact and one of the conductors separating and falling to the ground.

13. The conductors involved in the Mountain View Fire were part of the Topaz 1261 Circuit that is owned and operated by Liberty Utilities (CalPeco Electric) LLC (Liberty).

14. The Mountain View Fire was not contained until approximately 2:00 a.m. on November 18, 2020, when rain began to fall. Before the rain fell, high winds caused the fire to spread rapidly resulting in more than 20,000 acres burned, destruction of almost 100 structures, and one civilian fatality.

15. Cal Fire determined that the most probable cause of the Mountain View Fire was an energized conductor contacting the ground.

16. Liberty concedes that the evidence is consistent with the possibility that electrical facilities caused the Mountain View Fire.

17. Liberty's reclosers in the area of ignition recorded electrical events consistent with conductor-to-conductor contact and a downed conductor.

18. The reclosers in the area of ignition functioned as intended for the setting they were in at the time and shut off power to the conductor 35 seconds after the initial phase-to-phase fault.

19. We cannot be certain as to the exact second that the Mountain View Fire ignited as there were multiple electrical events as the recloser re-energized the line two times.

20. On June 20, 2025, Liberty filed the instant Application seeking authority to recover costs related to the 2020 Mountain View Fire recorded in the Wildfire Expense Memorandum Account (WEMA).

21. Liberty requests to recover approximately \$59.85 million in costs to resolve third-party claims arising from the Mountain View Fire, as well as associated legal (approximately \$4.17 million) and financing (approximately \$13.43 million) costs, a total of approximately \$77.4 million in costs.

22. Liberty seeks findings under § 451.1(b): (a) that factors beyond its control exacerbated the costs and expenses; (b) settlements of the legal claims and associated costs are reasonable; and (c) incurred and estimated future financing costs are reasonable.

23. The Mountain View Fire is the first “covered wildfire” to be considered under the AB 1054 statutory framework.

24. Liberty seeks authorization to recover the allowed WEMA costs over a three-year period through a volumetric surcharge on customer bills, and to use a Tier 2 advice letter process for WEMA costs related to the Mountain View Fire paid after January 23, 2026 (the date of service for Liberty’s rebuttal testimony).

25. Claims by individuals, subrogated insurers, and public entities were brought against Liberty seeking compensation for damages caused by the Mountain View Fire, alleging claims based on inverse condemnation, negligence, and other statutory and common law tort theories, and one claim of wrongful death.

26. Based on the inverse condemnation doctrine applied to investor-owned utilities in California and the fire agency report, Liberty resolved the civil litigation through settlement to minimize litigation risk for Liberty and its customers.

27. Liberty relied on its insurance policies to pay most of the costs.

28. Liberty seeks to recover approximately \$77.4 million in costs over a three-year amortization period. This would result in an average residential customer

experiencing a \$29.78 per month increase for the three-year period; this would increase the average residential customer bill by 15 percent.

29. Preponderance of the evidence is defined in terms of probability of truth, e.g., such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth.

30. Liberty has presented more evidence that supports the requested result than would support an alternative outcome with respect to whether it acted in a prudent manner.

31. Liberty's conduct related to the ignition of the Mountain View Fire was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available to the electrical corporation at the relevant point of time.

32. Liberty's practices, methods, and acts were consistent with utility system needs, and the interest of the ratepayers.

33. There is sufficient evidence that Liberty's design, inspection, maintenance, and operation of the Subject Span was consistent with actions that reasonable utility would have undertaken in good faith under similar circumstances.

34. The evidence Liberty presented in this proceeding demonstrates that Liberty regularly inspected and maintained the utility poles and overhead facilities, near the ignition site of the Mountain View Fire, including the Subject Span.

35. Based on the evidence presented, Liberty prudently designed, inspected, maintained, and operated its facilities in relation to the Mountain View Fire and that its programs and policies conformed to regulatory requirements and were consistent with industry practices for wildfire mitigation.

36. Liberty provides sufficient evidence to persuade the Commission that it operated its system prudently in relation to the Mountain View Fire.

37. Utilities, including Liberty, must balance public safety with reliability considerations in connection with PSPS events.

38. Liberty's decision to take its reclosers out of "fire mode" and into "normal" mode in anticipation of winter storms was reasonable at the time.

39. Liberty was reasonable to take note of the NWS decision to move to "off season" fire weather forecasting, and that no Red Flag Warning or Fire Weather Watch had been issued by the NWS.

40. Liberty states it had properly applied its PSPS process and that no de-energization was necessary in the days leading up to and on November 17, 2020.

41. In this case Liberty has provided sufficient evidence to demonstrate that its conduct in applying existing regulations and its approved procedures were reasonable based on the context, circumstance-specific, and contemporaneous operational judgement it exercised.

42. It is not dispositive whether Liberty technically complied with every component of its WMP, PSPS, or other policy, procedure, or regulatory requirement for the Commission to determine that Liberty's overall operational judgment process, including its interpretation of weather conditions, its situational awareness, and assessment of operational risks remained within the range of conduct a reasonable utility would undertake in good faith under similar circumstances.

43. Liberty's programs and policies conformed to regulatory requirements, and the potential flaws in Liberty's programs and policies, as argued by Cal Advocates, are not being reviewed in this proceeding.

44. Liberty's programs and policies that were in place during the Mountain View Fire, such as vegetation management, pole replacement and upgrades, and the rebuilding of the Topaz 1261 Circuit, complied with Commission directives were consistent with industry practices for wildfire mitigation.

45. Factors within Liberty's control exacerbated the costs and expenses of the Mountain View Fire.

46. Liberty did not put itself in a position of readiness to address the high wind conditions during the Mountain View Fire, or act after first-hand reports regarding the high wind conditions stopped field work because of the wind.

47. The sharp increase in forecasted ERC values that was recorded between November 14 and November 15 should have been reflected in the PSPS determination.

48. The criteria in the PSPS were met but Liberty did not detect or recognize it at the time as it followed its basic Commission-approved PSPS protocol, but failed to follow its tactical and strategic decision-making protocol for initiating a PSPS, where in any case where reported wind gusts exceed 50 mph, Liberty's PSPS protocol calls for it to monitor its equipment, assess the humidity, temperature, and fuel conditions, and if at risk, (and most of Liberty's service territory is in high fire risk areas) Liberty "will" attempt to de-energize that line while attempting to minimize the lost load and customer disruption.

49. Liberty failed to explain the dashboard displaying ERC forecast values of 0.0 before November 15, the delays in reporting (or incorporation of third-party data), or the incorrect placement of the visual indicators of Liberty's PSPS thresholds on the fire weather dashboard.

50. While none of Liberty's PSPS thresholds were simultaneously exceeded, it is probable that the series of errors factored into Liberty not being prepared for the events on the morning of November 17, 2020.

51. Liberty's lack of preparedness did exacerbate the costs and expenses of the Mountain View Fire.

52. The settlement of the individual, public entity, and subrogation plaintiffs are reasonable.

53. Liberty diligently pursued a process to ensure the claim settlements were reasonable, and there is no indication that any of the final settlements were anything less than fair to the victims of the Mountain View Fire or ratepayers. Therefore, the costs related to the settlement of the individual, public entity, and subrogation plaintiffs should be authorized for recovery in a manner consistent with the other costs approved in this decision.

54. The legal costs incurred by Liberty related to the Mountain View Fire are reasonable.

55. Liberty has provided sufficient explanation to justify the related legal costs and managed the costs in a reasonable manner. Therefore, the legal costs related to Mountain View Fire should be authorized for recovery in a manner consistent with the other costs approved in this decision.

56. Liberty has provided evidence to justify the amounts related to the financing costs and persuaded the Commission that those costs should be authorized for recovery.

57. Liberty has sought reasonable terms and obtained favorable financing which ultimately lowers the costs to ratepayers. Therefore, the incurred and forecast financing costs associated with the Mountain View Fire should be

authorized for recovery in a manner consistent with the other costs approved in this decision.

58. An increase to financing costs to achieve a five-year amortization is reasonable. A five-year amortization period, as compared to a three-year period, is fairer to ratepayers, provides a more reasonable allocation of these costs, and should be adopted by the Commission.

Conclusions of Law

1. AB 1054, among other things, added § 451.1(b) and changes how the Commission analyzes and determines reasonable conduct in deciding whether to allow a utility to recover certain wildfire costs.

2. While “largely consistent with the existing requirements of Public Utilities Code § 451 which afforded the [Commission] broad authority to determine what is just and reasonable,” AB 1054 simplified the determination that was required by Senate Bill (SB) 901, and set forth specific considerations around conduct related to the ignition, specified that the “optimum” conduct is not the standard, and that a “spectrum of possible practices, methods, or acts consistent with” system needs, ratepayer interests, and government requirements should be considered.

3. Section 451.1(b) provides the Commission with discretion to allocate costs based on “factors both within and beyond the utility’s control that may have exacerbated the costs and expenses, including humidity, temperature, and winds.” AB 1054 was clear that this type of review only governs applications for recovery of costs and expenses arising from a covered wildfire.

4. Liberty has the burden of establishing, based on a preponderance of the evidence, that its conduct was reasonable under § 451.1(c).

5. AB 1054 added § 1701.8 to establish procedures and standards for catastrophic wildfire proceedings.
6. In a catastrophic wildfire proceeding, the electrical corporation must have paid, or committed to pay all claims, unless authorized by the Commission if substantially all third-party damage claims related to the wildfire have been resolved.
7. Liberty has met the preponderance of evidence standard that it acted as a prudent manager in response to the wildfire at issue.
8. Nothing presented by the intervenors dissuades us from the conclusion that operated its system prudently in relation to the Mountain View Fire.
9. The statutory framework for the Commission's evaluation of wildfire cost-recovery applications allows for recovery of costs and expenses based on actions that are consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available.
10. The statutory framework created by AB 1054 is consistent with our long practice recognizing that operational decision-making involves judgment amid uncertain and evolving conditions.
11. The prudence standard is focused on contemporaneous utility judgment.
12. Compliance with minimum standards or approved procedures does not automatically establish prudence.
13. Liberty should have been aware of the worsening conditions on the day of the ignition. Real-time weather data was available, but Liberty did not utilize the data available to it, instead Liberty relied on forecasts. As a result, though it was within Liberty's control, it was unaware of the actual weather conditions, even

though the information was available at the time of the ignition of the Mountain View Fire.

14. The list of possible factors within and beyond the utility's control in § 451.1(b) is an illustrative list and not an exhaustive one. The Legislature was clear in its wording that factors to be considered included "humidity, temperature, and winds," but through its use of "including" indicate the list is not exhaustive and other factors may be within or beyond the utility's control that may be taken into account.

15. In setting this recovery amount we are mindful of our obligations for setting just compensation established by the United States Supreme Court in the *Bluefield*, *Hope*, and *Duquesne* cases.

16. The analysis of § 451.1(b) explains why the Commission determined an allocation was appropriate.

17. The conclusion that the allocation remains consistent with traditional ratemaking principles and constitutional requirements is supported by our analysis under *Bluefield*, *Hope*, and *Duquesne*.

18. AB 1054 was established to ensure utilities have "capital to fund ongoing operations and make new investments to promote safety, reliability, and California's clean energy mandates." Hence, our basic objective where factors within and beyond the utility's control exacerbated the costs and expenses related to a covered wildfire is to allocate those costs and expenses at a level that meets the test of reasonableness. At the same time, the amount of costs and expenses allowed for recovery should be sufficient to support Liberty's access to capital at reasonable costs to fund safety, reliability, and clean energy investments.

19. Liberty should have acted with the wind and FFWI thresholds were met about an hour before the ignition event.

20. Because of the forecast calling for wind gusts up to 65 mph and the ground observations of wind gusts exceeding 50 mph that morning, Liberty should have at least mobilized the IMT. Because of the fuel conditions and forest susceptibility to fire for the area Liberty should have at least made an active determination whether the Topaz circuit should be de-energized, but it did not make any determination.

21. Taking into account factors both within and beyond the utility's control that may have exacerbated the costs and expenses, including humidity, temperature, and winds, we determine that seventy-five percent (75%) of the costs incurred should be recovered by Liberty.

22. The Commission should authorize cost recovery of 75% of the \$77.4 million, or approximately \$58.05 million in costs related to the 2020 Mountain View Fire recorded in Liberty's WEMA and other recoverable amounts should be similarly adjusted to recover 75% of the claimed costs.

23. Up to an additional \$3.375 million in additional financing costs related to the five-year recovery period should be authorized for recovery.

24. Our ESJ goals are reasonably met as there is no evidence of any impacts on Environmental and Social Justice communities in the record.

25. The proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Liberty Utilities (CalPeco Electric) LLC (Liberty) is authorized to recover \$58.05 million in costs related to the 2020 Mountain View Fire recorded in Liberty's Wildfire Expense Memorandum Account, plus up to an additional

\$3.375 million in additional financing costs related to the five-year recovery period, along with seventy-five percent of the five unresolved claims.

2. Liberty shall recover the authorized Wildfire Expense Memorandum Account costs over a five-year amortization period through a volumetric surcharge on customer bills.

3. Liberty may use a Tier 2 advice letter process for Wildfire Expense Memorandum Account costs related to the Mountain View Fire paid after January 23, 2026, in a manner consistent with this decision.

4. Application 25-06-017 is closed.

This order is effective today.

Dated _____, at San Francisco, California.