



CITY OF CARMEL-BY-THE-SEA Notice and Agenda

Contact: 831.620.2000 www.ci.carmel.ca.us

Community Meeting Notice

**Monday, October 7, 2024
4:00 PM**

RULE 20A UNDERGROUND UTILITIES AD HOC - COMMUNITY MEETING

WHAT: This is an Ad Hoc Meeting to discuss the Overhead to Underground Conversion Project and establishing the Carmel Underground Utility District utilizing Rule 20A allocations

WHERE: City Hall Council Chambers, located on Monte Verde Street between Ocean and Seventh Avenues, Carmel-the-Sea, and via Zoom Webinar

ATTENDANCE OPTIONS: This meeting will be held in person in the Council Chambers, and via Zoom Webinar. You may also watch the livestream on the City's YouTube page at: <https://www.youtube.com/@CityofCarmelbytheSea/streams>. Please note that the Ad Hoc Meeting will proceed as normal even if there are technical difficulties accessing Zoom. The City will do it's best to resolve any technical issues a quickly as possible.

To participate in the meeting via Zoom, copy and paste the link below into your browser:
<https://ci-carmel-ca-us.zoom.us/j/88367541113> Webinar ID: 883 6754 1113 Passcode: 200440 Dial in: (253) 215-8782

HOW TO PARTICIPATE: The public may give their comments in person, or using the Zoom teleconference module, provided that there is access to Zoom during the meeting. Zoom comments will be taken after the in-person comments. The public can also email comments to Javier Hernandez at jhernandez@ci.carmel.ca.us.

CALL TO ORDER AND ROLL CALL - 4:00 PM

Rule 20A Underground Utilities Ad Hoc Members: Councilmember Dramov and Councilmember Baron

ANNOUNCEMENTS

DISCUSSION ITEMS

A.

Receive a presentation and make a recommendation to City Council regarding the establishment of an Underground Utility District between the

Del Mar parking lot at the west end of Ocean Avenue and San Antonio Avenue, and a potential Overhead to Underground Power Line Conversion Project within the District utilizing "Rule 20A" allocated funds.

PUBLIC COMMENTS - Limited to items on the agenda. Under the Brown Act, public comment for matters on the agenda must relate to that agenda item. Hateful, violent, and threatening speech is impermissible public comment as it disrupts the conduct of the public meeting. This is a warning that if a member of the public attending this meeting remotely violates the Brown Act by failing to comply with these requirements of the Brown Act, then that speaker will be muted.

ADJOURNMENT

This agenda was posted at City Hall, Monte Verde Street between Ocean Avenue and 7th Avenue, Harrison Memorial Library, located on the NE corner of Ocean Avenue and Lincoln Street, the Carmel-by-the-Sea Post Office, 5th Avenue between Dolores Street and San Carlos Street, and the City's webpage <http://www.ci.carmel.ca.us> in accordance with applicable legal requirements.

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 831-620-2000 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting (28CFR 35.102-35.104 ADA Title II).



CITY OF CARMEL-BY-THE-SEA COMMUNITY MEETING Staff Report

October 7, 2024

TO: Community Meeting Members

SUBMITTED BY: Robert Harary, P.E, Director of Public Works

SUBJECT: Receive a presentation and make a recommendation to City Council regarding the establishment of an Underground Utility District between the Del Mar parking lot at the west end of Ocean Avenue and San Antonio Avenue, and a potential Overhead to Underground Power Line Conversion Project within the District utilizing "Rule 20A" allocated funds.

RECOMMENDATION:

Receive a presentation and make a recommendation to City Council regarding the establishment of an Underground Utility District between the Del Mar parking lot at the west end of Ocean Avenue and San Antonio Avenue, and a potential Overhead to Underground Power Line Conversion Project within the District utilizing "Rule 20A" allocated funds.

BACKGROUND/SUMMARY:

The Rule 20A Undergrounding Ad Hoc Committee will be receiving a presentation from staff, and then consider making a recommendation to City Council regarding the establishment of an "underground district" that runs from the Del Mar parking lot at the west end of Ocean Avenue and San Antonio Avenue. The establishment of this district would allow the City to utilize funds available through the "Rule 20A Program" to place powerlines within the district underground.

Information about the Rule 20A Program, and the undergrounding district, can be found by clicking the link below to view the November, 2023 City Council Meeting Staff Report with attachments.

FISCAL IMPACT:

PRIOR CITY COUNCIL ACTION:

ATTACHMENTS:

Staff Report and Attachments from November 7, 2023 City Council Meeting

Utility Undergrounding PG&E Rule 20A Program Presentation



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL Staff Report

**November 7, 2023
PUBLIC HEARINGS**

TO:	Honorable Mayor and City Council Members
SUBMITTED BY:	Robert Harary, P.E, Director of Public Works
APPROVED BY:	Chip Rerig, City Administrator
SUBJECT:	<p>Resolution 2023–103, selecting an Overhead to Underground Utility Conversion Project and establishing the Carmel Underground Utility District utilizing Rule 20A allocations</p> <p>Recommendation: Adopt Resolution 2023–103 selecting an Overhead to Underground Utility Conversion Project Option #1 and/or Option #2, and establishing the Carmel Underground Utility District utilizing Rule 20A allocations.</p>

RECOMMENDATION:

Adopt Resolution 2023–103 selecting an Overhead to Underground Utility Conversion Project Option #1 and/or Option #2, and establishing the Carmel Underground Utility District utilizing Rule 20A allocations.

BACKGROUND/SUMMARY:

In 1967, in response to local government interest in enhancing the aesthetics of their communities, the California Public Utilities Commission (CPUC) established electric tariff Rule 20. The Rule contains three separate programs that provide for undergrounding existing overhead utility lines. The rules established by the CPUC for electric utility companies are collectively known as Electric Rule 20. These include Rules 20A, 20B, and 20C. Each category of Electric Rule 20 addresses different funding mechanisms and qualifications for undergrounding existing overhead utility lines.

Electric Rule 20 Undergrounding Funding Options

A. Rule 20A: Municipal Projects

Rule 20A is the primary program for municipalities to underground utilities in built-up urban areas. Under Rule 20A, funding for undergrounding projects is primarily from ratepayer electric bills, so the projects must provide a benefit to the public at large.

To qualify, the governing body of the City must, among other things, determine, after consultation with Pacific Gas and Electric Company (PG&E), and after holding a Public Hearing on the subject, that

undergrounding is in the public interest for one or more of the following reasons:

- The street or road right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public. There is a high probability that the Del Mar parking area leading up to Carmel Beach, and the Mission Trail Nature Preserve would satisfy this requirement, although other areas, such as Forest Theatre, Sunset Center, City Hall, Scenic Drive, and/or Forest Hill Park may also qualify.
- The street or road right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic. There is a high probability that portions of Ocean Avenue and the central commercial district would satisfy this requirement.
- The street or road right-of-way is considered an arterial street or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines. City streets that meet this requirement include Ocean Avenue, Carpenter Street, Junipero Street, Rio Road, San Antonio Avenue, San Carlos Street, and Santa Lucia Avenue.
- Wheelchair access is limited or impeded in a manner that is not compliant with the Americans with Disabilities act. There is a high probability that streets within the City satisfy this requirement, but would have to be analyzed on a case-by-case bases.
- The project eliminates an unusually heavy concentration of overhead electric facilities. There is a low probability that such a qualifying area exists in the City of Carmel (City).

It should be emphasized that Rule 20A was established to improve aesthetics at these qualifying locations. The overall Rule 20A Program has not been successful as a majority of projects were only executed in large metropolitan areas, projects took years - and oftentimes decades - to implement, and numerous agencies, including the City (until now), did not benefit from the Program.

In recent years, and in large part based on devastating wildfires in California allegedly caused by electrical wires, the Rule 20A Program has been subject to significant criticism by communities requesting undergrounding for wildfire prevention. Further, credits have been rapidly reallocated from agencies without prior notice, including from the City, and without recourse. Over the past two years, the CPUC has been revising, and is now phasing out the entire Program, which will expire in 2033. This report will touch on some of these key issues as it relates to the City's Rule 20A funding and proposed undergrounding project.

B. Rules 20B and 20C

Under Rule 20B, projects are typically installed in conjunction with a subdivision development, and the costs are borne by the project developer. The developer pays for the installation cost of the underground system, less a credit for an equivalent overhead system. Rule 20B would not apply to a built-out community such as Carmel-by-the-Sea.

Under Rule 20C, projects are usually small and involve just one or more property owners. The costs are almost entirely borne by the applicants. Undergrounding within the provisions of Rule 20C occurs when neither Rule 20A nor Rule 20B applies. Under Rule 20C, the applicants pay the entire cost of the electric undergrounding. There are such potential undergrounding projects being planned in the City, notably along San Antonio Avenue, between Second and Fourth Avenues, that may qualify under Rule 20C.

City of Carmel Rule 20A Funding

The City has limited Rule 20A community allocation credits to undertake any major utility undergrounding project. Municipalities historically accrued credits annually and received an annual notification each March. It is important to note work credits are not monies, but are credits as described in the Electric Rule 20 tariff. One work credit is equivalent to one dollar. As the name implies, the credit discounts the cost of a Rule 20A undergrounding project. In other words, credits can be applied to pay the full or partial cost of a qualifying undergrounding project.

Reallocation of Credits

When a Rule 20A project requires additional work credits, credits from communities that are considered “inactive” can be reallocated to those communities who has a project with insufficient work credits to proceed into construction. This process is referred to as reallocation. Section A.1.c of the Electric Rule 20 Tariff states:

“When amounts are not expended or carried over for the community to which they are initially allocated, they shall be assigned when additional participation on a project is warranted or be reallocated to communities with active undergrounding programs.”

In March 2021, for the first time in the City’s Rule 20A work credit program, PG&E notified the City that they reallocated \$5,407 of the City’s credits to an under-funded, but active, undergrounding construction project for the City of Live Oak. The reallocation actually occurred seven months earlier, in August 2020. When staff inquired, we were informed that until the City has an “active” undergrounding project, the City’s Rule 20A credits are subject to further reallocations.

In October 2021, with staff’s recommendation, the City Council added the Underground Utilities Rule 20A Project to the Council’s Strategic Priorities list. Next, staff began researching the development of a district in accordance with the Rule 20A requirements, which, as noted below, have recently been significantly changed by the CPUC. Progress by staff was limited until the City’s Project Manager came on board in February 2023.

In the March 2022 PG&E allocation notice, the City still had \$986,646 in credits. However, in the March 2023 notice, we were notified that another \$175,796 of the City’s credits had been reallocated to 14 other cities, mostly in the Bay area. The reallocations had already occurred in October 2022 and January 2023.

In recent preparation of this staff report, we reached out to PG&E’s Rule 20A liaison to find out if further reallocations had occurred since the last notification, and indeed it had. Another \$143,211 was reallocated to eight other cities and counties across PG&E’s service territory in May and June 2023, again without prior notification to the City. As of today, the City’s Rule 20A allocation balance is down to \$667,639 work credits.

Over the past year, PG&E’s liaison made it clear that the CPUC was changing the entire Rule 20 Program, that no further work credits are being allocated, and that credits may even expire in the year 2033. It appears that as the uncertainty of the changing rules was underway, PG&E unilaterally reallocated City credits, along with credits of numerous other inactive cities.

Recent Changes to Rule 20A Undergrounding Funding

California Public Utilities Commission Decision 21-06-013 discontinued authorization of new Rule 20A work credits for allocation after December 31, 2022. Additionally, municipalities are not permitted to borrow future work credits beyond 2022 work credit allocations. Unauthorized work credit trading is not permitted, except for intra-county donations of work credits from a county government to cities within the county or from a city to its county government, and pooling of work credits amongst two or more adjoining municipalities for a project with community benefit for the adjoining municipalities.

The CPUC has also temporarily halted the reallocation of credits by PG&E. The CPUC issued “Phase 2 Decision Revising Electric Rule 20 and Establishing Local and Tribal Government Consultation Requirements,” dated June 13, 2023, and included as **Attachment 2**. As a result, utility companies such as PG&E must file a Tier 2 advice letter to the CPUC to make a consolidated proposal for reallocations of Rule 20A credits within 18 months of the effective date of that decision. PG&E intends to file a Tier 2 advice letter to the CPUC in December 2024. In the interim PG&E cannot reallocate any community’s current work credits until such advice letter is submitted to the CPUC, thus temporarily freezing the current standing for communities such as Carmel-by-the-Sea. Thus, the City’s total work credit balance will remain at \$667,639.

In **Attachment 2**, the CPUC provided the following key conclusions which may be applicable to the City’s project:

- *“The Commission should define Underserved Community as any city...that has not completed a Rule 20A project since 2004.*
- *It is reasonable to discontinue the Rule 20A program.*
- *Any Rule 20A work credit that has not been allocated to a community with an Active Rule 20A Project within two years of the effective date of this decision should be deemed expired.*
- *Any Rule 20A work credit that has not been deducted from a community’s work credit balance by December 31, 2033 should be deemed expired.*
- *Utilities should give communities the option to contribute financially to a Rule 20A project that has insufficient work credits for completion. Utilities should prioritize reallocation of work credits from inactive communities to Active Rule 20A Projects with insufficient work credits....*
- *It is reasonable to not increase the number of Rule 20A work credits available for reallocation or otherwise increase ratepayer funding available for Rule 20A projects.”*

Active Versus Inactive Projects

The CPUC further defined the definition of an “active” community in CPUC Resolution E-4971 as follows,

- “1. Formally adopts an undergrounding district ordinance which expires at completion of work within the district boundaries; or*
- 2. Has started or completed construction of an undergrounding conversion project within the last 8 years, defined as 2011 or later; or*
- 3. Has received Rule 20A allocations from the utility for only 5 years or fewer due to recent*

incorporation.”

Currently, the City does not meet this definition of “active” and is considered “inactive.” Of the three options to become “active” as described above, only Option 1 applies. Thus, it is prudent for the City to select an undergrounding conversion project and adopt a Resolution establishing an underground utility district so that the City will be “active.” Once the City is active, the remaining credits will be locked in.

Selecting an Overhead to Underground Conversion Project

The first step to become an active community is to select a suitable undergrounding project. There were a number of possible undergrounding projects within the City, some discussed many years ago, that were considered. Public Works narrowed down these various options to the following two projects that appeared to be very strong candidates for Rule 20A funding and of a size that would be somewhat compatible with the available credits. These two options were previously introduced to Council, informally, and noted in prior Friday Letters.

The smallest qualifying project for Rule 20A must be a minimum 600 feet long. PG&E’s cost per foot guideline is approximately \$500,000 for a 600-foot long project, or \$833 per foot.

Options #1 and #2 are shown in **Attachment 3**. This attachment includes a preliminary Underground Utility District boundary map, an aerial photograph outlining the overhead utilities and poles to be relocated underground, and representative photographs of the poles and wires at these locations.

Option #1 is located in the Del Mar parking lot from the intersection of Ocean/San Antonio Avenues, west along the southern edge of the North Dunes Habitat Restoration Site, and approximately 800 feet to the end of the parking lot at the foot of the entrance onto Carmel Beach. At the time of construction, seven (7) property owners, most adjacent to the south edge of the parking lot, would need to convert to underground facilities. Ten power poles and associated overhead wires would ultimately be removed. A very rough initial cost estimate prepared by staff, in today’s dollars, is \$700,000.

Option #2 is located within the Mission Trails Nature Preserve from the entrance gate at Eleventh Avenue, along the west side of the Willow Trail, extending south for approximately 1,100 feet. At the time of construction, eight (8) property owners on Ridgewood Road would need to convert to underground facilities. Nine power poles and associated overhead wires would ultimately be removed. A very rough initial cost estimate in today’s dollars, is \$900,000.

Public Works submitted both options to PG&E for preliminary review. PG&E subsequently notified the City that both project options qualify as meeting the tariff criteria for a Rule 20A project.

Staff believes that both Options are viable, although staff suggests that Council select a project option following Public Hearing testimony.

- **Option #1** provides a greater advantage from a visual aesthetics perspective for a greater numbers of citizens and visitors to Carmel Beach and the North Dunes site. This aesthetic upgrade is fundamental to the genesis of the Rule 20A Program.
- **Option #2** would also improve aesthetics, but for fewer pedestrians walking along the Willow Trail. However, Option #2 would have more benefit than Option #1 in reducing the potential risk of a fire because these overhead lines are in the heavily-wooded Mission Trail Nature Preserve. Roughly two years ago, when PG&E announced their major initiative to underground wires at PG&E’s expense to

prevent wildfires following the fires in the Town of Paradise, the City requested PG&E to underground this same segment of overhead wires along the Willow Trail as per Option #2. Councilmember Ferlito was instrumental in that request. Unfortunately, a year later, PG&E notified the City that undergrounding this site at their expense was denied, and in fact, no known lines were undergrounded in Monterey County to that point in time.

There are numerous factors that can significantly influence the cost of an undergrounding project, from location, number of utilities involved, other utilities existing below ground, environmental considerations, topography, and market cost of labor and materials at the time of future construction. As a result, it becomes extremely hard to develop an early budget estimates for any such project. Further, as the design commences by the utilities, there may be additional, or less, power poles that will be removed compared to the above estimates. Similarly, additional, or less, Property owners may be required to convert to underground connections once the design is developed.

Another key issue when selecting an Undergrounding Utility Conversion Project is the impact to Property Owners in the Underground District. Depending on the Project Option #1 and/or #2 selected by Council, seven or eight Property Owners would be required to convert their facilities on their private properties and entirely at their expense. Each Property Owner would need to design the conversion for each home or business from their overhead utility connections to be received via new, underground services. This process would include obtaining permits and approvals from PG&E, other utilities, and the City, installing new utility service panels, trenching across their properties, and installing conduits up to the City's right-of-way to accommodate underground electric power, cable television, telephone, and other communications services. As a result, on-site landscaping, fences, driveways, or other improvements may also need to be restored after the installations are made. Finally, the overhead wires to the private homes or businesses would be removed. The Building Department estimates that such a conversion could cost roughly \$20,000 to \$30,000, although each property's situation would be different and could be costlier.

In addition to the public notice for the Public Hearing on this matter and flyers sent to property owners within 300 feet of both underground district options, the City Administrator, Public Works Director, and Project Manager will be meeting with as many directly impacted Property owners as possible to briefly explain the proposed undergrounding conversion project and gage their potential interest, or opposition, to the project. This feedback is not yet known at the time of this report, but will be included in staff's presentation on the project at the Public Hearing.

As noted above, an "Active" status will lock in the City's current allocation of credits (\$667,639). If, at a later date, the City decides to revise either of the Project options, or considers a different location altogether, it can do so without any repercussion as it would not jeopardize the Active status. However, significantly revising the selected project at a later date could result in further project delays, especially after design is commenced by the utilities.

Initiating an Underground Utility District

Per Carmel Municipal Code (CMC) Chapter 13.28, Underground Utilities, the City may establish an undergrounding district after holding a Public Hearing and adopting a Resolution. CMC Chapter 13.28 is included as **Attachment 4**. All property owners within the proposed underground district boundaries have been notified of this Public Hearing.

Once the City Council selects a preferred project option (or both project options), Public Works would formally initiate the project by submitting the Underground Utility District map showing the District boundaries, and project application materials to PG&E, telephone, and cable companies affected by the proposed project.

The Resolution in **Attachment 1** is in a format provided by PG&E. The proposed Resolution states, among other matters:

1. That the public interest requires that all existing overhead communication and electric distribution facilities in such District be removed and placed underground;
2. That each property served from overhead facilities shall have installed, in accordance with PG&E's rules for underground service, electrical facility changes on the premises necessary to receive services from the underground facilities of PG&E as soon as it is available; and
3. That once the overhead facilities are converted to underground, PG&E is authorized to discontinue its overhead service and remove all aerial facilities and power poles.

Proposed Council Actions following the Public Hearing

At the November 7, 2023 meeting, Staff will provide a presentation outlining the Rule 20A funding process, describe the two undergrounding project options, and introduce the next steps from project application to PG&E through future construction.

Following Public Hearing testimony, Council will be asked to select Underground Utility Conversion Project Option #1, Option #2, or both. Alternatively, Council could direct staff to consider different options, or provide more information regarding any option for review at a subsequent Council meeting.

If a project option(s) is selected, Council will be requested to adopt Resolution 2023-103 which would formally select the Underground Utility Conversion Project(s) and establish the Carmel Underground Utility District. An immediate benefit to adopting the Resolution is to lock in the remaining Rule 20A credits, even if the selected Underground Utility District is modified in the future.

Resolution 2023-103 includes both underground district maps as an exhibit. If Council selects one of these options, only the selected option map would be included in the final Resolution.

Project Planning and Design

Once PG&E determines that the City's Rule 20A Application is complete, their project team can initiate project planning. This is a multi-step process that includes developing an underground design, project plans, cost estimates, coordinating designs and schedules with the other utilities, and with the City. Project design also involves coordination with multiple utilities, regulatory agencies, and affected Property Owners. The preliminary design will confirm that the underground district boundary shown in **Attachment 3** is adequate for removal of the overhead facilities and is of adequate size and configuration to accommodate the new, underground facilities. Otherwise, the district boundaries may need to be adjusted by the City at that time.

Issues that could slow the planning and design phases include: obtaining environmental clearances and regulatory permits, securing easements if required, space constraints in the public right-of-way, tree impacts, parking lot or trail access restrictions, future funding arrangements with the City, and/or legal challenges.

The City should utilize all available work credits to pay for this project. However, if the City elects to move forward with a Rule 20A Project without having sufficient work credits to cover the full cost of the project, as is currently anticipated, a community fund would have to be pre-arranged to cover the work credit shortfall.

Since the cost of the underground conversion will not be known until a design is established, it is premature to lock in an amount or funding source for the anticipated shortfall at this time.

Project Construction

Project construction by the utilities involves constructing underground utility vaults and various junction boxes, excavating and placing conduits for underground joint trenches, and pulling utility cables through the joint trench conduits.

As noted above, the Property Owners in the District must also convert their overhead service connections to receive the utility services via underground conduits installed on their private properties at their expense. Once all the underground infrastructure, both in the public right-of-way and on the private properties are in place, the overhead utility wires and power poles can be removed.

Recently, PG&E stated that new Rule 20A projects are still taking up to 10 years to complete from the initial planning application to pole removal. This is not unusual as other local agencies have experienced the same timelines or longer.

Pros and Cons of Utility Undergrounding

While utility undergrounding has a number of benefits, there are some drawbacks that should be considered when establishing an undergrounding project.

Benefits include:

- **Aesthetics:** Better appearance of neighborhoods with power poles and lines removed from view.
- **Reliability:** Fewer power outages as underground power lines are not susceptible to high winds or falling trees and branches.
- **Safety:** Hazards of overhead power lines are eliminated, notably those that could spark fires, which provides improved safety for the community and utility workers.
- **Resilience:** Better resilience of the utility network to climate change, including impacts of stronger storms and temperature fluctuations.
- **Durability:** Underground systems have a longer useful life than overhead systems.

Drawbacks include:

- **Cost:** Installing underground utilities costs on average 10 times more to plan and install than overhead utilities for the same voltage and distance. The cost can range from 4 to 14 times more than overhead facilities.
- **Water infiltration:** Underground lines must be protected by waterproof conduit as they are susceptible to shortages from groundwater infiltration.
- **Ease of Repair:** When an outage occurs, locating the damaged area underground is more difficult and may take longer to repair. Replacing underground power lines is also more time-consuming.
- **Utility conflicts:** There are other utilities underground, including gas, sewer, water, and stormwater

drainage systems which limit the available space for undergrounding power and communications lines. This will be of particular concern along Carmel's narrow residential streets for future, larger-scale projects.

- Sidewalk hazards: More utility vaults and pedestals in the sidewalks or trails could potentially lead to falls.
- Flexibility: once a utility is undergrounded, power load changes can only be accommodated when the line is replaced.

Local Underground Projects

As of December 2022, there were 10 active undergrounding projects in Monterey County, with four located on the Monterey Peninsula, three in the Salinas Valley, and three in Monterey County. Of these 10 projects, nine were in the initial "planning phase," which includes obtaining agreements, determining initial costs, and preparing for engineering, and only one was in construction.

A summary of three representative projects is provided below.

1. Moss Landing, County of Monterey: This is the only active project in Monterey County that has entered the construction phase. This project was initiated in 2001 and entails utility undergrounding in the commercial area. AT&T is the project lead, and the project cost was \$6M.
2. Reservation Road, City of Marina: Utility undergrounding is in the planning phase along a portion of Reservation Road. The anticipated cost is \$3.1M.
3. Carmel Valley Road, County of Monterey: This undergrounding district was established in 2013 and extends seven miles from Oak Meadow Lane near Garland Ranch State Park to Pilot Road in Carmel Valley Village. The project is also in the planning phase and has an anticipated cost of \$19.3M.

Larger Scale or Citywide Underground Considerations

At the Strategic Priority Workshop of August 30, 2023 and as confirmed at the October 3, 2023 meeting, the City Council directed staff to pursue a larger-scale undergrounding project(s) separate from this one-time Rule 20A Project as a separate Strategic Priority.

Applying the same cost factor recently provided by PG&E of \$500,000 for every 600 feet for undergrounding, and noting the City has 27 centerline road miles (142,560 lineal feet), a rough estimate, in today's dollars, of converting the City at large to underground would be \$120 million.

Environmental Determination

The City has determined that establishing the Overhead to Underground Utility Conversion Project and the Carmel Underground Utility District are exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) California Public Resources Code Section 21000, et seq., pursuant to Section 15061(b)(3) of the CEQA Guidelines, covering activities with no possibility of having a significant effect on the environment, and that establishing the Overhead to Underground Utility Conversion Project and the Carmel Underground Utility District do not directly or indirectly authorize or approve any actual changes in the physical environment.

FISCAL IMPACT:

Funding for an underground utility conversion project using Rule 20A credits from PG&E is described above. The City's work credit balance is \$667,639.

There is no fiscal impact to the City at this time. Should the credits be insufficient to fund the Underground Utility Conversion Project(s) selected by the City Council, as currently anticipated, City funds will need to be identified and secured at that time. It may be years until such time as a cost estimate is determined by PG&E.

PRIOR CITY COUNCIL ACTION:

In October 2021, the Rule 20A Undergrounding Project was included in the City Council's list of Strategic Priorities. Updates on the status of this project was provided in subsequent Council workshops and meetings regarding the Strategic Priorities.

ATTACHMENTS:

Attachment 1) Resolution 2023-103

Attachment 2) CPUC Decision, June 13, 2023

Attachment 3) Underground Conversion Project Options #1 and #2

Attachment 4) CMC Chapter 13.28, Underground Utilities

**CITY OF CARMEL-BY-THE-SEA
CITY COUNCIL**

RESOLUTION NO. 2023-103

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA
SELECTING AN OVERHEAD TO UNDERGROUND UTILITY CONVERSION
PROJECT AND ESTABLISHING THE CARMEL UNDERGROUND UTILITY DISTRICT
UTILIZING RULE 20A ALLOCATIONS**

WHEREAS, the California Public Utilities Commission (CPUC) has authorized electric and telecommunication utilities to convert overhead utility lines and facilities to underground pursuant to Electric Rule 20 and Telecommunication Rule 32; and

WHEREAS, pursuant to certain criteria, CPUC rules allow participating cities and counties to establish legislation authorizing the creation of underground utility districts within which existing overhead electric distribution and telecommunication distribution and service facilities will be converted to underground; and

WHEREAS, the City of Carmel-by-the-Sea (City) has adopted an Underground Utility Ordinance, Chapter 13.28 of the Carmel Municipal Code authorizing the City Council to designate areas within which all existing overhead poles, overhead wires and overhead equipment associated with the distribution of electric power, telecommunication services and cable television should be removed and replaced with underground wires and facilities; and

WHEREAS, the Director of Public Works for the City has consulted with the affected public utilities and such utilities have agreed that the proposed underground conversion district, designated the Carmel Underground Utility District and more particularly described in Exhibit 1 attached hereto and incorporated herein by reference, meets the criteria established by the rules of the CPUC, to wit,

- that such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities, and/or
- that the street or road right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic, and/or
- that the street or road right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public, and/or
- that the street or road right-of-way is considered an arterial street or major collector as defined in the Governor's Office of Planning and Research General Plan Guidelines; and

WHEREAS, each year the City is notified by PG&E regarding the allocation of work credits for conversion of overhead electric distribution lines and facilities to underground, known as Rule 20A allocations; and

WHEREAS, the City and the affected utilities have agreed that each utility shall complete the engineering of their respective portion of the City's Overhead to Underground Utility Conversion Project; and

WHEREAS, the City and the affected utilities have agreed that PG&E shall be responsible for preparation of the trench profile and composite drawings, and that PG&E shall be designated as "trench lead" to manage trenching, installation of substructures, and pavement restoration and such other work; and

WHEREAS the Director of Public Works of the City and the affected utilities have agreed on a work schedule which meets their respective capabilities and further agreed to waive any administrative fees, costs or special street restoration requirements for purposes of this project; and

WHEREAS, to the extent required, the City has agreed to provide easements or rights of way on private property as may be necessary for installation of utility facilities in a form satisfactory to the affected utilities; and

WHEREAS, the City Council of the City has now received the report from the Director of Public Works recommending that the area identified in Exhibit 1 should be designated as an underground utility district within which all existing overhead poles, overhead wires and overhead equipment associated with the distribution of electric power, telecommunication services and cable television should be removed and replaced with underground wires and facilities; and

WHEREAS, the City has determined that establishing the Overhead to Underground Utility Conversion Project and the Carmel Underground Utility District are exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) California Public Resources Code Section 21000, et seq., pursuant to Section 15061(b)(3) of the CEQA Guidelines, covering activities with no possibility of having a significant effect on the environment, and that establishing the Overhead to Underground Utility Conversion Project and the Carmel Underground Utility District do not directly or indirectly authorize or approve any actual changes in the physical environment; and

WHEREAS, the City has notified all affected property owners within the proposed Carmel Underground Utility District and inviting same to attend a Public Hearing to discuss formation of the proposed district; and

WHEREAS, the City Council of the City held a Public Hearing at which time the Council did receive and consider the recommendation of the Director of Public Works and did hear any and all objections or protests that were raised by the owners of property within the above described district pertaining to designating this area an underground utility district.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA THAT:

Section 1. The public interest requires the removal of all existing utility poles [excepting those poles supporting safety lights], overhead wires and associated

overhead structures and installation of underground wires and facilities for supplying electric power, communication, or similar associated services within the areas as shown in Exhibit 1, attached hereto, with such area being designated as the Carmel Underground Utility District.

Section 2. That the utility companies, cable television services and other affected services shall commence work on installation of underground facility installation in the Carmel Underground Utility District and that as each phase of the project is complete and ready for conversion from overhead to underground utility facilities, all fronting property owners shall be notified by first class letter, postage pre-paid, of the schedule for conversion of all utility service lines.

Section 3. The electric utility shall not use the underground conversion allocation computed pursuant to decisions of the California Public Utilities Commission for the purpose of providing to each premises requiring it in the Carmel Underground Utility District a maximum of one hundred feet of individual electric service trenching and conductor (as well as backfill, paving and conduit, if required) and each other serving utility shall provide service trenching and conductor in accordance with its rules and tariffs on file with the California Public Utilities Commission or as required by its Franchise Agreement with the City.

Section 4. The electric utility shall not use said underground conversion allowance allocation, up to a maximum amount of \$1,500 per service entrance excluding permit fees, for the conversion of electric service panels to accept underground service in the Carmel Underground Utility District, and each property owner shall be financially responsible for any and all costs not covered by the electric utility for the installation and maintenance of the conduit and termination box located on, under or within any structure on the premises served.

Section 5. That upon notification as specified in Section 2, all property owners in the Carmel Underground Utility District shall have underground electrical entrance facilities installed and inspected pursuant to the City's Electrical Code within sixty (60) days and that should any property owner fail to install satisfactory underground electrical entrance facilities by the date specified in the notice, the electric utility shall notify the Director of Public Works who shall, within thirty (30) days direct the electric utility in writing to discontinue electrical service to the property, without recourse, pursuant to Rule 11 until electrical entrance facilities are ready to accept underground electrical conductors and have passed the necessary inspection requirements.

Section 6. That once all services have been converted from overhead to underground, the utility companies, cable television services and other affected services shall remove all poles (except as specified above) and associated overhead facilities in the Carmel Underground Utility District.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 7th day of November, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

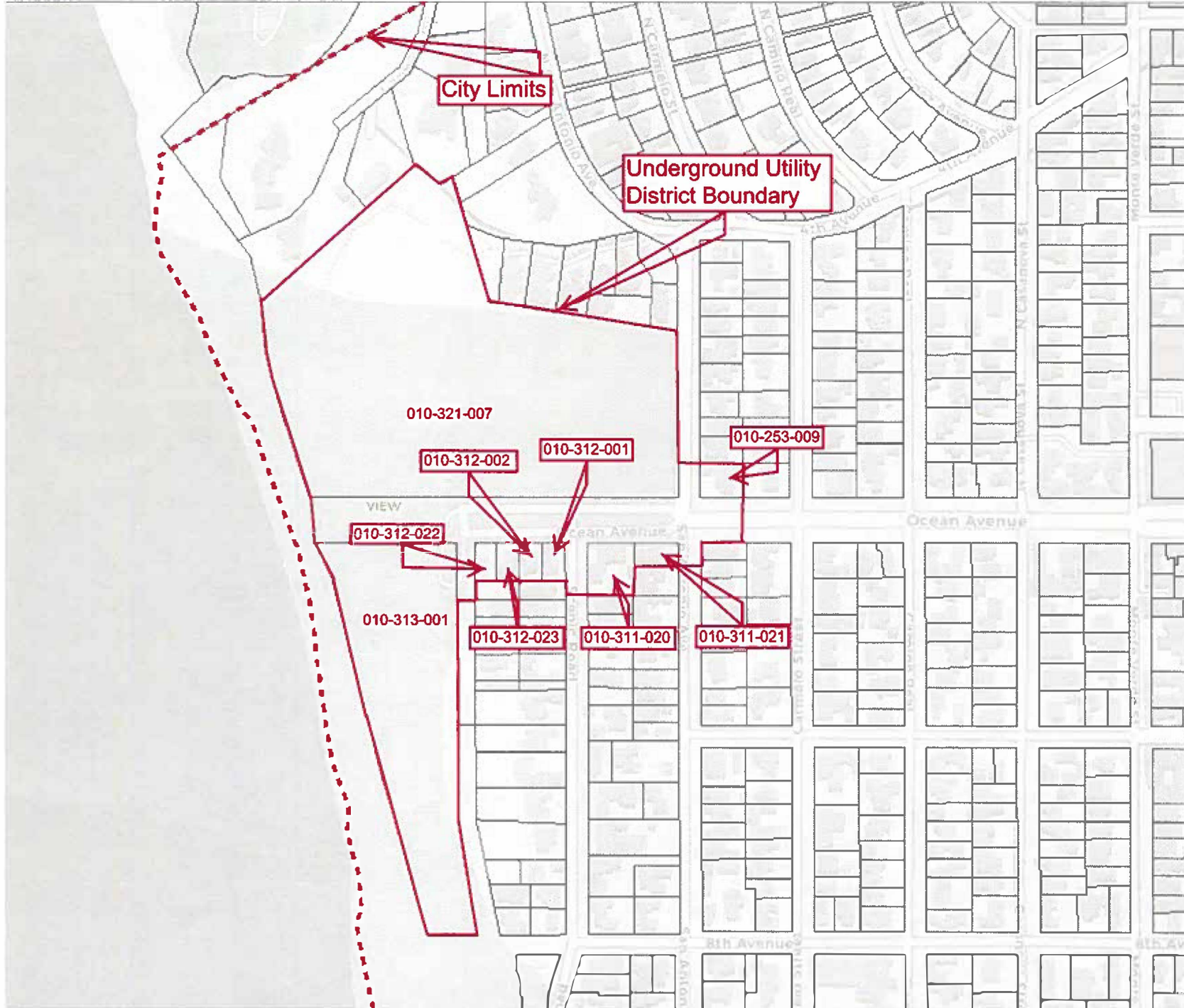
Dave Potter
Mayor

Nova Romero, MMC
City Clerk

Attachment: Exhibit A



GIS MAP - Carmel-by-the-Sea - Underground Utility District 1



- City Limit
- Parcels
- County Parcels

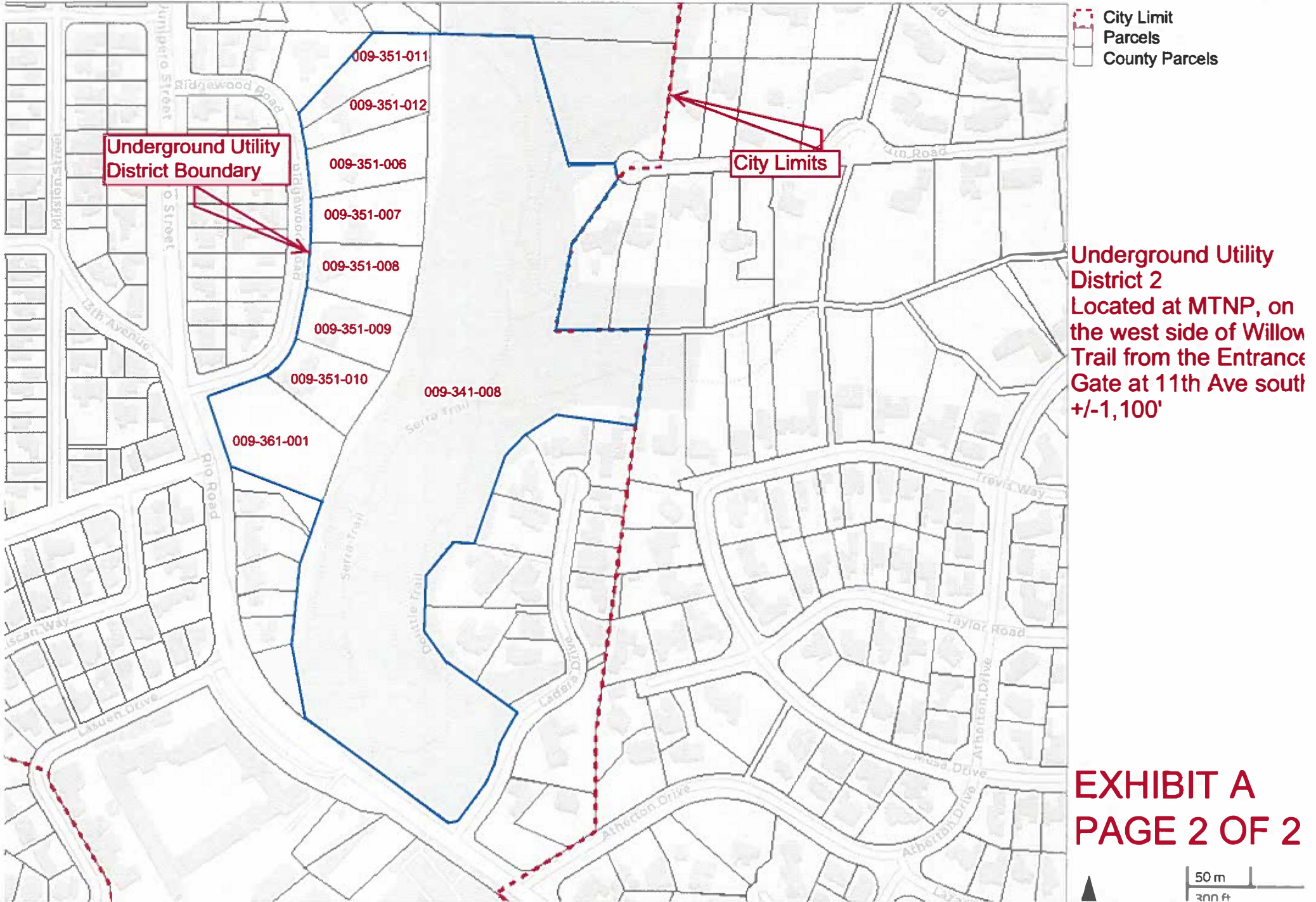
Underground Utility District 1
 Located on the west side of Ocean Ave from San Antonio Ave west approximately 800' to the end of the parking lot at the Del Mar Beach Entrance.

EXHIBIT A
PAGE 1 OF 2





GIS MAP - Carmel-by-the-Sea - Underground Utility District 2



**EXHIBIT A
PAGE 2 OF 2**

COM/ARD/mef

Date of Issuance: 6/13/2023

Decision D.23-06-008 June 8, 2023

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Consider Revisions to Electric Rule 20
and Related Matters.

Rulemaking 17-05-010

**PHASE 2 DECISION REVISING ELECTRIC RULE 20 AND ESTABLISHING
LOCAL AND TRIBAL GOVERNMENT CONSULTATION REQUIREMENTS**

TABLE OF CONTENTS

Title	Page
PHASE 2 DECISION REVISING ELECTRIC RULE 20 AND ESTABLISHING LOCAL AND TRIBAL GOVERNMENT CONSULTATION REQUIREMENTS	1
Summary	2
1. Background	3
2. Issues Before the Commission.....	5
3. Wildfire-Related Undergrounding Investments by Ratepayers	5
3.1. Whether to Add Rule 20A Project Eligibility Criteria for Wildfire-Related Undergrounding	9
3.2. Whether to Enhance Engagement with Local Governments and Tribal Jurisdictions to Inform Utility Investments in Undergrounding for Wildfire Safety, Resilience, or Emergency-Related Purposes	11
3.3. Whether to Modify or Discontinue the Rule 20D Program.....	13
4. Equity and Environmental and Social Justice	16
5. Active Rule 20A Projects with Insufficient Work Credits	22
5.1. Reallocation of Rule 20A Work Credits	23
5.2. Community Contributions to Rule 20A Projects	26
6. Summary of Public Comment	28
7. Comments on Proposed Decision.....	28
8. Assignment of Proceeding	31
Findings of Fact.....	31
Conclusions of Law	32
ORDER	35
Attachment A:	1

**Attachment A - Required Information Regarding Proposed Projects for
Reallocation of Rule 20A Work Credits**

PHASE 2 DECISION REVISING ELECTRIC RULE 20 AND ESTABLISHING LOCAL AND TRIBAL GOVERNMENT CONSULTATION REQUIREMENTS

Summary

Electric Rule 20 (Rule 20) defines policies and procedures for investor-owned utilities to convert overhead power lines and other equipment to underground electric facilities at the request of a city, county, or private applicant.

This Phase 2 decision discontinues Rule 20A and Rule 20D to prevent ratepayers from funding inefficient and inequitable infrastructure investments. Rule 20A is a subprogram of Rule 20 that allocates ratepayer-funded work credits to cities and unincorporated counties for projects that meet criteria focused on aesthetic purposes. Rule 20D is a subprogram that allocates ratepayer-funded work credits to projects for mitigating fire risk in San Diego Gas & Electric Company's service territory. No project has ever been completed through Rule 20D.

The Commission will retain its authority to decide whether to approve ratepayer-funded investments in undergrounding electric lines or authorize less expensive solutions for mitigation of wildfire-related risks through other processes, including General Rate Case proceedings. Local and tribal governments will have the opportunity to provide input on large utilities' wildfire-related undergrounding plans on a regular basis.

This decision directs Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to leverage an existing semi-annual workshop requirement to consult with local and tribal governments about wildfire-related undergrounding investment plans.

Rulemaking 17-05-010 is closed.

1. Background

On May 11, 2017, the Commission issued the Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters (OIR). The OIR described the long procedural history of the Electric Rule 20 program (Rule 20), dating back to 1967. The OIR named certain electric utilities and communications providers as respondents to the rulemaking.¹

Rule 20A is a subprogram of Rule 20 that allocates ratepayer-funded work credits to cities and unincorporated counties for projects that meet eligibility criteria focused on aesthetic purposes. Rule 20D is a subprogram that allocates ratepayer-funded work credits to reduce fire risk in high fire risk areas within cities and unincorporated counties in San Diego Gas & Electric Company (SDG&E) service territory.

On June 3, 2021, the Commission approved Decision (D.) 21-06-013, which revised Rule 20A as follows: (a) discontinued new work credit allocations for Electric Rule 20A projects, (b) clarified Electric Rule 20A project eligibility criteria and work credit transfer rules, and (c) enhanced program oversight. The decision concluded Phase 1 of the proceeding (Phase 1 Decision).

On August 16, 2022, the assigned Commissioner issued a Scoping Memo and Ruling (scoping memo) that established the issues for Phase 2 of this

¹ Electric utility respondents: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Bear Valley Electric Service Company (BVES), Liberty Utilities (Liberty), and PacifiCorp. Facilities-based communications provider respondents: Incumbent Local Exchange Carriers, AT&T California, Cal-Ore Telephone Company, Calaveras Telephone Company, Citizens Telecommunications Company of California, Ducor Telephone Company, Foresthill Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, Ponderosa Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company, Frontier California, Volcano Telephone Company, Consolidated Communications of California, Winterhaven Telephone Company, and other facilities based communication providers.

proceeding and requested party comments. The following parties filed opening comments and/or reply comments to the scoping memo questions: Rural County Representatives of California (RCRC); City of San Jose; Liberty Utilities (CalPeco Electric) LLC (Liberty Utilities); PacifiCorp d.b.a. Pacific Power (PacifiCorp); County of Sonoma; County of San Diego; Southern California Edison Company (SCE); League of California Cities (Cal Cities); SDG&E; Public Advocates Office of the California Public Utilities Commission (Cal Advocates); California Cable & Telecommunications Association (CCTA); AT&T Mobility, Pacific Bell Telephone Company d/b/a AT&T California (AT&T); City of Laguna Beach; City of San Diego; Pacific Gas and Electric Company (PG&E); and California State Association of Counties (CSAC).

On November 8, 2022, the Commission's Energy Division held a workshop (2022 Workshop) on the Phase 2 issues. Over 200 stakeholders participated in the workshop. Workshop panelists included representatives of PG&E, SCE, SDG&E, The Utility Reform Network (TURN), Cal Advocates, CSAC, RCRC, Lake County, and Cal Cities.

On December 7, 2022, the assigned Administrative Law Judge (ALJ) issued a ruling to request party comments on the 2022 Workshop. The following parties filed opening comments and/or reply comments to the scoping memo questions: SCE, PG&E, SDG&E, Cal Cities, Cal Advocates, TURN, County of Tuolumne, County of San Diego, AT&T, Citizens Telecommunications Company of California Inc., Frontier Communications of the Southwest Inc., Frontier California Inc., Santa Barbara Cellular Systems, Ltd., and New Cingular Wireless PCS, LLC.

This matter was submitted on February 17, 2023 upon filing of reply comments to the ALJ ruling on December 7, 2022.

2. Issues Before the Commission

The Phase 2 issues before the Commission are as follows:

- a. Whether to modify Rule 20A project eligibility criteria to include wildfire safety and emergency-related undergrounding or otherwise modify Rule 20A project eligibility criteria;
- b. Whether the Commission or utilities should enhance engagement with local and tribal governments to inform utility investments in undergrounding for wildfire safety, resilience, or emergency-related purposes;
- c. Whether to modify or discontinue the Rule 20D program;
- d. Whether to modify the Rule 20 program to support future projects in underserved, tribal, and/or disadvantaged communities or otherwise advance the goals of the Commission's Environmental and Social Justice (ESJ) Action Plan 2.0; and
- e. Whether to take additional steps to support the completion of active Rule 20A projects with insufficient work credits in underserved, tribal, and/or disadvantaged communities.

3. Wildfire-Related Undergrounding Investments by Ratepayers

Before addressing issues (a) through (c) above, this decision will first consider what role local and tribal governments should have in determining where to cost-efficiently invest ratepayer funding in undergrounding power lines to mitigate wildfire-related risk.

Local governments argued that they should be involved in siting undergrounding projects for wildfire-related purposes because local governments have valuable knowledge of the wildfire-related needs of their communities. RCRC asserted that local governments have a deep understanding of their communities, including energy reliability needs and natural disaster vulnerabilities. RCRC strongly supported enhanced engagement with local

governments to plan undergrounding projects for wildfire mitigation and resilience purposes because there is “little or no utility involvement with local governments to determine which undergrounding projects will be included in their wildfire mitigation or resilience programs.”² RCRC argued, “What makes Rule 20 special is that it is focused on those projects identified by local governments. One of the most significant differences between Rule 20 undergrounding and other utility-led undergrounding efforts is that it puts local governments in the driver seat.”³

Cal Cities similarly argued that utility ratepayers should fund “locally-identified wildfire safety and emergency projects that might otherwise not be high priority for PG&E but hold great significance locally and for overall wildfire mitigation.” Cal Cities also strongly supported enhancing engagement with local governments earlier in the planning process for utility investments in undergrounding for safety, resilience, or emergency-related purposes. Cal Cities proposed that large utilities should be required to consult with cities about their wildfire-related undergrounding plans early enough in the planning process so that the information gained from the consultation can inform the large utility’s plans. Cal Cities proposed additional requirements for public hearings and comments from local officials.⁴

Tuolumne County commented that local governments should have the opportunity to provide input on utilities’ wildfire-related undergrounding plans during the “scoping and planning stages.”⁵

² RCRC’s comments on January 20, 2023.

³ RCRC’s comments on September 13, 2022.

⁴ Cal Cities’ comments on September 15, 2022.

⁵ Tuolumne County comments on January 20, 2023.

The large electric utilities each argued that the Commission should not create new requirements for utilities to consult with local or tribal governments about wildfire-related undergrounding projects. SDG&E argued that utilities have the most expertise in wildfire safety and should continue to identify where to invest in undergrounding power lines for safety and emergency purposes, and that its existing processes for consulting with local governments is sufficient. SDG&E also opposed changing Rule 20A project eligibility criteria to include wildfire mitigation.⁶

PG&E argued that its existing processes for engaging with local governments and tribes is sufficient because it “appropriately balances the utilities’ need to efficiently move forward with our undergrounding work that mitigates for system-wide wildfire risk and accounts for the needs of communities, tribes and customers to be informed and involved in the process.” PG&E explained that it first selects wildfire undergrounding investments based on wildfire risk models, in consultation with regulators, and then begins engagement with local governments and tribes after the projects are selected.⁷

SCE opposed Cal Cities’ proposal for increasing engagement with local governments in planning utility-driven investments in wildfire undergrounding, arguing that its existing and planned outreach efforts already offer opportunities for local and tribal governments to provide input to inform SCE’s determinations about whether to pursue wildfire mitigation-related undergrounding projects.⁸

No party specifically argued that small or multi-jurisdictional utilities should be required to increase local and tribal engagement about wildfire-related

⁶ SDG&E comments on September 15, 2022.

⁷ PG&E’s comments on February 17, 2023.

⁸ SCE’s comments on January 20, 2023 and February 17, 2023.

undergrounding investment plans. No small or multi-jurisdictional utility addressed this issue in comments.

Local and tribal governments should have the opportunity to provide input on large electric utilities' wildfire-related undergrounding plans on a regular basis. Local governments have valuable knowledge of the wildfire-related needs of their communities. It is not sufficient for utilities to inform local governments about wildfire-related undergrounding plans and projects after these plans are final.

Ratepayer advocates strongly opposed allowing local governments to decide where ratepayers should invest in wildfire-related undergrounding through the Rule 20A program. TURN asserted that Californians are facing an "unprecedented and increasingly dire affordability crisis" and urged the Commission to avoid irresponsible spending of ratepayer funds. TURN argued that the Commission should retain its authority to decide whether to approve ratepayer-funded investments in undergrounding electric lines or authorize less expensive solutions through General Rate Case (GRC) Phase 1 proceedings.⁹

Cal Advocates similarly argued that decisions to invest in undergrounding or other solutions for mitigating wildfire risk at much lower costs to ratepayers, including covered conductor, should be made through the Wildfire Mitigation Plans (WMPs) approval process.¹⁰

PG&E and SDG&E agreed that decisions regarding wildfire mitigation investments should continue to be made through the existing GRC Phase 1 and WMPs processes and that Rule 20A should not be expanded to address wildfire

⁹ TURN's comments on January 20, 2023.

¹⁰ Cal Advocates comments on January 20, 2023.

mitigation.¹¹ PG&E also noted that Senate Bill (SB) 884, Stats. 2022, ch. 819, requires the creation of an additional regulatory process for reviewing utility undergrounding investments for wildfire mitigation, which will be overseen by the Office of Energy Infrastructure Safety (OEIS) and the Commission.¹² Liberty Utilities and PacifiCorp agreed that addressing wildfire safety and emergency issues should remain outside of the Rule 20A context since conversion of overhead facilities to underground is very expensive in comparison to other wildfire mitigation measures such as hardening the overhead system.

The Commission and OEIS have existing processes that are more appropriate than the Rule 20 program for considering whether to approve ratepayer-funded investments in wildfire-related undergrounding or more cost-efficient measures. It is reasonable for the Commission to retain its authority to decide whether to approve ratepayer-funded investments in undergrounding electric lines or authorize less expensive solutions for mitigation of wildfire-related risks through existing processes and any future process created in accordance with SB 884.

3.1. Whether to Add Rule 20A Project Eligibility Criteria for Wildfire-Related Undergrounding

As discussed above, local governments should have the opportunity to influence the planning of utilities' wildfire-related undergrounding projects, but the Commission will not delegate its authority for deciding whether to approve ratepayer-funded investments in undergrounding electric lines or more cost-efficient solutions for mitigation of wildfire-related risks.

¹¹ Comments of PG&E and SDG&E on January 20, 2023.

¹² PG&E's comments on January 20, 2023.

RCRC, Cal Cities, and CSAC argued that local governments should have the opportunity to pursue Rule 20A projects for wildfire-related projects because utilities may not prioritize projects that reflect local governments' knowledge of the specific needs of their communities.¹³ As discussed in Section 3.2 below, this decision will provide opportunities for local and tribal governments to inform utilities' plans for wildfire-related undergrounding. This approach will incorporate local and tribal concerns while retaining the Commission's authority to determine whether to approve ratepayer funding for investments in wildfire-related undergrounding projects.

SCE proposed to give local and tribal governments the opportunity to propose Rule 20A projects for wildfire mitigation purposes in the locations with the highest wildfire-related safety risks, with the caveat that utilities should have the option to assess whether it makes sense to underground overhead lines in areas where covered conductor has already been installed to reduce ignition risk.¹⁴ SCE proposed to allow utilities to decide whether to approve Rule 20A projects for wildfire mitigation purposes where covered conductor has been installed, presumably because the costs may outweigh the benefits of these projects.

This decision will not adopt SCE's proposal because the Commission will not delegate its authority to utilities or local governments for determining whether the costs of wildfire-related undergrounding investments outweigh the benefits for specific projects.

¹³ RCRC comments on September 13, 2022; Cal Cities' comments on September 15, 2022; and CSAC's comments on September 26, 2022.

¹⁴ SCE's comments on February 17, 2023.

Further, as discussed in Section 3.3 below, local governments have not completed a single project under Rule 20D, which the Commission authorized in 2014 to allow local governments in SDG&E's service territory to use ratepayer funding for wildfire mitigation undergrounding in locations designated by SDG&E.

For the reasons above, it is reasonable to not add wildfire-related project eligibility criteria to Rule 20A.

3.2. Whether to Enhance Engagement with Local Governments and Tribal Jurisdictions to Inform Utility Investments in Undergrounding for Wildfire Safety, Resilience, or Emergency-Related Purposes

As discussed above, this decision concludes that local and tribal governments should have the opportunity to provide input on the large electric utilities' wildfire-related undergrounding plans on a regular basis.

PG&E, SCE, and SDG&E each opposed the creation of new local consultation processes, arguing that they each have extensive existing processes for engaging with local and tribal governments about planned investments in wildfire-related undergrounding.¹⁵ Liberty Utilities, PacifiCorp, and Bear Valley did not comment on this topic.

In contrast, RCRC commented that although it is a member of PG&E's Undergrounding Advisory Group and an active stakeholder of the Office of Energy Infrastructure Safety's Wildfire Mitigation Plan process, the 2022 Workshop presentations on utilities' wildfire undergrounding efforts provided "the first real look" into PG&E's undergrounding plans and criteria for selecting

¹⁵ See comments of PG&E, SCE, and SDG&E on January 20, 2023 and February 17, 2023.

project locations.¹⁶ PG&E acknowledged that it generally informs local and tribal governments about undergrounding plans after the project locations have been selected.¹⁷

This decision recognizes that the creation of a new local and tribal consultation process would significantly increase administrative costs borne by electric ratepayers as well as local and tribal governments. However, it is necessary to establish utility consultation requirements to ensure that local and tribal governments have the opportunity to provide input on utilities' wildfire undergrounding plans on a regular basis. This decision will leverage an existing consultation process to minimize administrative costs.

In D.20-06-017, the Commission ordered PG&E, SCE, and SDG&E to conduct semi-annual workshops (Semi-Annual Local/Tribal Workshops) designed to empower local and tribal jurisdictions with a better understanding of grid operations, utility infrastructure, and the nature of weather events alongside utilities' Public Safety Power Shutoff (PSPS) mitigation initiatives so they can make informed decisions on where to focus their resiliency planning efforts, capital investments, and pre-PSPS event operations. The agendas for these Semi-Annual Local/Tribal Workshops must include a discussion of utilities' electric transmission and distribution infrastructure investment plans.¹⁸ Wildfire-related undergrounding is highly relevant to this agenda item.

It is reasonable to direct PG&E, SCE, and SDG&E to include the following items in the agenda of each Semi-Annual Local/Tribal Workshop: (a) briefing about the utility's wildfire-related transmission and distribution investment

¹⁶ RCRC's comments on January 20, 2023.

¹⁷ PG&E's comments on January 20, 2023.

¹⁸ Ordering Paragraph 7 of D.20-06-017.

plans, including plans for potential undergrounding project locations that are not final; and (b) opportunity for local and tribal governments to share their priority sites for wildfire-related undergrounding projects.

3.3. Whether to Modify or Discontinue the Rule 20D Program

On February 13, 2020, the assigned ALJ issued a ruling to request comments on a staff proposal to reform the Rule 20 program (February 2020 Staff Proposal). The February 2020 Staff Proposal included the following background information about the Rule 20D program.

Rule 20D is currently only in SDG&E's service territory and it applies specifically to undergrounding in SDG&E's high fire threat areas where undergrounding is deemed by SDG&E to be a preferred method for wildfire mitigation in a given area. Rule 20D is structured similarly to the Rule 20A program and is similarly-community-driven. SDG&E annually allocates work credits to eligible communities and that they may borrow forward five years to obtain additional funds. Unlike Rule 20A, Rule 20D only allows communities to utilize work credits towards the conversion of primary distribution to underground. The program does not pay for undergrounding secondary lines or services, or for panel conversions for residences or businesses. Rule 20D has been in existence since 2014 and SDG&E has not started or completed a single project to date through this program.¹⁹

The February 2020 Staff Proposal included the following explanation for its recommendation to discontinue the Rule 20D program.

Rule 20D may no longer serve a function in light of the utilities' [WMPs] which are intended to fire harden overhead infrastructure in the same high fire threat areas that would be eligible for Rule 20D projects. The utilities' WMPs are not precluded from including undergrounding as a mitigation measure. Rule 20D projects may place higher costs on ratepayers than simply installing steel poles

¹⁹ February 2020 Staff Proposal at 11.

and covered conductors. Furthermore, the program may be too slow to complete undergrounding projects in light of the growing wildfire risk. Not a single Rule 20D project has been initiated since the program began in 2014 and any projects could take up to seven years to complete.²⁰

The February 2020 Staff Proposal recommended discontinuing the allocation of new work credits immediately and allowing communities to use previously allocated work credits to complete existing projects within 10 years.²¹

In D.21-06-013, the Commission declined to address the staff recommendation to discontinue the Rule 20D program and concluded that the Commission would consider whether to modify or discontinue the Rule 20D program in Phase 2 of this proceeding.

In the scoping memo, the assigned Commissioner requested party comments on whether to modify or discontinue Rule 20D. Only SDG&E, County of San Diego, and Cal Advocates commented on the Rule 20D issue. The City of San Diego had no comments on this issue.²²

SDG&E supported discontinuation of Rule 20D in alignment with its comments that wildfire-related undergrounding investments should be approved through GRC Phase 1 proceedings and WMPs. SDG&E asserted that since the beginning of the program, no community has been able to identify a Rule 20D project due to the eligibility terms.²³

²⁰ February 2020 Staff Proposal at 37-38.

²¹ February 2020 Staff Proposal at 38.

²² City of San Diego's comments on September 15, 2022.

²³ SDG&E's comments on September 15, 2022.

Cal Advocates supported discontinuation of Rule 20D, arguing that the program is unnecessary because it is duplicative of the WMPs and no projects have been initiated under Rule 20D.²⁴

County of San Diego expressed its strong interest in mitigating fire risk but did not oppose discontinuation of Rule 20D. County of San Diego explained that it has not completed any Rule 20D projects for several reasons, including the program requirements to form an undergrounding utility district and the additional costs of undergrounding that are not covered by ratepayers, such a right-of-way acquisition and environmental analysis. Further, County of San Diego has not been able to use Rule 20D with similar success as its Rule 20A credits because it is unable to combine Rule 20D undergrounding projects with other roadway improvements. County of San Diego found that areas prone to the highest fire risks are not always within the planned roadway improvements or within the County's right-of-way. County of San Diego recommends modifying Rule 20D to cover all costs associated with undergrounding utilities and focus on undergrounding within existing public right-of-way.²⁵

No Rule 20D projects have been formally initiated or completed since the inception of the program, and it is not feasible to increase participation in the Rule 20D program without substantially increasing ratepayer investments in the program. Further, as discussed above, the Commission should decide whether to approve ratepayer-funded investments in undergrounding electric lines or authorize less expensive solutions for mitigation of wildfire-related risks through existing processes and any future process created in accordance with SB 884.

²⁴ Cal Advocates' comments on September 15, 2022.

²⁵ County of San Diego comments on September 15, 2022.

It is reasonable to discontinue the Rule 20D program. No new Rule 20D work credits will be allocated as of the effective date of this decision.

County of San Diego caveated its position on Rule 20D discontinuation on the ability to convert Rule 20D work credits to Rule 20A work credits. County of San Diego did not provide a justification for why it would be reasonable to convert Rule 20D work credits to Rule 20A work credits.²⁶

SDG&E supported eliminating Rule 20D with no conversion of work credits to Rule 20A work credits. SDG&E argues that conversion of Rule 20D work credits to Rule 20A work credits would be inequitable because not all communities within SDG&E's territory received Rule 20D work credits. SDG&E also commented that it did not expect discontinuation of the program to affect its GRC Phase 1 requests because it had not requested funding for Rule 20D through a GRC Phase 1 proceeding.²⁷

It is reasonable to not convert Rule 20D work credits to Rule 20A work credits. All Rule 20D work credits that are not committed to a specific project as of the effective date of this decision shall be deemed expired.

4. Equity and Environmental and Social Justice

The February 2020 Staff Proposal found deep inequities in Rule 20A program spending and recommended discontinuation of the program.

Undergrounding for aesthetic purposes in localized areas benefits few ratepayers at the expense of the many. While society at large may benefit from the reduction of overhead facilities in scenic viewsheds, it is not a sustainable or equitable proposition to continue placing the burden on ratepayers at large. Undergrounding of overhead infrastructure can be conducted when desired by local

²⁶ County of San Diego comments on March 2, 2023.

²⁷ SDG&E's comments on September 15, 2022.

communities, but costs should be primarily borne by those who will benefit directly from the projects.²⁸

The February 2020 Staff Proposal found that while 83 eligible communities did not complete a single project between 2005 and 2018, utilities spent over \$50 million of ratepayer funds on Rule 20A projects in each of the following seven communities during that period: City and County of San Francisco (\$174,194,533); City of San Diego (\$123,959,969); Unincorporated Los Angeles County (\$80,199,098); Unincorporated San Diego County (\$66,219,539); City of Long Beach (\$66,113,635); City of Oakland (\$59,290,182); and City of San Jose (\$54,445,341). The Staff Proposal considered the eligible communities that had not completed a project since 2004 as “historically underserved” by the Rule 20A program.²⁹

The February 2020 Staff Proposal proposed to sunset the Rule 20A program in two steps:

- First, stop the issuance of work credit allocations. Communities may use accrued work credits to complete existing projects.
- Second, any unused work credits after a ten-year period will expire.³⁰

The Phase 1 Decision discontinued the issuance of Rule 20A work credits as of December 31, 2022, but declined to establish a wind-down period or deadline for the use of Rule 20A work credits at that time. In D.21-06-013, the Commission determined that it would consider whether to modify the Rule 20A program to support projects in underserved and disadvantaged communities in

²⁸ February 2020 Staff Proposal at 21-22.

²⁹ February 2020 Staff Proposal at 14-15.

³⁰ February 2020 Staff Proposal at 32.

Phase 2 of this proceeding. The scoping memo for Phase 2 included the broader issue of whether to modify the Rule 20 program to support future projects in underserved, tribal, and/or disadvantaged communities or otherwise advance the goals of the Commission's ESJ Action Plan 2.0.

The ALJ ruling, issued on December 7, 2022, also asked parties for comments on how to define underserved communities and disadvantaged communities.

Cal Advocates proposed using the definition of "ESJ Community" from the ESJ Action Plan 2.0, which includes all of the following communities, to ensure consistency and alignment with the ESJ Action Plan 2.0.³¹

- a. Disadvantaged Communities, defined as census tracts that score in the top 25 percent of CalEnviroScreen 3.0, along with those that score within the highest 5 percent of CalEnviroScreen 3.0's Pollution Burden but do not receive an overall CalEnviroScreen score;
- b. All federally-recognized tribal lands;
- c. Low-income households (meaning households with incomes below 80 percent of the area median income); and
- d. Low-income census tracts (meaning census tracts where aggregated household incomes are less than 80 percent of area or state median income).

Cal Advocates also proposed to define an "underserved community" as a community that has never completed a project through the Rule 20A program.³²

RCRC proposed that the Commission adopt definitions of disadvantaged communities and underserved communities that would include all ESJ

³¹ Cal Advocates comments on September 15, 2022.

³² Cal Advocates comments on September 15, 2022.

Communities as well as locations with lower historical levels of energy reliability.³³

It is reasonable to adopt the definition of ESJ Community from the ESJ Action Plan 2.0 for consistency and alignment with the action plan.

The definition of an underserved community should be based upon the historical inequities of Rule 20A program expenditures. However, communities that completed a project several decades ago should still be considered underserved by the program. Underserved Community should be defined as any city, unincorporated county, or tribal jurisdiction that has not completed a Rule 20A project since 2004.

Parties generally did not offer suggestions for modifying Rule 20A to increase future participation of ESJ Communities or Underserved Communities in the Rule 20A program. A few parties offered the following informative comments.

PG&E commented that the Rule 20A program rules should be modified to include tribes as eligible to receive Rule 20A work credits.³⁴

County of San Diego's comments on the challenges with developing Rule 20D projects in high fire threat areas illuminated the challenges Underserved Communities may have with implementing Rule 20A projects. As discussed in Section 3.3 above, County of San Diego explained that it had not completed any Rule 20D projects due to the program requirements to form an undergrounding utility district and the additional costs of undergrounding that

³³ RCRC's comments on September 15, 2022.

³⁴ PG&E's comments on September 15, 2022.

are not covered by ratepayers, such a right-of-way acquisition and environmental analysis.³⁵

Cal Advocates argued that the best solution for advancing equity and reducing the impact of Rule 20A on rising rates is to sunset the Rule 20A program. Cal Advocates argued that it is not feasible to increase participation of Underserved Communities, which tend to be smaller communities, because larger communities are more likely to be able to dedicate greater internal staff and outside consulting services to help them plan for Rule 20A projects. Cal Advocates urged the Commission to discontinue the Rule 20A program to provide relief to California ratepayers.³⁶

We agree with Cal Advocates' arguments about the barriers to participation for Underserved Communities. We also note that the February 2020 Staff Proposal identified an additional Rule 20A barrier for small communities. The Rule 20A work credit allocation methodology resulted in smaller communities accruing insufficient work credits to complete a project.³⁷

The Commission's ESJ Action Plan 2.0 includes a new emphasis on considering "rate burdens" on low-income communities. The action plan states that "Continuing to assess the cumulative impact of rates on households and working to mitigate these impacts on the most burdened households will remain a priority in all actions the [Commission] takes."³⁸

The best way to address the inequities of the Rule 20A program and advance the Commission's ESJ Action Plan 2.0 is to discontinue the Rule 20A

³⁵ County of San Diego comments on September 15, 2022.

³⁶ Cal Advocates' comments on September 15, 2022.

³⁷ February 2020 Staff Proposal at 29.

³⁸ The Commission's ESJ Action Plan 2.0 at 4 and 22.

program. Any Rule 20A work credit that has not been allocated to a community with an Active Rule 20A Project within two years of the effective date of this decision shall be deemed expired. An Active Rule 20A Project shall be defined as a project with a signed resolution that the utility has designated as either “active” or on “hold.” A Rule 20A project that a utility has designated as on “hold” is a project that was initiated but has stopped for an indeterminate amount of time due to the community possessing insufficient work credits to fund the entire project. Any Rule 20A work credit that has not been deducted from a community’s work credit balance by December 31, 2033 shall be deemed expired. Some Rule 20A projects may be completed after the December 31, 2033 deadline because utilities may deduct Rule 20A work credits from a community’s work credit balance prior to the actualization of the applicable project costs.

We will also update the utilities’ Rule 20A reporting requirements to reflect the discontinuation of the Rule 20A program and new work credit allocations. This decision updates utilities’ Rule 20A reporting requirements as follows: (a) utilities shall no longer be required to serve a Rule 20A Annual Statement in accordance with Ordering Paragraph 6 of D.73078 as of the effective date of this decision;³⁹ (b) utilities shall continue to serve Rule 20A Annual Updates in accordance with Ordering Paragraph 15 of D.21-06-013 to communities that have an Active Rule 20A Project until December 31, 2033; (c) utilities shall no longer serve Rule 20A Annual Updates in accordance with Ordering Paragraph 15 of D.21-06-013 to communities that do not have an Active

³⁹ This requirement is outdated. The Rule 20A Annual Statements are reports of the new Rule 20A work credit allocations for the upcoming year that utilities must send to each local government. D.21-06-013 discontinued new Rule 20A work credit allocations, so there is no longer any information to report through the Rule 20A Annual Statements.

Rule 20A Project as of two years after the effective date of this decision;⁴⁰ and (d) utilities shall continue to serve Rule 20A Annual Reports in accordance with Ordering Paragraph 14 of D.21-06-013 until December 31, 2033, and these Rule 20A Annual Reports will include all work credit reallocations.

5. Active Rule 20A Projects with Insufficient Work Credits

In D.21-06-013, the Commission discontinued allocations of new Rule 20A work credits after December 31, 2022. The Commission recognized in D.21-06-013 that some active Rule 20A projects may have insufficient work credit balances and insufficient available community funding to support completion and concluded that Phase 2 of this proceeding should consider whether to take additional steps to support the completion of active Rule 20A projects that are located in underserved and/or disadvantaged communities.

In the scoping memo, the assigned Commissioner asked parties whether to prioritize disadvantaged and/or underserved communities for the reallocation of Rule 20A work credits, and whether there are barriers to conversion of Rule 20A projects with insufficient work credits to Rule 20B or Rule 20C projects. As discussed in Section 4 above, this decision adopted definitions for ESJ Communities and Underserved Communities for Rule 20A.

⁴⁰ The Rule 20A Annual Updates required by D.21-06-013 are sent to local governments to provide the status of such community's Rule 20A projects and its work credits by April 1 each year. Utilities have no project status updates to report in a Rule 20A Annual Update to a community with no Active Rule 20A Projects. D.21-06-013 discontinued new Rule 20A work credit allocations, so there are no new work credit allocations to report to communities. Further, this decision provides that any Rule 20A work credit that has not been allocated to a community with an Active Rule 20A Project within two years of the effective date of this decision shall be deemed expired.

5.1. Reallocation of Rule 20A Work Credits

Section 2(c) of Rule 20A allows utilities to reallocate work credits from an inactive community to a community with an active project. Resolution E-4971 defined a community as “inactive” if it has not (i) formally adopted an undergrounding district ordinance which expires at completion of work within the district boundaries, (ii) started or completed construction of an undergrounding conversion project since 2011, or (iii) received Rule 20A allocations from the utility for only 5 years or fewer due to recent incorporation. While Resolution E-4971 defined what constitutes an inactive community, it did not expressly define what constitutes an active project. In Section 4 above, this decision defines Active Rule 20A Projects.

The scoping memo attached Table 1 below, which presented an Energy Division staff analysis of the aggregate work credit shortfall of active Rule 20A projects (Total Active Project Work Credit Shortfall) and the aggregate work credits accrued by inactive communities (Total Inactive Community Work Credits) for the service territories of PG&E, SCE, and SDG&E as of April 2022.

Table 1: Summary of Rule 20A Work Credit Short Shortfall and Inactive Community Work Credits (April 2022)⁴¹

Utility	Total Active Project Work Credit Shortfall	Total Inactive Community Work Credits
PG&E	\$397,700,987	\$77,417,347
SCE	\$5,539,689	\$63,860,438
SDG&E	\$92,792,582.79	\$7,437,903.40

⁴¹ The data in Table 1 was provided by PG&E, SCE, and SDG&E in response to an Energy Division data request.

The forecasted work credit shortfall is based on the utility's estimates as of April 2022, which may be subject to change. The source of the Total Inactive Community Work Credits was the 2022 Active and Inactive Community Work Credit Balance Lists submitted by PG&E, SCE, and SDG&E in accordance with D.21-06-013, Ordering Paragraphs 3(b) and 3(c).

Table 1 above shows an approximately \$320 million work credit shortfall for active projects in PG&E territory and an approximately \$85 million work credit shortfall for active projects in SDG&E territory.

Several parties generally opposed reallocation of work credits from inactive communities to active Rule 20A projects. RCRC and Cal Cities each argued that communities who were not interested in Rule 20A in the past may become interested if the Commission adds wildfire-related purposes to the project eligibility criteria.⁴² Since this decision declines to add wildfire-related purposes to Rule 20A, RCRC's argument is no longer relevant. City of Laguna Beach and CSAC recommended allowing inactive communities to redirect their accumulated work credits to other types of Rule 20 projects.⁴³ However, because parties such as CSAC also simultaneously argued that it would be too burdensome for communities to complete projects using Rule 20B and Rule 20C,⁴⁴ this argument is not persuasive.

PG&E commented that if the Commission decides not to authorize new Rule 20A work credit allocations, the Commission should redefine "inactive community" so that more work credits would be available for reallocation.

⁴² RCRC's comments on September 13, 2022 and Cal Cities comments on September 15, 2022.

⁴³ City of Laguna Beach's comments on September 15, 2022 and CSAC's comments on September 26, 2022.

⁴⁴ CSAC's comments on September 26, 2022

PG&E proposed to define an inactive community as a community with insufficient work credits to complete a Rule 20A project for the minimum distance of 600 feet or one block.⁴⁵

Cal Advocates opposed reallocation of work credits, except to active Rule 20A projects in ESJ communities that have never completed a Rule 20A project. Cal Advocates argued that the Commission should immediately sunset the Rule 20A program and limit reallocations of work credits to combat rising electric rates and address historical inequitable distribution of Rule 20A funds.⁴⁶

SDG&E commented that it does not have any active projects located in a disadvantaged community.⁴⁷ Liberty and PacifiCorp also commented that they do not have any Rule 20A projects in disadvantaged communities.⁴⁸

We agree with Cal Advocates that our approach to addressing active Rule 20A projects should protect ratepayers from higher Rule 20A program costs and counteract the historical inequitable distribution of Rule 20A funds. We also acknowledge that some utilities may not have any active Rule 20A projects located in an ESJ Community or an Underserved Community.

Utilities should prioritize reallocation of work credits (pursuant to Section 2(c) of Rule 20A) from inactive communities to Active Rule 20A Projects with insufficient work credits such that the reallocation of such work credits is prioritized first to either (1) Active Rule 20A Projects located in Underserved Communities or (2) Active Rule 20A projects where at least 50 percent of the main line trench distance will be located within ESJ Community census tract(s).

⁴⁵ PG&E's comments on September 15, 2022.

⁴⁶ Cal Advocates' comments on September 15, 2022.

⁴⁷ SDG&E's comments on September 15, 2022.

⁴⁸ Liberty Utilities and PacifiCorp's joint comments on September 15, 2022.

An ESJ Community census tract should be defined as a census tract that meets one of the following criteria: (i) scores in the top 25 percent of CalEnviroScreen 4.0, along with those that score within the highest 5 percent of CalEnviroScreen 4.0's Pollution Burden but do not receive an overall CalEnviroScreen score; (ii) located in any federally-recognized tribal lands; or (iii) where aggregated household incomes are less than 80 percent of area or state median income.

Each utility shall file a Tier 2 advice letter to make a consolidated proposal of reallocations of Rule 20A work credits within 18 months of the effective date of this decision. In the alternative, a utility may file a Tier 1 advice letter to inform the Commission that it will not make any reallocations of work credits during the remainder of the Rule 20A program.

This decision does not increase the number of Rule 20A work credits available for reallocation or otherwise increase the ratepayer funding available for Rule 20A projects.

5.2. Community Contributions to Rule 20A Projects

The scoping memo asked parties to comment on whether there are barriers to communities making contributions to Rule 20A projects with insufficient work credits or converting these projects to Rule 20B or Rule 20C projects, which require communities or individuals to pay for most of the project costs.

RCRC, Cal Cities, CSAC, and County of San Diego each commented that the main barrier to conversion of a Rule 20A project to a Rule 20B or a Rule 20C project is the lack of local funding for these projects.⁴⁹ As discussed in Section 5.1

⁴⁹ RCRC's comments on September 13, 2022; Cal Cities comments on September 15, 2022; CSAC's comments on September 26, 2022; and County of San Diego's comments on September 15, 2022.

above, this decision does not authorize additional ratepayer funding for Rule 20A projects.

SDG&E commented that communities that have insufficient work credits to fund a Rule 20A project may enter into an agreement with SDG&E for the community to fund all portions of the project that exceed available work credits. Alternatively, they may create a separate project that can be funded through Rule 20B or Rule 20C, with separate resolutions to properly account for project cost and subsidies.⁵⁰

SCE commented that its approach to Rule 20A projects that do not have sufficient work credits has been to (a) propose a reduced scope of work that fits within available work credit balance, or (b) define a separate scope of work for a Rule 20A portion and a Rule 20B portion of the project. When separate scopes of work are defined for Rule 20A and 20B projects, SCE estimates the scope of the Rule 20A portion very conservatively given the stream of annual work credits and mortgaging limitations. SCE commented that it would prefer to be able to give communities the option to contribute financially to a Rule 20A project that exceeds the Rule 20A work credit balance instead of carving out separate Rule 20A and Rule 20B scopes of work.⁵¹

This decision clarifies that utilities should give communities the option to contribute financially to a Rule 20A project that has insufficient work credits for completion.

⁵⁰ SDG&E's comments on September 15, 2022.

⁵¹ SCE's comments on September 15, 2022.

6. Summary of Public Comment

Rule 1.18 of the Rules of Practice and Procedure (Rules) allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

The relevant Public Comments on the Docket Card include comments about how to define disadvantaged communities, whether or how to reallocate Rule 20A work credits, and wildfire-related undergrounding projects.

7. Comments on Proposed Decision

The proposed decision of President Alice Reynolds in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed on May 25, 2023 by PG&E, SCE, SDG&E, Cal Advocates, and the City of Oakland, and reply comments were filed on June 1, 2023 by Cal Advocates, City of Oakland, PG&E, SCE, SDG&E, and TURN.

PG&E recommended that the Commission modify the Rule 20A work credit reallocation priority criteria to allow a utility to treat a Rule 20A project as an ESJ Community priority project so long as at least 50 percent of the project, measured by main line trench distance, is located in ESJ census tracts. We revised this decision accordingly to increase the likelihood that projects in ESJ Communities will be completed.

PG&E also requested that the Commission define ESJ Communities based on CalEnviroScreen 4.0 instead of version 3.0, consistent with annual reporting requirements. We revised this decision accordingly.

PG&E urged the Commission to allow utilities to prioritize the completion of Active Rule 20A Projects that are “in flight” and are not located within Underserved Communities or ESJ Communities. City of Oakland requested to borrow-forward additional work credits for a Rule 20A project despite the project not qualifying for prioritization under this decision.

Cal Advocates argued that only ESJ Communities and Underserved Communities should be eligible for reallocation of Rule 20A work credits to address the historical inequities of the Rule 20A program. Cal Advocates opposed the City of Oakland’s request for additional work credits as seeking to relitigate the Phase 1 decision in this proceeding and undermine this decision’s reallocation priority process.

TURN also opposed PG&E’s and City of Oakland’s requests, arguing that these requests would undermine the ratepayer benefits of the proposed decision and continue the historical inequities of the Rule 20A program.

We revised this decision to modify the reallocation priority criteria to prioritize Active Rule 20A Projects in Underserved Communities and ESJ Communities equally, rather than prioritizing projects in Underserved Communities over projects in ESJ Communities. This will allow utilities to prioritize ESJ Community projects that are ready to break ground over Underserved Community projects that are on hold.

PG&E and SCE requested flexibility to continue to reallocate Rule 20A work credits until the sunset of the program at the end of 2033. PG&E and SCE raised concerns about the work credit balances of communities with Active Rule

20A projects expiring within a year of this decision. SCE and SDG&E also requested an additional year to reallocate work credits from inactive communities to Active Rule 20A Projects, arguing that it will take more time to work with communities to identify the best projects for reallocation. TURN opposed the requests for flexibility to reallocate work credits throughout the sunset period.

We revised this decision to provide that work credits that are not allocated to community with an Active Rule 20A Project within two years of the effective date of this decision will be deemed expired.

Cal Advocates recommended that the Commission direct the utilities to file advice letters to identify the specific communities and projects that would be eligible for reallocation in each IOU's service territory, pursuant to the prioritization of ESJ and underserved communities.

We agree that reallocations of work credits should be made in a transparent way. We revised this decision to direct each utility to file a Tier 2 advice letter within 18 months of the effective date of this decision to propose reallocations to Active Rule 20A Projects in accordance with the reallocation prioritization requirements of this decision. Alternatively, a utility may file a Tier 1 advice letter to confirm that it will not make any reallocations throughout the remainder of the Rule 20A program.

For purposes of understanding the impact of the deadline for the expiration of Rule 20A work credits at the end of 2033, PG&E requested that the Commission clarify whether Rule 20A project costs must be actualized before they are deducted from a community's work credit balance. We clarified in this decision that a utility may deduct a Rule 20A work credit from a community's work credit balance prior to the actualization of the associated project cost.

8. Assignment of Proceeding

President Alice Reynolds is the assigned Commissioner and Stephanie Wang is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Local governments have valuable knowledge of the wildfire-related needs of their communities.
2. The Commission and OEIS have existing processes that are more appropriate than the Rule 20 program for considering whether to approve ratepayer-funded investments in wildfire-related undergrounding or more cost-efficient measures.
3. SB 884 requires the creation of an additional process for the Commission and OEIS to review ratepayer-funded investments in undergrounding electric lines to mitigate wildfire-related risks.
4. In D.20-06-017, the Commission ordered PG&E, SCE, and SDG&E to conduct Semi-Annual Local/Tribal Workshops that must include a discussion of utilities' electric transmission and distribution infrastructure investment plans.
5. No Rule 20D projects have been formally initiated or completed since the inception of the program.
6. It is not feasible to increase participation in the Rule 20D program without substantially increasing ratepayer investments in the program.
7. The Rule 20A program undergrounds power lines for aesthetic purposes in localized areas and benefits few ratepayers at the expense of the many ratepayers.
8. Eighty-three communities eligible for the Rule 20A program failed to complete a single project between 2005 and 2018.

9. Utilities spent over \$50 million of ratepayer funds on Rule 20A projects in each of the following seven communities between 2005 and 2018: City and County of San Francisco (\$174,194,533); City of San Diego (\$123,959,969); Unincorporated Los Angeles County (\$80,199,098); Unincorporated San Diego County (\$66,219,539); City of Long Beach (\$66,113,635); City of Oakland (\$59,290,182); and City of San Jose (\$54,445,341).

Conclusions of Law

1. Local and tribal governments should have the opportunity to provide input on large electric utilities' wildfire-related undergrounding plans on a regular basis.
2. It is reasonable for the Commission to retain its authority to decide whether to approve ratepayer-funded investments in undergrounding electric lines or authorize less expensive solutions for mitigation of wildfire-related risks.
3. It is reasonable to not add wildfire-related project eligibility criteria to Rule 20A.
4. The Commission should leverage an existing local and tribal consultation process to minimize administrative costs.
5. It is reasonable to direct PG&E, SCE, and SDG&E to include the following agenda items in each of its Semi-Annual Local/Tribal Workshops: (a) briefing about the utility's wildfire-related transmission and distribution investment plans, including plans for potential undergrounding project locations that are not final; and (b) opportunity for local and tribal governments to share their priority sites for wildfire-related undergrounding projects.
6. It is reasonable to discontinue the Rule 20D program.
7. No new Rule 20D work credits should be allocated as of the effective date of this decision.

8. It is reasonable to not convert Rule 20D work credits to Rule 20A work credits.

9. All outstanding Rule 20D work credits that are not committed to a specific project as of the effective date of this decision should be deemed expired.

10. The Commission should adopt the definition of ESJ Community from the Commission's ESJ Action Plan 2.0 for the Rule 20A program.

11. The Commission should define Underserved Community as any city, unincorporated county, or tribal jurisdiction that has not completed a Rule 20A project since 2004.

12. It is reasonable to discontinue the Rule 20A program.

13. Any Rule 20A work credit that has not been allocated to a community with an Active Rule 20A Project within two years of the effective date of this decision should be deemed expired.

14. An Active Rule 20A Project should be defined as a project with a signed resolution that the utility has designated as either "active" or on "hold."

15. A Rule 20A project that a utility has designated as on "hold" is a project that was initiated but has stopped for an indeterminate amount of time due to the community possessing insufficient work credits to fund the entire project.

16. Any Rule 20A work credit that has not been deducted from a community's work credit balance by December 31, 2033 should be deemed expired.

17. The Commission should update utilities' Rule 20A reporting requirements as follows: (a) utilities shall no longer be required to serve a Rule 20A Annual Statement in accordance with Ordering Paragraph 6 of D.73078 as of the effective date of this decision; (b) utilities shall continue to serve Rule 20A Annual Updates in accordance with Ordering Paragraph 15 of D.21-06-013 to communities that have an Active Rule 20A Project until December 31, 2033;

(c) utilities shall no longer serve Rule 20A Annual Updates in accordance with Ordering Paragraph 15 of D.21-06-013 to communities that do not have an Active Rule 20A Project as of two years after the effective date of this decision; and (d) utilities shall continue to serve Rule 20A Annual Reports in accordance with Ordering Paragraph 14 of D.21-06-013 until December 31, 2033, and these Rule 20A Annual Reports will include all work credit reallocations.

18. Utilities should give communities the option to contribute financially to a Rule 20A project that has insufficient work credits for completion. Utilities should prioritize reallocation of work credits (pursuant to Section 2(c) of Rule 20A) from inactive communities to Active Rule 20A Projects with insufficient work credits such that the reallocation of such work credits is prioritized first to either (1) Active Rule 20A Projects located in Underserved Communities or (2) Active Rule 20A projects where at least 50 percent of the main line trench distance will be located within ESJ Community census tract(s).

19. An ESJ Community census tract should be defined as a census tract that meets one of the following criteria: (i) scores in the top 25% of CalEnviroScreen 4.0, along with those that score within the highest 5% of CalEnviroScreen 4.0's Pollution Burden but do not receive an overall CalEnviroScreen score; (ii) located in any federally-recognized tribal lands; or (iii) where aggregated household incomes are less than 80 percent of area or state median income. Each utility should file a Tier 2 advice letter to make a consolidated proposal of reallocations of Rule 20A work credits, or file a Tier 1 advice letter to inform the Commission that it will not make any reallocations of work credits during the remainder of the Rule 20A program, within 18 months of the effective date of this decision.

20. It is reasonable to not increase the number of Rule 20A work credits available for reallocation or otherwise increase ratepayer funding available for Rule 20A projects.

21. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company shall each file a Tier 1 advice letter within 30 days of the effective date of this decision to confirm that it will include the following items in the agenda of each semi-annual local and tribal workshop held in compliance with Decision 20-06-017: (a) briefing about the utility's wildfire-related transmission and distribution investment plans, including plans for potential undergrounding project locations that are not final; and (b) opportunity for local and tribal governments to share their priority sites for wildfire-related undergrounding projects.

2. San Diego Gas & Electric Company shall not allocate any new Electric Rule 20D work credits as of the effective date of this decision.

3. San Diego Gas & Electric Company shall file a Tier 1 advice letter within 30 days of the effective date of this decision to do all of the following: (a) modify its Electric Rule 20D (Rule 20D) tariff to state that any Rule 20D work credit that is not committed to a Rule 20D project that the utility has deemed as "active" as of the effective date of this decision is deemed expired; (b) confirm that there are no Rule 20D projects with a signed resolution that the utility has deemed as "active" as of the effective date of this decision; (c) confirm that all outstanding Rule 20D work credits are expired as of the effective date of this decision; and (d) modify

its Rule 20 Program Guidebook to reflect the conclusion of the Rule 20D program.

4. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Bear Valley Electric Service Company, Liberty Utilities, and PacifiCorp shall each file a Tier 1 advice letter within 30 days of the effective date of this decision to modify its Electric Rule 20A (Rule 20A) tariff and its Electric Rule 20 Program Guidebook to provide as follows:

- (a) An Active Rule 20A Project shall be defined as a project with a signed resolution that the utility has designated as either “active” or on “hold.”
- (b) A Rule 20A project that a utility has designated as on “hold” is a project that was initiated but has stopped for an indeterminate amount of time due to the community possessing insufficient work credits to fund the entire project.
- (c) Any Rule 20A work credit that has not been allocated to a community with an Active Rule 20A Project within two years of the effective date of this decision shall be deemed expired.
- (d) Communities shall have the option to contribute financially to any Rule 20A project that has insufficient work credits for completion.
- (e) Any Rule 20A work credit that has not been deducted from a community’s work credit balance by December 31, 2033 shall be deemed expired.
- (f) The utility shall prioritize reallocation of work credits (pursuant to Section 2(c) of Rule 20A) from inactive communities to Active Rule 20A Projects with insufficient work credits such that the reallocation of such work credits is made first to either (1) Active Rule 20A Projects located in a city, unincorporated county, or tribal jurisdiction that has not completed a Rule 20A project

since 2004 or (2) Active Rule 20A Projects where at least 50 percent of the main line trench distance will be located within Environmental and Social Justice Community census tract(s). An Environmental and Social Justice Community census tract shall be defined as a census tract that meets one of the following criteria: (i) scores in the top 25 percent of CalEnviroScreen 4.0, along with those that score within the highest 5 percent of CalEnviroScreen 4.0's Pollution Burden but do not receive an overall CalEnviroScreen score; (ii) located in any federally-recognized tribal lands; or (iii) where aggregated household incomes are less than 80 percent of area or state median income.

5. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Bear Valley Electric Service Company, Liberty Utilities, and PacifiCorp shall each file a Tier 2 advice letter within 18 months of the effective date of this decision to propose reallocations of Electric Rule 20A work credits in accordance with Ordering Paragraph 4 above. Each utility may only file one Tier 2 advice letter that contains a consolidated list of proposed reallocations of work credits. If a utility does not intend to make any reallocations of Electric Rule 20A work credits, the utility may file a Tier 1 advice letter to notify the Commission that it will not make any reallocations of work credits during the remainder of the Electric Rule 20A program. Each Tier 2 advice letter must contain the following information:

- (a) A detailed narrative explanation of the utility's overall reallocation prioritization process, including an explanation of how the utility's prioritization methodology for selecting projects complies with this decision;
- (b) An accounting of all inactive communities and final work credit balances to be reallocated, with totals; and

- (c) An accounting of all projects that will receive a reallocation of Rule 20A work credits in the form of a template to be provided by the Commission's Energy Division, including: (i) the information in Attachment A; (ii) how many work credits will be reallocated to the eligible project; and (iii) a short explanation of why the project was selected for reallocation.
6. Rulemaking 17-05-010 is closed.

This order is effective today.

Dated June 8, 2023, at San Francisco, California.

ALICE REYNOLDS
President
GENEVIEVE SHIROMA
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

Attachment A:
**Required Information Regarding Proposed Projects for Reallocation of
Rule 20A Work Credits**

The Commission's Energy Division will provide a template for an accounting of proposed projects for reallocation of work credits. The template will include, at minimum, the following required information.

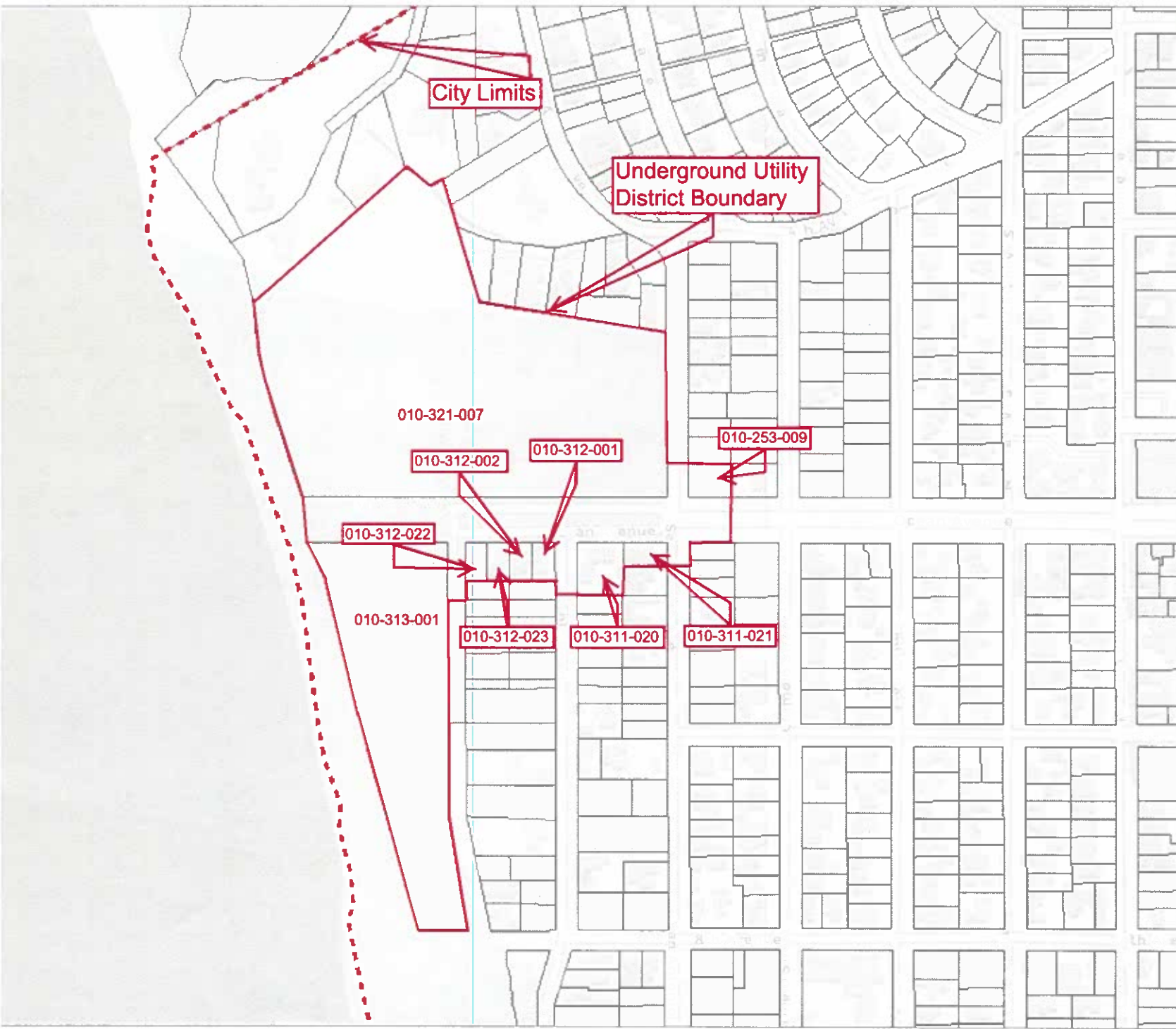
- Project Sponsor
- Other Project Sponsors
- County
- City
- Utility Undergrounding District
- Project Name/Identifier
- Project Address (Street, City, ZIP Code)
- Applicant Type
- Project Status (Active/Hold)
- Project Stage (Planning, Estimating/Design, Construction, Closing)
- Trench Length (ft)
- Length, Estimated or Design
- Project Cost (Actual, Non-Adjusted)
- Actual Cost/ Current Estimated At Completion
- Current/ Actual Cost per foot
- Line Footage of Primary UG Circuit
- Project Spend to Date
- Joint Trench Participants
- Public Interest Criteria Met By Project
- Percent of Underground Miles in Underserved/ESJ Community by Main Line Trench Distance

- Project in Urban/Urban Cluster/Rural (Defined in the American Community Survey)
- Work Credit Reallocation for this Specific Project

(END OF ATTACHMENT A)



GIS MAP - Carmel-by-the-Sea - Underground Utility District 1

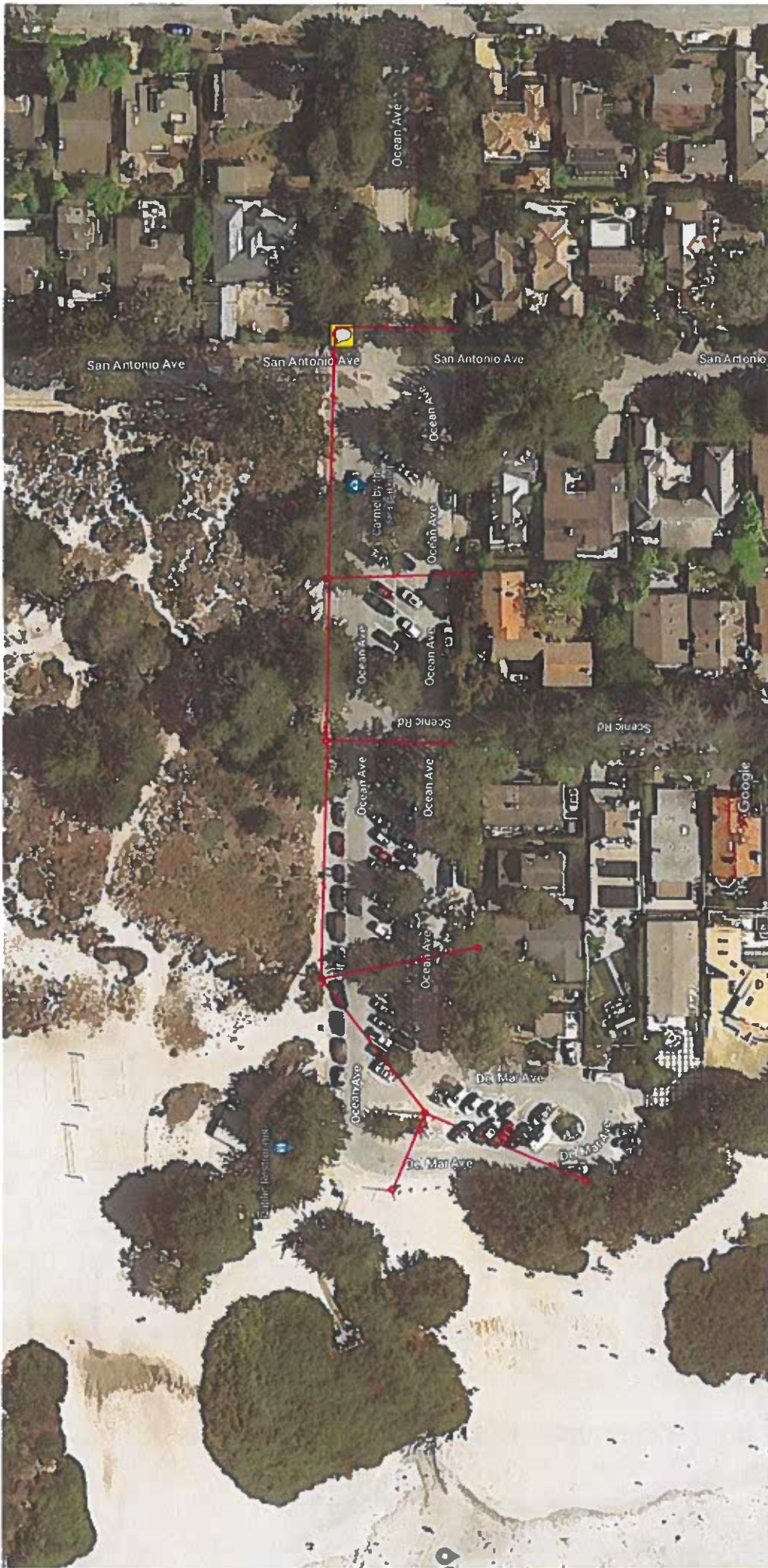


- City Limit
- Parcels
- County Parcels

Underground Utility District 1
 Located on the west side of Ocean Ave from San Antonio Ave west approximately 800' to the end of the parking lot at the Del Mar Beach Entrance.

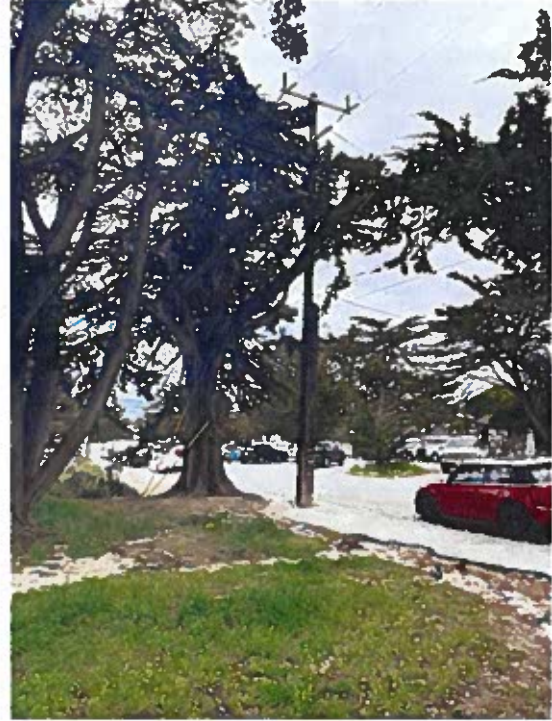
EXHIBIT 1
PAGE 1 OF 2





Imagery ©2023 AMBAQ, Maxar Technologies, Map data ©2023 56 ft

+/- 8 Poles
+/- 800 LF



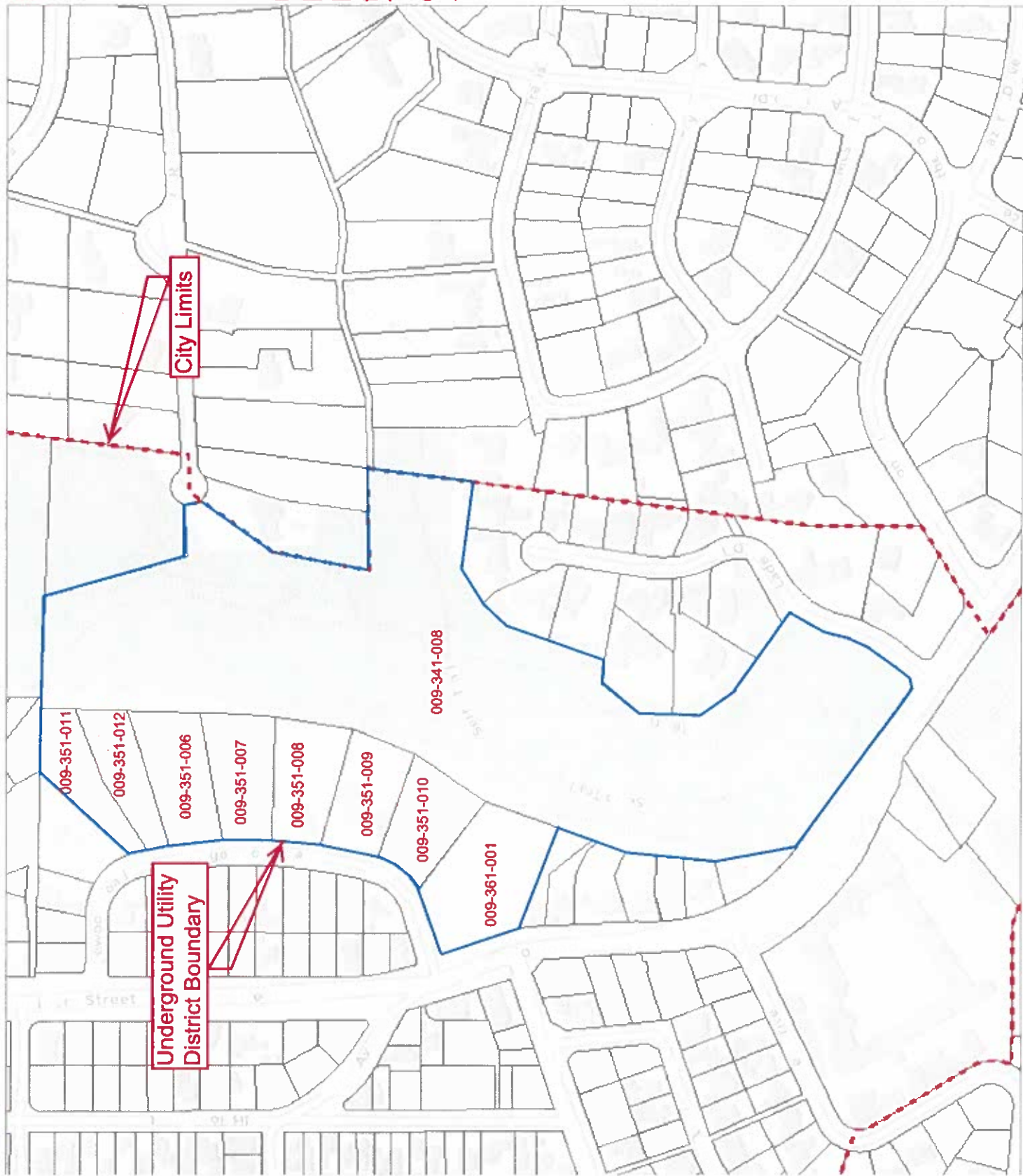
Potential undergrounding from San Antonio west to end of Ocean



GIS MAP - Carmel-by-the-Sea - Underground Utility District 2



- City Limit
- Parcels
- County Parcels



Underground Utility District Boundary

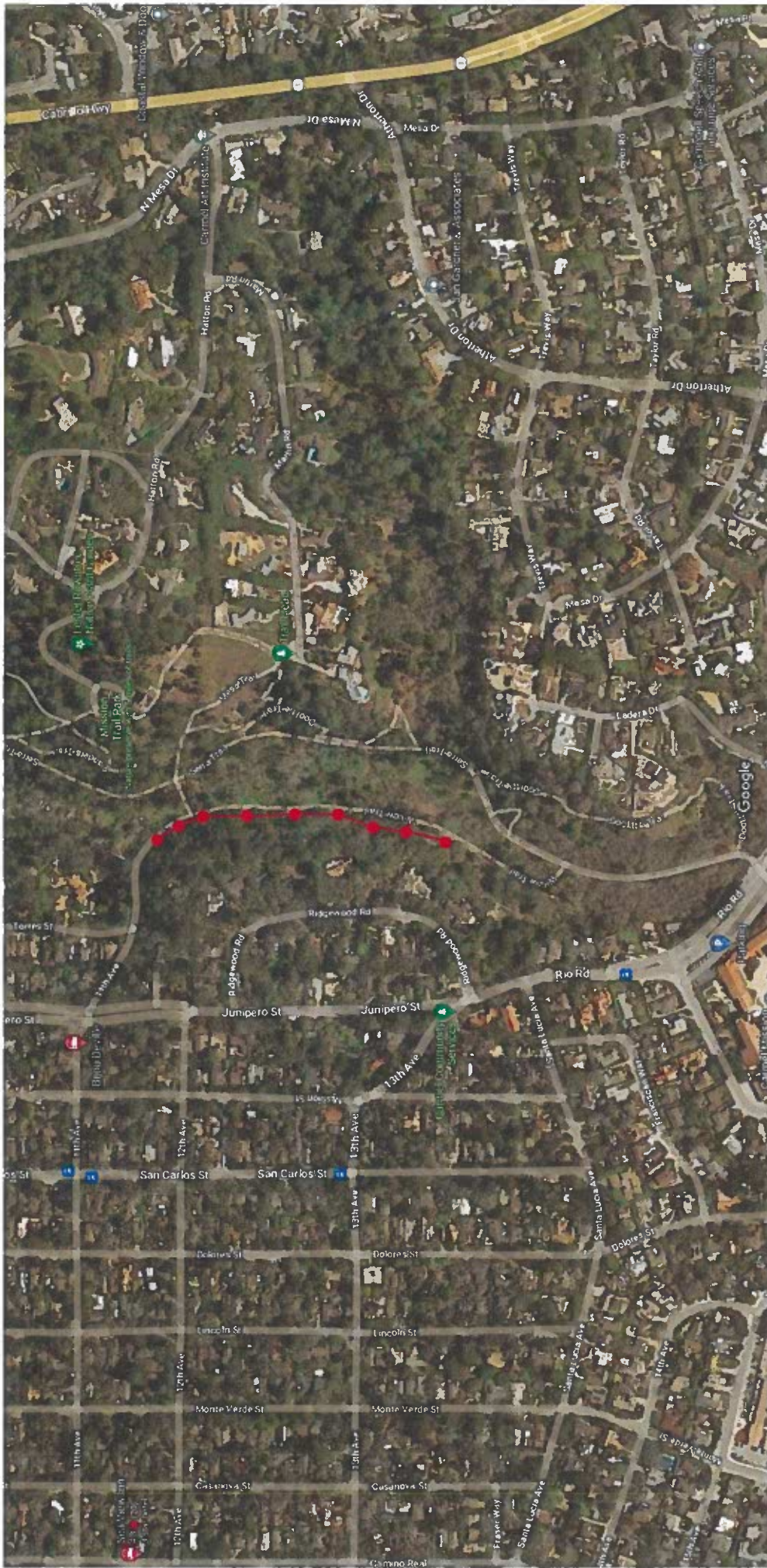
City Limits

Underground Utility District 2
 Located at MTNP, on the west side of Willow Trail from the Entrance Gate at 11th Ave south +/-1,100'

Attachment 1

EXHIBIT 2
PAGE 2 OF 2





Imagery ©2023 AMBAQ, Data ©2023 SINA, CA, OPC, Measur, Technologies, US&A/FPA/REG, Map data ©2023 200 ft

+/- 9 Poles
+/- 1,100 LF



Potential undergrounding at MTP, Willow Trail from 11th Ave South

Chapter 13.28 UNDERGROUND UTILITIES*

Sections:

- 13.28.010 Definitions.**
- 13.28.020 Replacement With Overhead Facilities Prohibited.**
- 13.28.030 Public Hearing by Council.**
- 13.28.040 Designation by Resolution.**
- 13.28.050 Unlawful to Maintain Overhead Wires.**
- 13.28.060 Overhead Wires – Exceptions by Special Permission.**
- 13.28.070 Overhead Wires, Poles, Structures – Exceptions.**
- 13.28.080 Notice to Property Owners and Utility Companies.**
- 13.28.090 Responsibility of Utility Companies.**
- 13.28.100 Disconnection and Removal Authority.**
- 13.28.110 Obligation of City.**
- 13.28.120 Extension of Time Limitation.**

* Prior legislation: Ord. 92-3, 1992; Ord. 79-21 § 22, 1979; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.05.

13.28.010 Definitions.

Whenever in this chapter the words or phrases in this section are used, they shall have the respective meanings assigned to them in the following definitions:

A. “City” means the City of Carmel-by-the-Sea, a municipal corporation of the State of California, in its present incorporated form or in any later reorganized, consolidated, enlarged or reincorporated form.

B. “Commission” means the Public Utilities Commission of the State of California.

C. “Council” means the City Council of the City of Carmel-by-the-Sea.

D. "Person" shall mean and include any individual, firm, corporation, copartnership, or their agents and employees.

E. "Poles and overhead wires and associated overhead structures" shall mean poles, towers, supports, wires, conductors, guys, stubs, platforms, crossarms, braces, transformers, insulators, cut-outs, switches, communication circuits, appliances, attachments, and appurtenances located aboveground, and used or useful in supplying electric, communication, or similar or associated services.

F. "Underground utility district" or "district" shall mean that area in the City within which poles, overhead wires, and associated overhead structures are prohibited as such areas are described in one or more resolutions which may, from time to time, be adopted pursuant to the provisions of CMC [13.28.040](#).

G. "Utility" includes all persons or entities supplying electric, communication, or similar or associated services by means of electrical materials or devices. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 §§ 1409.01, 1409.05).

13.28.020 Replacement With Overhead Facilities Prohibited.

All poles, wires and associated overhead structures installed underground, whether installed pursuant to a previously established undergrounding district or not, shall become subject to the terms of this chapter and shall not be replaced by new overhead facilities except as provided in CMC [13.28.060](#) and [13.28.070](#).

13.28.030 Public Hearing by Council.

The City Council may, from time to time, call public hearings to ascertain whether the public necessity, health, safety or welfare would be served by the establishment of an underground district to require the removal of poles, overhead wires and associated overhead structures within designated areas of the City and the installation of replacement underground wires and facilities for supplying electric communication, television, or similar associated services. At least 10 calendar days prior to the date of said hearing the City Clerk shall notify by mail all affected utility companies and all affected property owners, as shown on the last equalized assessment roll, indicating the time and place of such hearing and shall provide said owners with a summary description of the proposed underground utility district. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.03).

13.28.040 Designation by Resolution.

If, after a public hearing, the City Council finds that the establishment of an underground district within a designated area is appropriate and that such a district would enhance the public health, safety or

welfare, the City Council may, by resolution, declare such designated area an underground utility district and order such removal and underground installation. Such resolution shall include a description of the area comprising such district and shall fix the time within which such removal and underground installation shall be accomplished and within which affected property owners must be ready to receive underground service. The City Council shall allow a reasonable time for such removal and underground installation, having due regard for the availability of labor, materials and equipment necessary for such removal and for the installation of such underground facilities as may be occasioned thereby. The City Council may adopt resolutions for any and all areas of the City for which poles, wires and associated structures already have been undergrounded by past actions and, upon adoption, such designated areas shall be subject to the provisions of this chapter. Resolutions covering such designated areas previously undergrounded shall not require mailed public notice or a hearing. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.04).

13.28.050 Unlawful to Maintain Overhead Wires.

Whenever the City Council creates an underground utility district and orders the removal of poles, overhead wires and associated overhead structures therein as provided in this chapter, it shall be unlawful for any person or utility to erect, construct, place, keep, maintain, continue, employ or operate poles, overhead wires and associated overhead structures in the district after the date when said overhead facilities are required to be removed by such resolution, except as said overhead facilities may be required to furnish service to an owner or occupant of property prior to performance of such owner or occupant of the underground work necessary for such owner or occupant to continue to receive utility service as provided in CMC [13.28.100](#) hereof, and for such reasonable time required to remove said facilities after said work has been performed, and except as otherwise provided in this chapter. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.05).

13.28.060 Overhead Wires – Exceptions by Special Permission.

The City Administrator or an authorized designee may grant special permission on such terms as may be deemed appropriate, in cases of emergency or unusual circumstances, to erect, construct, install, maintain, use or operate poles and overhead wires, and associated overhead structures, notwithstanding any other provisions of this chapter. The City Administrator may establish administrative regulations specifying such emergency or unusual circumstances including guidelines on when such exceptions are appropriate and conditions leading to the ultimate removal of overhead equipment when the exception has been granted on a temporary basis. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.06).

13.28.070 Overhead Wires, Poles, Structures – Exceptions.

This chapter and any resolution adopted pursuant to CMC [13.28.040](#) hereof shall, unless otherwise provided in such resolution, not apply to the following types of facilities:

- A. Any municipal facilities or equipment installed under the supervision and to the satisfaction of the City Administrator.
- B. Poles or electroliers used exclusively for street lighting, fire alarm boxes or emergency services.
- C. Overhead wires (exclusive of supporting structures) crossing any portion of a district within which overhead wires have been prohibited, or connecting to buildings on the perimeter of a district, when such wires originate in an area from which poles, overhead wires and associated overhead structures are not prohibited.
- D. Overhead wires attached to the exterior surface of a building by means of a bracket or other fixtures and extending from one location of the building to another location on the same building or to an adjacent building without crossing any public street.
- E. Antennae, associated equipment and supporting structures, used by a utility for furnishing communication services.
- F. Equipment appurtenant to underground facilities, such as surface-mounted transformers, pedestal-mounted terminal boxes and meter cabinets, and concealed ducts when designed and installed in conformation with all City design standards contained in Chapters [12.04](#), [12.08](#) and [17.12](#) CMC.
- G. Temporary poles, overhead wires and associated overhead structures used or to be used in conjunction with construction projects. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.07).

13.28.080 Notice to Property Owners and Utility Companies.

Within 10 days after the effective date of a resolution adopted pursuant to CMC [13.28.040](#) hereof, the City Clerk shall notify all affected utilities and all persons owning real property within the district created by said resolution of the adoption thereof. The City Clerk shall further notify such affected property owners of the necessity that, if they or any other person occupying such property desire to continue to receive electric, communication, television, or similar or associated service, they or such occupant shall provide all necessary facility changes on their premises so as to receive such service from the lines of the supplying utility or utilities at a new location, subject to applicable rules, regulations and tariffs of the respective utility or utilities on file with the commission and to the requirements of State laws and the municipal code of the City of Carmel-by-the-Sea. Notification by the City Clerk shall be made by mailing a copy of the resolution adopted pursuant to CMC [13.28.040](#), together with a copy of this chapter, to affected property owners as such are shown on the last equalized assessment roll and to the affected utilities. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.08).

13.28.090 Responsibility of Utility Companies.

Attachment 1

If underground construction is necessary to provide utility service within a district created by any resolution adopted pursuant to CMC [13.28.040](#) hereof, the supplying utility shall furnish at its own expense that portion of the conduits, conductors and associated equipment required to be furnished by it under its applicable rules, regulations and tariffs on file with the commission, including underground service facilities required to provide utility service to the affected properties but excluding those facilities that are the responsibility of the property owners as set forth below. New underground equipment installed flush with the surface of the ground shall not be placed within sidewalks or other pedestrian walking surfaces without approval by the City Administrator and conformance to City design standards.

13.28.100 Disconnection and Removal Authority.

A. All conduits, conductors and associated equipment necessary to receive utility service between service conductors or underground pipe or conduit of the supplying utility and the service facilities in the building or structure being served shall be provided by the person owning, operating, leasing, or renting the property, subject to applicable rules, regulations and tariffs of the respective utility or utilities on file with the commission and to the lawful requirements of State laws and the municipal code of the City.

B. In the event the person owning, operating, leasing, or renting the property does not comply with the provisions of subsection (A) within the time provided for in the resolution adopted pursuant to CMC [13.28.040](#), the Director of Public Works shall post written notice on the property being served and 30 calendar days thereafter shall have the authority to order the disconnection and removal of any and all overhead service wires and associated facilities supplying utility service to said property.

C. Noncompliance by any person owning, operating, leasing or renting said property with the provisions of this section shall constitute a misdemeanor under CMC [13.28.050](#). Until such time as an order is issued pursuant to subsection (B), the supplying utility shall not be in violation of this chapter in continuing to maintain overhead facilities necessary to serve such person during the period of such noncompliance and such reasonable time thereafter as may be necessary to remove the same. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.10).

13.28.110 Obligation of City.

The City shall remove its police and fire alarm circuits or any similar municipal equipment at its own expense from all poles required to be removed under this chapter in ample time to enable the owner or user of such poles to remove the same within the time specified in the resolution adopted pursuant to CMC [13.28.040](#). (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.11).

13.28.120 Extension of Time Limitation.

Attachment 1

In the event that any act required by this chapter or by a resolution adopted pursuant to CMC [13.28.040](#) cannot be performed within the time provided on account of shortage of materials, war, restraint by public authorities, strikes, labor disturbances, or any other circumstances beyond the control of the actor, then the time within which such act will be accomplished shall be extended for a period equivalent to the time of such limitation. (Ord. 92-3 § 1, 1992; Ord. 84 C.S. § 1, 1963; Code 1975 § 1409.12).

The Carmel-by-the-Sea Municipal Code is current through Ordinance 2023-05, passed July 11, 2023.

Disclaimer: The city clerk's office has the official version of the Carmel-by-the-Sea Municipal Code. Users should contact the city clerk's office for ordinances passed subsequent to the ordinance cited above.

City Website: <https://ci.carmel.ca.us/>

City Telephone: (831) 620-2000

[Code Publishing Company](#)



CITY OF CARMEL-BY-THE-SEA

UTILITY UNDERGROUNDING PACIFIC GAS AND ELECTRIC (PG&E) RULE 20 PROGRAM

Ad Hoc – Community Meeting

October 7, 2024



Rule 20 Undergrounding Funding Options

- In 1967, the California Public Utilities Commission (CPUC) established electric tariff Rule 20.
- The Rule contains three separate programs for undergrounding of existing overhead utility lines.
 - **Rule 20A - Funding for undergrounding projects is primarily from ratepayer electric bills, so projects must provide benefit to the public at large.**
 - *Rule 20B - Utilities are typically installed in conjunction with a subdivision development and costs are borne by the project developer.*
 - *Rule 20C - Projects in this case are usually small in nature involving one or two properties and cost for undergrounding are almost entirely borne by the applicants.*



“Active” vs “Inactive”

- When a Rule 20A project requires additional work credits, credits from communities that are considered “Inactive” can be reallocated to those communities who has a project with insufficient work credits to proceed into construction.
- Carmel-by-the-Sea current status is “**Inactive**” thus subject to reallocation of credits.
- In March of 2022 allocation notice, the City had \$986,646 credits.
- In March of 2023 allocation notice, the City was informed that \$175,796 credits were reallocated to 14 other Cities.
- Since then PG&E has informed staff that an additional \$143,211 has been reallocated to 8 other Cities and Counties across their territory.
- Currently the remaining Rule 20A allocation balance is down to **\$667,639** work credits.
- PG&E has informed staff that the CPUC intends in reformulating the Undergrounding District approach, thus potentially cancelling the Rule 20 Program all together by the year 2033.



Recent Changes to Rule 20A

- California Public Utilities Commission (CPUC) discontinued authorization of new Rule 20A credits for allocation after 12/31/22.
- As of 6/13/23 the CPUC has temporarily halted the reallocation of credits by PG&E.
- PG&E must file a Tier 2 advice letter to the CPUC providing a reallocation plan moving forward, (PG&E intends on doing so by December 2024)



Becoming an Active Community

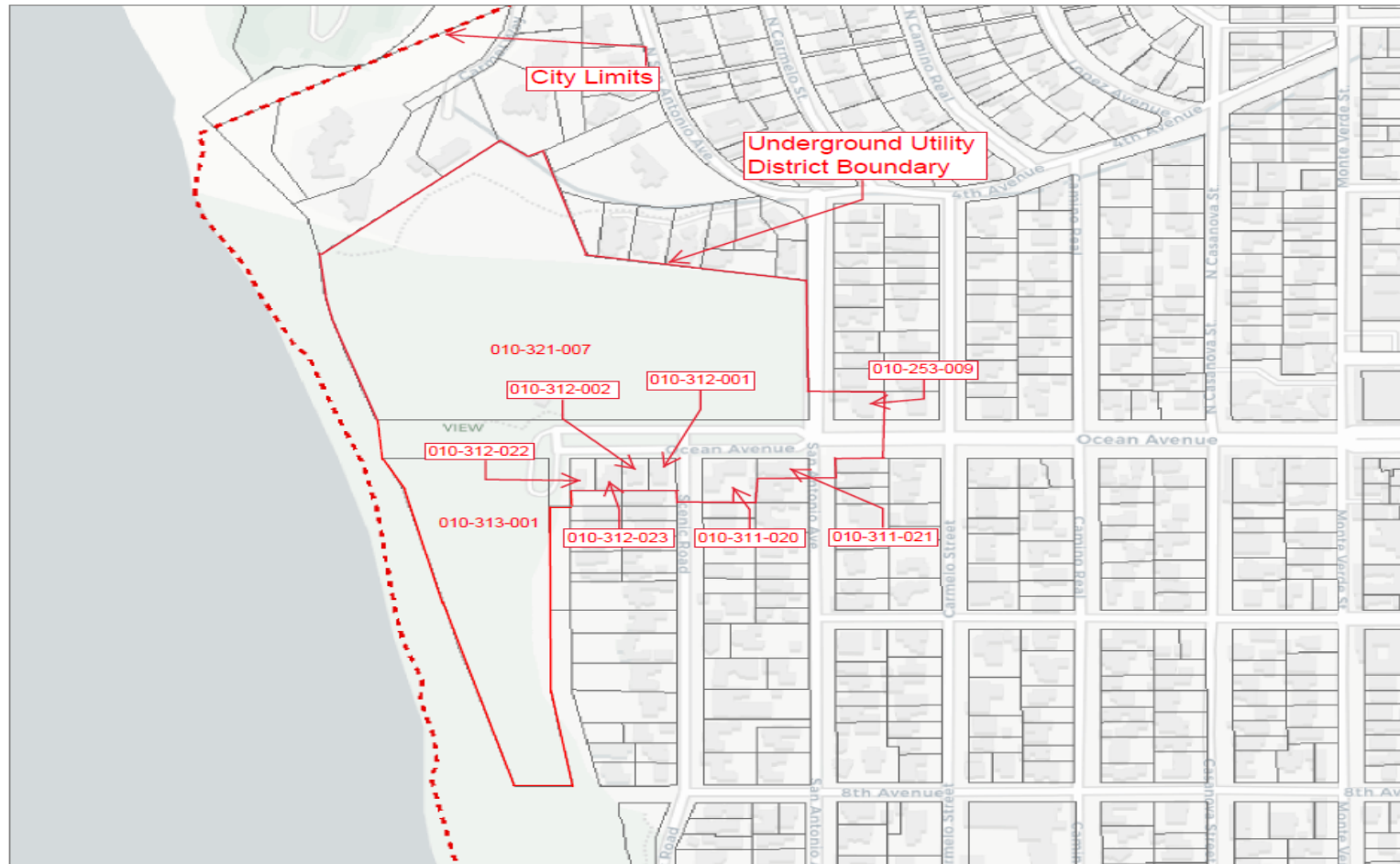
- The first step to becoming an active community is to select a suitable underground project.
- The smallest qualifying project for Rule 20A must be a minimum of 600 feet long which bears an estimated cost of approximately \$500,000.
- Adopt a resolution creating a single or multiple Utility Undergrounding Districts.
- Present the adopted resolution to PG&E thus deeming the City as “Active Community” and moving into the Planning Stage.



Underground Utility District No.1



GIS MAP - Carmel-by-the-Sea - Underground Utility District 1



- City Limit
- Parcels
- County Parcels

Underground Utility District 1
Located on the west side of Ocean Ave from San Antonio Ave west approximately 800' to the end of the parking lot at the Del Mar Beach Entrance.

EXHIBIT 1
PAGE 1 OF 2





Underground Utility District No.1

Qualifying Characteristics

- Passes through a civic or public recreation area.
- Carries high volume of vehicular or pedestrian traffic.
- Street right-of-way is considered an arterial street or major collector.
- Wheelchair access is limited or impeded in a manner that is not compliant with the Americans with Disabilities act.

NOTE: This location has been approved by PG&E as meeting the necessary criteria for a Rule 20A project.



Potential undergrounding from San Antonio west to end of Ocean



Conclusion

Benefits:

- Remove unsightly power poles and power lines from the public view shed.
- Reduces exposure of utilities to climate impacts (wind, rain, etc.) thus reducing the potential for interruptions or fires.
- Allow for added accessibility for pedestrians using sidewalks/trails.

Drawbacks:

- Residents within the district boundaries would be responsible for undergrounding of utilities within their properties (Approximate Cost \$15,000-\$25,000)



Staff Recommendation

Staff recommends the Ad Hoc committee recommends to City Council the establishment of an Underground Utility District between Del Mar parking lot at the west end of Ocean Avenue and San Antonio Avenue, and a potential Overhead to Underground Power Line Conversion Project within the District utilizing “Rule 20A” allocated credits