



December 11, 2024

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SUBJECT: Office of Energy Infrastructure Safety Issuance of San Diego Gas & Electric Company's Safety Certification

Mr. Skopec:

The Office of Energy Infrastructure Safety (Energy Safety) hereby issues San Diego Gas & Electric Company (SDG&E) a Safety Certification pursuant to Public Utilities Code section 8389(e). SDG&E submitted a request for a Safety Certification on October 8, 2024.¹ On November 20, 2024, SDG&E submitted a revised request for a Safety Certification.² SDG&E's request for a Safety Certification meets all statutory requirements. This Safety Certification is valid for 12 months from issuance and has only the force and effect given to it by Public Utilities Code sections 451.1(c) and 8389.

Energy Safety did not receive any comments from stakeholders on SDG&E's Safety Certification request.

Energy Safety must issue a Safety Certification if SDG&E provides documentation that it meets the requirements set forth in Public Utilities Code section 8389(e)(1) through (e)(7). These requirements are detailed below, with an overview of Energy Safety's findings for SDG&E for each requirement.

1. Approved Wildfire Mitigation Plan

Public Utilities Code section 8389(e)(1) requires that "[t]he electrical corporation has an approved wildfire mitigation plan [WMP]." SDG&E submitted its 2025 WMP Update on July 5,

¹ SDG&E's 2024 Safety Certification Request
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57486&shareable=true>, accessed Oct. 9, 2024).

² SDG&E's Revised 2024 Safety Certification Request
(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57631&shareable=true>, accessed Nov. 20, 2024).

2024.³ Energy Safety issued its Decision approving SDG&E's 2025 WMP Update on October 30, 2024.⁴ SDG&E has satisfied the requirement of Public Utilities Code section 8389(e)(1).

2. Good Standing

Public Utilities Code section 8389(e)(2) requires that "[t]he electrical corporation is in good standing, which can be satisfied by the electrical corporation having agreed to implement the findings of its most recent safety culture assessment [SCA] performed pursuant to Section 8386.2 and paragraph (4) of subdivision (d), if applicable."

Energy Safety published its most recent SCA for SDG&E on March 22, 2024, and identified four recommendations, listed below:

1. *SDG&E should develop and implement actions to reduce perceived performance pressure and distractions. Leaders at SDG&E should consistently demonstrate to workers that safety is the top priority through words, decision making, and actions, especially as it pertains to distractions and perceived pressures to perform.*
2. *SDG&E should continue to act on the 2022 [Energy Safety SCA] recommendation to build on its efforts to track trends in safety event-related reporting, specifically tracking the quality of near-miss investigations and continuing to develop its Ignition Management Program.*
3. *SDG&E should continue to recognize and take action to mitigate the risk exposure posed by interactions with the public.*
4. *SDG&E should increase engagement on the safety culture assessment within the workforce supporting wildfire mitigation initiatives.*⁵

On April 5, 2024, SDG&E formally agreed to implement the findings and recommendations of Energy Safety's 2023 SCA for SDG&E.⁶ SDG&E's agreement to implement the findings satisfies the "good standing" requirement of Public Utilities Code section 8389(e)(2) for its 2024 Safety Certification request because the Energy Safety 2023 SCA is the most recent and only SCA performed pursuant to Public Utilities Code section 8386.2 or paragraph (4) of subdivision (d) of Public Utilities Code section 8389.

³ SDG&E 2025 WMP Update (R2) (clean version, July 5, 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56955&shareable=true>, accessed October 9, 2024).

⁴ SDG&E 2025 WMP Update Decision (October 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57541&shareable=true>, accessed Oct. 31, 2024).

⁵ 2023 Safety Culture Assessment for SDG&E (March 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56373&shareable=true>, accessed Oct. 9, 2024).

⁶ SDG&E's Acceptance of 2023 Safety Culture Assessment (April 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56456&shareable=true>, accessed Oct. 9, 2024).

3. Board of Directors Safety Committee

Public Utilities Code section 8389(e)(3) requires that "[t]he electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience."

SDG&E's Safety Certification request states that it has established a Safety Committee composed of members of its Board of Directors with relevant safety experience.⁷

SDG&E reports the Safety Committee membership as follows:

- Robert J. Borthwick
- Caroline A. Winn
- Trevor Mihalik

In Attachment A of its Safety Certification request, SDG&E provides a resume for each member of its Safety Committee, highlighting each member's relevant safety-related education and experience.⁸

SDG&E has satisfied the requirement of Public Utilities Code section 8389(e)(3).

4. Executive Compensation

Public Utilities Code section 8389(e)(4) requires that "[t]he electrical corporation has established an executive incentive compensation structure approved by [Energy Safety] and structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers, as defined in Section 451.5. This may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities."

Public Utilities Code section 8389(e)(6)(A)(i)(I) requires "[s]trict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." Clause (i)(II), requires "[n]o guaranteed monetary incentives in the compensation structure." Clause (ii) requires that the compensation structure "satisfies the compensation principles identified in paragraph (4)," noted above. Clause (iii) requires "[a] long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation's stock, based on the electrical corporation's long-term performance and value. This compensation shall be held or deferred

⁷ SDG&E's 2024 Safety Certification Request, pp. 7-8

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57486&shareable=true>, accessed Oct. 9, 2024).

⁸ Attachment A of SDG&E's 2024 Safety Certification Request

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57486&shareable=true>, accessed Oct. 9, 2024).

for a period of at least three years." Clause (iv) requires "[m]inimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."

SDG&E submitted a request for approval of its 2024 executive compensation structure on April 12, 2024.⁹ Energy Safety determined that SDG&E's executive compensation structure satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6) and approved SDG&E's executive compensation structure on October 4, 2024.¹⁰ SDG&E has satisfied the requirements of Public Utilities Code sections 8389(e)(4) and (e)(6).

5. Board-Level Safety Reporting

Public Utilities Code section 8389(e)(5) requires that "[t]he electrical corporation has established board-of-director-level reporting to the [California Public Utilities Commission {CPUC}] and [Energy Safety] on safety issues."

To satisfy the requirements of Public Utilities Code section 8389(e)(5), SDG&E's Safety Certification request cites the August 29, 2024, public meeting on utility safety practices, hosted jointly by the CPUC and Energy Safety. The purpose of this meeting was to provide information to the CPUC Commissioners, Director of Energy Safety, and the public about the electrical infrastructure safety efforts of SDG&E, including progress and challenges concerning wildfire mitigation, worker safety, and safety culture. During this meeting, one member of SDG&E's Board of Directors, three members of the executive staff, and one member of the management team gave a presentation and answered questions from the CPUC and Energy Safety. SDG&E was represented by Robert Borthwick, Chief Risk Officer at Sempra Energy and Chair of the SDG&E Board Safety Committee; Kevin Geraghty, SDG&E Chief Operating Officer and Chief Safety Officer; Brian D'Agostino, SDG&E Vice President, Wildfire Mitigation and Climate Science; TaShonda Taylor, Vice President of Gas Operations; and Jonathan Woldemariam, SDG&E Director of Wildfire Mitigation.

Pursuant to the Safety Certification Guidelines requirement¹¹ that an electrical corporation provide any materials used or referenced in the public meeting in its Safety Certification

⁹ SDG&E's request for approval of its 2024 Executive Compensation Structure (April 12, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56481&shareable=true>, accessed Oct. 9, 2024).

¹⁰ Approval of SDG&E's 2024 Executive Compensation Structure (October 4, 2024) (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57475&shareable=true>, accessed Oct. 9, 2024).

¹¹ Energy Safety's 2024 Safety Certification Guidelines, p. 3 (<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 9, 2024).

requests, SDG&E provided links to its presentation slides and a recording of the meeting in its request.^{12,13,14}

SDG&E has satisfied the requirements of Public Utilities Code section 8389(e)(5).

6. Limits on Executive Compensation

Public Utilities Code section 8389(e)(6) is addressed under “Executive Compensation” above.

7. WMP Implementation

Public Utilities Code section 8389(e)(7) requires that “[t]he electrical corporation is implementing its approved [WMP].” This statute requires the electrical corporation to “file a notification of implementation of its [WMP] with [Energy Safety] and an information-only submittal with the [CPUC] on a quarterly basis.” These quarterly notifications and information-only submittals must include information on “the implementation of both its approved [WMP] and recommendations of the most recent [SCAs] by the [CPUC] and [Energy Safety], and a statement of the recommendations of the board of directors safety committee meetings that occurred during the quarter.” The statute also stipulates that these quarterly notifications and submittals must “summarize the implementation of the safety committee recommendations from the electrical corporation’s previous notification and submission.”

The current Safety Certification Guidelines further specify that:

“Safety Certification requests must highlight the progress made toward completing WMP targets and explain any delayed or off-track efforts. Requests must also demonstrate progress in implementing the findings of its most recent safety culture assessment(s). Furthermore, [...] to meet the requirements of section 8389(e)(7), electrical corporations must submit quarterly notifications.”¹⁵

¹² SDG&E’s 2024 Safety Certification Request, p. 8

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57486&shareable=true>, accessed Oct. 9, 2024).

¹³ (<https://www.sdge.com/sites/default/files/regulatory/SDGE%202024%20Public%20Safety%20Briefing.pdf>, accessed Oct. 14, 2024).

¹⁴ See SDG&E’s presentation beginning at 1:41:11 in the recording of the public meeting “2024 Electric Utility Safety Update Briefings, San Diego Gas and Electric (SDG&E) and Southern California Edison (SCE)” (August 29, 2024)

(<https://www.adminmonitor.com/ca/cpuc/other/20240829/>, accessed Oct. 14, 2024).

¹⁵ Energy Safety’s 2024 Safety Certification Guidelines, p. 4

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57163&shareable=true>, accessed Oct. 9, 2024).

Subsequent to receiving its last Safety Certification,¹⁶ SDG&E submitted quarterly notifications to Energy Safety on the required subjects on February 1, 2024,¹⁷ May 1, 2024,¹⁸ August 1, 2024,¹⁹ and November 1, 2024.²⁰ Attachments to these notifications include the quantitative metrics indicating SDG&E's progress on wildfire mitigation initiatives described in its 2023-2025 Base WMP. Pursuant to Public Utilities Code section 8389(e)(7) and the Safety Certification Guidelines, SDG&E submitted quarterly notifications to the CPUC as information-only submittals on February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024.²¹

WMP Implementation Progress:

SDG&E reported that as of the end of the second quarter of 2024, it had met or was on track to meet its commitments for 32 of the 41 mitigation initiatives in its 2023-2025 Base WMP.

In SDG&E's October 8, 2024, Safety Certification request, SDG&E reported on all 41 initiatives, stating that 32 were complete or on track. SDG&E noted that nine of its mitigation initiatives were not on track for timely completion: Covered Conductor, Risk Informed Drone Inspections, Distribution Infrared Inspections, Wireless Fault Indicators, Standby Power Programs, Air Quality Index, Microgrids, Distribution Communications Reliability Improvements, and Fuels Management."²²

¹⁶ SDG&E's 2023 Safety Certification Issuance Letter (Dec. 7, 2023)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56218&shareable=true>, accessed Oct. 9, 2024).

¹⁷ SDG&E's Quarterly Notification Letter from February 1, 2024

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56246&shareable=true>, accessed Oct. 10, 2024);

Attachment A: SDG&E's 2023 Wildfire Mitigation Plan 4th Quarter Progress Update

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56247&shareable=true>, accessed Oct. 10, 2024).

¹⁸ SDG&E's Quarterly Notification Letter from May 1, 2024

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56572&shareable=true>, accessed Oct. 10, 2024);

Attachment A: SDG&E's 2024 Wildfire Mitigation Plan 1st Quarter Progress Update

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56571&shareable=true>, accessed Oct. 10, 2024).

¹⁹ SDG&E's Quarterly Notification Letter from August 1, 2024

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57128&shareable=true>, accessed Oct. 14, 2024);

Attachment A: SDG&E's 2024 Wildfire Mitigation Plan 2nd Quarter Progress Update

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57129&shareable=true>, accessed Oct. 14, 2024).

²⁰ SDG&E's Quarterly Notification Letter from November 1, 2024

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57556&shareable=true>, accessed Nov. 2, 2024);

Attachment A: SDG&E's 2024 Wildfire Mitigation Plan 3rd Quarter Progress Update

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57555&shareable=true>, accessed Nov. 2, 2024).

²¹ Per SDG&E's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

²² SDG&E's 2024 Safety Certification Request, p. 10

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57486&shareable=true>, accessed Oct. 9, 2024).

Energy Safety will continue to monitor and assess the implementation of the remaining initiatives as part of Energy Safety's compliance assurance activities.²³

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of its approved WMP.

SCA Recommendation Implementation Progress:

Energy Safety's most recent SCA for SDG&E included four recommendations, as noted above.²⁴ On November 20, 2024, SDG&E submitted to Energy Safety a non-substantive revision to its Safety Certification request with revised language reflecting the most recent SCA recommendations.²⁵ SDG&E describes actions it has taken to address each SCA recommendation in its revised Safety Certification request and in its quarterly notifications.²⁶

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide information on the implementation of the recommendations of SDG&E's most recent SCA.

Board Safety Committee Recommendations and Implementation Summary:

SDG&E included descriptions of its Safety Committee's recommended actions in its quarterly notifications.

According to the descriptions provided in its quarterly notifications, SDG&E's management has implemented the majority of the Safety Committee's recommendations and expects to address the remaining recommendations "...at an upcoming Board Safety Committee meeting and will provide updates on their completion in future quarterly notifications."²⁷

SDG&E has met the requirement of Public Utilities Code section 8389(e)(7) to provide statements of the recommendations of the Safety Committee meetings and summaries of the implementation status of those recommendations.

Conclusion

SDG&E's request for a Safety Certification satisfies the statutory requirements in Public Utilities Code section 8389(e). Energy Safety expects SDG&E to uphold the values stated in its submissions and to continue to advance safety as a top priority. This letter constitutes Energy

²³ Energy Safety's Compliance Guidelines

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57320&shareable=true>, accessed Nov. 6, 2024).

²⁴ 2023 Safety Culture Assessment for SDG&E (March 2024)

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56373&shareable=true>, accessed Oct. 9, 2024).

²⁵ SDG&E's Revised 2024 Safety Certification Request, p. 13

(<https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=57631&shareable=true>, accessed Nov. 20, 2024).

²⁶ Per SDG&E's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

²⁷ Per SDG&E's February 1, 2024, May 1, 2024, August 1, 2024, and November 1, 2024, Quarterly Notifications.

Issuance of SDG&E's 2024 Safety Certification

December 11, 2024

Page 8 of 8

Safety's issuance of SDG&E's Safety Certification. Pursuant to Public Utilities Code section 8389(f)(1), this Safety Certification is valid for 12 months from the date of this letter.

/S/ Caroline Thomas Jacobs

Caroline Thomas Jacobs

Director

Office of Energy Infrastructure Safety