

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 30, 2020

Wildfire Safety Division Evaluation of Liberty Utilities' Remedial Compliance Plan

The Wildfire Safety Division (WSD) finds that Liberty Utilities' (Liberty) Remedial Compliance Plan (RCP) is Insufficient. WSD reviewed Liberty's RCP in accordance with guidance set out in Resolution WSD-002, Resolution WSD-007, and the WSD letter titled "Guidance on the Remedial Compliance Plan & Quarterly Report Process Set Forth in Resolution WSD-002," provided to electrical corporations on July 17, 2020.¹

1. Introduction

These findings act on the Remedial Compliance Plan (RCP) submitted by Liberty on July 27, 2020. RCP submittals were required as a stipulation of the Wildfire Safety Division's (WSD) "Conditional Approval" of Liberty's 2020 Wildfire Mitigation Plan (WMP). RCPs were required to address all Class A deficiencies identified by the WSD in its review of Liberty's 2020 WMP. In this document, the WSD issues its determination of whether Liberty's RCP is "Sufficient" or "Insufficient." In accordance with the letter titled "Guidance on the Remedial Compliance Plan & Quarterly Report Process Set Forth in Resolution WSD-002" (RCP & QR Guidance Letter) issued by the WSD on July 17, 2020, if an RCP is deemed "Sufficient" no further action related to the RCP is required; however, in the event that an RCP is found "Insufficient," the WSD may provide further direction on necessary actions Liberty must take to deliver a sufficient RCP and recommend potential enforcement action.

The WSD finds that Liberty's RCP is Insufficient. Liberty was required to satisfy the Class A deficiencies shown in Table 1 and set forth in Resolution WSD-002 and Resolution WSD-007.

Table 1: Class A Deficiencies from Liberty's 2020 WMP

Deficiency/Condition No.	Class	Deficiency Title	Sufficiency Finding
Guidance-3	A	Lack of risk modeling to inform decision-making.	Insufficient

Due to the WSD's determination that Liberty's RCP is Insufficient, in its 2021 WMP update, Liberty is required to address all Actions identified in Section 5.1 of this document. Nothing in this document should be construed as a decision by WSD or the CPUC not to pursue other compliance or enforcement mechanisms if appropriate.

¹ https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/About_Us/Organization/Divisions/WSD/WSD%20Guidance%20Statement%20on%20RCP%20QP%2020200717.pdf

2. Background

On February 7, 2020, electrical corporations submitted their 2020 WMPs in accordance with the 2020 WMP Guidelines issued through an Administrative Law Judge (ALJ) Ruling on December 16, 2019. Pursuant to its statutory mandate, the WSD reviewed and issued its disposition of electrical corporation's 2020 WMPs via the 2020 WMP Resolutions.² Upon review of electrical corporations' 2020 WMPs, the WSD identified several elements that were missing or inadequate in the filings. Each of these issues was identified as a "Deficiency." A corresponding "Condition," intended to remedy the identified deficiency, was imposed on the electrical corporation as part of the WSD's "Conditional Approval" of 2020 WMPs. Each deficiency and associated condition was categorized into one of the following classifications, with Class A being the most serious:

- **Class A** - Aspects of the WMP are lacking or flawed;
- **Class B** - Insufficient detail or justification provided in WMP; and
- **Class C** - Gaps in baseline or historical data, as required in 2020 WMP Guidelines.

Consequently, upon review of Liberty's 2020 WMP, the WSD issued a "Conditional Approval." The Conditional Approval requires Liberty to satisfy the set of conditions set forth in Resolution WSD-002 and Resolution WSD-008. Table 2 below presents a summary of the number of conditions, grouped by classification.

Class A conditions are intended to address aspects of electrical corporations' 2020 WMPs which the WSD found lacking or flawed and were of highest concern. Class A conditions require each electrical corporation to file an RCP, which is broadly defined in Resolution WSD-002 as follows:

An RCP must present all missing information and/or articulate the electrical corporation's plan, including proposed timeline, to bring the electrical corporation's WMP into compliance.

Pursuant to Ordering Paragraph (OP) 7 of Resolution WSD-002, Liberty was required to submit an RCP within 45 days of California Public Utilities Commission's (CPUC or Commission) ratification of Liberty's 2020 WMP Resolution, WSD-008. The Commission ratified the 2020 WMP Resolutions³ on Thursday, June 11, 2020; therefore, Liberty was required to file an RCP by Monday July 27, 2020. Liberty timely filed its RCP on Monday, July 27, 2020. Public comments on electrical corporations' RCPs were filed on August 10, 2020 by the Commission's Public Advocates Office, Mussey Grade Road Alliance, and Protect Our Communities Foundation.

² These included Resolutions WSD-002, WSD-003, WSD-004, WSD-005, WSD-007, WSD-008, WSD-009, and WSD-010.

³ These included Resolutions WSD-002, WSD-003, WSD-004, WSD-005, WSD-007, WSD-008, WSD-009, and WSD-010.

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Table 2: 2020 WMP Resolutions - Conditions Summary for Liberty

Condition Class	WSD-002	WSD-007	Total
Class A	1	0	1
Class B ⁴	10 (1)	4 (1)	14 (2)
Class C	1	1	2
Total	12	5	17

3. Summary of WSD's Assessment of RCPs

An RCP's fundamental intent is for electrical corporations to present a plan to resolve WMP deficiencies with the level of specificity, detail, and scope outlined in the respective condition. Accordingly, the WSD has determined whether an electrical corporation's RCP filing sufficiently resolves the deficiency and meets the intent of the condition. To make this determination, the WSD looked to Resolution WSD-002 and the factors used to evaluate 2020 WMPs. While all four factors used in evaluating WMP approval were not applicable⁵, the WSD evaluated the sufficiency for each Class A deficiency and RCP filing in accordance with the following factors:

- Completeness – The RCP is complete and comprehensively responds to the condition;
- Effectiveness - The plans and remedies outlined in the RCP will reasonably resolve the deficiency;
- Feasibility - The plans and remedies outlined in the RCP are reasonably feasible considering the electrical corporation's resources and the scope and timeline identified.

Outlined in Table 3, below, are the approval criteria the WSD used to evaluate whether an RCP filing is sufficient. In this document, the WSD issues one of the following determinations:

- Sufficient - The RCP is sufficient, and no further action is required;
- Insufficient - The RCP is insufficient.

If the WSD finds that an RCP is Insufficient, the WSD will require the electrical corporation to address the insufficiencies in its 2021 WMP update, in accordance to the specific actions outlined in Section 5.1 of this document. The WSD will assess the responses in its evaluation of the 2021 WMP update and will factor noncompliance into its review and may recommend enforcement action be taken by the CPUC.

⁴ Values in parenthesis indicate the number of Class B deficiency and condition pairs that require ongoing reporting. All other Class B deficiency and condition pairs will be addressed in the electrical corporations' first quarterly report submission.

⁵ Forward-looking growth is not applicable to assessing sufficiency of RCPs because the RCP, by its nature, is intended to address a current plan of action to address lacking or flawed aspects of 2020 WMPs and does not require an assessment of maturity growth.

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Table 3: RCP Evaluation Criteria

Category	Criteria
Completeness	Does the RCP provide all the information identified in the condition?
	If not, does the utility provide an explanation of why the RCP is incomplete and a timeline for when the completed information will be provided?
	Does the RCP include a timeline for implementation and completion of remedial actions?
Effectiveness	Does the RCP identify reasonably effective plans and remedies to resolve the identified deficiencies?
	Is the timeline identified in the RCP sufficient, given the importance of the deficiency and its potential impact on wildfire risk?
Feasibility	Does the utility reasonably have the resources required to execute the plans and remedies in its RCP in accordance with the identified scope and timeline?

4. Public and Stakeholder Comments

On August 10, 2020, public comments were received on the RCPs, but no comments raised major issues specific to Liberty.

5. Discussion of the WSD’s RCP Assessment

In accordance with guidance set out in Resolution WSD-002 and the RCP & QR Guidance Letter, in Table 4 below the WSD presents its findings of sufficiency for Liberty’s RCP in totality.

Table 4: Review of Liberty’s RCP by Evaluation Criterion

Category	Criteria	Yes	No
Completeness	Does the RCP provide all the information identified in the condition?		X
	If not, does the utility provide an explanation of why the remedy is incomplete and a timeline for when the completed information will be provided?		X
	Does the RCP include a timeline for implementation and completion of remedial actions?	X	
Effectiveness	Does the RCP identify reasonably effective plans and remedies to resolve the identified deficiencies?		X
	Is the timeline identified in the RCP sufficient, given the importance of the deficiency and its potential impact on wildfire risk?	X	
Feasibility	Does the utility reasonably have the resources required to execute the plans and remedies in its RCP in accordance with the identified scope and timeline?	X	

Accordingly, the WSD finds Liberty's RCP to be Insufficient.

WSD requests clarification or additional information to remediate its finding of Insufficient RCP elements. In its 2021 WMP update, Liberty is required to address all Actions identified in Section 5.1.

5.1. Discussion of the WSD's Condition Assessment

Pursuant to WSD-002, these findings and the subsequent discussion comprise the WSD's review of Liberty's RCP, which includes input from the public and other stakeholders. The following is an assessment of Liberty's response to each Class A condition, as presented in its RCP. Provided in the discussion are the detailed elements pertaining to the requirements for each Liberty Class A condition, with a corresponding required "action" to sufficiently address the scope, purpose, and intent of the specific element in each applicable condition. Each action identified in the subsequent sections are individually numbered and must be completely addressed in Liberty's 2021 WMP update to meet the WSD's expectation of a sufficient RCP.

5.1.1. Condition (Guidance-3, Class A):

Lack of Risk Modeling to Inform Decision-Making

WSD finding for Liberty's Condition Guidance-3 response: Insufficient

Below is an analysis of the itemized requirements within Condition Guidance-3, corresponding discussions of specific insufficiencies in Liberty's response to Guidance-3, and the necessary actions required to make Liberty's RCP Sufficient:

Each electrical corporation shall submit in its remedial correction plan (RCP) the following:

i. How it intends to apply risk modeling and risk assessment techniques to each initiative in its WMP, with an emphasis on much more targeted use of asset management, vegetation management, grid hardening and PSPS based on wildfire risk modeling outputs;

Liberty states in its 2020 WMP and RCP that it is developing a risk-based decision-making (RBDM) framework with the help of a consultant. While Liberty currently does not have risk models in place to help determine mitigation targeting, it does provide a reasonable timeline for implementation of the RBDM model. However, Liberty does not discuss what it uses in place of modeling in the interim.

Action Liberty-1: In its 2021 WMP update, Liberty shall provide details on its current efforts in place of modeling until the RBDM model is implemented.

Action Liberty-2: In its 2021 WMP update, Liberty shall: 1) provide detail on which WMP initiatives will rely on the RBDM model, and 2) describe what other modeling efforts will be used for initiatives that will not implement the RBDM model.

ii. Identify all wildfire risk analyses it currently performs (including probability and consequence modeling) to determine which mitigation is targeted to circuits and assets where initiatives will provide the greatest benefit to wildfire risk reduction;

Liberty identifies its outage reporting data and “historical incidents and associated characteristics”⁶ as the risk analyses that are currently used. It is unclear to the WSD whether these encompass all wildfire risk analyses Liberty performs, and more information should be given on the extent to how the analyses are currently being used.

Action Liberty-3: In its 2021 WMP update, Liberty shall clarify whether outage data and historical incidents are the only wildfire risk analyses that it currently performs. If not, Liberty needs to provide all analyses being completed, including supporting documentation (e.g. algorithm(s), data sources, relative weighting factors, quality control processes, etc.).

Action Liberty-4: In its 2021 WMP update, Liberty shall explain how it uses outage history for decision-making and prioritization of initiatives.

Action Liberty-5: In its 2021 WMP update, Liberty shall explain how it identifies, assesses, and tracks any non-outage events (e.g. incidents, near-misses, fall-ins), as well as what data attributes and “associated characteristics” of these non-outage events are tracked.

iii. A timeline to leverage its risk modeling outputs to prioritize and target initiatives and set PSPS thresholds, including at least asset management, grid operations, vegetation management, and system hardening initiatives;

Liberty expects its first-generation RBDM model to be completed in late summer 2020 and implemented for 2021.

Action Liberty-6: In its 2021 WMP update, Liberty shall provide an update on the status of the RBDM model development and implementation.

iv. How it intends to incorporate future improvements in risk modeling into initiative prioritization and targeting processes; and

Liberty states that it intends to improve its early generation RBDM models by incorporating data from LiDAR, asset inventory results, distribution fault anticipation analysis, inspection reports, peer utility data, and additional research. It is difficult to determine the effectiveness of this approach because the models are still in development and the inputs and outputs are currently unknown.

⁶ Liberty RCP at 2.

Action Liberty-7: In its 2021 WMP update, Liberty shall discuss the incorporation of peer utility data into the RBDM model by: 1) explaining what “peer utility data” entails, 2) list the utilities Liberty is working with, and 3) describe the data being obtained and how it is utilized and incorporated in its RBDM model assessments.

Action Liberty-8: In its 2021 WMP update, Liberty shall discuss the incorporation of additional research into the RBDM model by: 1) explaining what “additional research” entails, and 2) providing a list of all internal and external research being conducted for modeling, including the status and estimated times of completion, as well as which WMP initiatives will be affected by the research.

v. How it intends to adapt its approach based on learnings going forward.

Liberty seems committed to reevaluating and retooling the RBDM model on a regular basis, however, details on the actual process for doing so are vague.

Action Liberty-9: In its 2021 WMP update, Liberty shall describe the lessons from other IOUs that have been incorporated into its modeling efforts thus far, and describe how it has collaborated with other IOUs to determine and evaluate lessons learned.

Action Liberty-10: In its 2021 WMP update, Liberty shall explain how it plans to engage with and leverage available technologies to improve its RBDM framework, including a list and description of all such technologies.

Action Liberty-11: In its 2021 WMP update, Liberty shall explain how it intends to vet the accuracy of the RBDM model and describe the quality assurance/quality control processes for evaluating model outputs.

6. Conclusion

Catastrophic wildfires remain a serious threat to the health and safety of Californians. Electric utilities must continue to make progress toward reducing utility-related wildfire risk. With the finding of “Insufficient” for Liberty’s RCP, the WSD intends to send a clear message to Liberty that its WMP, RCP, and QRs must be of the highest quality and include sufficient detail and plans to facilitate transparency, allow for efficient review, and effectively implement potentially lifesaving wildfire risk mitigation initiatives. The WSD will continue to ensure Liberty is held accountable for successfully executing the wildfire risk reduction initiatives presented in its 2020 WMP, RCP, and other required updates through the Division’s continued audit and compliance work. As indicated in Section 5.1 above, Liberty shall address the insufficient elements of its RCP submission by taking the actions identified by the WSD and presenting the required information and detail in its 2021 WMP update.

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Finally, along with the issuance of this action statement, the WSD concurrently issues a Notice of Noncompliance document summarizing the findings and noncompliance issues detailed herein. The WSD notes that nothing in this action statement or the concurrent Notice of Noncompliance precludes the Commission from exercising its enforcement authority related to any findings or matters addressed in the instant document.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. T. Jacobs', with a stylized flourish at the end.

Caroline Thomas Jacobs
Director, Wildfire Safety Division
California Public Utilities Commission