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By Email and U.S. Mail

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California Public Utilities Commission
Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Re: **Docket No. A.15-09-001--Pacific Gas & Electric Test Year 2017 General Rate Case**
Comments of the League of California Cities and the California State Association of
Counties

The League of California Cities ("League") and the California State Association of Counties ("CSAC") submit the following comments regarding the above-referenced proceeding.

The League is an association of 474 California cities united in promoting the general welfare of cities and their citizens. CSAC is a non-profit corporation representing the interests of California's 58 counties. In particular, the League and CSAC are submitting these comments on behalf of our members with respect to the Rule 20A portion of the General Rate Case. Rule 20A provides important funding to cities and counties for conversion of existing overhead electric facilities to underground. The projects funded through Rule 20A provide significant benefits to the residents and commercial property owners in the cities and counties in PG&E's territory.

The benefits from electrical facilities undergrounding have long been recognized. Undergrounding improves public safety by reducing the number car-pole accidents, the potential for live-wire contact injuries, and fires caused by downed wire incidents. Removing poles from the public right-of-way has benefits for pedestrian traffic, particularly for those pedestrians with sight or mobility concerns. Further, undergrounding improves community aesthetics by removing unsightly poles and wires, which also benefits the tree canopy and reduces tree maintenance costs. These aesthetic benefits help to improve residential and commercial property values. Lastly, undergrounding results in generally-improved system reliability during severe weather events.

The Office of Ratepayer Advocates ("ORA") in response to PG&E's application in the General Rate Case has recommended that the work credit allocations under Rule 20A be reduced to zero for 2017-2019. The League and CSAC do not support this recommendation and urge that it be rejected as explained below. The League and CSAC further support PG&E's request to continue the current \$41.3 million annual work credit allocation.

ORA's asserted purpose for its recommendation is to reduce the backlog in projects funded through Rule 20A. ORA claims that by eliminating work credit allocations for 2017-2019, the current work credit backlog would be reduced by nearly 30%. ORA further recommends that the annual allocation could be reinstated if PG&E can

demonstrate (i) that it was able to increase spending in 2017-2019 by performing more conversions; and (ii) that it has a plan to perform even more conversions in the 2020-2022 timeframe.

While ORA has identified a problem with the work credit backlog, its recommended solution raises significant concerns and has the potential to undermine the Rule 20A program. The League and CSAC have identified the following issues:

- ORA's proposal would result in projects being delayed, reduced in scope, or cancelled due to the uncertainty of sufficient work credit availability.
- ORA's proposal would eliminate cities' and counties' ability to borrow up to 5-years of work credits that help fund projects and bring them more quickly to completion.
- ORA's estimate for reducing the backlog by nearly 30% does not appear to take into account the delay, reduction, and cancellation of projects that would not have otherwise occurred but for the moratorium.
- ORA's proposed conditions for reinstating the allocations may be difficult for PG&E to meet as cities and counties may not have enough accrued work credits to begin or complete projects without the annual allocation being available for use during 2017-2019. If this were to occur, the ORA's recommendation could result in work credit allocations being zeroed-out through 2022, which would seriously undermine the continued viability of the Rule 20A program.
- ORA's proposal does not take into account the significant benefit to ratepayers, as discussed above, in ensuring Rule 20A projects have sufficient work credits to allow them to proceed without unnecessary delay.

Rule 20A provides significant benefits to the ratepayers, both residential and commercial, within PG&E's territory. ORA's proposal, while well-intentioned, would significantly harm cities and counties that rely on this funding for undergrounding projects in their communities. Viable and shovel-ready projects may be delayed or cancelled if the funding assumptions that were made during project planning are upended. Further, the League and CSAC have been working with PG&E to revise and improve the General Conditions that govern Rule 20A projects. Once finalized, we believe that many jurisdictions will expeditiously proceed with undergrounding projects which will help significantly reduce the work credit backlog and thus invalidating the need for other actions to address the backlog. For all of these reasons, the League and CSAC urge ORA's recommendation be rejected and that PG&E's proposal for continued work credit allocation for 2017-2019 be accepted.

Sincerely,



Rony Berdugo
Legislative Representative
League of California Cities



Kiana L. Valentine
Legislative Representative
California State Association of Counties