May 29, 2024 **Via Electronic Filing**

Caroline Thomas Jacobs, Director
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Sacramento, CA 95814
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Subject: **Public Advocates Office's Comments on the Draft Guidelines for the 10-Year Electrical Undergrounding Plan (EUP)**

Docket: **2023-UPs**

Dear Ms. Jacobs,

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) respectfully submits the following comments on the Office of Energy Infrastructure Safety's Draft Guidelines for the 10-year Undergrounding Distribution Infrastructure Plan (Plan). Please contact Nat Skinner (Nathaniel.Skinner@cpuc.ca.gov) or Henry Burton (Henry.Burton@cpuc.ca.gov) with any questions relating to these comments.

We respectfully urge the Office of Energy Infrastructure Safety to adopt the recommendations discussed herein.

Respectfully submitted,

/s/ Nathaniel Skinner

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Nathaniel Skinner

Safety Branch Program Manager
Public Advocates Office
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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these comments in response to the Office of Energy Infrastructure Safety's (Energy Safety) Draft Guidelines (Draft Guidelines)[1] issued May 8, 2024 pursuant to Senate Bill (SB) 884.[2] SB 884 authorizes large electric utilities[3] (utilities) to submit ten-year plans to underground distribution lines[4] and tasks Energy Safety and the California Public Utilities Commission (CPUC or Commission) to determine whether to approve, conditionally approve, or deny a utility's ten year plan.[5]

Cal Advocates has been actively engaged with Energy Safety and the Commission regarding the implementation of SB 884 since December 2022 with an emphasis on ensuring cost effective plans given our focus on affordability. We look forward to further opportunities, beyond these comments, to constructively engage with Energy Safety, share ideas, and develop effective policies to ensure wildfire mitigation is achieved consistent with the statutory mandate of SB 884.

II. ISSUES

A. The Draft Guidelines' 30-Day Comment Period Is Too Short To Receive Important Stakeholder Input That Will Significantly Improve A Utility's Plan.

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[1] Energy Safety, Draft 10-Year Electrical Undergrounding Plan Guidelines *(Undergrounding Plan)*, May 8, 2024, EUP Guideline Development docket 2023-UPs.

[2] McGuire, Stats. 2022, Chap. 819. SB 884 is codified at Public Utilities Code § 8388.5.

[3] Many of the Public Utilities Code requirements relating to wildfires apply to "electrical corporations." See, e.g., Public Utilities Code § 8388.5. These comments also use the more common term "utilities" to refer to the entities that must comply with the wildfire safety provisions of the Public Utilities Code.

[4] Cal. Pub. Util. Code § 8388.5(c).

[5] See Cal Pub. Util. Code §§ 8388.5(d), (e) and (f).

The Draft Guidelines propose 30 days for comment on a published Electrical Undergrounding Plan (EUP or Plan), and 15 days for reply comment.[6] While the statute requires Energy Safety to publish the plan for public comment,[7] a 45-day comment window at the beginning of the nine-month review period with no further opportunity for comment provides virtually no opportunity for important input from stakeholders.

By limiting comments to an opening 30-day comment period with only 15 days for reply, the Draft Guidelines miss the opportunity for Energy Safety to receive valuable observations and analysis from informed stakeholders that could significantly improve a utility's proposed Plan. Stakeholders such as Cal Advocates, Mussey Grade Road Alliance (MGRA) and The Utility Reform Network (TURN) have extensive experience in the review of capital projects (such as undergrounding projects), including routing evaluation and risk assessment. They also understand how such a project aligns with relevant CPUC proceedings such as general rate cases (GRCs) and the development and application of the CPUC's cost benefit analysis methods, and their application to wildfire mitigation, especially in relation to their application in GRCs and undergrounding projects.

In addition, the stakeholder comment period does not take into account the fact that the Draft Guidelines permit a utility to substitute other projects over time, but would foreclose any stakeholder comment on those new projects. Absent procedures to allow additional stakeholder discovery and comments through the Energy Safety process, the Commission may be required to reject the plans and remand them back to Energy Safety.[8] Such rejection will delay Plan implementation and potentially increase ratepayer costs.

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[6] Draft Guidelines at 57.

[7] Cal Pub. Util. Code § 8388.5(d) "Upon a large electrical corporation submitting a plan to the office, the office shall …: (1) Publish the plan for public comment."

[8] In addition, Cal Advocates may need to pursue its own discovery pursuant to its statutory authority. *See, e.g.,* Cal. Pub. Util. Code § 309.5.

For these reasons, Cal Advocates proposes that Energy Safety revise the Draft Guidelines by adopting one of the following proposals to ensure stakeholders have adequate opportunity to provide comments that will meaningfully inform Energy Safety's Plan review:

> Option A: Retain the 30-day comment period, but make it an initial set of comments only for issue identification (akin to a protest of an application at the CPUC), and add a second opportunity for detailed stakeholder comments at the 6-month mark.
>
> Option B: Retain the 30-day comment period for issue identification and have Energy Safety staff issue a draft staff analysis at the 5 or 6 month mark, with a second opportunity for stakeholder comment on the draft staff analysis 30 days later.
>
> Option C: Provide 120 days for stakeholder comments after initial publication, and 30 days for reply comments, rather than the currently proposed 30 and 15 day period.

Any one of these options will enable stakeholders to assess a utility's Plan and conduct independent discovery regarding the validity of the projects and plans proposed by the utility.

In addition, the Guidelines should be revised to reflect that if a utility's proposed projects *change* during the review process, Energy Safety will provide a separate comment opportunity for projects submitted after the close of the initial comment period. Such a change in the Guidelines is necessary to ensure stakeholders have the opportunity to provide input on new projects. Failure to provide stakeholders the opportunity to comment on new projects may stall the review process due to disagreements about the merits of a new project. In addition, a process that does not provide an opportunity for stakeholder review of all projects could create perverse incentives for utilities to game the review process by withholding controversial projects until the end of the process to foreclose meaningful review.

B. The Draft Guidelines' Use Of Circuit Segments In Lieu Of Actual Underground Projects That Will Be Constructed Is Contrary To Law.

Circuit Segments are not a substitute for the mature projects required by the statute and reliance on them in lieu of actual underground projects to be constructed presents risks to the approval process. Specifically, SB 884 contemplates that utility Plans will include specific projects that will be constructed:

> (c) In order to participate in the program, a large electrical corporation **shall submit** to the office a.…plan that **shall** …. include…….the following components:
>
> > (2) Identification of the undergrounding projects that **will be constructed** as part of the program,….[9]

However, the Draft Guidelines improperly substitute "eligible circuit segments" for actual projects. For example, Screen 2 of the Project Acceptance Framework (see Figure 1 below), requires project information and alternative mitigation comparison for ***eligible circuit segments*** within High Fire Threat Districts (HFTDs) or Fire Rebuild Areas (Eligible Areas).[10] And it specifically states that such *eligible circuit segments* "can be an Undergrounding Project." The Draft Guidelines also state that the information provided as part of Screen 2 will "constitute the list of Undergrounding Projects identified in the EUP pursuant to section 8388.5(c)(2)."[11]

Under the statute, Energy Safety "may only approve the plan if the large electrical corporation has shown that the plan will substantially increase electrical reliability by reducing the use of public safety power shutoffs, enhanced powerline safety settings, deenergization events, and any other outage programs, and substantially reduce the risk of wildfire." However, Energy Safety cannot meet these requirements by approving eligible circuit segments in lieu of fully designed projects.

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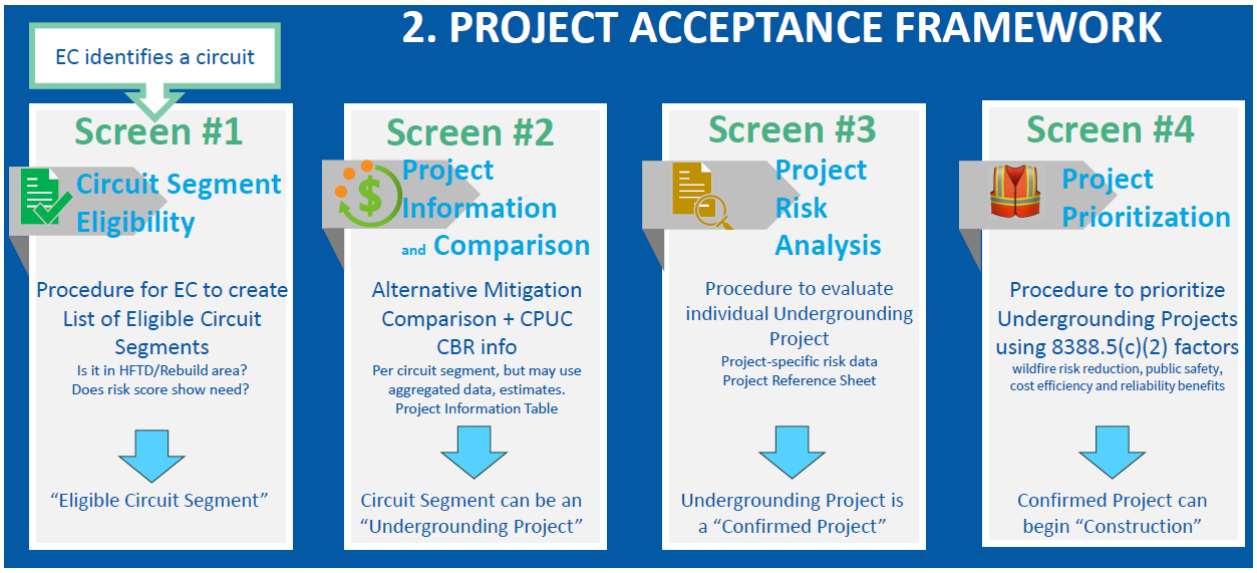
[9] Cal Pub. Util. Code § 8388.5(c)(2) (*emphases added*).

[10] Draft Guidelines at 5.

[11] Draft Guidelines at 5.

Figure 1 - Project Acceptence Framework



Source: Electrical Undergrounding Plan Draft Guidelines Workshop slides, May 15, 2024

A list of *circuit segments*, some of which could be no more than a set of common values, assumptions, and estimates[12] *is not the same* as a list of confirmed projects that "will be constructed"[13] as contemplated in the law. And a list of circuit segments is not consistent with CPUC Resolution SPD-15, which correctly and expressly recognizes the statutory mandate for a project-specific plan.[14]

Finally, the Draft Guidelines would exacerbate the potential inconsistencies with SPD-15 by instructing that a utility need only provide 25 projects for the project

[12] Draft Guidelines at 7.

[13] Cal. Pub. Util. Code § 8388.5(c)(2).

[14] Resolution SPD-15, March 8, 2024 at page 12 "….[The CPUC] *Guidelines* also require the utility to submit project information in granular detail, including geographically explicit information about project locations and scopes. This granular information represents an additional layer of ratepayer protection by facilitating the review and verification of project completion and cost-efficiency information. The *Guidelines* also require information about cost and scope overlaps of the SB 884 Program and other proceedings. This is an important recognition and implementation of Public Utilities Code § 8388.5(e)(3)."

risk analysis described in Screen 3 above,[15] thereby leaving the majority of eligible undergrounding projects unanalyzed. As a result, Energy Safety may not have reviewed most of the projects received by the Commission for their contribution to risk reduction or reliability improvements under their risk assessment methodology. This also fails to meet the requirements of SB 884.[16]

To remedy both issues, the Draft Guidelines should be modified to require a utility to provide all the information that the Guidelines identify as required to complete Screen 3 for all projects identified in Screen 2. Only by assessing the efficacy of a *complete* portfolio of projects can Energy Safety determine whether the Plan and its constituent set of complete projects adequately meet the requirements of the statute.[17] In addition, requiring Screen 3 information for all projects will ensure that Energy Safety has a fully fleshed out baseline assessment of the complete project portfolio against which future compliance assessments can be made.

Indeed, by requiring Screen 3 information for all projects, a potential information imbalance between projects that are submitted for Screen 3 (confirmed undergrounding projects) and projects that submitted for Screen 2 (eligible undergrounding projects) will be avoided. This will ensure that the two processes for identifying and quantifying risk reduction – via use of the Risk-Based Decision Framework[18] and via the Project Risk Analysis Methodology[19] – do not diverge significantly at the outset of Plan review and implementation.

[15] Draft Guidelines at 5.

[16] Cal. Pub. Util. Code § 8388.5(d)(2).

[17] Cal. Pub. Util. Code § 8388.5(d)(2).

[18] CPUC D.22-12-027 – Appendix A_RDF.

[19] Draft Guidelines at 15.

C. Use Of Circuit Segments To Define A "Project" Will Result In A Substantial Systematic Bias Against Overhead Alternatives And Does Not Provide The Plan-Wide Comparison Of Alternatives Required By Law.

SB 884 requires a utility plan to include a "comparison of undergrounding versus aboveground hardening of electrical infrastructure and wildfire mitigation for achieving comparable risk reduction,…."[20] As currently proposed, the Draft Guidelines require applicants to develop a portfolio of eligible projects that include alternatives for comparison.[21] A project is defined in the Draft Guidelines as "an Eligible Circuit Segment for which the EUP contains a Project Reference Sheet with the CPUC Data Appendix 1 information completed."[22]

By relying on a circuit segment as the organizing unit of a project, Energy Safety is holding fixed the maximum possible length of a project, and by extension a portfolio of projects. As a result, the maximum possible risk reduction for a project or its alternative is artificially constrained. This artificial constraint will result in a systemic bias in the Plan that fundamentally disadvantages non-undergrounding alternatives because of their lower per mile efficacy and fails to provide the comparable alternatives analysis required in the law.[23] What Energy Safety is currently proposing is the equivalent of comparing a $1 bill to a $10 bill: the bills are comparable in length, breadth, and thickness, but substantially different in their most important dimension - their value.

To fairly compare undergrounding and overhead alternatives at the plan-wide level requires the Plan to contain a set of alternative projects that achieve comparable risk reduction between undergrounding and overhead methods. Given the differential effectiveness of underground vs. overhead mitigation methods for reducing wildfire,

[20] Cal. Pub. Util. Code § 8388.5(c)(4).

[21] Draft Guidelines at 7.

[22] Draft Guidelines at A-6.

[23] Cal. Pub. Util. Code § 8388.5(c)(4).

overhead alternatives would require 52% more segment miles (all else being equal) to achieve an equivalent or comparable risk reduction across the utility's system.[24]

This issue is made more complex by the typical conversion factor of 1.25 for overhead to underground miles.[25] As Table 1 below shows, each mile of undergrounding corresponds to approximately 0.75 miles of removed overhead conductor, but adds more than double the cost per mile compared to covered conductor.

Table 1 - Difference Between Undergrounding and Overhead Hardening Mileage and Cost

	Underground	Overhead	Difference
Miles removed	1	.75	.25
Costs	$3.3 million[26]	$1.261 million[27]	$2.039 million

By providing a plan-wide comparison of underground and overhead alternatives that achieve a roughly equal risk reduction, the evaluation of scope, cost, extent, and risk reduction of each activity will be simplified and allow for more intuitive comparison of alternatives.[28]

Moreover, without alternatives that have a comparable reduction in risk at a plan-wide scale, there will be substantial gaps in the overhead alternatives. As a consequence, neither Energy Safety nor the Commission will be able to assess the true feasibility, cost, or risk reduction of overhead alternatives because the location, costs, and modelled risk reduction and reliability improvements for more than a third of the overhead alternatives will be missing from the Plan.

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[24] Based on PG&E 2025 Wildfire Mitigation Plan Update, Table ACI-PG&E-23-05-03 at 55, with a 65% risk reduction factor for overhead mitigation, compared to 99% risk reduction which is reported for all undergrounding mitigation.

[25] As adopted in D.23-11-069, Finding of Fact 102 at 799.

[26] D.23-11-069's adopted PG&E undergrounding unit cost for the year 2023. See D.23-11-069 Finding of Fact 99 at 799.

[27] D.23-11-069's adopted PG&E Covered Conductor unit cost for the year 2023. See D.23-11-069 Finding of Fact 105 at 799.

[28] Cal. Pub. Util. Code § 8388.5(c)(4).

To remedy this issue, Energy Safety should modify the Draft Guidelines' definition of a project, so that the current constraint on the length of circuit is not baked into the definition. The Draft Guidelines should also require applicants to prepare a portfolio of overhead alternatives such that the alternatives demonstrably reduce the same amount of risk from the system as the proposed portfolio undergrounding projects identified in Screen 2. These changes may necessitate the inclusion of additional circuit segments, but will result in a Plan that complies with the law.

D. Cost Efficiency Requires Accurate Comparisons Of Alternatives.

SB 884 requires that all Plans result in cost efficiencies.[29] However, in order for costs to be deemed just and reasonable, particularly given the requirement to consider alternatives to undergrounding,[30] they must be compared on a like-for-like basis. This means that utility Plans must properly consider the different factors of what constitutes a project mile. For example, because only 0.8 miles of covered conductor is removed and replaced with 1.0 mile of undergrounding, this leads to a per mile assessment of undergrounding to have the cost increased by 25%[31] to account for the gap in linear efficiency. If the cost efficiency views a mile of covered conductor and a mile of undergrounding as being equal, then it will undervalue covered conductor and overvalue undergrounding. Accurate comparisons are critical as both Energy Safety and the Commission consider utility Plans.

[29] Cal. Pub. Util. Code § 8388.5(c)(2).

[30] Public Utilities Code § 8388.5(c)(4).

[31] 1 / 0.8 = 1.25.

III. CONCLUSION

Cal Advocates respectfully requests that Energy Safety adopt the recommendations requested herein.

Respectfully submitted,

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