SENATE COMMITTEE ON APPROPRIATIONS
Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

SB 1312 (McGuire) - Electrical corporations: undergrounding of infrastructure: deenergization

Version: June 2, 2020 | **Policy Vote:** E., U., & C. 9 - 0
Urgency: No | **Mandate:** Yes
Hearing Date: June 9, 2020 | **Consultant:** Ashley Ames

Bill Summary: This bill would enact several provisions related to reducing wildfire risks and proactive power shutoffs by electric investor-owned utilities (IOUs). Specifically, this bill would require a revision to an existing electric tariff in order to underground overhead electric and communications lines in high fire threat areas; include several provisions related to oversight requirements by the California Public Utilities Commission (CPUC) of electric IOUs' efforts to reduce their fire risk and use of proactive power shutoffs, including specified reporting, ability to assess fines and penalties, and notification requirements; and require specified fire risk mitigation capital expenditures by the electric IOUs by prescribed dates.

Fiscal Impact:

- The CPUC estimates costs of $901,000 (special fund) annually to hold public hearings following PSPS events, expand information technology services to receive critical infrastructure information from electric corporations, and perform oversight.
- Unknown costs, likely in tens or hundreds of thousands of dollars annually (General Fund and special fund) to the state as a utility ratepayer.
- To the extent that this bill results in faster or additional infrastructure safety improvements that reduce the risk of wildfire or mitigate the effects of PSPS, unknown savings to the state in reduced emergency response expenditures.

Background:

Public safety power shutoffs (PSPS). Generally, electric utilities attempt to maintain power and ensure continued reliability of the flow of power. However, as recent catastrophic fires have demonstrated, the risk of fire caused by electric utility infrastructure can pose a great risk, perhaps greater than the risks of turning off the power to certain circuits. As a safety consideration, electric utilities have the ability and authority to deenergize electric lines in order to prevent harm or threats of harm.

Deenergizing electric lines can result in the loss of power to households, businesses, traffic signals, communication systems, critical facilities, water treatment facilities, emergency services and others. Therefore, efforts to deenergize electric lines must consider the potential harm of the energized lines causing a wildfire against the safety hazards associated with eliminating electricity to the areas that are served by the line(s).

Problems during recent PSPS events. At the end of September 2019, under high-speed Diablo wind conditions, PG&E sent PSPS notifications to a widespread region of its service territory and ultimately shut down power in roughly two events to 76,000 customers in the North Bay and Sierra Foothill areas. This was the first back-to-back power shutoff event for PG&E in the same geographic area. These power shutoffs set the stage for continued PSPS activity throughout the month of October, as there were additional multiple proactive power shutoff events throughout the month within the service territories of each of the three large electric IOUs. In some cases, especially in the PG&E territory, these events bled into each other. As a result, customers experienced extended days with loss of power, as the utility did not have enough time to complete inspections of the deenergized electric lines before the initiation of the next PSPS event. In total, over two million California residents endured the loss of power in communities located in about 40 of the state's 58 counties. These incidents became even more challenging as wildfires in both northern California and southern California also meant some evacuations needed to be executed with a lack of reliable communication services. Additionally, customer efforts to understand what infrastructure and which locations lost power were hampered as electric IOU websites were down – including those of PG&E and SCE – due to the increased traffic to each of the utilities' websites.

Undergrounding of electric facilities. Undergrounding is the process of replacing overhead lines that provide services such as electricity or communications with lines located underground. Undergrounding is generally much more expensive relative to overhead infrastructure – on the order of 10 times or more. Based on a February 2020 CPUC Staff Report, "the electric IOUs reported that undergrounding electric lines costs between $2.6 million and $6.1 million per mile which is far more expensive than other fire hardening measures such as replacing wooden poles with steel poles and installing covered conductors which the utilities report as costing $480,000 per mile."

California Overhead Conversion Program, Electric Tariff Rule 20. The CPUC requires electric IOUs to allocate a certain amount of ratepayer funds each year for undergrounding conversion projects. The electric utility annually allocates funds via credits under Electric Tariff Rule 20 to communities, either cities or unincorporated areas of counties, to convert overhead electric lines to underground facilities. Since ratepayers contribute the bulk of the costs of Rule 20 programs through utility rates, the projects must be in the public interest, meeting specified criteria. The CPUC is currently reevaluating the Electric Rule 20 program and has proposed a number of recommendations, including to expand the public interest criteria to account for safety and reliability concerns.

Wildfire Management Plans (WMPs) and undergrounding. Per statute, electric utilities must file WMPs with specified information about where they considered undergrounding electric lines to address wildfire risks. In the recently filed plans, the electric utilities include some undergrounding of electric lines. However, in general, they have preferred other more cost-effective options, such as covered conductors and replacement of wooden poles with fire-resistance materials. Nonetheless, the amount of undergrounding via the WMPs seems to trump that of the Rule 20 program.

Proposed Law: This bill would:

1) Require the CPUC to revise Electric Tariff Rule 20 to additionally authorize and fund, whenever feasible, the undergrounding of electrical and communication

infrastructure within certain CPUC-designated high fire-threat areas for purposes of wildfire mitigation.

2) Require the CPUC to develop a standard against which to measure the prudency of an electrical corporation's conduct of a public safety power shutoff (PSPS), as defined, and an electrical corporation's fire risk mitigation capital expenditures on the distribution or transmission infrastructure that motivated the public safety power shutoff.

3) Require an electrical corporation that conducts a PSPS to report specified information about the shutoff and its infrastructure expenditures to the CPUC.

4) Require the CPUC to hold a public hearing to determine whether a PSPS was conducted prudently. Require the CPUC, if it determines a shutoff or related expenditures were not conducted prudently, to levy fines and penalties against the electrical corporation.

5) Require an electrical corporation to notify the CPUC, the Office of Emergency Services (Cal OES), and the Department of Forestry and Fire Protection (Cal FIRE) of a potential public safety power shutoff.

6) Require an electrical corporation, on or before July 1, 2021, to identify and report to the CPUC at least 15 percent of its transmission and distribution infrastructure that is most likely to cause a PSPS or ignite a wildfire, that needs fire risk mitigation capital expenditures, and for which fire risk mitigation capital expenditures have not been made by July 1, 2021.

7) Require fire risk mitigation capital expenditures to be made on at least 50 percent of that infrastructure so that a PSPS is not necessary due to that infrastructure except in extraordinary circumstances by July 1, 2023, on at least 75 percent of that infrastructure by July 1, 2024, and on all of that infrastructure by July 1, 2025.

Related Legislation:

SB 378 (Weiner, 2019) requires numerous provisions related to an electrical IOU decision to proactively shut off power, including requiring reimbursements of specified costs, specified penalties for shutting off power, and other reporting. The bill is currently awaiting to be referred to policy committee in the Assembly.

SB 801 (Glazer, 2020) establishes new requirements on electrical corporations regarding deployment of backup electrical resources to customers receiving medical baseline allowance, if the customer meets specified conditions, and requires an electrical corporation to develop its program to provide backup electrical resources in consultation with community disability rights groups or other local disability rights advocates. The bill is pending in the Senate Committee on Appropriations.

SB 862 (Dodd, 2020) (1) adds planned deenergization events, as defined, within the conditions that constitute a state of emergency; and (2) adds new requirements of electrical corporations regarding protocols to deal with individuals with access and functional needs, and (3) requires coordination with local governments on the location and operation of community resource centers during deenergization events. The bill is pending in the Senate Committee on Appropriations.

SB 70 (Nielsen, Chapter 400, Statutes of 2019) required each electrical corporation's WMP to include a description of where and how the electrical corporation considered undergrounding electrical distribution lines within those areas of its service territory identified to have the highest wildfire risk in a specified fire threat map.

SB 247 (Dodd, Chapter 406, Statutes of 2019) made several changes related to the vegetation management requirements of electrical corporations, including: requiring specified notifications to the CPUC Wildfire Safety Division (WSD) about the vegetation management conducted; requiring specified audits by the WSD; authorizing the WSD to engage an independent evaluator and issue a report.

SB 584 (Moorlach, 2019) would have made changes to programs that help fund conversion projects to replace overhead electrical infrastructure with underground electrical infrastructure in specified areas of the service territory of IOUs. The bill was held in the Senate Committee on Appropriations.

AB 1054 (Holden, Chapter 79, Statutes of 2019) shifted the responsibility for review of wildfire mitigation plans from the CPUC to the WSD of the CPUC (temporarily located there) and made modifications to the review process, among other provisions.

AB 111 (Committee on Budget, Chapter 81, Statutes of 2019) required, by January 1, 2020, the CPUC to establish the WSD within the CPUC and requires all functions of the WSD to be transferred to Office of Energy Infrastructure Safety, effective July 1, 2021.

SB 901 (Dodd, Chapter 626, Statutes of 2018) established the requirement that the WMPs of each electrical corporation meet a number of specified requirements, among other provisions.

SB 1028 (Hill, Chapter 598, Statutes of 2016) required electric IOUs to file annual WMPs and requires the CPUC to review and comment on those plans. The bill also required POU and electrical cooperatives to determine their risk of catastrophic wildfire that can be caused by their electric lines and equipment and, if a risk exists, submit WMPs to their governing board for its approval.

Staff Comments:

Costs for the CPUC. This bill would require the CPUC to hold a public hearing to determine whether each PSPS event was conducted prudently and to determine whether to levy a fine or penalty. Hearings generally take place within formal proceedings and involve Administrative Law Judges presiding. In addition, the bill would require hearings on a short timeline. This could result in many hearings each year, depending on the number of events. Levying fines and penalties requires adjudicatory proceedings, and the hearings would presumably be part of those proceedings. The CPUC would expect multiple highly complex hearings and adjudicatory proceedings per year and these hearings may be required indefinitely (if there are PSPS events).

This bill would require the CPUC to receive critical infrastructure inventory information from electrical corporations in order to share information with CalOES and other state agencies and to perform impact analysis of utility infrastructure related to public safety events such as wildfires.

The CPUC's Information Technology Services Division would need resources to complete business analysis; develop business and data requirements in coordination with CalOES and other state agencies; perform data classification activities; design and architect common database, enterprise GIS systems, and data portal to support tracking and sharing information on critical infrastructure of regulated utilities; analyze and plan integration with existing CPUC systems and databases; assist with developing or modifying data sharing agreements and MOUs with CalOES and other state agencies; perform Project Approval Lifecycle (PAL) activities related to implementing this new reportable IT project; and develop an implementation plan and budget through the PAL process.

The state as a ratepayer. The State of California is an electrical customer, purchasing roughly one percent of the state's electricity. As such, the state incurs costs or savings when electricity rates rise or fall. This bill would likely result in additional costs to the state as a ratepayer due to increased electricity rates.

-- END --