

From: [Ekern, Bill](#)
To: [Mitchell, Lori](#); [Zenk, Jessica](#); [O'Connor, Kevin](#)
Cc: [Do, Ryan](#); [Tom, Vivian](#)
Subject: RE: high voltage undergrounding
Date: Friday, June 19, 2020 5:43:31 PM
Attachments: [image001.png](#)

Lori,

This is what Ryan conveyed to Google, as well.

Thanks,

be

From: Mitchell, Lori <Lori.Mitchell@sanjoseca.gov>
Sent: Friday, June 19, 2020 4:09 PM
To: Zenk, Jessica <Jessica.Zenk@sanjoseca.gov>; Ekern, Bill <Bill.Ekern@sanjoseca.gov>; O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>
Cc: Do, Ryan <ryan.do@sanjoseca.gov>; Tom, Vivian <Vivian.Tom@sanjoseca.gov>
Subject: Re: high voltage undergrounding

These funds I think are spoken for. I would check with public works.

Rule 20A is very limited and delayed

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From: Zenk, Jessica <Jessica.Zenk@sanjoseca.gov>
Sent: Friday, June 19, 2020 1:57:03 PM
To: Ekern, Bill <Bill.Ekern@sanjoseca.gov>; Mitchell, Lori <Lori.Mitchell@sanjoseca.gov>; O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>
Cc: Do, Ryan <ryan.do@sanjoseca.gov>; Tom, Vivian <Vivian.Tom@sanjoseca.gov>
Subject: RE: high voltage undergrounding

Thanks, Lori and all!

For clarity, the Google team was specifically suggesting going after the Rule 20A funds that Lori refers to below. We said we'd be happy to, but we'd need their help and couldn't make promises, especially given our (meaning Bill, Ryan and Vivian's) experience.

Best,
Jess

From: Ekern, Bill
Sent: Friday, June 19, 2020 12:22 PM
To: Mitchell, Lori <Lori.Mitchell@sanjoseca.gov>; O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>
Cc: Zenk, Jessica <Jessica.Zenk@sanjoseca.gov>; Do, Ryan <ryan.do@sanjoseca.gov>; Tom, Vivian <Vivian.Tom@sanjoseca.gov>
Subject: Re: high voltage undergrounding

Lori

Thanks. This comports with my experience. I look forward to reading the SF reports

be

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From: Mitchell, Lori <Lori.Mitchell@sanjoseca.gov>
Sent: Friday, June 19, 2020 12:18:59 PM
To: Ekern, Bill <Bill.Ekern@sanjoseca.gov>; O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>
Cc: Zenk, Jessica <Jessica.Zenk@sanjoseca.gov>; Do, Ryan <ryan.do@sanjoseca.gov>; Tom, Vivian <Vivian.Tom@sanjoseca.gov>
Subject: RE: high voltage undergrounding

I'm guessing they are referring to Rule 20B. Under Rule 20B, PG&E ratepayer revenues cover only approximately **20 percent of undergrounding project costs and property owners and/or the local jurisdiction cover 80 percent of costs**, so most cities haven't used this to fund projects unless the developer / owner pays the remaining balance.

SF PW set up this process to utilize 20B – it's been challenging, not a lot of use but some projects went forward where the developer / owner paid. Mostly distribution projects.

https://sfpublicworks.org/sites/default/files/Public%20Works%2024-Underground%20Utility%20Tool%20Kit_0.pdf

link to 2015 SF study on undergrounding – helpful chart page 9 on funding sources of Rule 20 A, B, C

<https://sfgov.org/lafco/sites/default/files/FileCenter/Documents/53330-Final%20-%20Study%20on%20the%20Undergrounding%20of%20Utility%20Wires%20and%20Expansion%20of%20Fiber%20Network%20in%20San%20Francisco.pdf>

Under Rule 20A – PG&E funds but only a small number of projects, most are delayed. A recent CPUC audit found PG&E has generally underfunded this program despite approval in their rate cases.

Here's a link to the Rule 20 program as background. I'm sure our PW team has additional info. – Lori

Rule 20

<https://www.cpuc.ca.gov/General.aspx?id=4403>

Tariff Rule 20 is the vehicle for the implementation of the underground conversion programs. Rule 20 provides three levels, A, B, and C, of progressively diminishing ratepayer funding for the projects, and a sub-program D which is specific to undergrounding in SDG&E's Fire Threat District. For the Rule 20 Program, Cities identify overhead lines that they wish to convert to underground and in consultation with their investor owned utility (IOU) determine if the conversion project qualifies for any of the Rule 20 A, B, C or D programs. If qualified utility ratepayer funds will cover between 0 and 100% of the costs of the conversion project as detailed below. Approximately 35-40 miles of overhead lines are converted each year to underground through Rule 20 Sections A, B, and C. There have not been any Rule 20D projects to date.

a. Rule 20A

Rule 20A projects are constructed in areas of a community that are used most often by the general public. Rule 20A projects are nominated by the city or county and are paid for by the electric utility ratepayers. Under Rule 20A, the CPUC requires the utility to allocate a certain amount of work credits each year to the cities and unincorporated counties for conversion projects. Because ratepayers contribute the bulk of the costs of Rule 20A programs through utility rates, the projects must be in the public interest by meeting one or more of the following public interest criteria:

- Eliminate an unusually heavy concentration of overhead lines;
- Involve a street or road with a high volume of public traffic;
- Benefit a civic or public recreation area or area of unusual scenic interest;
- Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines.

The determination of "general public interest" under these criteria is made by the local government, after holding public hearings, in consultation with the utility.

In addition, the community must also have accumulated enough Rule 20A work credit allocations to fund a project. Such allocations are given out annually by the utility and communities can accumulate them over several years until they have sufficient funding to complete a project. Communities may borrow forward five years to obtain additional credits. Once enough work credits are available, the community forms a utility underground district by municipal resolution to initiate a project.

The program is voluntary, and the communities identify the overhead conversion projects in consultation with the utilities. Each year Rule 20A results in converting approximately 20 miles of overhead distribution lines to underground.

b. Rule 20B

Projects in larger developments or areas that do not meet any of the above criteria can be performed as Rule 20B projects. At a minimum, the proposed project should involve both sides of a street for a minimum of 600 feet. The applicant (residents, city, developer) is responsible for the installation of the conduit, substructures and boxes, as well as paying for the cost to complete the installation of the underground (electric, telephone and cable) system. Unlike Rule 20A, there are no work credits involved with Rule 20B and the applicant expends funds and receives reimbursement after the project is complete the electric utility credits the applicant in the amount of an equivalent overhead system, plus the taxes, if applicable. This reimbursement typically ranges from 20 to 40 percent of the project cost.

c. Rule 20C

Projects that do not qualify under 20A or 20C are performed under Rule 20C. Rule 20C projects are less than 600 feet in length and typically involve one or more property owners. The applicant(s) bear the cost of the entire undergrounding project and receive a small credit for the salvage cost of the facilities, less depreciation, that do not go underground

Page 13 – shows a table with each IOU's progress on undergrounding for distribution (18%) & transmission (1%)

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M327/K199/327199859.PDF>

Lori Mitchell
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From: Ekern, Bill

Sent: Friday, June 19, 2020 11:29 AM

To: O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>; Mitchell, Lori <Lori.Mitchell@sanjoseca.gov>

Cc: Zenk, Jessica <Jessica.Zenk@sanjoseca.gov>; Do, Ryan <ryan.do@sanjoseca.gov>; Tom, Vivian <Vivian.Tom@sanjoseca.gov>

Subject: high voltage undergrounding

Lori,

In discussion with Google this morning they are citing Rule 20 as a source of funds for undergrounding the 115kV lines. They say this is done regularly in SF, among other jurisdictions.

Is this your experience?

Thanks.

be