



**Contra
Costa
County**

To: Board of Supervisors
From: Brian M. Balbas, Public Works Director/Chief Engineer
Date: March 10, 2020

Subject: Submit comments on the California Public Utilities Commission's proposal to sunset the Rule 20A Utility Undergrounding program

RECOMMENDATION(S):

AUTHORIZE the Public Works Director, or designee, to submit comments on the California Public Utilities Commission's (CPUC's) proposal to sunset the Rule 20A Utility Undergrounding program.

FISCAL IMPACT:

If the CPUC terminates the Rule 20A program, approximately \$525,000 in work credits per year from Pacific Gas & Electric (PG&E) for utility undergrounding in unincorporated Contra Costa County would be eliminated. This proposed reform to Rule 20A would reclassify potential utility undergrounding projects that previously received full funding through PG&E/Rule 20A to be categorized as Rule 20B, which would receive 30%-50% funding through PG&E. This will likely limit the number of projects that can be completed in the future or require General Funds to cover the local match dollars, which is estimated at approximately \$3,000,000 every ten years.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/10/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 10, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Mary Halle,
925.313.2327

cc:

BACKGROUND:

On February 13, 2020, the CPUC filed the Undergrounding Proceeding (R.17-05-010) Staff Proposal for Rule 20A Program Reform and Enhancements (Proposal). Rule 20A sets aside money from ratepayers to fund utility undergrounding projects by local agencies such as Contra Costa County. Specifically Rule 20A allows for 100% of the allocation to fund the undergrounding of overhead utility lines in town core areas. Rule 20B is a separate program that allows for a financial match between the PG&E allocation and the local agency. The recent proposal recommends that the Rule 20A program sunset in the next ten years in favor of Rule 20B projects.

The County receives approximately \$525,000 per year in PG&E work credits. In the past 15 years the County expended approximately \$9,160,000 in work credits to underground the utilities in downtown Rodeo along Parker Avenue, and current efforts to underground overhead utilities on portions of Bailey Road and Willow Pass Road in Bay Point. These projects have been successful in improving the corridor, and may provide economic stimulus to these areas because of the improvements. The County currently has a balance of approximately \$10,500,000 work credits following the completion of the Bay Point project. A scoping study is presently underway to determine which location will be the next utility undergrounding district.

The Public Works Director recommends that the County submit comments to the California State Association of Counties (CSAC) who will be representing Contra Costa County and other agencies at the proceedings. The general nature of these comments include the following:

- Contra Costa County has utilized the Rule 20A program as it was intended. The County expended approximately \$9,160,000 of our allotted work credits over the past 15 years on projects in disadvantaged communities including our Parker Avenue Project in Rodeo and the current Bay Point Utility Undergrounding Project underway. These are projects that would not have been able to move forward without the Rule 20A program.
- The proposal from the CPUC infers that the reform is intended to increase the rate of undergrounding efforts with an urgency related to fire safety and reliability of service; however, this recent proposal is the first time PG&E has identified safety and reliability as an element of the Rule 20 program. Up until February 13, 2020, PG&E staff has emphasized that the purpose of the Rule 20A program is for beautification only and it is not related to safety or reliability. For this reason, Contra Costa County suggests that expansion of the Rule 20A program for safety and reliability purposes will gain traction with local communities and could result in a peak in utilization.
- At a time when fire season has become a familiar term due to tragic fires related to sparking of overhead electrical lines, it is not reasonable to make current funding programs more restrictive to local agencies.
- The proposal stresses the importance of investing in disadvantaged communities and infers that the majority of projects have been misdirected to affluent beachside

communities. Contra Costa County's stance is that eliminating a fully funded option through Rule 20A will only discourage implementation in disadvantaged communities. For example, under the proposed reform to Rule 20A, the current Bay Point Utility Undergrounding underway would have required an additional \$5,520,000 from the County General Fund.

- The majority of funding received by the Public Works Department was approved by the voters for transportation purposes and is not a viable funding mechanism for transferring overhead electrical and communication lines underground.
- Contra Costa County does not have an alternative funding source for utility undergrounding projects; thus, elimination of the Rule 20A program would decrease undergrounding efforts which directly conflicts with the stated purpose of the reform.

CONSEQUENCE OF NEGATIVE ACTION:

If this item is not approved, Contra Costa County would not be able to submit comments on the ruling by the CPUC. The current CPUC proposal would limit the County's ability to implement utility undergrounding projects in the future and/or require millions of dollars from the County General Fund to implement the undergrounding effort.