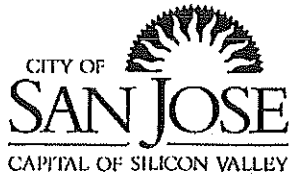


COUNCIL AGENDA: 06/25/19  
FILE: 19-552  
ITEM: 7.1



## Memorandum

TO: HONORABLE MAYOR  
AND COUNCIL

FROM: Lori Mitchell

SUBJECT: ELECTRIC RESTRUCTURING  
ADVOCACY PRINCIPLES

DATE: June 13, 2019

Approved

*D. D. S. L.*

Date

*6/13/19*

### RECOMMENDATION

Adopt a resolution establishing principles to guide advocacy regarding the restructuring of California's electric power system and legislative and regulatory engagement. Direct the City Manager or designee to engage with the Legislature and Governor's office as well as regulatory bodies to help ensure the City of San José has safe, reliable, clean, and affordable electric service.

### OUTCOME

Establish principles to guide legislative and regulatory engagement as a response to Pacific Gas and Electric Company's ("PG&E") anticipated de-energization events and support the restructuring of California's electric power system to ensure the electric generation, transmission and distribution infrastructure serving the City of San José is safe, reliable, clean, and affordable.

### BACKGROUND

On August 8, 2017, City Council approved an ordinance establishing a Community Choice Aggregation ("CCA") program to be named San José Clean Energy ("SJCE") and amending Title 2 of the San José Municipal Code to create the Community Energy Department of the City of San José to manage the CCA.

On August 29, 2017, City Council approved a resolution adopting SJCE's Implementation Plan and Statement of Intent and directed staff to submit this document to the California Public Utilities Commission ("CPUC"). On September 18, 2017, the Implementation Plan was submitted to the CPUC. The CPUC certified the plan on December 18, 2017.

On November 7, 2017, City Council approved an ordinance to add Title 26 to the San José Municipal Code that provides procedures for the operation and management of SJCE.

On November 6, 2018, City Council adopted a resolution authorizing the Director of Community Energy or her designee to negotiate and execute energy supply contracts for Calendar Year 2019 with a total not to exceed amount of \$226 million; approved rates and a power mix for SJCE's 2019 GreenSource and TotalGreen products; approved adjustments to Phase II of the implementation plan; and adopted the 2018-2019 Appropriation Ordinance and Funding Sources Resolution amendments in the San José Clean Energy Fund.

On June 4, 2019, City Council adopted a resolution authorizing the Director of Community Energy or her designee to negotiate and execute long-term Power Purchase Agreements for renewable projects in an amount not to exceed \$50,000,000 annually and \$1,080,000,000 in aggregate from 2020 through 2043; negotiate and execute medium- to long-term contracts up to twenty years to procure Resource Adequacy products from different technologies, including battery storage, in an amount not to exceed \$451,800,000 in aggregate over twenty years; and increasing the authority to procure power supply products by \$19,000,000 through Calendar Year 2019 and by \$80,000,000 through Calendar Year 2020.

## **ANALYSIS**

SJCE procures and sells clean, retail electricity to San José residents and businesses. The formation of SJCE reflects the City's and the community's desire to accelerate greenhouse gas ("GHG") emission reductions and achieve the goals reflected in San José's Climate Smart plan. PG&E continues to deliver electricity across transmission and distribution lines that PG&E owns, maintains, and operates. PG&E has a history of safety violations, electric infrastructure neglect, financial mismanagement, and minimal public transparency. These concerns require additional engagement by the City to ensure that safe, reliable, and clean energy options are available to the residents and businesses of San José.

Key PG&E Findings

On January 29, 2019, PG&E filed for bankruptcy in federal court.<sup>1</sup> This was PG&E's second bankruptcy in twenty years.<sup>2</sup> In PG&E Corporation's 2009 Security Exchange Commission ("SEC") filing, the company reported \$10.3 billion in long-term debt,<sup>3</sup> as well as approximately \$1.1 billion in short-term and current debt.<sup>4</sup> In its 2018 SEC filing, PG&E had increased its long and short-term debt to approximately \$22 billion, almost doubling its debt obligation over eight years.<sup>5</sup> In 2009, PG&E Corporation paid \$590 million in shareholder dividends.<sup>6</sup> By 2017, PG&E's dividend payments increased to \$1 billion.<sup>7</sup> According to the Committee of Tort Claimants ("Committee") in the ongoing bankruptcy proceeding, between 2009 and 2017, while losing money on an operating basis, PG&E paid a total of \$7.08 billion in dividends<sup>8,9,10,11</sup> funded at least in part through debt. The Committee also claimed that during this same period PG&E reduced its expenditures for infrastructure maintenance and safety,<sup>12,13</sup> even redirecting funds earmarked for safety to other uses.<sup>14</sup> This suggests that over the last ten years PG&E has

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<sup>1</sup> Official Form 201, Voluntary Petition for Non-Individuals Filing for Bankruptcy, PG&E Corp., January 29, 2019; SEC Filing Form-8k, January 29, 2019.

<sup>2</sup> "On April 6, 2001, Pacific Gas and Electric Company (the "Utility") filed a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California (the "Court") which was assigned Case No. 01-30923 DM (the "2001 Case"). As of the date hereof, the 2001 Case remains open and pending before the Court." Official Form 201, Voluntary Petition for Non-Individuals Filing for Bankruptcy, PG&E Corp., January 29, 2019; PG&E News Release, "Pacific Gas and Electric Company Files for Chapter 11 Reorganization," April 6, 2001.

<sup>3</sup> PG&E 2009 SEC Filing Form 10-K, Annual Report, ex. 13, pg. 65. Long-term debt included both PG&E Corporation and Pacific Gas and Electric Company ("Utility").

<sup>4</sup> PG&E 2009 SEC Filing Form 10-K, Annual Report, ex. 13, pg. 43 (PG&E Corporation, Consolidated Balance Sheet).

<sup>5</sup> PG&E 2018 SEC Filing Form 10-K, Annual Report, pg. 97 (PG&E Corporation, Consolidated Balance Sheet).

<sup>6</sup> PG&E 2009 SEC Filing Form 10-K, Annual Report, ex. 13, pgs. 22, 71.

<sup>7</sup> PG&E Corporation and Pacific Gas and Electric Company, 2017 Joint Annual Report to Shareholders, pg. 65

<sup>8</sup> "Dividends paid to common shareholders by PG&E Corporation were \$1.0 billion in 2017, \$921 million in 2016, and \$856 million in 2015" PG&E Corporation and Pacific Gas and Electric Company, 2017 Joint Annual Report to Shareholders, pg. 65.

<sup>9</sup> "Dividends paid to common shareholders by PG&E Corporation were \$828 million in 2014 and \$782 million in 2013" PG&E Corporation and Pacific Gas and Electric Company, 2015 Joint Annual Report to Shareholders, pg. 47.

<sup>10</sup> "Common stock dividends paid: \$746 million (2012) and \$704 million (2011)" PG&E Corporation and Pacific Gas and Electric Company, 2013 Annual Report, pg. 13.

<sup>11</sup> "Common stock dividends paid: \$662 million (2010) and \$590 million (2009)." PG&E Corporation and Pacific Gas and Electric Company, 2011 Annual Report, pg. 19.

<sup>12</sup> CPUC Consumer Protection & Safety Division, Incident Investigation Report: September 09, 2010 PG&E Pipeline Rupture in San Bruno, California.

<sup>13</sup> Objection of the Official Committee of Tort Claimants to Corrected Motion of Debtors Pursuant to 11 U.S.C. § 1121(d) to Extend Exclusivity Periods (Dkt. No. 1797) (RE: related document(s) 1797 Motion to Extend/Limit Exclusivity Period). Filed by Creditor Committee Official Committee of Tort Claimants.

<sup>14</sup> "Michael Picker: I think there's very clear case that in some places the utility did divert dollars that we approve for safety purposes towards executive compensation." Senate Standing Committee on Energy, Utilities and Communications Hearing of 03-25-2015

prioritized corporate and shareholder profits over prudent financial management and investments in its aging infrastructure.

On May 25, June 8, and October 9, 2018, CAL FIRE determined PG&E equipment had sparked most of the major Northern California wildfires in 2017.<sup>15,16,17</sup> On November 8, 2018, the Camp Fire in Butte County burned 153,336 acres, destroyed 18,793 structures, caused 85 civilian fatalities, and resulted in extended very unhealthy air quality conditions that impacted millions of individuals across Northern California.<sup>18,19</sup> CAL FIRE determined that a PG&E-owned and operated electrical transmission line located in the Pulga area caused the Camp Fire, the deadliest and most destructive fire in California history.<sup>20</sup> According to news reports, the transmission line responsible for the Camp fire was 99 years old, 25 years past its useful life per PG&E guidelines.<sup>21</sup> And according to the same report, before the occurrence of the Camp Fire, PG&E had identified other structures in the same area that were at risk of collapse.<sup>22</sup>

On December 27, 2018, the CPUC Safety and Enforcement Division ("SED") issued a report summarizing the results of a lengthy investigation into PG&E's safety operations and practices under the Damage Prevention and Locate and Mark programs.<sup>23</sup> The report alleges that PG&E had falsified electric and gas infrastructure locate and mark records from 2012 to 2017,<sup>24,25</sup> making it more difficult for regulators and the public to guard against equipment safety risks.

On April 22, 2019, PG&E filed its 2020 cost of capital application with the CPUC requesting an increase of its guaranteed rate of return on investment from 10.25% to 16%.<sup>26</sup> PG&E estimates this public revenue request would increase PG&E electric and natural gas rates on January 1, 2020, by 6.4% and 7.7%, respectively relative to currently authorized base rates.<sup>27,28</sup> PG&E has

<sup>15</sup> CAL FIRE News Release, "CAL FIRE Investigators Determine the Cause of the Cascade Fire," October 9, 2018.

<sup>16</sup> CAL FIRE News Release, "CAL FIRE Investigators Determine Causes of 12 Wildfires in Mendocino, Humboldt, Butte, Sonoma, Lake, and Napa Counties," June 8, 2018.

<sup>17</sup> CAL FIRE News Release, "CAL FIRE Investigators Determine Causes of Four Wildfires in Butte and Nevada Counties," May 25, 2018.

<sup>18</sup> CAL FIRE Camp Fire Incident Information, May 15, 2019.

<sup>19</sup> AIRNow Air Quality Archives, November 8, 2018.

<sup>20</sup> CAL FIRE News Release, "CAL FIRE Investigators Determine Cause of the Camp Fire," May 15, 2019. The investigation also identified a second ignition point that was caused by vegetation into electrical distribution lines owned and operated by PG&E, but this fire was consumed by the larger one.

<sup>21</sup> New York Times Interactive on Camp Fire, March 13, 2019.

<sup>22</sup> New York Times Interactive on Camp Fire, March 13, 2019.

<sup>23</sup> CPUC Safety and Enforcement Division, Investigative Report into the Operations and Practices of Pacific Gas & Electric Company's Damage Prevention and Locate & Mark Programs, 2018 (Public Version).

<sup>24</sup> CPUC Safety and Enforcement Division, Investigative Report into the Operations and Practices of Pacific Gas & Electric Company's Damage Prevention and Locate & Mark Programs, 2018 (Public Version), pg. 176.

<sup>25</sup> CPUC News Release, "CPUC Opens Case Against PG&E for Potential Natural Gas Safety Violations," December 14, 2018.

<sup>26</sup> Application of Pacific Gas and Electric Company for Test Year 2020 Cost of Capital, April 22, 2019, pg. 2.

<sup>27</sup> Application of Pacific Gas and Electric Company for Test Year 2020 Cost of Capital, April 22, 2019, pg. 2.

<sup>28</sup> PG&E News Release, "PG&E Submits Updated Financing Proposal for Safety and Reliability Infrastructure Investments for 16 Million Customers; Commits to Working Toward Long-Term Policy Solutions to Best Serve

already requested additional electric and gas rate increases for 2020-2022 via its General Rate Case (GRC), with a portion of this increase passed onto CCA customers via non-bypassable distribution rates.<sup>29</sup> PG&E is proposing a 17.2% increase from 2019 to 2020 in its electric distribution revenue within this GRC, which affects all customers, including those that receive energy service from CCAs.<sup>30</sup>

On May 30, 2019, the CPUC adopted a decision<sup>31</sup> establishing guidelines for investor-owned utility ("IOU") de-energization programs in anticipation to the 2019 wildfire season. The decision gives IOUs, including PG&E, full discretion to evaluate real-time and on the ground information to determine whether to de-energize (*i.e.*, shut off power to) PG&E owned transmission and distribution lines. Distribution level outages could impact residential, commercial, and large industrial customers in San José, including SJCE customers. Transmission level outages could impact large geographic regions, including the entire Silicon Valley or potentially the entire Bay Area.<sup>32,33</sup> While the decision instructs PG&E to coordinate a transmission shut-off with state and federal safety and electric reliability regulatory agencies, the final CPUC decision grants PG&E full discretionary authority on whether and when to de-energize transmission and distribution lines.<sup>34</sup>

On May 17, 2019, PG&E met with City of San José staff to introduce their transmission and distribution de-energization plan. PG&E provided a high-level overview of expected de-energization scenarios that could impact the City, but no detail on regional grid infrastructure

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Interests of Customers, Utility and California," April 22, 2019. According to this PG&E press release, the rate increase for electric rates will be 7.0% and not 6.4% as stated in the Application submitted by PG&E to the CPUC.

<sup>29</sup> Test Year 2020 General Rate Case Application of Pacific Gas and Electric Company (U 39 M), December 13, 2018, p. 1

<sup>30</sup> Test Year 2020 General Rate Case Application of Pacific Gas and Electric Company (U 39 M), December 13, 2018 p. 6

<sup>31</sup> CPUC Decision Adopting De-Energization (Public Safety Power Shut-Off) Guidelines (Phase I Guidelines), May 30, 2019.

<sup>32</sup> "On August 14, 2003, large portions of the Midwest and Northeast United States and Ontario, Canada, experienced an electric power blackout... [affecting] an estimated 50 million people in the states of Ohio, Michigan, Pennsylvania, New York, Vermont, Massachusetts, Connecticut, New Jersey and the Canadian province of Ontario. Power was not restored for 4 days in some parts of the United States. Estimates of total costs in the United States range between \$4 billion and \$10 billion... [Causes include:] FirstEnergy did not recognize or understand the deteriorating condition of its system and failed to manage adequately tree growth in its transmission rights of way." U.S.-Canada Power System Outage Task Force, "Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations," April 2004, p. 1, 19-20.

<sup>33</sup> "On the afternoon of September 8, 2011, an 11-minute system disturbance occurred in the Pacific Southwest, leading to cascading outages and leaving approximately 2.7 million customers without power.... The loss of a single 500 kilovolt (kV) transmission line initiated the event, but was not the sole cause of the widespread outages. The system is designed, and should be operated, to withstand the loss of a single line, even one as large as 500 kV.... The flow redistributions, voltage deviations, and resulting overloads had a ripple effect, as transformers, transmission lines, and generating units tripped offline, initiating automatic load shedding throughout the region in a relatively short time span." Federal Energy Regulatory Commission and North American Electric Reliability Corporation, "Arizona-Southern California Outages on September 8, 2011," April 2012, p. 1-2.

<sup>34</sup> CPUC Decision Adopting De-Energization (Public Safety Power Shut-Off) Guidelines (Phase I Guidelines), May 30, 2019, p. 105-106

conditions, location of potentially impacted infrastructure, or expected communication protocols between PG&E and the City and its residents. Furthermore, PG&E confirmed they may de-energize high-voltage transmission lines but offered little information on how such a large outage would be managed. The City Manager has requested more detailed information to help prepare the City's first responders, residents, and businesses in the event of a PG&E de-energization event. This letter is included as Attachment 1.

*Principles to guide legislative and regulatory engagement*

The following goals and principles are recommended to guide San José electric restructuring advocacy and its response to PG&E de-energization risks. These goals align with the City's Legislative Guiding Principles to "protect local control" and "support efforts that improve the quality of life, affordability, health, environmental protection, economic development, equity, and safety in San José". The goals also align with the City's Legislative Program policy on "Statewide Emergency Management: Modernize and reform the State's Emergency Management System."

- **Safe, reliable operation of California's electric system should include more transparency for government and customer oversight.** Timely and transparent communication between the utility infrastructure management personnel and local government emergency management officials should include accurate information on the condition of PG&E maintained electric and natural gas infrastructure, up to date reports and records of PG&E infrastructure inspections, and timely updates on the location of infrastructure safety and reliability concerns. PG&E communication with county and local jurisdictions should include information on the location of electric circuits serving critical loads and timely announcements of which circuits may be impacted during a PG&E de-energization event to allow San José to prioritize outreach and support efforts. Stakeholders should also have access to financial transaction and contract information, distribution grid data, and the integration of resources. A neutral, open-access platform, particularly for distribution, will support increased opportunities for communities and customers to deploy assets like rooftop solar and storage.
- **Wildfire mitigation measures must include policies and investments to reduce local impacts and empower local preparedness and emergency response.** Wildfire mitigation measures should ensure significant, cost effective investments in utility infrastructure upgrades including infrastructure hardening, electric distribution and transmission wire undergrounding, improved fire sensing and detection, and vegetation management in anticipation of what are now typical California weather conditions. Wildfire mitigation plans should prioritize options to publicly finance infrastructure investments to lower borrowing costs and project debt. Policies should establish a community-focused approach to grid resilience and micro-grids and strengthen local jurisdictions abilities to invest in micro-grids by providing additional funding to cities, community energy providers, and publicly-owned utilities. Policies should further

remove regulatory barriers to distribution level assets to support communities and customers in deploying reliability assets like paired roof-top solar and storage, islanded micro-grids, and advanced communication technologies designed to manage and integrate renewable electricity resources and guard against utility de-energization events.

- **Any PG&E Public Power Shutoff event should require government oversight and timely information sharing with local communities.** Any wildfire mitigation and safety response that includes a public power shut off event should include clear coordination and contingency planning between electric utility leadership and local officials, jurisdictions, and entities that operate critical facilities such as, hospitals, police and fire stations, water and wastewater facilities, etc. Wildfire risk coordination must ensure that the impacts to residents, businesses, and municipal services of multi-day power outages are thoroughly considered and evaluated prior to the authorization of outages, particularly transmission level outages to large urban areas. Clear, consistent guidelines and regulatory oversight of the IOU Public Safety Power Shutoff program should include oversight by the California Independent System Operation ("CAISO") and the California Governor's Office of Emergency Services ("CalOES") before directing transmission level de-energization events.
- **Reduce PG&E's services to improve safety, reliability, and environmental stewardship.** While there may be no agreement about the optimal size of a utility, recent history has shown that PG&E is too large. The utility is not safer, cheaper, greener, or more reliable due to its size. Electric restructuring should take public safety, fiscal transparency, and local accountability into consideration when evaluating the future of PG&E's utility structure.
- **Any restructured electric market design must consider financial stability.** Any Northern California electric utility must meet its obligations to ratepayers and local communities first, and not just serve its corporate shareholders. Regulators and state officials must consider credit ratings, the ability to raise low-interest debt, public safety records and the financial histories of electricity providers as part of any electric utility restructuring plan. A restructured PG&E, with low credit ratings, a poor safety record, and a history of bankruptcies, might find difficulty meeting their future financial and safety obligations to their customers and local communities. Alternatives to PG&E must be evaluated as part of any electric restructuring plan.
- **Support alternative utility ownership models to optimize local efforts to respond to climate change, safety risks, and affordability issues.** Any restructuring plan should support alternative private and public ownership models and establish a clear process to value the infrastructure and facilitate the sale of assets. New guidelines should also be

established to limit IOUs from campaigning against local entities interested in pursuing publicly owned options. Some examples of alternative utility ownership models include forming more publicly owned utilities ("POU"), cooperatives ("co-ops"), and Municipal Utility Districts ("MUDs"), and creating a new statewide public distribution utility that delivers electricity to areas where local jurisdictions are not interested in pursuing public options. Another option is re-organizing PG&E into smaller regional districts with reformed public oversight.

- **Ensure local climate mitigation strategies can be implemented to reduce California wildfire risks.** Strengthen local governments' ability to enact aggressive climate mitigation strategies to reduce long-term wildfire risk by empowering their community and public power providers to buy renewable and zero carbon energy for their entire community, decarbonize buildings in their service territory, and expand electric vehicle charging infrastructure. Expedite the process for communities currently served by PG&E to establish or join public providers such as CCAs and POU. Protect the right of community energy providers and customers to deploy distributed energy resources, which improve community and customer-resilience in the face of declining electricity reliability and help reduce greenhouse gas emissions.
- **Corporate accountability should be tied to increased safety requirements:** Management accountability should be directly tied to public safety obligations. Changing the composition of PG&E's board of directors and CEO is not enough. Accountable PG&E leadership must include demonstrated financial independence and expertise in safety, as well as a board and management subject to a "utility-specific business judgment rule" to account for safety requirements beyond the current limited fiduciary duty. To the extent PG&E remains a for-profit corporation, shareholder profits should be realigned to link directly to demonstrated safety performance, affordability, and electric decarbonization.

### **EVALUATION AND FOLLOW-UP**

The Administration will provide a status report on advocacy related to restructuring of California's electric power system at the next Intergovernmental Relations Quarterly Report to Council.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 25, 2019. Council Meeting.



HONORABLE MAYOR AND CITY COUNCIL  
June 13, 2019  
Subject: Electric Restructuring Principles  
Page 9

**COORDINATION**

This memorandum has been coordinated with the Office of Intergovernmental Relations, Office of Emergency Management, and City Attorney's Office.

**COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

**CEQA**

Not a Project, File No. PP17-008, General Procedure & Policy Making resulting in no changes to the physical environment.

/s/  
LORI MITCHELL  
Director, Community Energy

For questions please contact Lori Mitchell, Director of Community Energy, at (408) 535-4880.

Attachment 1 – Letter from City of San José City Manager to PG&E CEO

May 31, 2019

Mr. William Johnson  
Chief Executive Officer  
Pacific Gas and Electric  
245 Market Street  
San Francisco, CA 94105

Re: Public Safety Power Shutoff

Dear Mr. Johnson:

I am writing regarding the briefing provided by PG&E staff on Friday, May 17th regarding the Public Safety Power Shutoff (PSPS) program. We are aware that PG&E has had many safety issues and that PG&E is preparing for more PSPS to mitigate these issues. As the third largest city in California and the largest in Northern California, San José is PG&E's largest customer. San José serves a population of over 1 million people and is located in the heart of Silicon Valley. *Reliable electric service is essential to the residents, government operations, and businesses in our community.* It is vitally important that any PSPS include a robust communications plan with all parts of our community.

I understand you are interested in bringing fresh perspectives, experience, and expertise to further strengthen a culture of safety and accountability at PG&E; however, the information PG&E provided in this meeting is very concerning as it could lead to serious life safety and economic losses to the City of San José. I am writing in hopes that PG&E and the City of San José can work together to ensure public safety and community resilience.

Respectfully, I am requesting a meeting with your leadership to further understand the PSPS program. My concerns regarding PG&E's current approach and requests for more information are detailed below:

**Infrastructure condition and areas of San José that are at risk for de-energization**

- The briefing did not include adequate information on the location of areas and infrastructure that could potentially be de-energized. To plan effectively, the City of San José needs specific information on the areas of the city that are at risk for a de-energization event.
  - The City of San José has many critical facilities in need of reliable power, including the San José-Santa Clara Regional Wastewater Facility, Norman Y. Mineta San José International Airport, hospitals, fire, and police stations.
  - The City of San José is concerned that a de-energization event during a heat wave would impact critical facilities and our most vulnerable residents, including our large senior and homeless populations, and could result in serious life-safety issues for the community.

Letter to William Johnson, Chief Executive Officer, Pacific Gas and Electric

May 30, 2019

Page 2 of 3

- The City of San José must understand how PG&E will make decisions regarding the distribution and transmission lines that may be shut down and how PG&E will coordinate with City officials in a timely manner so the City can respond to emergency needs.
- The City of San José also requests more information on the electrical distribution and transmission infrastructure that serves the City of San José, including age, condition, last inspection, location, and PG&E's assessment of the likelihood that each piece of infrastructure would need to be de-energized.
- The City of San José is very concerned about the possibility of a transmission line de-energization as this has the potential to cause a larger regional outage that would lead to serious life-safety and economic impacts. A widespread power outage affecting millions and/or hundreds of thousands of residents and businesses is not acceptable. The City of San José requests PG&E's risk management plan and the steps PG&E is taking to prevent a de-energization event from causing cascading effects that could lead to a larger regional outage.
- The City of San José requests additional information regarding the length of an outage caused by a de-energization event. PG&E's staff indicated that the City of San José should plan for a 4-day outage. This length of time is unprecedented, especially in a dense urban area, and requires significant additional and targeted planning.
- Finally, the City of San José requests additional information regarding the time-period that San José should plan for these events to occur. The briefing only provided very preliminary weather conditions that could trigger this type of event, and the time-period was over several months in the summer and fall.

#### **Communications Plan and Emergency Preparedness**

- PG&E's communications plan should be better coordinated with City officials. PG&E started to notify customers in the City of San José **before** briefing our City administration. PG&E's communications have caused confusion in our community as the information is incomplete. The communication plan so far has not been well coordinated or received. The City of San José requests PG&E's full PSPS communications plan for notifications and announcements, list of outreach tactics, all collateral, and plans to engage vulnerable populations, including non-English speakers and Medical Baseline Allowance customers.
- The City of San José has a very diverse community with many non-English speaking residents. The PSPS website ([prepareforpowerdown.com](http://prepareforpowerdown.com)) has not been translated. PG&E's website is available in Spanish and Chinese, but webpages on the PSPS in these languages cannot be found. It is critical that materials are translated into additional languages, particularly Spanish, Vietnamese and Chinese.
- PG&E indicated it would rely on government agencies to supplement its PSPS communications, particularly during a PSPS event. The City of San José would like to develop of Memorandum of Understanding with PG&E to outline communications responsibilities.

Letter to William Johnson, Chief Executive Officer, Pacific Gas and Electric

May 30, 2019

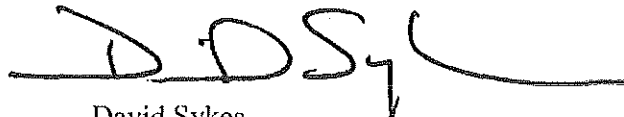
Page 3 of 3

- PG&E's online Government Resource Center appears to have the limitation that we can only access data when a weather warning is issued. This is not sufficient as the City of San José must start our emergency preparedness planning now.

The City of San José respectfully requests additional meetings and coordination with PG&E's communications team, technical leads on de-energizing infrastructure, and PG&E's emergency management team. The City requests the opportunity to review infrastructure inspection records and condition assessments, de-energization & restoration plans including how decisions will be made, and the communication plan for notification and announcements. Additionally, we ask that we conduct joint exercises to understand the conditions, the process for decision making, and the timing and methods of communication.

The City of San José takes public safety seriously. Disaster management and emergency preparedness is my highest priority. I look forward to discussing how we may strengthen our collaboration to ensure the safety and protection of all residents. The lead for my team on this issue is Ray Riordan, and he can be reached at 408-794-7050 and [Ray.Riordan@sanjoseca.gov](mailto:Ray.Riordan@sanjoseca.gov). You may also contact me directly at 408-535-8111 and [Dave.Sykes@sanjoseca.gov](mailto:Dave.Sykes@sanjoseca.gov) to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Sykes', with a long horizontal line extending to the right.

David Sykes  
City Manager