

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

Order Instituting Rulemaking to Further  
Develop a Risk-Based Decision-Making  
Framework for Electric and Gas Utilities.

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Rulemaking 20-07-013  
(Filed July 16, 2020)

**SUBMISSION OF ESJ WHITE PAPER PURSUANT TO DECISION 22-12-027**

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## **SUBMISSION OF ESJ WHITE PAPER PURSUANT TO DECISION 22-12-027**

As directed by Decision (D.) 22-12-027, Pacific Gas and Electric Company (PG&E) submitted its Environmental and Social Justice (ESJ) Pilot Study Plan (PSP) in its May 15, 2024 Risk Assessment Mitigation Phase (RAMP) report.<sup>1</sup> In D.22-12-027 the Commission also required that Investor Owned Utilities (IOUs) each file a White Paper two months after the filing of their respective RAMP reports that:

- a. identifies areas for further exploration and challenges they faced incorporating ESJ into the RDF;
- b. discusses how to better target Mitigations that improve local air quality; and
- c. explores how to better target Mitigations that improve climate resilience in disadvantaged and vulnerable communities.<sup>2</sup>

In the attached White Paper PG&E provides its response to the three required items.

Respectfully Submitted,

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<sup>1</sup> Application A. 24-05-008.

<sup>2</sup> D. 22-12-027 p. 48.

**PACIFIC GAS AND ELECTRIC COMPANY**

**ATTACHMENT  
ENVIRONMENTAL AND SOCIAL JUSTICE WHITE PAPER**

# Environmental and Social Justice – Pilot Study Plan White Paper

July 15, 2024

## Introduction

As directed by D. 22-12-027, PG&E submitted the first ever Environmental and Social Justice (ESJ) Pilot Study Plan (PSP) in the Risk-Based Decision-Making Framework (RDF) (R.20-07-013) with its 2024 RAMP<sup>1</sup>. In the RAMP, PG&E outlines its commitment to Environmental and Social Justice<sup>2</sup> as well as many of the actions PG&E is taking to address Environmental and Social Justice in the context of the ESJ PSP.

The purpose of this White Paper is to comply with D.22-12-027 (p. 48) where the Commission required, two months after the filing of the RAMP, IOUs to each file a White Paper that:

- a. identifies areas for further exploration and challenges they faced incorporating ESJ into the RDF;*
- b. discusses how to better target Mitigations that improve local air quality; and*
- c. explores how to better target Mitigations that improve climate resilience in disadvantaged and vulnerable communities.*

PG&E provides herein its response to the three required items for the White Paper, and in the subsequent section, PG&E provides its review of the seven Action Items of the ESJ Pilot Study Plan with consideration for these three directives and lessons learned.

PG&E also provides recommendations on how the risk analysis started by the ESJ PSP can be improved to develop a complete process for analyzing the risk consequences and mitigation benefits to Disadvantaged and Vulnerable Communities (DVCs).

## Executive Summary

PG&E makes the following overarching observations and recommendations regarding incorporating ESJ concerns into the RDF:

1. Flexibility –Application of cost-benefit analysis to DVCs has traditionally *undervalued* these communities because benefits have mainly accrued to prevention of property loss and the disruption of economic activity, which are generally higher in wealthier communities<sup>3</sup>. Thus, the RDF should be recognized as only one component of a flexible and comprehensive evaluation framework. This view is consistent with the findings of independent research organizations. For example, the Urban Institute recommends that “BCA (benefit-cost analysis) can be one among many determining criteria for project selection and

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<sup>1</sup> [2024-ramp-application-pge051524.pdf](#)

<sup>2</sup> PG&E 2024 RAMP Exh. 2 Ch. 7 pg. 1-2

<sup>3</sup> Improving Benefit-Cost Analyses for Rural Areas, November 2021, Headwaters Economics, <https://headwaterseconomics.org/equity/improving-benefit-cost-analyses/#point3>

prioritization”<sup>4</sup>. Hence, isolating and focusing the risk analysis on the unique needs of each individual DVC is crucial to determining the necessary actions to take.

2. Simplicity and Transparency – Even though more efforts can be made to incorporate ESJ issues mathematically into the RDF and cost-benefit ratios, it comes at a cost of increasing complexity and lack of transparency. PG&E believes that adding increasing mathematical sophistication to the RDF may not be productive. It hinders communication and limits the scope of participation and feedback to an ever more specialized pool of experts, when what is required is increased participation and a diverse set of views.
3. Outreach, Coordination and Communication - Without feedback from ESJ communities and their representatives it is difficult to account for ESJ priorities and take informed action. Yet, to do this effectively, ESJ representatives need to be well-informed about risk assessment and the methodologies employed in the risk framework. Developing familiarity and expertise with the RDF is a significant undertaking given its highly technical nature. The Commission should consider creating an outreach effort to inform ESJ representatives and subject matter experts of the Risk OIR and its scope, objectives, and methodologies.
4. A Consolidated Approach - Currently, ESJ issues and funding for programs are found across multiple Commission proceedings. Further, the ESJ Pilot Study Plan Actions were found to overlap with the scope of other proceedings at both the CPUC and under other California State regulations. The Commission should consider including its “ESJ Core Group” in ongoing RDF and related proceedings and coordinate proceedings and subject matter experts when topics are expected to branch outside the RDF.

## Environmental and Social Justice in the RDF

### a) Identify areas for further exploration and challenges faced incorporating ESJ into the RDF.

PG&E found incorporating DVCs to all of its mapping tools through this ESJ PSP to be an effective and sustainable action for improving its ability to target mitigations to DVCs. PG&E intends to explore using this newly available data for improving its processes on mitigation prioritization. This mapping effort also successfully achieves the CPUC’s February 2019 ESJ Action Plan Item 4.1.4<sup>5</sup> with disadvantaged communities now being available in asset mapping tools used by PG&E.

However, using CalEnviroScreen with the criteria specified in R.22-12-027, while helpful in identifying *census tracts* that are considered Disadvantaged and Vulnerable, does little to identify the direct impacts of risks faced by the communities. For instance, PG&E identified DVCs in Yuba City that are within the Inundation Zones of PG&E dams in the LGUWR risk; PG&E also identified rural communities in the Sierra Nevada mountain range that are also in Inundation Zones. While PG&E is using the RDF to reduce the risk of dam failure, PG&E expects that if a dam failure were to occur, the needs of an urban DVC is significantly different than that of a rural DVC with fewer routes of egress. Similarly, PG&E identified Gas

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<sup>4</sup> Equitable Investments in Resilience, A Review of Benefit-Cost Analysis in Federal Flood Mitigation Infrastructure, June 2021, Urban Institute, <https://www.urban.org/sites/default/files/publication/104302/equitable-investments-in-resilience.pdf>

<sup>5</sup> [esj-action-plan-v2jw.pdf \(ca.gov\)](#) Appendix A p. 43

Transmission Assets that may only intersect a DVC for a few feet and away from population centers and others that may intersect for several miles. No information in CalEnviroScreen could be used to determine population density, routes of egress, or other critical factors regarding a DVC within a census tract.

PG&E strongly believes that one way to improve the analysis of the risk consequences to DVCs is by enabling IOUs to perform flexible and DVC-tailored analyses of costs, and benefits in the RDF. In the Decision for Phase III, Commission Staff has mandated 5x5 homogenized risk tranching<sup>6</sup>. PG&E has concerns that this tranching methodology might obscure each DVC within and across tranches. As an alternative to further increasing modeling complexity by trying to capture DVC concerns in tranches and cost-benefit ratios, the Commission should explore ways to incorporate DVC analysis simply and transparently, for example, by supplementing the ratios with separate DVC-based criteria for determining where action should be taken. Therefore, PG&E recommends exploring alternative risk analyses with the support of ESJ experts in future Pilot Studies.

For assessing Reliability consequences, PG&E has been following the development of Lawrence Berkeley National Laboratories' (LBNL) proposed Power Outage Economics Tool (POET)<sup>7</sup> supporting the Interruption Cost Estimator 2.0 (ICE 2.0) tool<sup>8</sup>. While PG&E does not directly endorse the need for LBNL's POET tool, PG&E strongly advocates for the consideration of the approach chosen by LBNL where each DVC's explicit risk impacts and needs are determined. Consideration for routes of egress, backup power generators, fuel for power generators, budget and ability to procure additional fuel, and many other critical factors were documented through direct interview with representatives of the community to determine the real impacts facing a DVC based on each different risk event faced by the community. This type of analysis would enable IOUs, within the framework of the RDF, to significantly enhance the accuracy of CBRs when applied to mitigating the impacts to a DVC.

The issues raised above highlight that quantitative modeling of equity considerations is an evolving matter. Hence a flexible approach to ESJ issues, where cost-benefit ratios are just one among multiple criteria that span both quantitative and qualitative considerations, should be adopted in the RDF.

b) Discuss how to better target Mitigations that improve local air quality.

PG&E is working with the California Air Resources Board (CARB) and many other stakeholders of AB 617 and other similar proceedings to pursue action and regulation to improve local air quality. PG&E believes these are the appropriate forums for continuing the discussion to better target mitigations that improve local air quality.

c) Explore how to better target Mitigations that improve climate resilience in disadvantaged and vulnerable communities.

As described in the response to b), PG&E is exploring ways to better target mitigations. PG&E is an active participant in the Climate Adaptation Rulemaking (R.18-04-019) and is exploring ways to address climate resilience in DVCs. PG&E notes that ESJ regulations have been added to many other rulemakings per CPUC policy. PG&E is strongly supportive of addressing ESJ through multiple avenues. Consolidating

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<sup>6</sup> [533099839.PDF \(ca.gov\)](#), Phase 3 Decision, p. 26

<sup>7</sup> [Power Outage Economics Tool: A Prototype for the Commonwealth Edison Service Territory | Energy Technologies Area \(lbl.gov\)](#)

<sup>8</sup> [ICE Calculator](#)

objectives and oversight of DVC initiatives would avoid situations such as designation of the Community-Based Organization Working Group (CBOWG) to provide feedback to PG&E's Proposed ESJ PSP. However, the CBOWG was dormant and no longer meeting having accomplished its directive for convening<sup>9</sup>. PG&E's review of the CPUC's ESJ Action Plan identifies an "ESJ Core Team," however, PG&E noted that a CPUC ESJ Core Team was not involved in the RDF rulemaking that developed the ESJ PSP. PG&E believes that consistency can be improved by collecting rulemakings under the purview of specific stakeholders in the CPUC, IOUs, and other parties. PG&E recommends maintaining this centralized group as the nexus for developing ESJ regulations and for determining community outreach and oversight.

## PG&E's Recommended Next Steps

1. Consider a clear framework for integrating equity into RDF:
  - a. PG&E heard feedback during public meetings that DVCs felt frustrated that both "too much was being done" in their communities and "not enough was being done." This may be due to:
    - i. Lack of understanding of the objectives and methodologies of the RDF, and about the role of the RDF and risk mitigation programs in achieving the overarching goal of redressing inequities for DVCs.
    - ii. Lack of participation in determining mitigations.
  - b. PG&E supports exploring third-party tools such as POET as one method to quantify DVC impacts and needs.
  - c. IOUs need flexibility in the analysis and prioritization of mitigations to ensure that the most effective mitigations are targeted to DVCs; cost-benefit ratios should be one factor among multiple (including both quantitative and qualitative) to consider when selecting mitigations.
2. Consider how IOUs can indicate funding mechanisms for equity projects in RAMP:
  - a. PG&E encountered many ESJ efforts that are being accomplished through tax incentives or other non-GRC avenues. PG&E articulated these efforts in the 2024 RAMP, however more projects are expected with alternative funding, thereby highlighting that cost benefit ratios should only be one consideration, as these alternative venues might not consider them in their selection criteria hence complicating the evaluation of programs across venues.
  - b. If a project is expected to be funded or partially funded through the GRC and is addressing equity, a clear and consistent indication of such a project would help internal and external stakeholders ensure appropriate funding.
3. Consolidate the purview of ESJ regulations to reduce duplication, overlap, and conflict:
  - a. PG&E met with numerous internal stakeholders that were undertaking ESJ efforts at the direction of CPUC regulations, however, each had different objectives, oversight, and stakeholders as well as a variety of funding mechanisms.
  - b. PG&E has a centralized ESJ group which contributed significantly to its success in executing the ESJ PSP.

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<sup>9</sup> D.22-04-037, OP 4, "The Community Based Organization Arrears Case Management Pilot Working Group shall consider the parameters of a Community Based Organization Arrears Case Management Pilot Program as outlined in Attachment B to this decision and develop and finalize a proposal..."

## Proposed Enhancements to the Action Items of the ESJ PSP.

In general, PG&E found that the Action Items<sup>10</sup> were a useful first step in addressing equitable outcomes when selecting risk mitigation programs. However, the Items were, in some cases, redundant or overly broad and ambitious. PG&E provides the following recommendations for consideration by the Commission.

### Action Item #1: Risk Analysis

**Consider equity in the evaluation of Consequences and risk mitigation within the RDF, using the most current version of CalEnviroScreen to better understand how risks may disproportionately impact some communities more than others.**

PG&E, in accomplishing this Action Item, integrated Action Item #6 into a single process within its RAMP development. PG&E found this combined analysis to be the most effective and insightful in using the RDF to determine risk impacts and mitigation benefits to DVCs.

To enhance Action Item #1 in the RDF, PG&E proposes:

1. Combining with Action Item #6 and determining a single process for performing a comprehensive risk assessment for DVCs.
2. Mapping DVCs into work prioritization tools is the most sustainable way to understand when mitigations are or are not addressing equity. However, CalEnviroScreen is insufficiently granular for certain determination of the risk consequences and mitigation benefits for a DVC. Thus, consider alternative or supplemental tools for risk analysis.

### Action Item #2: Clean Energy

**Consider investments in clean energy resources in the RDF, as possible means to improve safety and reliability and mitigate risks in DVCs.**

PG&E believes that the RDF can be used as an effective platform for IOUs to consider investments intended to address equity and receive feedback on these investments from stakeholders. However, enhancements to the RDF would better enable ESJ-related project representation:

1. Combine with Action Items #3 and #4 to allow for a more comprehensive view into actions IOUs are undertaking for clean energy, air quality, climate resilience, and other initiatives (e.g., improving energy efficiency in affordable housing).
2. Allow for ESJ-related projects that may not explicitly reduce risks on the risk register to be discussed.
3. Determine methods of indicating equity projects that are in scope of RAMP as well as equity projects that are funded by mechanisms outside of the RAMP.

### Action Item #3: Air Quality

**Consider Mitigations that improve local air quality and public health in the RDF, including supporting data collection efforts associated with AB 617 regarding community air protection program.**

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<sup>10</sup> D.22-12-027, pp. 65-67, Ordering Paragraph (OP) 5.



As stated in Action Item #2, this Action Item should be combined with #2 and the enhancements proposed there should be considered.

#### Action Item #4: Climate Resiliency

**Evaluate how the selection of proposed mitigations in the RDF may impact climate resiliency in DVCs.**

In addition to combining with Action Item #2, this Action Item should be revisited as the exploratory methods for addressing Climate Resiliency in the RDF as directed by Phase III are implemented.

#### Action Item #5: Wildfire Smoke

**Evaluate if estimated impacts of wildfire smoke included in the RDF disproportionately impact DVCs.**

PG&E emphasizes that the ESJ Pilot Study Plan is an inappropriate venue to take up such a critical topic. This is not to say that PG&E does not support analyzing and evaluating the impacts of wildfire smoke, however, many stakeholders, e.g., intervenors, academics, regulatory agencies, have stated how difficult accurately addressing the issue of wildfire smoke is.

PG&E proposes that this Action Item be removed from the ESJ Pilot Study Plan as it detracts from the goals of Environmental and Social Justice until the data and methodology of estimating the impact of wildfire smoke from utility wildfires is determined in a suitable forum that includes appropriate stakeholders such as OEIS, CARB, and intervening parties, especially MGRA whose research papers PG&E used in its analysis for this Action Item.

#### Action Item #6: Cost Comparison

**Estimate the extent to which risk mitigation investments included in the RDF impact and benefit DVCs independently and in relation to non-DVCs in the IOU service territory.**

As stated, this Action Item should be absorbed into Action Item #1.

#### Action Item #7: Outreach

**Enhance outreach and public participation opportunities to meaningfully participate in risk mitigation and climate adaptation activities consistent with D.20-08-046.**

This Action Item is effective as a platform for discussing ongoing communications with ESJ organizations and for future plans to do so. However, the CBOWG is no longer convening, having completed its stated objective, and should be removed from the requirement of this Action Item. Further, as stated in response to (c) above “Explore how to better target Mitigations that improve climate resilience in disadvantaged and vulnerable communities,” this Action Item particularly overlaps with other ESJ regulations, e.g., Climate Adaptation Rulemaking requirements for community engagement, so it should be revisited with a view of potential overlaps.