

Southern California Edison
2023-WMPs – 2023-WMPs

DATA REQUEST SET O E I S - P - W M P _ 2 0 2 3 - S C E - 0 0 1

To: Energy Safety
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Response Date: 4/12/2023

Question 04:

Regarding Cost-Benefit within and Overall Decision-Making Framework

- a. If projects are justified based on a multi-attribute value functions/cost basis, what threshold or hurdle is used?
- b. How is the chance that a project exceeds the threshold computed?
- c. If projects are justified based on a multi-attribute value functions/cost basis, what threshold or hurdle is used?

Response to Question 04:

a. If projects are justified based on a multi-attribute value functions/cost basis, what threshold or hurdle is used?

- a) SCE does not justify projects solely based on a pre-determined “multi-attribute value functions/cost basis” thresholds. SCE describes in its 2023 Wildfire Mitigation Plan (WMP) Mitigation Selection Process (Section 7.1.4) specifically how Risk Spend Efficiency (RSE) scoring and analysis serves as one of a number of factors (examples include Cost to Customers, Inconvenience to Customers, Operational Feasibility/Lead Time to Deploy, Resource Availability, Technology Maturity, and Compliance Requirements/Regulatory Guidance) that are incorporated in the risk informed decision-making process.

SCE carefully considers each factor both individually and in the aggregate in order to make sound and informed decisions. A given factor may not have a uniform level of importance or impact in all situations. As an example, if an initiative is required pursuant to a regulation, standard, code or other authority, then meeting and adhering to compliance requirements would be a decisive factor in SCE’s ultimate determination.

RSEs help SCE evaluate the relative cost-effectiveness of potential initiatives, but it is necessary for SCE to develop a comprehensive wildfire risk mitigation plan that considers all constraints. RSEs do not take into account certain operational realities, such as resource constraints, compliance issues, or service disruptions. Relying solely on RSEs could lead to significant parts of the system and potentially significant risk issues being left unaddressed. Indeed, the Commission’s Safety and Enforcement Division (SED) noted that focusing solely on RSEs in selecting mitigations could be “suboptimal from an aggregate risk

portfolio standpoint.”¹ SED further acknowledged that “mitigations are usually selected based on the highest risk spend efficiency score unless there may be some identified resource constraints, compliance constraints, or operational constraints that may favor another candidate measure with a lower RSE.” SCE agrees with this characterization. An initiative with a relatively higher RSE is generally favorable to one with a relatively lower RSE. However, when an initiative has a relatively lower RSE, it could still be selected if, for example, it can be deployed quickly (e.g., critical care battery backup program to medical baseline customers affected by PSPS), addresses a particular risk driver that other mitigations do not (e.g., aerial inspections), or reduces overall risk even if it costs more (e.g., targeted undergrounding).

b. How is the chance that a project exceeds the threshold computed?

- b) Not applicable, as SCE does not have a threshold. Please see SCE’s response to part (a) for further clarification.

c. If projects are justified based on a multi-attribute value functions/cost basis, what threshold or hurdle is used?

- c) Please see SCE’s response to part (a).

¹ California Public Utilities Commission, Risk and Safety Aspects of Risk Assessment and Mitigation Phase Report of Pacific Gas and Electric Company, Investigation 17-11-003 (March 30, 2018), page 18.