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THIRD READING

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Bill No: SB 1312  
Author: McGuire (D) and Stern (D)  
Amended: 6/2/20  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 9-0, 5/26/20  
AYES: Hill, Dodd, Hertzberg, McGuire, Pan, Rubio, Skinner, Stern, Wiener  
NO VOTE RECORDED: Moorlach, Bradford, Chang, Dahle

SENATE APPROPRIATIONS COMMITTEE: 4-2, 6/18/20  
AYES: Portantino, Hill, Levya, Wieckowski  
NOES: Bates, Jones  
NO VOTE RECORDED: Bradford

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**SUBJECT:** Electrical corporations: undergrounding of infrastructure:  
deenergization

**SOURCE:** Author

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**DIGEST:** This bill proposes a number of requirements 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 lines in high fire threat areas. This bill also includes 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, notification requirements, and require specified fire risk mitigation capital expenditures by the electric IOUs by prescribed dates.

**ANALYSIS:**

Existing law:

- 1) Establishes the CPUC has regulatory authority over public utilities, including electrical corporations. (California Constitution, Article XII, §§3 & 4)

- 2) Requires each electrical corporation to annually prepare a wildfire mitigation plan and to submit its plan to the commission for review and approval, as specified. Requires the wildfire mitigation plan to include, among other things, protocols for disabling reclosers and deenergizing portions of the electrical distribution system that consider the associated impacts on public safety. (Public Utilities Code §8386)
- 3) Requires the CPUC to establish the Wildfire Safety Division within the CPUC to undertake specified tasks. (Public Utilities Code §726) Transfers all function of the Wildfire Safety Division, effective July 1, 2021, to the Office of Energy Infrastructure Safety. (Government Code §15470)
- 4) Authorizes the CPUC to impose fines and civil penalties for the violation of the California Constitution, statutes, or an order, decision, or requirement of the CPUC by a public utility. (Public Utilities Code §1701.6)

This bill:

- 1) Requires the CPUC to revise Electric Tariff Rule 20 to additionally authorize and fund the undergrounding of electrical infrastructure within certain CPUC-designated high fire-threat areas for purposes of wildfire mitigation.
- 2) Requires the CPUC to develop a standard against which to measure the prudence 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 that motivated the PSPS.
- 3) Requires an electrical corporation that conducts a PSPS to report specified information about the shutoff and its infrastructure expenditures to the CPUC.
- 4) Requires the CPUC to hold a public hearing to determine whether a PSPS was conducted prudently and requires, when a determination is made that the shutoff was not prudent, to levy fines and penalties against the electrical corporation.
- 5) Requires 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 PSPS.

- 6) Requires 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) Requires 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.

## Background

*California wildfire and electric utility infrastructure.* Electrical equipment, including downed power lines, arcing, and conductor contact with trees and grass, can act as an ignition source. Risks for wildfires also increased with the extended drought and bark beetle infestation that has increased tree mortalities and, as a result, increased the fuel, and risk for wildfires. In recent years, California has experienced a number of catastrophic wildfires, including several that ignited by electrical utility infrastructure, including the 2007 Witch Fire in San Diego County, the 2015 Butte Fire, several of the 2017 fires that ravaged the state, and the brutally deadly Camp Fire in 2018.

*Deenergizing electric lines.* Generally, electric utilities attempt to maintain power and ensure continued reliability of the flow of electricity. 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. However, 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 served by the line(s).

*Wildfire Mitigation Plan (WMP).* As a result of SB 1028 (Hill, Chapter 598, Statutes of 2016), and further expanded by SB 901 (Dodd, Chapter 626, Statutes of 2018) and AB 1054 (Holden, Chapter 79, Statutes of 2019), electric IOUs are

required to file WMPs with guidance by the CPUC, specifically the Wildfire Safety Division (WSD). The CPUC also reviews and determines whether to approve these plans and ensures compliance with guidance and statute. The electric IOUs' WMPs detail, describe and summarize electric IOU responsibilities, actions, and resources to mitigate wildfires. These actions include plans to harden their system to prevent wildfire ignitions caused by utility infrastructure, such as widespread electric line replacement with covered conductors designed to lower wildfire ignition, pole replacement, and other actions. The plans also include information regarding the electric IOUs' efforts to conduct extensive vegetation management to reduce the risk of tree branches, grasses, and other vegetation from coming into contact with utility infrastructure. The CPUC has further expanded the requirements within the WMPs in its proceeding (R. 18-10-007), including its reviews of the three large electric IOUs' current WMPs.

*WMPs and undergrounding electric lines.* Per statute, electric utilities must file wildfire mitigation plans 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, replacement of wooden poles with fire-resistance materials. 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." Nonetheless, the amount of undergrounding via the WMPs seems to trump that of the Electric Tariff Rule 20 program, an existing program to allocate ratepayer funds for undergrounding conversion projects. For example, in its recent WMP, Southern California Edison notes that last year they converted 0.3 miles of overhead lines to undergrounding via Rule 20. However, in their WMP, they are proposing targeted undergrounding projects, especially in communities with egress and ingress challenges. They expect to convert six miles in 2021 and 11 miles the year after.

## **Comments**

This bill incorporates numerous provisions to address the issues that occurred last fall when over two million customers were left without power, and local and state governments were left scrambling to address the ramifications of such widespread power outages, especially the PSPS events implemented by Pacific Gas and Electric (PG&E). The author states his interest to "create a framework to shorten

and decrease PSPS events and to ultimately eliminate their use by requiring electric IOUs to take both short- and long-term steps to harden their infrastructure.” This bill prescribes measurements to ensure that electric IOUs are making aggressive progress towards reducing the need for proactive power shutoffs and reducing wildfire risks of their systems. Specifically, this bill requires the electric IOUs to make measurable progress, measured by a percentage of its infrastructure that will receive fire risk mitigation capital expenditures with the goal of achieving a goal of no longer needing to utilize proactive power shutoffs to mitigate against fires by July 2025 (five years). This bill also requires specified oversight of proactive power shutoffs events, including specified reports to the CPUC by the electric IOUs, as well as, specifying enforcement when power shutoffs are utilized in a manner inconsistent with the law or CPUC rules. Additionally, this bill includes a provision to require a revision of Electric Tariff Rule 20 to fund undergrounding conversion projects for communications and electrical lines in Tier 2 and Tier 3 high fire threat areas. Lastly, this bill includes provisions requiring notifications to state agencies when proactive power shutoffs are activated, determined to be used, initiated, and reenergizes the lines, and completes the reenergization process. SB 1312 would also authorize joint emergency regulations by the OES, the Cal FIRE, and the CPUC.

*Need for Accountability.* The governor, the CPUC, and members of the Legislature have commented on the desire to not repeat the experience from the power shutoff events of last fall. The experience led to an eight plus hours hearing by the Senate Committee on Energy, Utilities, and Communications where stakeholder representing many aspects of the affected communities relayed the challenges they experienced during the multiple days of outages and notifications. SB 1312 attempts to tackle the challenges of PG&E’s insistence that their system upgrades will take 10 plus years to achieve the same level of outages (proportionately) as experienced in San Diego Gas & Electric’s territory. The need to aggressively reduce the 10 plus years timeline seems apparent, including to the CPUC who has been taking more aggressive action to ensure progress towards the WMP of the utilities. While this bill may be duplicative in some areas to existing CPUC rules, the need to provide a legislative backstop has merits, as future CPUC commissioners’ attention and focus could shift to other matters. However, there are some areas where the requirements of this bill may need further adjustment in order to provide more flexibility to account for new information. In this regard, the author has noted his intent to continue working on refining some of the measurements and benchmarks required in this bill.

*Ratepayer impacts.* The provision in this bill to require a revision to Electric Tariff Rule 20 is largely consistent with a current CPUC staff recommendation, although this bill is silent as to the portion of the conversion that should be funded by ratepayers. As these issues come to resolution in the proceeding at the CPUC, the Legislature may want to ensure this bill appropriately limits the ratepayer contribution in order to minimize impacts on electric utility ratepayers. However, operating costs may be less assuming the underground results in a reduced need to repair damaged lines.

### **Related/Prior Legislation**

SB 801 (Glazer, 2020) establishes new requirements on electrical corporations regarding deployment of backup electrical resources to customers receiving medical baseline allowance in high fire-threat areas, if the customer meets specified conditions. The bill is pending consideration before the full Senate.

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 work with vulnerable populations. The bill is pending consideration before the full Senate.

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.

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 pending in the Assembly Committee on Utilities and Energy.

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. 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.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Committee on Appropriations:

- 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.

**SUPPORT:** (Verified 6/18/20)

California Ambulance Association  
California State Sheriffs' Association  
League of California Cities  
Marin Clean Energy  
Northern California Power Agency  
Rural County Representatives of California  
Sonoma Clean Power  
Valley Clean Energy

**OPPOSITION:** (Verified 6/18/20)

California State Association of Electrical Workers  
Coalition of California Utility Employees  
Pacific Gas and Electric Company  
San Diego Gas & Electric  
Southern California Edison

**ARGUMENTS IN SUPPORT:** The organizations in support of this bill universally comment on the issues that have transpired in recent proactive power shutoff events and the desire to ensure greater accountability, coordination, and transparency associated with system improvements and future proactive power shutoff events.

The California State Sheriffs' Association states:

SB 1312 requires electrical corporations to provide important PSPS information to state entities and report on the progress of their distribution and transmission line hardening efforts. This bill will improve public safety and keep communities connected to vital services.

**ARGUMENTS IN OPPOSITION:** The organizations opposed to this bill express multiple areas of concern, including: duplication with existing CPUC rules, proceedings and efforts; rigid timelines for utility infrastructure improvements; undermining of CPUC state constitutional authority to regulate electric IOUs; and concerns that the bill ignores the comprehensive and strategic approach to mitigate wildfire risk.

In opposing this bill the Coalition of California Utility Employees (CCUE) states:

SB 1312 places strict arbitrary timelines for utilities to complete complex and oftentimes dangerous utility work. These cookie cutter approaches are not appropriate in dangerous construction projects.... Moreover, placing arbitrary timelines on projects will result in contractors pushing deadlines, ignoring safety measures and placing the lives of utility workers at risk!

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Prepared by: Nidia Bautista / E., U., & C. / (916) 651-4107  
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