



March 24, 2025

The Honorable Scott Wiener
Chair, Committee on Budget and
Fiscal Review
California State Senate
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Committee on Budget
California State Assembly
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Josh Becker
Chair, Committee on Energy, Utilities,
and Communications
California State Senate
1021 O Street, Suite 3350
Sacramento, CA 95814

The Honorable Cottie Petrie-
Norris
Chair, Committee on Utilities
and Energy
California State Assembly
1020 N Street, Room 408A
Sacramento, CA 95814

Subject: Reports on Operational Observer of covered utilities from the Governor's Office of Emergency Services (Cal OES)

Dear Senator Wiener, Assemblymember Gabriel, Senator Becker, and Assemblymember Petrie-Norris:

Pursuant to the California Budget Act of 2023 (SB 104), Section 2, line 0690-001-0001 provision 10, Cal OES is transmitting the attached reports on the activities and expenditures of Filsinger Energy Partners serving as an Operational Observer to covered utilities.

Should you have any questions, please contact Deputy Director of Legislative and Governmental Affairs, Yvonne Dorantes at (916) 606-8107 or Yvonne.Dorantes@caloes.ca.gov.

Sincerely,


NANCY WARD
Director

Enclosures: Reports on Operational Observer of covered utilities from Cal OES:
July 1, 2024 and January 31, 2025
cc: Nani Coloretti, Cabinet Secretary, Office of the Governor
Joe Stephenshaw, Director, Department of Finance



**REPORT TO CALIFORNIA LEGISLATURE
REGARDING FILSINGER ENERGY
PARTNERS**

**OPERATIONAL OBSERVER OF PACIFIC GAS & ELECTRIC TO
MITIGATE WILDFIRE RISK AND PUBLIC SAFETY POWER
SHUTOFF EVENTS**

July 1, 2024

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1 EXECUTIVE SUMMARY

This report is being provided pursuant to agreement number 6152-2019 (“Operational Observer Agreement”) as amended on January 29, 2024 between the California Governor’s Office of Emergency Services (“Cal OES”) and Filsinger Energy Partners (“FEP”). This agreement continued funding of an operational observer for Pacific Gas & Electric (“PG&E”) through February 1, 2025. This report complies with the requirements of the Operational Observer Agreement and focuses on PG&E activity from January to April 2024.

As part of the Operational Observer Agreement, FEP acts as the operational observer for PG&E through an engagement with the California Governor’s Office (“Governor’s Office”), including Cal OES.

This report provides information specific to PG&E in the following areas: (1) activities undertaken, (2) specific issues identified in the Public Safety Power Shutoff (“PSPS”) processes, (3) qualitative and quantitative improvements to the PSPS processes resulting from these actions, (4) handling and coordination of new business¹ requests across its service territory, and (5) all work planning and execution processes related to new business requests and wildfire risk.²

From January to April 2024, PG&E did not have a PSPS event. PG&E continued to implement mitigations for potential PSPS events such as expanding portable battery deployment to its most vulnerable customers.

As of April 30, 2024, PG&E was waiting for a decision from the Office of Energy Infrastructure Safety (“OEIS”) on its 2024 wildfire mitigation plan (“WMP”) change order which included 19 items. The change order included two key items for (1) alignment of its system hardening mileage targets consistent with the General Rate Case (“GRC”) approval and (2) changing the distribution system inspection focus to mostly perform aerial inspections in the high fire threat districts (“HFTD”). PG&E had been executing its 2024 WMP programs with the assumption that the OEIS would approve all the items in the 2024 WMP change order.³

¹ New business consists of energization and establishment of new electric and gas services. The process begins with the customer application and is followed by PG&E’s actions to estimate/design, permit, schedule, construct, and provide energization to the customer.

² Work planning and execution processes include those that involve a) energization of new customers and b) repairs to existing assets for the purpose of remediation of the risk of wildfire which the damaged assets could cause. Steps include planning, scheduling, and execution of the work.

³ OEIS issued its decision on the 2024 WMP change order on May 31, 2024. The results of the decision were approval of 11 of the 19 items including the two items mentioned in this paragraph regarding system hardening mileage targets and the distribution system inspection focus in the HFTD. The OEIS decision will be covered in the next report.

2 OPERATIONAL OBSERVER BACKGROUND

FEP started operational observation of PG&E in May 2020. It was originally anticipated the observational role would continue through PG&E's emergence from bankruptcy. Upon PG&E's emergence from bankruptcy on the targeted date of June 30, 2020, FEP's contract was extended through September 2020 to continue in an operational observer role with a reduced scope primarily focusing on the 2020 wildfire PSPS season. After September 2020, the observer contract was extended multiple times and currently runs through January 31, 2025. As required by the Legislature, the operational observer focuses on (1) activities undertaken, (2) specific issues identified in the wildfire risk reduction processes of PG&E including the PPS processes of PG&E, (3) qualitative and quantitative information on improvements to the wildfire risk reduction processes of PG&E resulting from these actions, (4) handling and coordination of business requests across its service territory, and (5) the customer energization and distribution system (including the work, planning, and execution processes related to new business requests and wildfire risk).

3 FEP 2024 OPERATIONAL OBSERVER ACTIVITIES FOR PG&E

FEP continues to perform its operational observer function at PG&E. FEP's authorized activities include (1) attending portions of meetings of the board of directors and management meetings related to wildfire risk and public safety, (2) conducting field visits for all authorized activities, (3) observing and participating in meetings with PG&E leadership and subject matter experts for all authorized activities, (4) reviewing documentation for all authorized activities, (5) observing handling and coordination of new business requests across its service territory and all work planning and execution processes related to new business requests and wildfire risk, and (6) undertaking any other tasks reasonably required.

From January to April 2024, FEP attended and observed hundreds of PG&E meetings. FEP also has standing meetings with senior leaders, key operational leaders, operational teams, and key committees to develop independent observations regarding PG&E's planning and execution of its wildfire risk mitigation efforts, PPS events, and new business processes. These meetings were supplemented by a review of PG&E documentation related to these activities, followed by 'deep dive' meetings with PG&E to facilitate a detailed discussion of particular issues and activities such as vegetation management, system inspection program changes, and new business processes.

In addition to meetings and review of internal documents, FEP performed 16 site visits⁴ from January to April 2024 that included over 50 interviews with subject matter experts to review a variety of planned, ongoing and active programs. These programs include system hardening, vegetation management, system inspections, and new business. The site visits augmented information gathered from the meetings attended and documents reviewed by providing perspectives from real-world conditions.

⁴ February 2024 (5 visits), March 2024 (4 visits), April 2024 (7 visits).

4 PG&E ACTIONS

PG&E did not have a PSPS event in 2024 through April but continued certain activities to reduce its PSPS scope and impact including:

- continuation of webinars and town hall meetings (10 actual year to date ("YTD") vs 10 target);
- expansion of the generator and battery rebate program (877 actual YTD vs 890 target); and
- delivery of portable batteries at a much higher rate (808 actual YTD vs 58 target) due to an unusual spike in deliveries.⁵

From January to April 2024, the operational observer continued to provide to PG&E and the Governor's Office substantial independent observations regarding PG&E's processes and functions regarding wildfire mitigation programs (e.g., vegetation management, system inspections, system hardening), new business and work process execution, and various operational mitigations to reduce wildfire risk and the potential impacts on reliability.

The key PG&E accomplishments / results across the major programs from January through April 2024 are as follows:

- **Wildfire Mitigation Plan.** PG&E has 47 WMP commitments with the following status as of April 30, 2024: (a) completed — 4; (b) on track — 39; (c) not yet started⁶ — 3; and (d) at risk — 1. The at risk commitment is VM-01 which is vegetation management light detection and ranging ("LiDAR") for transmission assets. As of April 30, 2024, PG&E was developing a catch back plan to identify the actions to ensure this commitment is returned to on track status.
- **System Inspections.** To identify ignition risks on its infrastructure, PG&E is executing its expanded aerial inspection program in the distribution HFTD. PG&E leverages a revised inspection checklist to focus on the highest risk ignition components and relies more heavily on internal resources.
- **New Business.** Customer On Time Delivery ("COTD")⁷ continues to be near 35%. PG&E is executing a tactical implementation plan ("TIP") to reduce the intake cycle time from 90 to 15 days, but this will not be fully deployed until Q4 2024.

PG&E took several actions to implement modifications to its programs from January to April 2024 including the following.

⁵ Data as of April 30, 2024.

⁶ SA-02 for line sensor installation (will start in July 2024), SA-11 for early fault detection installation (started in May 2024), VM-14 for vegetation management second patrol (will start in Q4 2024).

⁷ COTD refers to the percent of customer requests which were completed on or before the requested date for completion.

- **System Inspections and Maintenance.** PG&E is executing its revised distribution program with the expanded use of aerial inspections to focus on components with the highest ignition risk. PG&E employs an updated checklist on these ignition components that can be seen through an aerial inspection. As part of the program, PG&E uses a revised job aid with simpler terminology and supporting pictures which was rolled out through in-person training. PG&E also relies more on internal resources (supported by hiring 60-70 inspectors through April 2024).
- **Vegetation Management program consolidation.** PG&E continues to look for planning and execution efficacy across its primary programs to identify strike tree risk⁸. The primary programs are (1) routine and second patrol, (2) focused tree inspection (“FTI”) to identify strike trees in the highest risk areas of concern, (3) tree removal inventory (“TRI”) to remove trees previously marked for removal, and (4) vegetation management for operational mitigations (“VMOM”) to remove trees for customers whose reliability is most impacted by the enhanced powerline safety settings (“EPSS”) program.
- **Vegetation Management FTI program.** PG&E was executing the FTI program which was intended to identify strike trees in the highest risk areas of concern. During the execution of the FTI program, PG&E revised its FTI procedure to align with its WMP commitment language regarding what qualifies as a strike tree.
- **System Hardening.** After the November 2023 GRC decision, PG&E re-started the use of its decision tree to determine its approach to employ overhead vs underground hardening. Most projects are expected to be a hybrid approach between these two options resulting in approximately 60-70% of overhead hardening. PG&E is considering whether to revise its overhead hardening risk reduction estimate, which was developed in 2023, for overhead risk efficacy to reflect the impact of operational mitigations such as EPSS.
- **New Business Intake Process.** As of May 1, 2024, the COTD year to date performance was 35% (compared to a 40% target). PG&E completed 2023 near the 35% level and has a target to reach 80% COTD by the end of 2024. PG&E is executing its TIP across 10 initiatives to reduce the intake cycle time from 90 to 15 days (scheduled to be fully deployed by Q4 2024). Key elements of the TIP include (1) instituting a pre-application process to start with a complete application, (2) developing standards for preparing job packages, (3) implementing technology changes to facilitate the intake process, and (4) conducting training on the new procedures. In addition, PG&E initiated measurement and tracking of throughput⁹. The 2024 year-end target is completion of 15,975 orders. As of mid-April 2024, this metric was on target at approximately 5,300 orders (33% actual YTD vs 30% target).

⁸ Strike trees refer to trees most at risk to contact PG&E infrastructure that can potentially cause an ignition.

⁹ Throughput is defined as the total number of capital construction work orders processed through the system from intake through construction.

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- **New Business Unit Cost.** PG&E is working to balance its use of internal and external work crews to optimize unit cost while allowing for work execution flexibility using contractors. PG&E's current work crew mix is approximately 80% internal and 20% external. The crew mix is expected to adjust over time.
- **New Business Assembly Bill (AB) 50.** PG&E identified 18,742 orders which must be completed between January 31, 2023 and December 1, 2024, to comply with AB 50. As of mid-April 2024, 12,586 orders (67%) have been completed, cancelled, or deemed as an exception.¹⁰
- **Work Processes.** PG&E executes work across multiple work types including corrective maintenance, new business, and emergency work. PG&E created a work bundling tool to create efficiencies and improve the customer experience by bundling work on a per circuit basis. The work bundling had the following impacts as of April 30, 2024: 1) bundling of approximately 40% of routine work and 2) avoidance of approximately 19,000 outages¹¹. PG&E is still trying to optimize its scheduling and execution work processes at the enterprise and division levels.

¹⁰ Exceptions for AB 50 include any order with a COTD date greater than December 1, 2024, whether it be original or updated.

¹¹ Excludes EPSS bird mitigation work (maintenance activity type code 2AC) which may have been skewing the results.

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**OPERATIONAL OBSERVER OF PACIFIC GAS & ELECTRIC TO
MITIGATE WILDFIRE RISK AND PUBLIC SAFETY POWER
SHUTOFF EVENTS**

January 31, 2025

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1 EXECUTIVE SUMMARY

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As part of the Operational Observer Agreement, FEP acts as PG&E's operational observer through an engagement with the California Governor’s Office (“Governor’s Office”), including Cal OES.

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A few of the highlights covered in this report include:

- PG&E had four PSPS events which ranged from impacting fewer than one thousand to 17 thousand customers between May and October 2024;
- PG&E experienced a spike in ignitions during July 2024 which was followed by a root cause investigation and associated mitigations;
- In June 2024, the California Office of Energy Infrastructure Safety (“OEIS”) partially approved PG&E’s 2024 wildfire mitigation plan (WMP) change order; and
- PG&E made an initial, and supplemental filing for rate recovery to cover energization costs under Senate Bill 410 (“SB 410”) during 2024.

¹ New business consists of energization and establishment of new electric and gas services. The process begins with the customer application and is followed by PG&E’s actions to estimate/design, permit, schedule, construct, and provide energization to the customer.

² Work planning and execution processes include those that involve a) energization of new customers and b) repairs to existing assets for the purpose of remediation of the risk of wildfire which the damaged assets could cause. Steps include planning, scheduling, and execution of the work.

2 OPERATIONAL OBSERVER BACKGROUND

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From May through October 2024, FEP attended and observed hundreds of PG&E meetings. This included standing meetings with senior leaders, key operational leaders, operational teams, and key committees to develop independent observations regarding PG&E's planning and execution of its wildfire risk mitigation efforts, PSPS events, and new business processes. These meetings were supplemented by a review of PG&E documentation related to these activities, followed by 'deep dive' meetings with PG&E to facilitate a detailed discussion of particular issues and activities such as vegetation management, system inspection program changes, and new business processes.

In addition to meetings and review of internal documents, FEP performed 23 site visits³ from May through October 2024 that included numerous interviews with subject matter experts to review a variety of planned, ongoing and active programs. These programs included system hardening, vegetation

³ June 2024 (six visits), July 2024 (seven visits), August 2024 (two visits), September 2024 (two visits), and October 2024 (six visits).

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management, system inspections, and new business. The site visits augmented information gathered from the meetings attended and documents reviewed by providing perspectives on real-world conditions.

4 PG&E ACTIONS AND KEY PROGRAM UPDATES

PSPS Events and Mitigations

PG&E had four PSPS events in 2024 through October. The summary statistics are included below⁴:

Event Date	7/2/24	7/5/24 (cancelled)	7/20/24	9/30/24	10/17/24 ^B
Customers Notified	12,015	6,115	16,062	14,098	20,483
Counties Notified ^A	10	4	7	11	24
Tribes Notified ^A	2	0	0	2	5
Customers De-energized	1,843	N/A	211	9,176	17,464
Counties/ Tribes De-energized	9	N/A	3	7	24
Customers Mitigated ^C	15,509	N/A	5,031	10,458	169,289
Damages and Hazards Avoided ^D	0	N/A	1	1	3

^A Counties/Tribes Notified for 07/02 Event: Butte, Colusa, Cortina Rancheria, Glenn, Grindstone Rancheria, Lake, Napa, Shasta, Solano, Sonoma, Tehama, and Yolo. Counties Notified for 07/05 Cancelled Event: Fresno, Monterey, San Luis Obispo and San Benito. Counties Notified for 07/20 Event: Alameda, Contra Costa, Fresno, Merced, San Benito, San Joaquin and Stanislaus. Counties/Tribes Notified for 09/30 Event: Alameda, Butte, Colusa, Contra Costa, Glenn, Humboldt, Napa, Shasta, Sonoma, Tehama, Trinity, Grindstone Rancheria and Pit River Tribes.

^B Data is as of the 1400 Situation Report on 10/20/2024 and is subject to change. Counties/Tribes Notified for 10/17 Event: Alameda, Butte, Colusa, Contra Costa, Fresno, Glenn, Lake, Madera, Mariposa, Mendocino, Merced, Monterey, Napa, Plumas, San Benito, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Solano, Sonoma, Stanislaus, Tehama, Yolo, Big Sandy Rancheria, Cortina Rancheria, Grindstone Rancheria, Middletown Rancheria and North Fork Rancheria.

^C Mitigations are due to measures such as sectionalizing devices, distribution switching, temporary generation, microgrids, permanent backup generation, and transmission switching.

^D Asset damages or hazards (e.g., wire down, fallen pole) identified during post PSPS event restoration patrols that could have caused an ignition but likely did not occur due to the PSPS event.

⁴ Source: PG&E.

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The PSPS events continued to have a lower impact than historically experienced partially due to more granular meteorological forecasting (i.e., resolution now at 0.7 x 0.7 km pixels down from historical 3.0 x 3.0 km and 2.0 x 2.0 km).⁵ During the events, PG&E continued to apply additional operational mitigations, notably enhanced public safety power settings (“EPSS”) which protected 900+ circuits during the October 17, 2024 event (PG&E’s largest since 2021).

In addition, PG&E continued certain PPS mitigation programs including:

- conducting webinars and town hall meetings (30 actual year to date (“YTD”) vs 27 target);
- expanding the generator and battery rebate program (2,549 actual YTD vs 2,325 target); and
- delivering portable batteries at a higher rate (3,244 actual YTD vs 2,880 target).⁶

Wildfire Mitigation Plan (WMP) approval

PG&E filed for its 2024 WMP change order in January 2024, making 19 requests. In June 2024, OEIS approved 11 of the 19 requests; the decision on each request is listed in the table below.

Approved	Rejected
<u>GH-01</u> : reduce overhead hardening commitment from 470 to 280 miles based on GRC ⁷	<u>AI-08</u> : reduce target for distribution substation inspections from 72 to 62
<u>GH-04</u> : reduce underground hardening commitment from 450 to 250 miles based on GRC	<u>AI-09</u> : reduce target for transmission substation inspections from 36 to 35
<u>PS-07</u> : reduce target for customer PSPS events mitigated from 18,000 to 9,980	<u>AI-10</u> : reduce target for hydroelectric generating substation and powerhouse inspections from 46 to 37
<u>AI-07</u> : perform detailed system inspections on ~220K distribution poles (37K aerial, 183K ground) instead of ~233K poles	<u>VM-06</u> : reduce target for defensible space transmission inspections from 55 to 54
<u>GM-09</u> : combine quality control targets for desktop and field audits for both HFTD transmission and distribution system inspections	<u>VM-07</u> : reduce target for defensible space hydroelectric generating substation and powerhouse inspections from 61 to 59

⁵ More refined resolution of meteorological data enables PG&E to isolate smaller areas to be impacted by a PSPS event. To illustrate, the 0.7 km x 0.7 km grid is approximately eight times greater resolution than the 2.0 km x 2.0 km grid.

⁶ As of October 16, 2024.

⁷ Test Year 2023 General Rate Case (“GRC”).

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Approved	Rejected
<p><u>GM-01</u>: eliminate the terms for “ground” and “aerial” for quality assurance on the updated targets for both transmission and distribution system inspections</p>	<p><u>VM-04</u>: expand the definition of a ‘mitigated’ tree to include trimmed trees where the fall-in risk was mitigated</p>
<p><u>VM-01</u>: revise quarterly targets for light detection and ranging (LiDAR) transmission inspections:</p> <ul style="list-style-type: none"> • Q2 reduce from 17,500 to 16,000 • Q3 reduce from 17,500 to 17,000 <p>There is no change to the annual targets.</p>	<p><u>PS-06</u>: provide permanent batteries to PG&E customers in addition to new or replacement batteries</p>
<p><u>VM-03</u>: revise quarterly targets for focused tree inspections:</p> <ul style="list-style-type: none"> • Q2 reduce from 500 to 300 • Q3 reduce from 1,250 to 1,050 <p>There is no change to the annual targets.</p>	<p><u>VM-05</u>: complete defensible space inspections based on guidelines in LAND-5201P-01 instead of LAND-4001P-01</p>
<p><u>VM-13</u>: revise quarterly targets for routine ground transmission inspections:</p> <ul style="list-style-type: none"> • Q2 reduce from 16,396 to 9,000 • Q3 reduce from 17,738 to 16,000 <p>There is no change to the annual targets.</p>	
<p><u>VM-16</u>: revise quarterly targets for routine distribution patrol inspections:</p> <ul style="list-style-type: none"> • Q2 reduce from 39,325 to 31,460 • Q3 reduce from 58,988 to 51,123 <p>There is no change to the annual targets.</p>	
<p><u>VM-17</u>: revise quarterly targets for distribution second patrol inspections:</p> <ul style="list-style-type: none"> • Q2 reduce from 11,831 to 10,274 • Q3 reduce from 17,947 to 16,695 <p>There is no change to the annual targets.</p>	

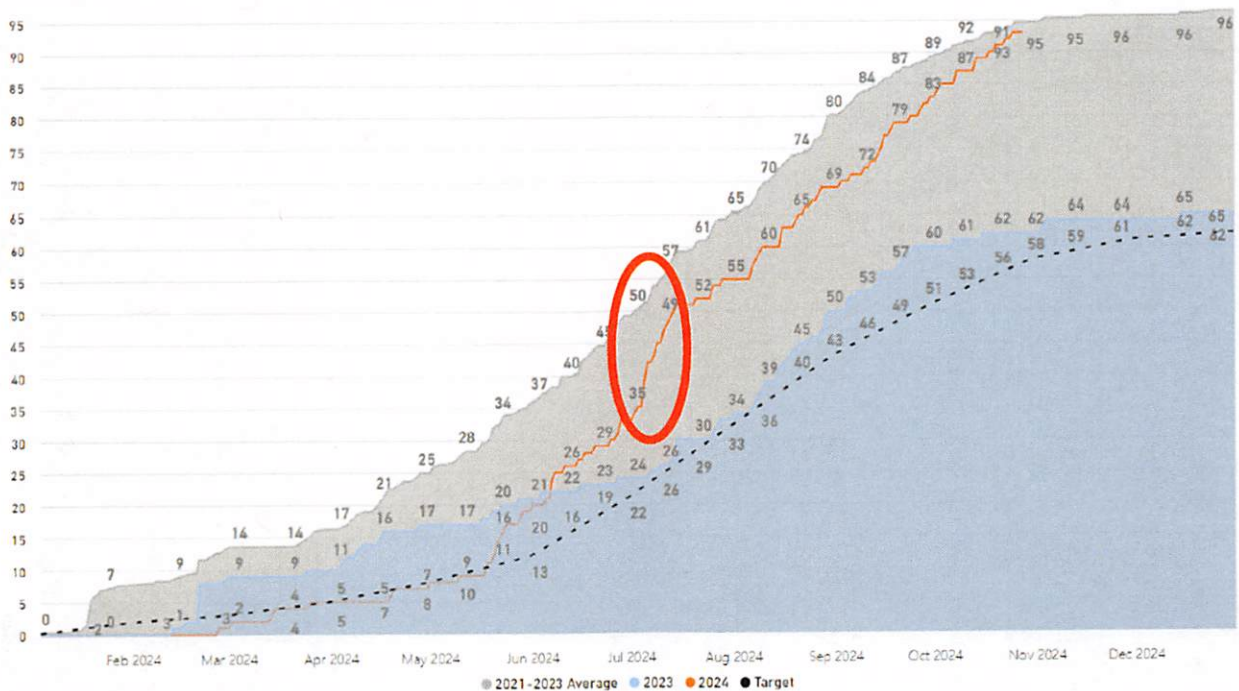
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The key approvals included (1) alignment of its system hardening mileage targets consistent with the GRC approval and (2) changing the distribution system inspection focus to mostly perform aerial inspections in the high fire threat districts (“HFTD”). OEIS rejected a variety of items where PG&E did not meet the change order requirements of sufficiently reducing risk or being a strategic change. The rejected items are not anticipated to materially impact PG&E’s operations.

Ignitions

During July 2024, PG&E experienced a spike in ignitions as illustrated in the chart below, yet none of these ignitions resulted in a catastrophic wildfire. The chart shows California Public Utility Commission (“CPUC”) reportable ignitions⁸ in the HFTD and PG&E-designated high fire risk areas (“HFRA”). Through October, this type of ignition far exceeded similar ignitions in 2023 and approached the 2021-2023 average. In part, the increase in ignitions was a result of more adverse fuel conditions in 2024. The number of wildland fires and acres burned across the state were also higher through October 2024 than in prior years.

Number of CPUC Reportable Fire Ignitions in HFTD + HFRA⁹



Soon after the ignitions spike, PG&E stood up an Incident Management Team (“IMT”) to identify root causes for the ignitions and to deploy mitigations that could be implemented quickly. Two of the primary

⁸ Reportable ignitions are defined as fire ignitions started by utility equipment that traveled more than one linear meter from the ignition point.

⁹ Source: PG&E.

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mitigations were expansions of existing programs: (1) conducting pole clearing on 51,681 poles in addition to PG&E's existing compliance pole clearing program to address ignitions near poles¹⁰ and (2) deployment of 4,000 additional Gridscope¹¹ sensors (6,000 units were already planned, for a total deployment of 10,000 units) which are used to quickly identify outages and ignitions, and their locations to expedite restoration.

PG&E Independent Actions

From May through October 2024, the operational observer continued to provide PG&E and the Governor's Office substantial independent observations regarding PG&E's processes and functions regarding wildfire mitigation programs (e.g., vegetation management, system inspections, system hardening), new business and work process execution, and various operational mitigations to reduce wildfire risk and the potential impact on reliability.

PG&E took or is taking several independent actions to implement modifications to its programs, including the following:

Vegetation Management

As noted in the previous Legislative report, PG&E continues to look for planning and execution efficacy across its primary programs to identify strike tree risk.¹² PG&E is developing processes that will improve and align their vegetation outage and ignition investigations. Leveraging both historical and future improved data, PG&E is developing new data analytics methodologies that examine the correlation between ignition and outage causes such as species, lean, environmental conditions, and other factors. The purpose of the enhanced data analytics is to further refine PG&E's ability to identify tree strike risk and create a more effective vegetation management program. In addition, PG&E has further progressed with its insourcing and training of tree inspectors, as well as the skills assessment of tree crew workers.

Looking ahead to 2025, PG&E does not expect major changes to its primary vegetation management programs as it plans to comply with this iteration of its wildfire mitigation plan. For 2026, PG&E may

¹⁰ Each year, PG&E is required by regulations to conduct pole clearing around ~70,000 poles on which non-exempt equipment is installed. Non-exempt equipment is a Cal Fire designation for equipment that may create a spark in normal operation. The additional 51,681 poles do not have non-exempt equipment but do have equipment that may cause a spark when they fail.

¹¹ Gridscope sensors are produced and maintained by Gridware Inc. Each unit is mounted to an electric pole and contains a variety of sensors that can detect physical anomalies on the power grid such as line strikes, pole failures, and ignitions.

¹² Strike trees refer to trees most at risk to contact PG&E infrastructure that can potentially cause an ignition.

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propose consolidation of its primary programs based on the improved analyses of the vegetation ignition and outage data.

System Inspections

PG&E expanded its use of aerial inspections primarily in the distribution HFTD and refined its inspection checklist to focus on the highest risk ignition components. PG&E began analyzing the poles which were inspected both via ground and aerial to determine whether adjustments to their inspection methods are appropriate for 2025.

Risk Models

PG&E continued to evolve its distribution and transmission risk models for both planning and operations. Updated operational risk models used for EPSS and PSPS were approved in July for use during the peak fire season in 2024. Updated distribution and transmission planning risk models were approved for use in evaluating system hardening projects that begin primarily in 2026.

System Hardening

Following the approval of its GRC in November last year, PG&E requested approval from OEIS to amend its WMP to reflect the system hardening parameters identified in the GRC. The GRC and subsequent WMP approval in June resulted in a realignment of PG&E's system hardening targets in the period from 2024 through 2026. The overall impact was a reduction in underground miles, an increase in overhead hardening miles, and a more hybrid (underground and overhead) design for each circuit. The program parameters for 2024 include (1) risk spend efficiency requirements for underground and overhead projects, (2) 18 percent total risk reduction, (3) 1,230 underground miles and 778 overhead miles, and (4) total funding of \$4.723 billion.

New Business

- **New Business Assembly Bill 50.** PG&E reported in mid-August 2024 that they had fulfilled the commitment to energize 80% of the customers who had submitted a complete application as of January 1, 2023. PG&E completed 18,894 of these orders by August 12, 2024.
- **New Business SB 410 filing.** SB 410 enables the utility to file for incremental funding for energization costs above the approved GRC amount to cover costs from 2023-2026. In Q2 2024, PG&E filed for \$4.1 billion and received approval from the CPUC for \$2.3 billion¹³, with the opportunity to submit a supplemental filing for additional 2025-2026 costs based on a bottoms-up demand forecast. In early Q4 2024, PG&E requested an additional \$3.3 billion which included

¹³ The approved \$2.3 billion included funding in 2024 which enabled PG&E to connect 3,000 customers above their original plan.

the work down of its entire job backlog during 2025 and 2026, and the impact of higher unit cost due to the expected need for additional contracting support.

- **New Business process changes.** PG&E initiated and continued efforts to increase its capacity to complete new business applications through multiple process improvements including the following:
 - reforming the customer application, the land and permitting process, the job estimating process, and construction scheduling to align with the CPUC Energization Order Instituting Rulemaking (“OIR”)¹⁴;
 - renegotiating contracts with new business construction contractors to reduce unit costs and increase work flexibility; and
 - improving new business estimating to ensure new customers pay their fair share of construction costs.

Work Processes

PG&E continued to bundle work execution across multiple work categories including corrective maintenance, new business, and emergency work. The distribution operational work bundling covered approximately 45 percent¹⁵ of routine work (vs 25 percent target) resulting in cost savings of \$25 million.¹⁶

Areas for Continued Focus

PG&E continued efforts to improve its (1) wildfire mitigation initiatives and associated operational mitigation programs, and (2) planning and execution for customer energization from its new business program.

¹⁴ The CPUC released the proposed decision in the Order Instituting Rulemaking to Establish Energization Timelines on August 9, 2024.

¹⁵ 21.7K notifications across 47.4K tags.

¹⁶ As of August 13, 2024.