TURN
THE UTILITY REFORM NETWORK
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Northern California
360 Grand Avenue, #150
Oakland, CA 94610
415 929-8876 • www.turn.org

Southern California
1620 Fifth Avenue, Suite 810
San Diego, CA 92101
619 398-3680 • www.turn.org

Comments of The Utility Reform Network on Electrical Undergrounding Plans (Docket #2023-UPs) Request for Comments on Development of Guidelines for the 10-Year Electrical Undergrounding Distribution Infrastructure Plan (Undergrounding Plan)

Senate Bill (SB) 884 directs the California Public Utilities Commission (CPUC or Commission) to establish an expedited utility distribution undergrounding program consistent with the requirements of Public Utilities Code Section 8388.5. The process described in the statute includes the submission by a utility that so elects of a proposed undergrounding plan to the Office of Energy Infrastructure Safety (Energy Safety). Once approved by Energy Safety, the utility will submit the plan to the CPUC for further review. TURN has submitted comments on the implementation of SB 884 at the CPUC in response to Draft Resolution SPD-15. TURN submits the following comments on implementation of SB 884 at Energy Safety.

Given the joint responsibility of Energy Safety and the CPUC to review and approve the plans, the requirements and review at Energy Safety should be informed by the process at the CPUC and vice versa.[1] In particular, TURN recommends that both Energy Safety and CPUC adopt the data requirements included in Appendix 1 attached to draft SPD-15. In addition, given the obvious interrelation between the implementation plans of CPUC and Energy Safety, the two agencies should allow interested parties to comment on the final *combined* proposal before it goes into effect.[2]

TURN recommends Energy Safety develop requirements consistent with SB 884 that will ensure that any utility submitting a SB 884 plan provides adequate information to demonstrate that the utility plans: 1) to only underground where it is the most cost-effective alternative[3] and 2) to prioritize the completion of work based on risk.[4] Ensuring that the utility meets each of these two requirements will best ensure that the undergrounding plan provides benefits commensurate with costs and represents the best use of finite ratepayer funds for system hardening work.

These comments are provided in addition to and building on TURN's November 2 comments and TURN's participation in the Energy Safety working group meetings.

1. Energy Safety implementation of SB 884 should be guided by principles requiring the utility to complete work in a risk-prioritized order choosing the most cost-effective alternative in each location.

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[1] TURN notes it remains concerned about the disjointed implementation process reflected by the CPUC and Energy Safety each developing guidelines with limited, if any, consultation with the other. TURN has submitted comments on the Draft SPD -15 at the Commission in which TURN recommends, among other suggestions that the Commission provide parties an additional opportunity to comment on the CPUC implementation of SB 884 after Energy Safety has developed its implementation guidelines.

[2] TURN Comments to the CPUC on Draft Resolution SPD-15, Dec. 28. 2023, pp. 12-13.

[3] Section 8388.5(c)(2) requires the utility's plan to prioritize projects based on "cost efficiency;" Section 8388.5(c)(4) requires the plan to provide a comparison of undergrounding with aboveground hardening for each project, comparing, among other things, risk reduction and cost; Section 8388.5(e)(1)(A) requires the plan submitted to the CPUC to show any improvements in risk reduction and cost of undergrounding compared to alternative mitigations.

[4] Section 8388.5(c)(2) requires the utility's plan to prioritize undergrounding projects "based on wildfire risk reduction, public safety, cost efficiency, and reliability benefits." Subsections (c)(3) and (c)(4) also refer to "prioritized undergrounding projects."

TURN, the California Public Advocates Office (Cal Advocates) and Mussey Grade Road Alliance (MGRA) submitted a letter to Energy Safety and the Commission on April 26 identifying principles and process to guide implementation of SB 884. The principles identified in the letter include:

- An undergrounding project should only be authorized for rate recovery when the utility has demonstrated that, compared to all other wildfire mitigation alternatives, it represents the best choice for the project location.
- Undergrounding should be prioritized for the highest-risk locations, where it is most cost-effective given Commission-defined safety goals.
- Decisions about whether to approve cost-recovery for particular undergrounding projects should be based on up-to-date, location-specific information for risks, costs, and alternative mitigations.
- Utilities must be accountable for their promises regarding reductions in undergrounding costs and cost savings from undergrounding.
- The scope of undergrounding projects approved for rate recovery must reflect bedrock ratemaking considerations such as affordability, the competing demands on ratepayer funds, the effect of elevated electric rates on achieving electrification objectives, and environmental and social justice goals.[5]

TURN highlights for Energy Safety's implementation of SB 884, the first two principles identified in that letter. Given the affordability crisis in this state and the high price tag for undergrounding, Energy Safety should ensure that the utility is pursuing only the most cost-effective wildfire mitigation in every location and that the utilities are addressing their highest risk locations first. Adherence to these two principles will ensure that ratepayer money is being used efficiently and that the highest wildfire risk areas will be addressed sooner rather than later. These principles will be discussed in greater detail below.

2. Work should be completed on a risk-prioritized basis, beginning with the highest risk work.

The requirements for a utility "distribution infrastructure undergrounding plan" include:

(1) "A 10-year plan for undergrounding";[6]
(2) Identification of all projects included in the plan and the "means of prioritizing undergrounding projects on wildfire risk reduction";[7]
(3) Timelines for the projects;[8]
(4) A comparison of the projects against alternatives "emphasiz[ing] risk reduction and including an analysis of costs;[9]
(5) Plans for "workforce development";[10] and
(6) Evaluation of costs and economies of scale.

Energy Safety's approval must determine that the utility has provided all required elements of the plan including the 6 items identified above.

The prioritization information required under Section 8388.5(c)(2) must be a key input to determining whether the plan is providing substantial reliability and wildfire benefits, the required elements for Energy Safety to find an undergrounding plan acceptable.[11] Unless the utility is acting to mitigate the highest risk locations first, it is allowing risky conditions to persist and shouldn't be found to be substantially increasing safety. To the extent that the utility is not prioritizing the

[5] Re. Implementation of Senate Bill 884- Ten-year Undergrounding Plans, p. 2
[6] Section 8388.5(c)(1).
[7] Section 8388.5(c)(2).
[8] Section 8388.5(c)(3).
[9] Section 8388.5(c)(4).
[10] Section 8388.5(c)(5).
[11] Section 8388.5(d)(2).

highest risk locations with its proposed undergrounding plan, it should demonstrate that it is deploying other system hardening alternatives to address those locations. As stated in TURN's informal comments on the CPUC Staff proposal: "As a matter of statutory compliance and the sound policy of targeting grid hardening where it is most needed, utilities should be required to prioritize hardening in the highest risk locations first before hardening in lower risk areas."[12]

3. Consistent with the Statute, Energy Safety's Review Should Include a Comparison of the Cost-Effectiveness of Undergrounding with Alternative Mitigations

In addition to requiring prioritization, the requirements for a utility "distribution infrastructure undergrounding plan" also include:

> (4) A comparison of undergrounding versus aboveground hardening of electrical infrastructure and wildfire mitigation for achieving comparable risk reduction, or any other alternative mitigation strategy, such as covered conductor and rapid earth fault current limiter devices, for those prioritized undergrounding projects, evaluating the scope, cost, extent, and risk reduction of each activity, separately and collectively, over the duration of the plan. The comparison shall emphasize risk reduction and include an analysis of the cost of each activity for reducing wildfire risk, separately and collectively, over the duration of the plan.

Energy Safety should only approve an undergrounding project if the utility can demonstrate that it is the best approach for reducing reliability and safety risk cost-effectively in a given location as compared to all alternatives and combinations of alternatives. A complete SB 884 application will include the information required for Energy Safety to make this determination. Specifically, a plan should include a comparison of all alternative mitigations and combination of mitigations using the Cost-Benefit Ratio required by the Risk-based Decision-Making Framework (RDF) adopted by Commission decision D.22-12-027 (consistent with any future Commission direction).

The utility must compare the risk reduction potential of undergrounding and all other mitigations, or combination of mitigations against a common baseline and the same baseline used to determine substantiality for purposes of Energy Safety's Section 8388.5 (d)(2) review. The baseline for purposes of comparison should be a projection of the risk existing on the utility system and in a particular location at the beginning of each year of the ten-year undergrounding plan. This is to ensure that the risk reduction used to calculate the impact of the proposed undergrounding does not account for mitigation work not attributable to work included in the plan.

Further, the benefits (numerator) and costs (denominator) for purposes of calculating the CBR should be based on the same unit of work. The utility must incorporate into its calculation of the CBR that it typically requires more than one mile of undergrounding to replace a single mile of overhead conductor. For example, if the benefits are based on the mile of overhead conductor removed, the costs should be for the miles of undergrounding (or alternative mitigation) required to replace that mile of overhead conductor. In the alternative, if cost is based on mile of undergrounding, the risk removed will be based on less than a mile of overhead conductor. Energy Safety should direct any utility filing an undergrounding plan to follow the same approach, either based on mile of overhead conductor removed or mile of underground installed.

4. Energy Safety Should Identify the Procedures for Comment and Discovery in Advance.

Section 8388.5(d) requires that Energy Safety "publish the plan for public comment." TURN recommends that Energy Safety identify the process for comment at the outset. Parties seeking to provide comments on an undergrounding plan should have a minimum of 120 days to develop responsive comments. This would provide Energy Safety sufficient time to consider not only the utility proposals but also comments provided by other interested intervenors.

[12] TURN Informal Comments on Staff Proposal, p. 2.

Parties should have an opportunity to submit discovery on the utility proposals. In particular, discovery is required to understand the CBR calculations. The CBR is a powerful tool for allowing the comparison of alternatives. CBRs are particularly complex and judgment laden calculations which depend on inputs that have proven controversial in the past. The complexity of these calculations invites scrutiny to determine that the utility has relied on reasonable inputs that will allow for a fair comparison of the different mitigations. TURN recommends that Energy Safety clarify, in advance, that the utility applications will be subject to discovery and on the same three day turnaround as is currently required in the review of Wildfire Mitigation Plans.

5. Energy Safety Should Adopt the CPUC's Appendix 1 to Capture Project Information.

TURN highlights that Draft Resolution SPD-15 includes Appendix 1 which sets out extensive data requirements for projects included in the undergrounding plans.[13] TURN recommends that Energy Safety adopt the final version of Appendix 1 as minimum data requirements. Appendix 1 collects the information identified by Energy Safety as well as other points of information that are required for Energy Safety to determine that the undergrounding program provides substantial reliability and safety benefits as compared to both the baseline and alternatives. This includes information such as project identification code and status information, as well as feasibility information that may impact Energy Safety's analysis.

Appendix 1 also requires the reporting of prioritization information, cost, risk reduction and CBRs of undergrounding projects and their alternatives. These data points are all required for Energy Safety's review and approval of the plan. Requiring the utility provide this information from the outset will promote a more efficient review by intervenors, Energy Safety and the Commission.

6. Conclusion

TURN appreciates the opportunity to provide these comments in addition to earlier comments and participation in the working group. Energy Safety should adopt the principles herein to ensure the utility plans cost effectively and strategically deploy undergrounding consistent with just and reasonable rates.

Prepared by:

Thomas J. Long, TURN, Director of Legal Strategy
Katy Morsony, TURN, Legislative and Assistant Managing Attorney

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[13] Draft Resolution SPD-15, Attachment 1, p. 14-17.