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VIA ELECTRONIC MAIL

Alice Stebbins  
Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue, Room 5223  
San Francisco, CA 94102

Re: Continuation of Implementation of the Catastrophic Event Memorandum Account (CEMA) for 2019 Electric Distribution and Hydroelectric Generation Facilities Incremental Tree Mortality Mitigation and Fire Risk Reduction Activities due to Long-Lasting Effects of the Drought and Continuing Impacts of Bark Beetle Infestation

Dear Ms. Stebbins:

This letter serves to notify you that Pacific Gas and Electric Company (PG&E) continues to record costs to its electric Catastrophic Event Memorandum Account (CEMA) (Electric Preliminary Statement G) for 2019 activities to mitigate against impacts to its electric distribution and hydroelectric generation facilities as a result of the drought and continuing tree mortality crisis in accordance with: 1) CPUC Resolution E-3238; 2) the January 17, 2014 Drought Emergency Proclamation; 3) the February 18, 2014 Letter from Denise Tyrell, Director of Safety Enforcement Division (SED); 4) the April 25, 2014 Drought Continuation Proclamation; 5) CPUC Resolution ESRB-4 (the Drought Resolution); and 6) Governor Brown's October 30, 2015 Tree Mortality Emergency Proclamation (the Tree Mortality Proclamation).

PG&E has previously provided annual CEMA Notification Letters (from 2014 – 2018) to the CPUC Executive Director to provide updates on PG&E's tree mortality mitigation and fire risk reduction efforts performed for its electric distribution facilities and hydroelectric generation facilities. PG&E expects to continue performing incremental tree mortality mitigation and fire risk reduction activities to address the long-lasting effects of the drought and continuing tree mortality crisis in 2019 and into the foreseeable future.

Details about the disaster and the estimated incremental costs are provided below:

1. Disaster

On January 17, 2014, Governor Brown proclaimed a state of emergency in response to the then-current drought (Drought Emergency Proclamation). On February 18, 2014, in response to Governor Brown's Drought Emergency Proclamation and to the increased risk of fires in both urban and rural areas, CPUC SED Acting Director Denise Tyrell sent a letter directing PG&E to take all "practicable measures necessary to reduce the likelihood of fires started by [its] facilities..." On April 1, 2015, "following the lowest snowpack ever recorded and with no end to the drought," Governor Brown directed the first ever statewide mandatory water reductions. On April 25, 2014, Governor Brown proclaimed a continuation of the Drought Emergency Proclamation as "the driest months are still to come in California and extreme drought conditions will get worse." In response to the Governor's Drought Emergency Proclamation, on June 12, 2014, the CPUC approved Resolution ESRB-4, which ordered the investor-owned utilities to take additional remedial measures to reduce the likelihood of fires associated with, or threatening their facilities as a result of, the drought. As the drought continued in 2015, Resolution ESRB-4 remained in effect, and PG&E continued with its incremental vegetation management fire risk mitigation activities.

On October 30, 2015, Governor Brown issued the Tree Mortality Proclamation in response to the vast tree mortality in several regions of the state as a result of the then-ongoing drought and resulting bark beetle infestations. The Tree Mortality Proclamation builds on the Governor's January 17, 2014 and April 25, 2014 Drought Emergency Proclamations. In the Tree Mortality Proclamation, Governor Brown relied upon the United States Forest Services (USFS) estimate that over 22 million trees were dead and that tens of millions more were likely to die by the end of 2015 as evidence of the severity of the emergency. Governor Brown stated that the scale of the die-off worsens the wildfire risk across large regions of the State, presents life safety risks from falling trees to Californians living in impacted rural and forested communities, and worsens the threat of erosion across watersheds.

On June 22, 2016, the USFS announced that between 2010 and late October 2015, Forest Service aerial detection surveys found that an estimated 40 million trees died statewide. An estimated additional 26 million dead trees were identified across the Sierra Nevada region of the state, bringing the estimated statewide total to 66 million. In response to the survey, then Agricultural Secretary Tom Vilsack stated "tree die-offs of this magnitude

are unprecedented and increase the risk of catastrophic wildfires that puts property and lives at risk.”<sup>1</sup>

On April 7, 2017, following a wet winter in 2016, the Governor issued an executive order ending the January 17, 2014 Drought State of Emergency in most of California counties, except Fresno, Kings, Tulare, and Tuolumne. Though the Drought State of Emergency has been lifted, California still faces and will continue to face the impacts from the drought and subsequent bark beetle infestation. While increased precipitation could reduce the bark beetle activity, the tree mortality will likely continue years after the drought is over, according to industry experts. These conditions pose a long-lasting fire threat throughout California and necessitate a continued tree mortality response. In recognition of these long-lasting impacts, the Governor’s April 7, 2017 Executive Order directed “[a]ll state agencies [to] continue response activities that may be needed to manage the lingering drought impacts to people and wildlife.” In addition, the October 30, 2015 Tree Mortality Proclamation remains in effect. Further, the CPUC has not rescinded Resolution ESRB-4 and work by the utilities to comply with it continues.

On December 11, 2017, the USFS announced that another 27 million trees died in 2017. On February 11, 2019, the USFS announced that another 18 million trees died in 2018<sup>2</sup>, bringing the total of dead trees across the state to over 147 million trees since the drought began in 2010. While the rate of tree mortality slowed in 2018, the severity of the tree mortality crisis and long-lasting impact of the drought will continue to impact PG&E’s service territory in 2019.<sup>3</sup>

To manage the aftermath of the drought and the continuing tree mortality crisis, PG&E’s electric distribution vegetation management team continues to implement initiatives to address fire risks for PG&E’s electric distribution facilities. The main initiative is enhanced inspection to identify and abate drought and insect-infested dead or dying trees. For 2019, PG&E’s electric distribution vegetation management team forecasts to abate approximately 70,000 trees. Drought-weakened trees have still not recovered from the drought and favorable conditions for bark beetle activity exist in 2019. However, it should be noted that tree mortality rates remain volatile and are dependent on many factors.

Other incremental electric distribution drought initiatives include: 1) wood management to help customers cope with large volumes of wood on their properties; 2) pole clearing

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<sup>1</sup>[http://www.usda.gov/wps/portal/usda/usdahome?contentid=2016/06/0150.xml&navid=NEWS\\_RELEASE&navtype=RT&parentnav=LATEST\\_RELEASES&edeployment\\_action=retrievecontent](http://www.usda.gov/wps/portal/usda/usdahome?contentid=2016/06/0150.xml&navid=NEWS_RELEASE&navtype=RT&parentnav=LATEST_RELEASES&edeployment_action=retrievecontent)

<sup>2</sup> <https://www.fs.usda.gov/detail/catreemortality/toolkit/?cid=FSEPRD609121>

<sup>3</sup> See Id, fourth paragraph. “Thom Porter, CAL FIRE Director and California’s state forester said, “It is encouraging that the rate of mortality slowed in 2018. However, 18 million trees are an indication that the forests are California are still under significant stress. The stress of drought, insects, disease, and prolific wildfire will continue to challenge the resilience of the state’s forests.””

and tree abatement work in Local Responsibility Areas and urban centers; 3) Fire Safe Council funding for fuel reduction and emergency access; 4) daily aerial smoke patrols to detect fires early; 5) enhanced CAL FIRE safety messaging; 6) fuel reduction along distribution assets in High Fire-Threat District areas; 7) supplemental wildfire and infrastructure protection services; and 8) heavy lift helicopter resources. PG&E is an active member of the state Tree Mortality Task Force (TMTF). PG&E's electric distribution vegetation management team is also active with county-level TMTFs to facilitate cooperation among agencies and local entities.

Similar to the electric distribution facilities, the aftermath of the effects of the drought and the continuing tree mortality crisis have also increased fire risks for PG&E's hydroelectric generation facilities. As of December 31, 2018, approximately 31,000 dead trees have been abated and removed to ensure public safety of the hydroelectric generation facilities. PG&E estimates that an additional 6,000 dead trees will be abated in 2019 near its hydroelectric generation facilities. Consistent with PG&E's electric distribution vegetation management team, the main initiative for hydroelectric generation tree mortality mitigation and fire risk reduction work is enhanced inspection to identify and abate drought and insect-infested dead or dying trees near its facilities.

## 2. Estimated Restoration Costs

PG&E estimates it will incur approximately \$104 million<sup>4</sup> of incremental expense related to its 2019 tree mortality and fire risk reduction activities, of which \$101 million is to address PG&E's electric distribution facilities and \$3 million is to address PG&E's hydroelectric generation facilities.

If you have any questions about this CEMA notice, please do not hesitate to contact me at (415) 973-2868 or by email at Meredith.Allen@pge.com.

Sincerely,



Meredith E. Allen  
Senior Director – Regulatory Relations

cc: Edward Randolph, Director, Energy Division  
(via e-mail to EnergyDivisionCentralFiles@cpuc.ca.gov)

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<sup>4</sup> On March 30, 2018, PG&E filed its 2018 CEMA (A.18-03-015) and included a forecast of 2019 tree mortality mitigation and fire risk reduction costs, based on information available at that time. The forecast in this letter now represents PG&E's best estimate of 2019 activity.