



Via Electronic Filing

January 18, 2024

Caroline Thomas Jacobs, Director  
Office of Energy Infrastructure Safety  
California Natural Resources Agency  
715 P Street, 20<sup>th</sup> Floor  
Sacramento, CA 95814

**Re: Reply Comments on Energy Safety Working Groups**

Dear Director Thomas Jacobs:

The California Farm Bureau (Farm Bureau) appreciates the opportunity to submit reply comments on the working group meetings held by the Electrical Undergrounding Division of the Office of Energy Infrastructure Safety (OEIS or Energy Safety). Farm Bureau represents agricultural energy customers that are located statewide and take service from the state's electric investor-owned utility companies. Farm Bureau has been active throughout the process from the legislature to now regarding SB 884 and remains concerned at the potential ratepayer expenditure this program will entail. Unfortunately, the pace and timing of the working groups limited Farm Bureau's participation but values the opportunity to echo many of the valuable points raised by the other non-financial beneficiaries of the SB 884 Program. Farm Bureau also looks forward to commenting on a Staff Proposal when it is developed and ultimately evaluating the two halves of the SB 884 Program together as a cohesive program.

**I. Introduction**

Energy Safety has a significant task being the first line of review for the SB 884 Program applications. While review of the reasonableness of the financial portion lies with the Public Utilities Commission (PUC or Commission), Energy Safety cannot conduct its review completely unaware of the financial implications and impacts. With that said, the final decision on costs must be left to the Commission and even if Energy Safety determines a plan meets the safety and reliability thresholds, costs should always be an overriding factor.

The key principles developed by Cal Advocates, The Utility Reform Network (TURN) and Mussey Grade Road Alliance (MGRA) provide the best summary of what must take place at both Energy Safety and the Commission and bear repeating.<sup>1</sup>

1. 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.
2. Undergrounding should be prioritized for the highest-risk locations, where it is most cost-effective given Commission-defined safety goals.
3. 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.
4. Utilities must be accountable for their promises regarding reductions in undergrounding costs and cost savings from undergrounding.
5. 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.

As a non-residential customer voice (and possibly the only one in this process), Farm Bureau bears a unique perspective and responsibility as our members live or are near high fire threat districts (HFTDs) and are consistently plagued by reliability issues. However, agricultural customers have also been devastated with the currently and continually skyrocketing electric rates. These key principles provide a foundation for improving safety and reliability while maintaining some semblance of affordability and accountability for the utilities utilizing this program. So far, the push to start this program and undertake these ambitious goals have left many of us who will be funding this program underwhelmed. Energy Safety and the Commission must provide greater safeguards.

## II. Evaluation of Alternatives

Cal Advocates, TURN, and MGRA during the working groups and opening comments all highlight the necessity to properly develop the ability to assess alternatives.<sup>2</sup> As important as it will be to assess the cost implications once undergrounding has been determined to be the best course of action, the process by which that initial determination is made is just as important. If Energy Safety does not establish a level playing field and provide for the

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<sup>1</sup> Cal Advocates, The Utility Reform Network, and Mussey Grade Road Alliance, *Letter to the California Public Utilities Commission and Office of Energy Infrastructure Safety re: Implementation of Senate Bill 884 – Ten-Year Undergrounding Plans*, (Cal Advocates, TURN and MGRA, April 2023 Letter to CPUC and Energy Safety on SB 884) April 26, 2023, at 2 and Appendix A.

<sup>2</sup> Cal Advocates Opening Comments, filed Jan. 8, 2024, pp. 7-11, MGRA Opening Comments, filed Jan. 8, 2024, pp. 2-3.

ability to make apples to apples comparisons, the deck will always seemingly be stacked towards undergrounding. Cal Advocates hit on many of these points and provides a good roadmap of what should be required of an applicant both for Energy Safety and Commission evaluation as well as stakeholders.<sup>3</sup>

### III. Changes to Plans

Again, the same parties who do not stand to financially benefit from these 10-year underground plans all have concerns with the ability for utilities to change plans throughout the 10-year cycle. Farm Bureau certainly does not believe that over a 10-year period there will not be any intervening events that will not necessitate changes, but the threshold for making those changes should be significant. Otherwise, what is the point of the 10-year plan? The utility request was for certainty and expedited treatment to achieve “economies of scale” among other alleged benefits. What Energy Safety and the Commission cannot do is provide certainty and expedited approval of *funding* without demanding the same of the work that is to be done. This is why, as Cal Advocates suggested, changes should come in the form of petitions for modification or a process by which scrutiny and ratepayer involvement can be had.<sup>4</sup>

Further, regarding changes in Cost Benefit Ratios (CBR), among other things, Cal Advocates raises the salient point about utilities speculative cost savings.<sup>5</sup> One of the main drivers in the trend of undergrounding is the proposed savings in vegetation management and operational savings over the lifetime of the asset. Farm Bureau believes Energy Safety and the Commission should already be guaranteeing these savings and holding ratepayers harmless if they are never realized, but at a minimum they must be excluded from any type of CBR calculation unless there is a guarantee associated with them. Utilities cannot promise certainty with regards to safety and speak with authority regarding safety if Energy Safety and the Commission are not going to simultaneously hold them accountable for those claims.

### IV. Cost Containment and Economies of Scale

Cal Advocates opening comments on cost containment and economies of scale (Workshop 5) provides a good foundation for the points that were raised by Cal Advocates and other ratepayers such as TURN on these issues.<sup>6</sup> This Program must strive for extreme transparency and as Farm Bureau has said repeatedly, as a **voluntary** program with the utility expectation of relative certainty of funding and 10-years of work, ratepayers must receive some form of certainty and safeguards as well.

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<sup>3</sup> Cal Advocates Opening Comments, filed Jan. 8, 2024, pp. 7-11.

<sup>4</sup> *Id.* at p. 9.

<sup>5</sup> *Id.* at pp. 10-11.

<sup>6</sup> *Id.* at 13-15.

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Farm Bureau has continued to be concerned about the unsupported, speculative claims about the savings from vegetation management. Savings are not savings if they are simply being spent elsewhere. Savings must be guaranteed, and utilities must be held accountable long after the 10-year program is over should we be led to believe there are “life cycle” benefits of undergrounding as opposed to overhead hardening. Further, completed projects must continue to be monitored for residual costs and any necessary repairs throughout whatever is determined to be the lifecycle used for evaluation.

## **V. Conclusion**

Farm Bureau appreciates the opportunity to provide reply comments on Energy Safety’s series of working groups and believes the recommendations provided by the non-utility parties provide a good foundation for including safeguards and the necessary duality to the benefits utilities are receiving as part of the program.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Johnston', with a stylized flourish at the end.

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