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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### **SB 797 (Choi) - Electric utility distribution and transmission system facilities: undergrounding and insulation**

**Version:** May 6, 2025

**Urgency:** No

**Hearing Date:** May 19, 2025

**Policy Vote:** E.Q. 8 - 0, E., U. & C. 13 - 1

**Mandate:** No

**Consultant:** Ashley Ames

**Bill Summary:** This bill would require the California Public Utilities Commission (CPUC) 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.

#### **Fiscal Impact:**

- The CPUC estimates one-time costs of \$500,000 and ongoing costs of \$1.7 million annually (ratepayer funds) to formulate and participate in a working group, study costs and wildfire risk reduction effectiveness, and develop comprehensive plans on the most effective means of implementing undergrounding and on how to support utilities in the prevention of fires across high fire risk areas, among other things.
- Unknown but potentially significant cost pressure (various funds) to provide funding for implementation of undergrounding or support for utilities as identified in the CPUC plans required by this bill.

#### **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.

**Proposed Law:** This bill would require the California Public Utilities Commission (CPUC) 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.

**Related Legislation:**

SB 252 (Valladares) of the current legislative session, would establish a statutory exemption from CEQA for all projects to underground powerlines.

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.

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.

SB 272 (Cervantes) of the current legislative session, includes various proposals related to deenergization events.

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.

AB 1228 (Essayli) of the current legislative session, would exempt the approval of a distribution infrastructure undergrounding plans from CEQA.

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.

**-- END --**