



To: Members of the RCRC Board of Directors

From: Staci Heaton, Senior Regulatory Affairs Advocate
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Date: September 14, 2020

Re: California Public Utilities Commission Update

Summary

RCRC is a formal participant in proceedings dealing with how utilities undertake wildfire hazard mitigation and de-energization of power lines to prevent high-severity wildfires, the Self-Generation Incentive Program (SGIP), Emergency Disaster Relief Program, Microgrids and Resiliency, and finally the California Advanced Services Fund (CASF). This memo provides an overview of the various California Public Utilities Commission (CPUC or Commission) issues that RCRC is involved with.

Background

Since becoming a formal participant in the proceeding concerning how utilities safeguard their infrastructure and conduct de-energization of their power lines when there are extreme weather threats and, therefore, an elevated wildfire risk, RCRC has been fully engaged in multiple interrelated CPUC proceedings including three other proceedings that seek to provide guiding policy on energy and communications reliability in rural areas, as well as one regarding broadband infrastructure. Proceedings in these cases are generally considered “quasi-legislative,” because they establish policy or rules affecting a class of regulated entities; however, the Microgrids and Resiliency Proceeding is categorized as “rate setting.”

Issue

In addition to the formal proceedings that RCRC is a party to, on May 14th the CPUC initiated a formal rulemaking process to make various modifications to the California Code of Regulations on Public Utilities and Energy, known as the CPUC’s “Rules of Practice and Procedure,” largely to incorporate statutory amendments. The CPUC is quasi-judicial in its operation and is governed by a complex set of rules that set a high bar for stakeholders and members of the public to engage with the Commission and be heard. RCRC sent a formal comment letter with input on these changes and requested further modifications to help remove some of the major barriers of entry that effectively require stakeholders, like small local agencies, to retain costly legal counsel to participate and

effectuate meaningful change, such as safeguarding critical infrastructure and better integrating its operators with emergency management systems.

On September 1st, the CPUC released modifications to the Rules of Practice and Procedure to reflect public comments made by RCRC and others — primarily energy and water utilities, telecommunication companies, and ratepayer advocates. While the CPUC declined to make some of the broader changes to improve public participation that we requested, they did incorporate other suggestions from RCRC such as allowing public participation to catastrophic wildfire proceedings, which is a new category of business under the Commission. This rulemaking will remain open until it is formally adopted by the CPUC, expected later this year.

Wildfire Mitigation Plans Proceeding

The Wildfire Safety Division is charged with ensuring electrical utilities reduce their wildfire risk, primarily through the development and execution of Utility Wildfire Mitigation Plans (WMPs). On August 11th, the Wildfire Safety Division issued a staff proposal with recommendations to change various aspects of the plan requirements and metric tables largely to fill gaps in utility data submissions. Overall, many of the proposed changes are an improvement to the plans, such as establishing better cross-utility comparisons through standardized data and formatting, receiving quantifiable metrics, harmonizing Public Safety Power Shut-Off (PSPS) information by adding a dedicated PSPS section, and giving better insight into risk-spend efficiencies for categories of mitigation to better understand expected costs in order to evaluate their feasibility and effectiveness. Of concern, however, is a recommendation to redefine “Near Misses” that utilities must report. Currently, “near misses” are broadly defined as events that can lead to wildfire ignitions from utility equipment, but the Wildfire Safety Division proposes a narrower definition—without justification—called “Near Ignitions,” which states that events must manifest in charring, melting, or other visible evidence that enough heat was present to cause a wildfire ignition. RCRC is concerned that this weakened standard could lead to inferior utility wildfire mitigation measures across the board, such as vegetation management, and relaxed scrutiny of future utility best practices.

The CPUC is expected to vote on a final proposal by the Wildfire Safety Division at their November 19th Voting Meeting in order to take effect by December 1st so that utilities can incorporate them into their 2021 WMP updates.

De-Energization Proceeding

During the week of August 10th, the CPUC held individual workshops with the largest investor-owned utilities (IOUs) to discuss their PSPS readiness for the 2020 fire season. Utilities are under scrutiny to ensure they employ more discrete de-energization events during extreme weather this year, better coordinate with communities and local agencies, and better notify customers of proposed shut offs.

On August 24th, the Administrative Law Judge rejected a Joint Motion from RCRC and several other local government partners filed in April requesting the CPUC issue an emergency order regarding PSPS protocols during the coronavirus (COVID-19) pandemic. The Judge determined that the CPUC mostly addressed the concerns we raised in a subsequent June 5th Decision, with the Commission acknowledging that IOUs “should make every reasonable attempt to adhere to the guidelines adopted in this

decision while complying with direction from public health officials regarding shelter-in-place, social distancing, or other measures that may need to be taken in response to the COVID-19 pandemic.” While this is not the outcome RCRC ultimately hoped for, RCRC will remain actively involved in this policy arena. The CPUC also declined an effort by RCRC and other stakeholders to expedite a more thorough review of the reasonableness of last year’s PSPS events.

SGIP Proceeding

On August 20th, RCRC became a party to a new Self-Generation Incentive Program (SGIP) Proceeding to further develop and refine policies, procedures, and rules for the SGIP, and to a lesser extent, the California Solar Initiative (CSI). The SGIP is funded by ratepayers of PG&E, Southern California Edison, and San Diego Gas and Electric for distributed energy resources and electric resiliency projects. Most recently, SGIP funding has been prioritized to mitigate the impacts of PSPS events of residential customers and critical facilities.

The CPUC solicited stakeholder comments on whether and how to impose income limits for existing PSPS mitigation subsidies for medically sensitive residents and those who rely on electric pumps for domestic groundwater wells. The CPUC noted that there has been significantly more interest among those residents in the SGIP program and that a continued trend in this direction could limit funds available for medically sensitive residents and critical facilities and infrastructure. RCRC’s comments supported the continued eligibility of applicants with a serious medical condition and cautioned against making the program overly restrictive for this population. With respect to domestic well owners, RCRC noted that the California Air Resources Board’s Clean Vehicle Rebate Program has an income limit of 80% of the federal poverty level and we argued against basing any cutoff on median areawide income because that formula disproportionately disadvantages rural counties to benefit urban areas with a higher cost of living.

Further, in light of significant wireline communications provider push back to increasing the resiliency of their systems that serve communities with little or no wireless coverage (see more in the Emergency Disaster Relief Program Proceeding), RCRC also suggested that the CPUC expand SGIP eligibility to help any residents who live in wireline-dependent communities. Wireline providers argued that they should not be required to upgrade their infrastructure in high fire risk areas to maintain service during a power outage because few residents have their own energy sources that are necessary to power residential communications equipment. Expanding SGIP eligibility to customers living in areas dependent on wireline communications systems would allow those residents to tap into significant subsidies to install energy storage systems so that they can maintain access to emergency communications networks during power outages.

Unfortunately, the Assigned Commissioner issued a Proposed Decision on September 3rd that would set income limits for residents with domestic wells at 80 percent of median areawide income, thereby establishing an income cap in many rural counties that is half of what applies to Santa Clara and Marin Counties. This could be voted on by the Commission at their October 8th Voting Meeting.

Microgrids and Resiliency Proceeding

This proceeding seeks to partially mitigate the adverse effects of PSPS events through a portfolio of strategies including circuit sectionalization, back-up generation, energy storage systems, infrastructure hardening, and distributed generation to improve customer and community resiliency. On August 14th, RCRC commented on resiliency strategies. RCRC aims to have a consistent definition of “critical facilities” across interrelated proceedings, namely the critical facilities defined in the De-Energization Proceeding and those eligible for the SGIP Equity Resiliency Budget. RCRC is also working to ensure that smaller and rural counties remain eligible for assistance in deploying microgrids to improve local energy reliability and mitigate the impacts of de-energizations. The Microgrids proceeding is also exploring alternatives to diesel powered backup generation for future PSPS events in the 2021 fire season.

Emergency Disaster Relief Program Proceeding

The Emergency Disaster Relief Program proceeding seeks to adopt comprehensive disaster-related consumer protection measures for electric, gas, communications, and water utility customers building upon two CPUC resolutions ensuring Californians who have experienced housing or financial crises due to disaster did not lose access to vital utility services in specific disaster declarations.

On August 10th and 21st, RCRC submitted comments on wireline resiliency. Wireline providers have encouraged the CPUC to require maintenance of service only for police and fire stations, emergency command and dispatch centers, and hospitals during a power outage and are strongly resisting mandates to maintain minimum service levels to other critical facilities and residential customers. RCRC stressed the vital need for broad-based wireline resiliency to protect public health and safety, especially for those communities with limited or no access to wireless communications systems. More specifically, RCRC requested 1) no less than 72 hours of backup power generation at wireline facilities; 2) expansion of these requirements to those communications facilities that lost power two or more times during last year’s PSPS events; 3) creation of minimum service levels (including 9-1-1 and emergency alerts); and, 4) requiring wireline providers to submit emergency operations plans to state and local agencies.

Further, RCRC countered various wireline providers’ objections to increasing the resiliency of their facilities located in needs in High Fire Threat Districts and disputed many of their assertions that the costs of upgrading their systems would far outweigh the few benefits that may accrue from keeping their infrastructure operational during a power outage. For instance, wireline providers are largely seeking to abandon reliable access to 9-1-1 and emergency services for residential customers and most critical facilities.

The CPUC is expected to make a final decision on wireline resiliency requirements in the coming months. RCRC strongly cautioned against adopting a Wireline Provider Proposal that would only maintain service for a small subset of critical facilities and that did not include any requirements to ensure system reliability for residential customers. Without adopting minimum standards for wireline providers, public health and safety are put at risk by leaving rural and disadvantaged communities without reliable access to 9-1-1 and emergency services during disasters.

California Advanced Services Fund Proceeding

The California Advanced Services Fund (CASF) provides financial grants to qualified service providers to construct infrastructure needed to deploy broadband service in unserved and underserved areas. On August 27th, the CPUC opened a new proceeding regarding revisions to the CASF program to address many unresolved issues, such as new methods of public-private partnerships, allowing and incentivizing the use of existing infrastructure, leveraging non-CASF and federal funding, and establishing various strategies for investing in low-income communities and households. RCRC is obtaining party status and will continue to be engaged at the Commission to further broadband access and funding to unserved and underserved areas.

Staff Recommendation

RCRC staff will continue to participate in these proceedings that have profound impacts on RCRC member counties and update the Board of Directors on these and other related issues as they continue to progress.

Attachments

- RCRC Comment Letter, Rules of Practice and Procedure
- RCRC Comment Letter, Wildfire Safety Division Staff Proposal
- CPUC Rejection of Joint Motion Requesting Reasonableness Review of 2019 PSPS Events
- RCRC Comment Letter, SGIP Income Limits Question
- RCRC Comment Letter, Microgrid Resiliency Strategies
- RCRC Comment Letter, Wireline Provider Resiliency Strategies
- RCRC Reply Comments, Wireline Provider Resiliency Strategies