
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**
Senator Josh Becker, Chair
2025 - 2026 Regular

Bill No:	SB 797	Hearing Date:	4/29/2025
Author:	Choi		
Version:	4/9/2025	Amended	
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: California Environmental Quality Act: exemption: electric utility distribution and transmission system facilities: undergrounding and insulation

DIGEST: This bill exempts undergrounding of electrical utility infrastructure from environmental review via the California Environmental Quality Act (CEQA) and requires the California Public Utilities Commission (CPUC) to form a workgroup regarding undergrounding of electrical infrastructure and report to the Legislature on specified findings.

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (Article XII of the California Constitution)
- 2) Establishes the Office of Energy Infrastructure Safety (OEIS) is the successor to, and, effective July 1, 2021, is vested with, all of the duties, powers, and responsibilities of the Wildfire Safety Division within the CPUC established pursuant to Section 326 of the Public Utilities Code, including, but not limited to, the power to compel information and conduct investigations. (Government Code §15475)
- 3) Requires every public utility to furnish and maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Public Utilities Code §451)
- 4) Establishes the policy of the state that each electrical corporation is required to continue operate its electric distribution grid in its service territory and to do so in a safe, reliable, efficient, and cost-effective manner. (Public Utilities Code §399.2(a))

- 5) Requires each electrical corporation to annually prepare a wildfire mitigation plan (WMP) and to submit the plan to the Wildfire Safety Division, and, as of July 1, 2021, to the OEIS, for review and approval. (Public Utilities Code §8386 (b))
- 6) Requires a WMP of an electrical corporation to include, among other things, protocols for deenergizing portions of the electrical distribution system that consider the associated impacts on public safety, and protocols related to mitigating the public safety impacts of those protocols, including impacts on critical first responders and on health and communications infrastructure. (Public Utilities Code §§8386 (c)(6))
- 7) Requires the CPUC to establish an expedited utility distribution undergrounding program. Requires, to participate in the program, large electrical corporations to submit to the OEIS a distribution infrastructure undergrounding plan meeting certain requirements. Requires the OEIS upon the submission of the plan, to publish the plan for public comment. (Public Utilities Code §8388.5)
- 8) CEQA requires lead agencies with the principal responsibility for carrying out or approving a project to prepare a negative declaration, mitigated negative declaration, or environmental impact report (EIR) for the project, unless the project is exempt from CEQA. (Public Resources Code §21000 et seq.). If a project may have a significant effect on the environment, the lead agency must prepare a draft EIR. (CEQA Guidelines 15064(a)(1), (f)(1)).
- 9) Establishes a CEQA exemption for replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, which explicitly includes:
 - a) Replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity. (CEQA Guidelines §15302 (c))
 - b) Conversion of overhead electric utility distribution system facilities to underground including connection to existing overhead electric utility distribution lines where the surface is restored to the condition existing prior to the undergrounding. (CEQA Guidelines §15302 (d)).

This bill:

- 1) Exempts from CEQA, until the submission of a prescribed plan on how to most effectively invest in undergrounding and insulating overhead electric utility

distribution system facilities or transmission system facilities, but no later than July 1, 2027, a project for the conversion of those facilities to underground and the insulation of those facilities, unless the project is located in an environmentally sensitive area, as defined. Imposes a state-mandated local program because a lead agency would be required to determine if a project qualifies for this exemption.

- 2) Requires the CPUC, until January 1, 2031, to form a working group to study the cost of undergrounding and insulating overhead electric utility distribution system facilities or transmission system facilities, compile wildfire mitigation reports of electric utilities, and provide the Legislature, on or before July 1, 2027, with a plan on how to most effectively invest in undergrounding and insulating those facilities or how to otherwise support electrical corporations, as provided.

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 ignited by electrical utility infrastructure.

Wildfire Mitigation Plan. 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 investor-owned utilities (IOUs) are required to file WMPs with guidance by OEIS (as of 2021). OEIS 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 consideration for converting overhead electrical lines underground. 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 WMPs also require electric utilities to incorporate their protocols and procedures for proactive power shutoffs as required by CPUC rules.

Further, SB 884 (McGuire, Chapter 819, Statutes of 2022) required the CPUC to establish a voluntary program for expediting the undergrounding of large electric IOUs distribution infrastructure. Electric IOUs with 250,000 or more customer accounts may participate in the program. Electric IOUs wishing to participate in the program must first submit their 10-year plan to OEIS for review who must approve or deny the plan within nine months. If OEIS approves the plan, the electric IOU submits an application to the CPUC for conditional approval of the plan's costs.

Wildfire mitigation as significant driver of costs in electric utility bills. The CPUC in its most recent SB 695 Utility Cost Report has noted that wildfire-related costs are a key driver putting upward pressure on customers' electric rates. The CPUC has stated that over the next several years, wildfire risk mitigation costs are projected to continue their upward trend. In a recent study by the Energy Institute at Haas "Risk-Cost Tradeoffs in Power Sector Wildfire Prevention", the authors note that in 2023 WMPs, California electric IOUs proposed investing over \$9 billion annually to reduce wildfire ignition risk. Pacific Gas & Electric's (PG&E) recent general rate case included authorization to underground up to 1200 miles of electric distribution lines. This contributed to the overall rate increases that customers are experiencing this year, roughly \$35 per month more for the average utility bill, with another rate increase approved for a portion of the utility's wildfire-related expenses, and the expectation that more are on the horizon. PG&E is also pursuing efforts to underground 10,000 miles of electric distribution lines in areas with high-fire risk with the intent to reduce wildfire ignition risk by approximately 99% as the best long-term solution for keeping customers and communities safe. In the case of Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E), their wildfire mitigation costs may be on a downward trend in the mid- to long-term, as much of their mitigation has been or will be completed, though they had less reliance on undergrounding lines as a primary strategy. However, the experience with recent wildfires in Southern California may affect this trajectory, though it may be too early to know for certain.

Comments

Incoming! This bill was heard the Senate Environmental Quality Committee on Wednesday, April 23rd where the author committed to accept the proposed committee amendments to remove the language in this bill concerning a CEQA exemption. As such, the remaining language in this bill focuses on the requirement that the CPUC develop a working group to study the cost of undergrounding and insulating electric utility distribution system facilities or transmission system facilities, as specified.

Need for working group and compilation of wildfire mitigation plans. The author proposes the need for a workgroup to study the cost of undergrounding and insulating overhead electric utility distribution system facilities or transmission system facilities. This bill requires the workgroup to compile WMPs of electric utilities and provide the Legislature with a plan on how to most effectively invest in undergrounding and insulating power infrastructure by July 1, 2027. With regards to the WMPs, these are all posted on the OEIS' website and available for review by the public. Within each WMP is much information about specific strategies and costs for each electrical corporation. Given the existing OEIS WMP framework to review and approve WMPs for electrical corporations, it is unclear the formation of a workgroup would yield much additional information not readily available within each electrical corporation's approve WMPs. This bill requires the workgroup to develop a plan on how to most effectively invest in undergrounding and insulating electrical lines or how to provide support for electrical corporations in order to prevent fires in specified location, including state forests, wildland urban interface fire areas, and very high fire hazard severity zones. These designations are broader, and generally, more expansive than the current requirements on electrical corporations to mitigate wildfire risks in high fire threat districts.

Dual referral. This bill passed out of the Senate Environmental Quality Committee on April 23, 2025 with a vote of 8-0.

Prior/Related Legislation

SB 252 (Valladares) of the current legislative session, establishes a statutory exemption from CEQA for all projects to underground powerlines. The bill is held by the author in the Senate Environmental Quality Committee.

SB 254 (Becker) of the current legislative session, includes various proposals to address electric utility bill affordability, including requirements to consider the time required to implement an action and the amount of risk reduced when electric utilities implement wildfire mitigation strategies. The bill is pending in this committee.

SB 256 (Perez) of the current legislative session, includes various provisions related to wildfire mitigation by electrical corporations, including notifications regarding deenergizations and the conversion of overhead electrical distribution utility infrastructure to underground. The bill is pending in this committee.

SB 272 (Cervantes) of the current legislative session, includes various proposals related to deenergization events. The bill is pending in this committee.

SB 332 (Wahab) of the current legislative session, includes various proposals, including consideration of underground of electrical infrastructure within an electrical corporation's wildfire mitigation plan. The bill is pending in the Senate Appropriations Committee.

AB 1228 (Essayli) of the current legislative session, exempts the approval of a distribution infrastructure undergrounding plans from CEQA. The bill is pending in the Assembly Utilities & Energy Committee.

SB 884 (McGuire, Chapter 819, Statutes of 2022) required the CPUC to create a program to encourage utility companies to underground distribution powerlines and requires the OEIS to approve or deny undergrounding plans submitted by utility companies within nine months.

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

SUPPORT:

None received

OPPOSITION:

North American Wood Pole Council
Treated Wood Council
Western Wood Preservers Institute

ARGUMENTS IN SUPPORT: The author states:

Wildfires caused by power-related infrastructure have caused some of the largest fires in California history. The state needs a plan on how to exactly invest in undergrounding and insulation of this infrastructure, so that we can truly fire-proof California.

SB 797 would require the California Public Utilities Commission (CPUC) to form a workgroup to gather data and evaluate how to effectively invest in undergrounding and insulating utility power lines in various wildfire-prone areas across the state. I ask the committee to allow the creation of this group to better understand the cost and statistics behind undergrounding.

ARGUMENTS IN OPPOSITION: The organizations in opposition generally oppose efforts to exclusively require undergrounding of electric utility infrastructure. Their main concerns relate to the language in this bill concerning the CEQA exemption which the author has agreed to remove.

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