

R E S O L U T I O N

Resolution G-3498. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas) request approval of agreements with the California High-Speed Rail Authority (CHSRA) for utility facility relocation work along the rail corridor right-of-way.

PROPOSED OUTCOME:

- Approves the Tier 3 advice letters filed by PG&E, SCE, and SoCalGas, which include *Master Agreements* specifying rights and responsibilities for utility relocation work for the California High-Speed Rail Project (the CHSRA Project or the Project) between: (a) PG&E and CHSRA; (b) SCE and CHSRA; and (c) SoCalGas and CHSRA.
- Approves three *Utility Agreements* between PG&E and CHSRA for utility facility relocation work along the first 29-mile Project section. The Master Agreements contemplate that subordinate, more-detailed agreements, called Utility Agreements, will be used for specific utility relocation sites as construction progresses.
- Authorizes a streamlined information-only filing process pursuant to General Order (GO) 96-B for future Utility Agreements (i.e., site-specific facility-relocation agreements) to timely approve the numerous utility facility relocations and land rights transfers that will be required for the CHSRA Project.
- Requires that the three utility companies file annual reports via Tier 2 advice letter pursuant to GO 96-B. The annual reports are a condition of approval. They will track the status of all Utility Agreement filings and associated utility relocation work, costs to ratepayers, and completed property transactions.
- Finds that compliance with the filing and reporting requirements contained in this Resolution satisfy all Commission approval

requirements pursuant to Public Utilities Code (PU Code) Section 851 and GO 173 for transactions consistent with the Master Agreements occurring within the CHSRA Project rail corridor.¹

SAFETY CONSIDERATIONS:

- Work to relocate overhead and underground electric and gas utility facilities will conform to all current and applicable laws, Commission regulations, and industry and utility company (PG&E/SCE/SoCalGas) safety requirements as discussed in this Resolution and documented in the Utility Agreements.
- This Resolution only addresses work required to relocate utility facilities along the CHSRA Project rail corridor. CHSRA Project grade separations, utility system upgrades necessary to provide electric power to the Project (interconnection work), and other rail safety issues that require further Commission approvals are outside the scope of this Resolution.

ESTIMATED COST:

- CHSRA is responsible for the vast majority of costs associated with the relocation work addressed in this Resolution. The California High-Speed Rail Act requires that CHSRA pay the reasonable and necessary costs of PG&E, SCE, and SoCalGas relocations or removals needed to accommodate the Project but also defines credits to which CHSRA is entitled. The credits will be paid by ratepayers (see Discussion sections 5 and 6 in this Resolution).

¹ Section 851 requires that utilities regulated by the Commission seek approval for the disposal or encumbrance of utility property necessary or useful in the performance of the utility's duties to the public. GO 173 defines Section 851 transactions eligible for advice letter treatment and establishes a filing process pursuant to GO 96-B. GO 96-B establishes rules for advice letter and information-only filings submitted to the Commission.

By PG&E Advice Letter 3484-G/4443-E filed on June 13, 2014 and supplemented by Advice Letter 3484-G-A/4443-E-A filed on December 22, 2015 and Advice Letter 3484-G-B/4443-E-B filed on April 1, 2016; by SCE Advice Letter 3315-E filed on November 25, 2015; and by SoCalGas Advice Letter 4946 filed on April 5, 2016.

SUMMARY

This Resolution conditionally approves the Master Agreements that PG&E, SCE, and SoCalGas entered into with CHSRA to accommodate the Project by relocating electric and gas facilities along the rail corridor right-of-way (ROW). The Master Agreements govern the obligations of PG&E, SCE, SoCalGas, and CHSRA regarding electric and gas facility relocations, including labor, materials, design, safety, permitting, land acquisition, construction, and system tie-in (i.e., reconnection of the relocated facility to the utility system). In addition, this Resolution conditionally finds reasonable the three Utility Agreements executed between PG&E and CHSRA. SCE and SoCalGas have not yet executed Utility Agreements with CHSRA.

The relocations of PG&E, SCE, and SoCalGas facilities to accommodate the CHSRA Project will be performed at CHSRA's expense, with the exception of credits to which CHSRA is entitled pursuant to the California High-Speed Rail Act.

BACKGROUND

California High-Speed Rail Project

CHSRA is responsible for planning, designing, building, and operating the first high-speed rail system constructed in the United States. The system will run from San Francisco to Los Angeles/Anaheim (Project Phase 1, about 520 miles) at speeds capable of more than 200 miles per hour. The system will eventually extend to Sacramento and San Diego (Phase 2) and operate along 800 miles of rail.

Federal and state program environmental clearance for the entire statewide system was completed between 2005 and 2012. Project-level environmental

clearance was completed in 2012/2014 for what CHSRA calls the First Construction Segment (FCS) (project-level environmental clearance for the remainder of the system is underway, with anticipated completion by the end of 2017). The FCS extends south from Madera, through urban Fresno, to north of Bakersfield. It will allow for testing and commissioning of the system. The Project's Initial Operating Segment is planned to extend from San Jose to Bakersfield or near Bakersfield (CHSRA 2016 Business Plan).

As a general matter, portions of the statewide project will be located in areas that contain existing utility lines serving homes and business, such as underground and overhead electric lines and underground gas lines. These lines require relocation to make way for the CHSRA Project alignment while ensuring continued electrical and gas distribution and service. The relocation of these lines is the subject of this Resolution.

CHSRA has reached written agreement with PG&E, SCE, and SoCalGas regarding the overarching issues involved with the relocation work including such matters as cost allocation, and roles and responsibilities. These agreements are called Master Agreements. The Master Agreements contemplate that subordinate, more detailed written agreements, called Utility Agreements, will be used for specific utility relocation sites as construction progresses.

CHSRA has executed design-build construction contracts for civil works (generally, everything but electrification, stations and maintenance facilities) for the entire FCS, divided into the three construction packages described below. The northern portion of the FCS is in active construction; the remainder of the FCS will enter active construction soon. The FCS is located within PG&E's service territory. Accordingly, CHSRA and PG&E have executed, to date, three Utility Agreements that address site-specific utility relocations in a portion of the FCS.

The FCS is organized into discrete civil works construction packages. Construction Package Number 1 (CP01) is approximately 29-miles long and entered construction first; it is located in Madera and Fresno counties. CHSRA requires that PG&E's facilities within CP01 be relocated as early as possible in 2016. CP02/03 extends from southern Fresno county through Kings county. CP04 extends construction about 25 additional miles to near Shafter, California, about 10 miles northwest of the Bakersfield city limits.

Relocation work for CP01 is estimated to include 245 PG&E facilities, as follows: three electric transmission lines, 148 electric distribution lines, seven gas transmission lines, 84 gas distribution lines, and three telecommunication lines (PG&E 2016). The scope of PG&E, SCE, and SoCalGas relocation work required for subsequent CHSRA Project construction packages, and the relocation of facilities owned by other public utility providers under Commission jurisdiction (e.g., telecommunications and water utilities) is still under development.

The following CHSRA Project timeline is based on the CHSRA 2016 Business Plan:

PG&E Service Territory

- Most of the Phase 1 alignment is located within PG&E's service territory (about 400 of the 520 miles).
- The rail segment between Madera and north of Bakersfield (about 90 miles) is expected to be electrified for test purposes in 2020 (CP01 to CP03 or CP04).
- The segment between San Jose and north of Bakersfield (about 300 miles) is expected to be completed by 2024 with passenger service starting by 2025.²

SoCalGas Service Territory

- SoCalGas facilities are located south of Fresno, through Bakersfield, and south of Bakersfield. A start date for construction within SoCalGas service territory is not yet established, but all CHSRA Project environmental reviews are currently scheduled for completion prior to the end of 2017.

SCE Service Territory

- SCE electric facilities are located south of Fresno in the Hanford area but are otherwise not expected to be encountered until Project construction

² The 2016 Business Plan also evaluates a scenario under which service is offered from the Caltrain station at 4th and King streets in downtown San Francisco to downtown Bakersfield (about 350 miles) that would be operational by 2024 and carry passengers by 2025. This scenario depends on completion of the Caltrain modernization/electrification project with the rail improvements required for high-speed rail trains to operate on the same tracks.

proceeds south of Bakersfield. A start date for construction within SCE's service territory is not yet established.

*PG&E, SoCalGas, and SCE Service Territories*³

- The entire Phase 1 Project alignment from San Francisco to Los Angeles/Anaheim (about 520 miles) is planned to be operational between 2025 and 2029.

Commission staff consulted with CHSRA, PG&E, SCE, and SoCalGas staff in 2015 and early 2016 to gather data needed to prepare this Resolution. This Resolution discusses the Commission's existing regulatory framework and how it provides for the process described in this Resolution. Staff worked with CHSRA and the utility companies to ensure that regulatory procedures were adequate yet efficient and allow for processing the full scope of utility facility relocation work within a reasonable timeframe. This Resolution approves a process designed to protect ratepayers, ensure compliance with all applicable regulatory and environmental laws, and promote public safety.

NOTICE

Notice of PG&E Advice Letter 3484-G/4443-E, PG&E Advice Letter 3484-G-A/4443-E-A, PG&E Advice Letter 3484-G-B/4443-E-B, SCE Advice Letter 3315-E, and SoCalGas Advice Letter 4946 were made by publication in the Commission's Daily Calendar. PG&E, SCE, and SoCalGas state that copies of their advice letters were distributed in accordance with Section IV of GO 96-B to parties shown on a distribution list attached to the Advice Letters.

PROTESTS

No protests were submitted to any of the advice letters addressed by this Resolution.

³ The Phase 1 Project alignment would also cross the service territories of Los Angeles Department of Water and Power, Burbank Water and Power, and Anaheim Public Utilities.

DISCUSSION

1. Two types of agreements have been executed for utility facility relocation work required for the CHSRA Project: Master Agreements and Utility Agreements. The Master Agreements establish CHSRA and utility company obligations regarding the relocation of utility company facilities as required for the CHSRA Project. Separate Master Agreements have been executed between CHSRA and PG&E, CHSRA and SCE, and CHSRA and SoCalGas. The Master Agreements establish general payment, property rights, and other obligations, but defer to location-specific utility agreements to establish responsibilities for designing and constructing the relocation of specific utility facilities.

The Utility Agreements implement the Master Agreement between CHSRA and each utility company on a site-specific basis. The series of individual real estate transfers (land rights transfers) required for a specific CHSRA Project work segment are grouped into individual Utility Agreements. A number of Utility Agreements between CHSRA and each utility company will be required as shown in Appendix A.

PG&E has already filed three Utility Agreements because work in their service territory is proceeding first. SCE and SoCalGas have not yet filed Utility Agreements. Pursuant to the PG&E Utility Agreements, CHSRA will be responsible for the design, procurement of supplies, construction, and system tie-in work in PG&E's service territory. For SCE and SoCalGas, CHSRA is expected to have a much narrower scope of responsibilities under the anticipated Utility Agreements. In data responses to CPUC staff, SCE and SoCalGas stated that they expect to retain all design, procurement, construction, and system tie-in responsibilities. CHSRA would only be responsible for providing data about where utility conflicts with the CHSRA Project would occur, CHSRA Project plans, and other design data and for paying for the design, procurement of supplies, construction, and system tie-in work to be completed by SCE and SoCalGas.

2. PG&E has completed limited work for CHSRA pursuant to GO 96-B Section 8.2.3 and Energy Industry Rules Section 5.3(8) for services to government agencies. PG&E disconnected a number of gas distribution lines to allow for CHSRA Project construction along CP01 to proceed. PG&E has not completed any other construction work at this time. PG&E's work for CHSRA is a matter appropriate to Tier 3 filings, consistent with GO 96-B.

AL 3484-G/4443-E was effective pending disposition when filed on June 13, 2014 pursuant to GO 96-B Section 8.2.3 for service to government agencies, and this Resolution approves the reasonableness of the services provided to CHSRA. The findings documented in this Resolution support a determination that the limited gas distribution pipeline disconnection services already provided by PG&E were reasonable and allowed pursuant to GO 96-B Section 8.2.3. CHSRA, and not ratepayers, will pay for this work.

SCE and SoCalGas have not yet completed work pursuant to their Master Agreements for relocation work with CHSRA. Neither SCE nor SoCalGas have executed a Utility Agreement with CHSRA at this time. The advice letters already filed and preliminary information about expected future filings for PG&E, SCE, and SoCalGas involvement with the CHSRA Project are listed in Appendix A.

3. State of California Standard Form 213 was used for the PG&E Utility Agreements and is expected to be used for the SCE and SoCalGas Utility Agreements instead of the utility-company forms already documented with the Commission. Use of a State of California form for agreements with CHSRA instead of a standard PG&E form was required, primarily, because CHSRA cannot provide advanced funding (an engineering advance) as required by PG&E standard practices. Instead, PG&E will bill CHSRA on an “actual cost” basis with billing occurring progressively as work is performed or at project completion. Use of the non-standard form is reasonable, and it is anticipated that the same form will be used for the SCE and SoCalGas Utility Agreements.

4. Deviations to utility-company Rules for service extensions were required to complete the Master Agreements and Utility Agreements with CHSRA. The relocation work will be performed based on actual costs and not estimated costs, as required by the California High-Speed Rail Act. This differs from the utility company standard practices established in electric and gas tariff Rules adopted by the Commission.⁴ In addition, the Master Agreements specify that funding for

⁴ Refer to PG&E and SCE electric tariff rules 15 (Section C.1, G.1.c, and I.1) and 16 (Section F.2.b). Refer to PG&E gas tariff rules 15 (Section C.1, G.1.c, and H.1) and 16 (Section F.2.b). Refer to SoCalGas gas tariff rules 20 (Section C.1, G.1.c, and H.1) and 21 (Section F.2.b).

the relocation work is contingent upon passage of the State Budget Act and the allocation of funding for each Utility Agreement.

These deviations were properly documented by the utilities and filed for Commission approval. The deviations to utility-company Rules to accommodate the repayment structure required by CHSRA are reasonable.

5. PU Code Section 185000 et seq. (California High-Speed Rail Act) requires that CHSRA pay the reasonable and necessary costs of PG&E, SCE, and SoCalGas relocations or removals needed to accommodate the Project subject to credits to which CHSRA is entitled. The agreements govern the obligations of PG&E, SCE, SoCalGas, and CHSRA regarding electric and gas facility relocation, including but not limited to, labor, materials, design, safety, permitting, land acquisition, construction, and system tie-in. The agreements reasonably set forth the responsibilities of both parties.

The scope of the agreements appropriately addresses relocation and not expansion of utility facilities. "Relocation," as defined in the agreements, does not include the expansion of facilities. This is an appropriate limitation of scope and consistent with PU Code Section 185000 et seq.

6. Relocation work costs will only be passed on to ratepayers in the form of "credits" to CHSRA. The Master Agreements state that CHSRA would be credited an amount that is equivalent, in general terms, to the extent to which the utility company and its customers would benefit from the installation of new and/or upgraded replacement facilities (e.g., new facilities replacing existing facilities thereby extending service life). The credit amount is determined based on the term *betterment* as defined in the Master Agreements and based on the age of the facility to be relocated (i.e., a depreciation credit calculation) and salvage value or parts retained by the utility company. The specific factors used for completing the credit calculation are established in the California High-Speed Rail Act and do not vary among the Master Agreements between CHSRA and each utility company. The credits are appropriate and will be the only costs transferred to the ratepayers of each utility company for relocation work.

Cost Estimates

Cost estimates for the credits are not yet available from SCE and SoCalGas. Cost estimates from PG&E are available for work planned from 2014 through 2019. PG&E's cost estimate through 2019 for electric and gas relocation work in their

2017 General Rate Case is \$23.7 million (A.15-09-001; final decision expected in December 2016). PG&E assumed that relocation work activities from Madera to north of Bakersfield would be completed for this estimate (i.e., CP01, CP02, CP03, and CP04 facility relocations would be completed). PG&E's cost estimate through 2017 for gas transmission relocation work in their 2015 Gas Transmission and Storage Rate Case is \$26.6 million (A.13-12-012). Together, this equates to \$50.3 million in credits charged to ratepayers. This estimate through 2019 will change based on the outcome of those proceedings and because estimates for the next Gas Transmission and Storage Rate Case are not yet available from PG&E.⁵

Additional relocation work costs will be included in PG&E's 2019 General Rate Case (to be filed in 2017) and the next Gas Transmission and Storage Rate Case. PG&E data indicate that the cost of credits charged to ratepayers for electric and gas facility relocations will range from roughly 5 to 10 percent of the costs incurred by CHSRA. SoCalGas's 2016 General Rate Case was filed in application A.14-11-004 jointly with San Diego Gas and Electric Company on November 14, 2014. SoCalGas states that no work for the CHSRA Project was included in this or its prior general rate cases. SCE's 2018 General Rate Case is expected to be filed in September 2016.

7. PG&E, SCE, and SoCalGas have large service areas and their General Rate Case processes are very complex. Contractual negotiations between the utility companies and CHSRA have also been complex. Diligence is required by all parties to ensure that costs are not inadvertently passed onto ratepayers in a General Rate Case that should be invoiced to CHSRA. An example of the complex negotiations between CHSRA and the utility companies is PG&E's request for payment to complete gas distribution line service cut-offs completed in 2014 at a cost of \$147,000. PG&E disconnected and capped gas distribution lines that serve buildings to be demolished as part of the Project's CP01 work

⁵A balancing account for PG&E work on the CHSRA Project was included in the June 2016 Decision for their Gas Transmission and Storage Rate Case (D.16-06-056; issued July 1, 2016). The Decision reduced PG&E's cost forecast by about 30 percent for the Work Requested by Others category, which includes work for the CHSRA Project and other projects.

area. The costs were included in PG&E's 2017 General Rate Case application (A.15-09-001) as filed on September 1, 2015.

PG&E explained to Commission staff on December 4, 2015 that costs associated with Work Requested by Others (e.g., CHSRA) as defined in the General Rate Case application are recorded in PG&E's financial system, and reimbursement might not be collected from the responsible entity until a future date for reasons including, but not limited to, contractual terms for invoicing. Once costs are recovered, the appropriate accounting entries will be made to reflect the net cost to PG&E, if any, that remain. Upon execution of the appropriate contract with CHSRA, PG&E will invoice CHSRA the \$147,000, which, if fully reimbursed, will result in a \$0 net plant balance for this work.

The letter agreement provided in supplemental Advice Letter 3484-G-B/4443-E-B filed on April 1, 2016, appropriately addresses this issue. The letter agreement provides that PG&E will coordinate the disconnection work by communicating directly with CHSRA's contractor responsible for demolishing structures and invoicing the contractor directly for the disconnection work, including service facilities. The invoicing will be on a progress bill basis and based on PG&E's actual costs. There will be a large number of disconnections required along the CHSRA Project alignment. PG&E added the letter agreement to its list of contracts and deviations.

Given this example of the complex, long-term negotiations between CHSRA and the utility companies, and the potential effect on utility company rate cases, it is reasonable for this Resolution to clarify that PG&E, SCE, and SoCalGas must not seek cost recovery from the Commission for any CHSRA Project work performed by PG&E, SCE, SoCalGas or their contractors for which CHSRA or its contractors are responsible for payment.

8. The billing arrangements specified in the PG&E Utility Agreements are appropriate and similar terms would be appropriate for the SCE and SoCalGas Utility Agreements currently being negotiated with CHSRA. Under the PG&E Utility Agreements, PG&E will bill CHSRA on a progress bill basis. Invoices will usually be issued monthly, but would be issued less frequently if accumulated costs do not exceed \$10,000. At minimum, invoices will be submitted quarterly. The Utility Agreements include, under General Conditions (Agreement HSR15-36, Exhibit A, Section 8.1), appropriate terms for promptly notifying PG&E about aspects of the CHSRA Project that may be cancelled or modified

and for reaching mutually agreeable resolution. CHSRA payments are due within 45 days of receipt of itemized bills.⁶ CHSRA can only authorize work for which it has secured the necessary funds.

Billing arrangements for SCE and SoCalGas will be specified in their Utility Agreements. The billing arrangements for these two utilities are anticipated be similar to those already agreed to by PG&E.

9. CHSRA and its contractors will be responsible for the design, procurement of supplies, construction, and system tie-in of all PG&E facility relocations. SCE and SoCalGas and their contractors will be responsible for the design, procurement of supplies, construction, and system tie-in of all SCE and SoCalGas facility relocations, respectively. Each utility company has unique facilities and operating procedures. For PG&E, it was reasonable that CHSRA agree to these responsibilities as established in the Utility Agreements. For SCE and SoCalGas, however, it was reasonable that they decided not to transfer these responsibilities. The Master Agreements reasonably establish that CHSRA will pay the utility companies for their contracted responsibilities.

10. Work performed pursuant to the Master Agreements and Utility Agreements would conform to all current and applicable laws and to applicable Commission, CHSRA, and industry safety requirements as well as utility-company (PG&E/SCE/SoCalGas) safety requirements as applicable. SCE and SoCalGas or their contractors would be responsible for the design, procurement of supplies, construction, and system tie-in of all SCE and SoCalGas facility relocations. The SCE and SoCalGas relocation work would conform to all applicable laws and Commission, industry, and utility company safety requirements. The Utility Agreements filed by SCE and SoCalGas are not expected to include additional terms and conditions applicable to CHSRA or CHSRA contractors to perform relocation work.

The PG&E Utility Agreements, however, include additional terms and conditions applicable to CHSRA subcontractors that would complete the relocation work. The terms and conditions applicable to CHSRA subcontractors are called

⁶ Refer to Exhibit A, Section IV in PG&E Utility Agreement HSR14-19 filed with Advice Letter 3484-G-A/4443-E-A on December 22, 2015.

*Flowdown Terms.*⁷ The Flowdown Terms cover a range of subjects, including subcontractor safety, work standards, and materials procurement from approved suppliers. All CHSRA subcontractors are required to perform work in compliance with PG&E's Contractor Safety Program Standard Contract Requirements, the requirements of GO 176,⁸ and all other applicable General Orders. The PG&E Flowdown Terms establish that the work performed by CHSRA's subcontractors will meet the same requirements and standards that would otherwise apply if PG&E were to perform the work using its own workers or subcontractors. Commission staff find that the additional Flowdown Terms in PG&E's Utility Agreements appropriately address safety.

11. Utility relocation work for the CHSRA Project will involve a transfer of land rights. PG&E, SCE, and SoCalGas would relinquish⁹ land rights in the location of their existing utility facilities to make way for CHSRA Project construction at those locations. PG&E, SCE, and SoCalGas would receive equivalent land rights in the locations where their relocated utility facilities would be installed. In some cases, a greater amount of land may be required than at the existing utility site to reach a suitable CHSRA corridor crossing location. The following are three example scenarios for the anticipated land rights transfers:

- (a) *Consent to Common Use within the CHSRA corridor.* Under the Consent to Common Use scenario, the utility facility would remain within the existing utility ROW that crosses the CHSRA corridor. CHSRA and the utility would agree to common use of the existing utility ROW.
- (b) *Joint Use Agreement within the CHSRA corridor.* Under the Joint Use Agreement scenario, the utility facility would be relocated to a new ROW that crosses the CHSRA corridor. CHSRA and the utility would agree to common use of the new ROW for the utility.

⁷ Refer to Exhibit D, Section 1 in PG&E Utility Agreement HSR15-36 filed with Advice Letter 3484-G-A/4443-E-A on December 22, 2015.

⁸ GO 176 adopts rules for overhead 25-kV AC railroad electrification systems used for high-speed rail trains. The rules establish uniform safety requirements governing the design, construction, installation, operation, and maintenance these systems.

⁹ The utility company would issue a quitclaim to memorialize that its facility no longer occupies a specific location.

- (c) *Relocation outside the CHSRA corridor.* The utility facility would be relocated to a location where CHSRA provides the ROW and acquires additional land rights. Consent to Common Use would apply to the location where the relocated utility facility would ultimately cross the CHSRA corridor.

Under the third scenario contemplated, the utility facility would be relocated to an alignment that parallels the CHSRA corridor for some distance before crossing the CHSRA corridor. Under this scenario, the linear utility facility may need to be extended substantially to reach a suitable CHSRA corridor crossing. It is not clear at this time at what frequency the various types of scenarios would be implemented. For all scenarios, CHSRA is responsible for obtaining the required land rights for the utility facility to be relocated in a location that is mutually agreeable to both parties. Commission approval for the required land rights transactions are described in the following section of this Resolution.

12. PU Code Section 851 requires that PG&E, SCE, and SoCalGas secure Commission approval for the disposal of any utility property necessary or useful in the performance of the utility's duties to the public. This Resolution approves a process by which information-only filings and Tier 2 annual-report advice letter filings would constitute compliance with PU Code Section 851 and GO 173 requirements. PG&E, SCE, and SoCalGas are required to secure an order from the Commission or file an advice letter to obtain Commission approval pursuant to GO 96-B (or its successor) for property disposal activities pursuant to PU Code Section 851 and as directed by GO 173. GO 173 describes a Section 851 compliance process for utilities to file advice letters pursuant to GO 96-B for the transfer of interest in utility property valued at less than \$5 million. For the CHSRA Project, utility company interest in thousands of individual properties must be modified or transferred based on terms mutually agreeable to CHSRA and the utility company. It is unclear at this time how many land transactions will require Commission approval. The following two sections of this Resolution define a streamlined process to approve the property transactions necessary for relocations to ensure compliance can be achieved in a reasonable timeframe. Compliance with the streamlined process will constitute compliance with Section 851 and GO 173.

13. Subject to Commission approval of the Master Agreement for facility relocation work, the information-only filing process pursuant to GO 96-B is appropriate for future Utility Agreements. GO 96-B defines information-only filings as informal reports required by statute or Commission order that are

submitted by a utility to the Commission, but are not submitted in connection with a request for Commission approval, authorization, or other relief. Because the transactions are relocating utility facilities that will continue to serve the same purpose, the financial terms of the transactions are being approved by the Commission in advance, and CHSRA is the California Environmental Quality Act (CEQA) Lead Agency for the Project, the normal GO 173 advice letter process is not necessary. In addition, PU Code Section 853(b) allows the Commission to exempt a public utility from Section 851 requirements or establish rules or impose requirements deemed necessary to protect the interest of the customers or subscribers of the public utility or class of public utility.

Therefore, to ensure that the numerous property transactions anticipated for the CHSRA Project can be processed on an expedited basis, it is reasonable that this Resolution defines a process for information-only filings that would be authorized by the Commission on an annual basis in an advice letter filing by each utility company. This approach would limit the number of Commission approvals required while ensuring appropriate Commission oversight. The information-only filing requirements are provided in this section of the Resolution, and the annual advice letter filing requirements are provided in the subsequent section.

Information-only Filing Requirements

PG&E, SCE, and SoCalGas shall coordinate with Energy Division prior to the first information-only filing and as needed periodically to discuss filing contents and organization. More than one Utility Agreement may be included in an information-only filing, and each information-only filing will include the following:

- i. Summary of the filing's purpose as ordered by this Resolution;
- ii. Description of location and length of CHSRA Project segment or portion thereof covered by each Utility Agreement included in the filing;
- iii. Estimated number of facilities to be relocated and property transactions required for each Utility Agreement; and
- iv. Complete copy of each Utility Agreement including all forms and each attachment.

Finalization of each unique property transaction could occur sometime after the respective Utility Agreement is complete. It is appropriate to include

documentation for completed property transactions in the annual advice letter filing described below.

14. It is appropriate that PG&E, SCE, and SoCalGas file with the Commission annual reports that track the cost and status of all relocation work performed for CHSRA that documents costs to ratepayers (credits) and itemizes all information-only filings submitted. The annual reports will be filed as Tier 2 advice letters pursuant to GO 96-B. PG&E, SCE, and SoCalGas shall coordinate with Energy Division prior to the first annual report filing to discuss report contents and organization.

Each annual report will include the following or as modified based on coordination with Energy Division prior to the first annual report filing:

- i. Summary of the annual report's purpose as ordered by this Resolution.
- ii. Summary Table 1 (see Attachment B) that includes a row for each completed Utility Agreement and the following columns:
 1. Utility Agreement number, CPUC filing number and date, CHSRA Project segment/construction package, and agreement value;
 2. Utility costs to CHSRA;
 3. Utility costs to ratepayers (credits);
 4. Ratepayer costs included in Commission rate case (list rate case and year);
 5. Property transaction completion status; and
 6. Completion date or expected completion date of all property transactions.
- iii. Summary Table 2 (see Attachment B) that includes a row for each completed Utility Agreement filed and the following columns (enter "N/A" if type of facility is not applicable to the utility company):
 1. Utility Agreement number;
 2. Total number of facilities relocated;
 3. Number of Electric Distribution Lines (under 50 kV) relocated;
 4. Number of Electric Power Lines (50 kV to less than 200kV) relocated;
 5. Number of Electric Transmission Lines (200 kV and above) relocated;
 6. Number of Gas Distribution Lines relocated;
 7. Number of Gas Transmission Lines relocated; and
 8. Number of Telecommunication Lines relocated.

- iv. Documentation of all completed land transactions not yet submitted in prior annual reports.
- v. Verification that the only relocation work costs charged to ratepayers were credits as described in this Resolution.
- vi. The data and documentation required in the annual reports will cover the period from the utility company's first Utility Agreement filing to 30 days prior to annual report filing.
- vii. For PG&E only, the annual report must also verify that CHSRA or its contractors constructed and tied-in all relocated PG&E utility facilities.

15. CHSRA is the Lead Agency under CEQA and the Federal Railroad Administration is the Lead Agency under NEPA. The joint Lead Agencies will complete all required environmental reviews, public notices, and documentation required for CEQA and NEPA compliance. Given that CHSRA together with the Federal Railroad Administration are preparing all required environmental review processes required for the utility facility relocation work, the compliance process described in Discussion sections 13 and 14 of this Resolution is reasonable and appropriate.

16. GO 131-D would not apply to PG&E electrical facility relocation work because CHSRA will be responsible for the design, procurement of supplies, construction, and system tie-in of all PG&E facility relocations and would complete all CEQA review requirements. GO 131-D applies to work completed by electric utilities¹⁰ and ensures that CEQA requirements are met. For PG&E electric facility relocation work, CHSRA would both construct the relocation and ensure that all CEQA requirements are met. CHSRA is not an electric utility and the work is necessary to accommodate CHSRA's Project. For these reasons, GO 131-D would not apply to the relocation of PG&E electric facilities by CHSRA.

¹⁰ GO 131-D adopts rules governing the planning and construction of electric generation, transmission line, power line, distribution line, and substation facilities. GO 131-D defines when an electric public utility company is required to file a Certificate of Public Convenience and Necessity application or Permit to Construct application.

SCE indicated to Commission staff that they plan to be responsible for the design, procurement of supplies, construction, and system tie-in activities required to relocate their facilities. Hence, GO 131-D would apply to the relocation of SCE's electric facilities for the CHSRA Project.

17. The expansion or new construction of electric facilities needed to electrify the Project will be addressed under separate agreements between PG&E, SCE, and CHSRA and separately considered by the Commission as required. PG&E filed Advice Letter 4570-E-A¹¹ with the Commission in December 2015 for approval of contractual agreements with CHSRA for interconnection work planning activities (e.g., System Impact Studies) necessary to determine what modifications and upgrades to PG&E's electric system are necessary for PG&E to provide power to the CHSRA Project. SCE is expected to file similar advice letters in the future. SoCalGas facilities would not be interconnected to the CHSRA Project, and hence, the interconnection work concept would not be applicable to SoCalGas.

The required contractual processes, permitting activities, construction activities, and costs for powering the CHSRA Project are separate and distinct from those required to relocate existing utility facilities that are located within the CHSRA Project alignment ROW. The Commission must separately consider facility relocations and electric interconnections to power the CHSRA Project because the relocated facilities will serve their existing purpose, while the interconnections to power the Project could involve significant system upgrades. Costs associated with the interconnection of PG&E and SCE facilities to provide electric power to the Project will be the subject of separate filings to the Commission.

COMMENTS

PU Code Section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote

¹¹ Advice Letter 4570-E (Tier 3) filed on January 26, 2015 was superseded it is entirety by Advice Letter 4570-E-A filed on December 22, 2015. PG&E indicated to Commission staff that another supplement to Advice Letter 4570-E will be filed in 2016.

of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

With PG&E Advice Letter 3484-G/4443-E supplemented by Advice Letter 3484-G-A/4443-E-A and Advice Letter 3484-G-B/4443-E-B, with SCE Advice Letter 3315-E, and with SoCalGas Advice Letter 4946, the three utility companies submitted for approval agreements with CHSRA to address obligations regarding electric and gas facility relocations needed to accommodate the Project. Key findings from the Commission's review of the agreements are highlighted in bold in the Discussion section of this Resolution and summarized here:

1. Two types of agreements have been executed for utility facility relocation work required for the CHSRA Project: Master Agreements and Utility Agreements.
2. The gas distribution pipeline disconnection work already completed by PG&E for CHSRA pursuant to GO 96-B Section 8.2.3 and Energy Industry Rules Section 5.3(8) for services to government agencies was reasonable.
3. The use of State of California Standard Form 213 for the CHSRA Project Utility Agreements instead of a utility-company form already approved by the Commission is reasonable.
4. The deviations to utility-company Rules for service extensions required to complete the Master Agreements and Utility Agreements with CHSRA are reasonable (see Discussion sections 3 and 4 of this Resolution).
5. The California High-Speed Rail Act (PU Code Section 185000 et seq.) requires that CHSRA pay the reasonable and necessary costs of PG&E, SCE, and SoCalGas relocations or removals needed to accommodate the Project subject to credits to which CHSRA is entitled.
6. Relocation work costs should only be passed on to ratepayers in the form of credits to CHSRA as established by the California High-Speed Rail Act.

7. PG&E, SCE, and SoCalGas should not pass costs onto ratepayers in rate case proceedings that should be invoiced to CHSRA.
8. The billing arrangements specified in the PG&E Utility Agreements are appropriate and similar terms would be appropriate for SCE and SoCalGas Utility Agreements that are currently being negotiated with CHSRA.
9. Each utility company has unique facilities and operating procedures. It is reasonable that while CHSRA and its contractors will be responsible for the design, procurement of supplies, construction, and system tie-in of all PG&E facility relocations, SCE and SoCalGas would prefer to retain these responsibilities instead of transferring them to CHSRA.
10. Work performed pursuant to the Master Agreements and Utility Agreements would conform to all current and applicable laws and to applicable Commission, CHSRA, and industry safety requirements as well as utility-company (PG&E/SCE/SoCalGas) safety requirements. It is reasonable that the PG&E Utility Agreements include additional terms and conditions (Flowdown Terms) applicable to CHSRA subcontractors that would complete the relocation work to ensure compliance with all applicable laws and safety requirements.
11. Utility relocation work for the CHSRA Project will involve a transfer of land rights between the utility company and CHSRA. CHSRA is responsible for obtaining the required land rights for the utility facilities to be relocated to a location that is mutually agreeable.
12. PU Code Section 851 requires that PG&E, SCE, and SoCalGas secure Commission approval for the disposal of any utility property necessary or useful in the performance of the utilities' duties to the public. The information-only filings and Tier 2 annual-report Advice Letter filings required by this Resolution satisfy PU Code Section 851 and GO 173 requirements.
13. An information-only filing process pursuant to GO 96-B is appropriate for future Utility Agreements for facility relocation work that are consistent with the Commission-approved Master Agreements.
14. PG&E, SCE, and SoCalGas should file annual reports with the Commission that track the cost and status of all relocation work performed for CHSRA, including itemizing all information-only filings submitted up to 30 days prior to the annual report filing date. The annual reports will be filed as Tier 2 Advice Letters pursuant to GO 96-B.

15. CHSRA is the Lead Agency under CEQA and the Federal Railroad Administration is the Lead Agency under NEPA for the CHSRA Project. The joint Lead Agencies will complete all required environmental reviews, public notices, and documentation required for CEQA and NEPA compliance.
16. GO 131-D would not apply to PG&E electrical facility relocation work because CHSRA will be responsible for the design, procurement of supplies, construction, and system tie-in of all PG&E facility relocations.
17. It is appropriate that the expansion or new construction of electric facilities needed to electrify the Project will be addressed under separate agreements between PG&E, SCE, and CHSRA and separately considered by the Commission, as required.

On the basis of these findings, it is reasonable to approve the Master Agreements and Utility Agreements with the conditions ordered by this Resolution.

THEREFORE IT IS ORDERED THAT:

1. The Master Agreement and Utility Agreements between PG&E and California High-Speed Rail Authority (CHSRA) submitted with Advice Letter 3484-G/4443-E and supplemented by Advice Letter 3484-G-A/4443-E-A and Advice Letter 3484-G-B/4443-E-B; the Master Agreement between SCE and CHSRA submitted with Advice Letter 3315-E; and the Master Agreement between SoCalGas and CHSRA submitted with SoCalGas Advice Letter 4946 are approved subject to the conditions contained in this Resolution.
2. The utility companies may use State of California Standard Form 213 for agreements between California High-Speed Rail Authority, and all deviations to utility-company Rules for service extensions that are contained in the Master Agreements and Utility Agreements are approved.
3. PG&E, SCE, and SoCalGas may use an information-only filing process pursuant to GO 96-B for each Utility Agreement completed.
4. PG&E, SCE, and SoCalGas shall submit to the Commission annual reports as described in Discussion Section 14 of this Resolution stating the cost and status of all relocation work performed for California High-Speed Rail Authority on December 1st of every year starting on **December 1, 2016**.

5. PG&E, SCE, and SoCalGas shall only pass relocation work costs on to ratepayers in the form of credits to California High-Speed Rail Authority as established by the California High-Speed Rail Act.
6. PG&E, SCE, and SoCalGas must not seek cost recovery from the Commission for any California High-Speed Rail Authority (CHSRA) Project work performed by PG&E, SCE, SoCalGas or their contractors for which CHSRA or its contractors are responsible for payment.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 15, 2016; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

APPENDIX A

Table A-1. PG&E Current and Expected Filings for CHSRA Project Relocation Work

Item No.	Filing Number/Type	Agreements Signed	Filing Date/ Expected	Description	CHSRA Funding in Filing	Resolution No.
1	AL 3484-G/4443-E (Tier 3)	4/2014	6/14/14	PG&E relocation work Master Agreement No. HSR 13-52	None identified	G-3498
2	AL 3484-G-A/4443-E-A (Tier 3)	12/2014 and 8/2015	12/22/15	PG&E relocation work utility agreements including CP01 (Nos. HSR 14-49 and HSR 15-36)	\$29 million	
3	AL 3484-G-B/4443-E-B (Tier 3)	2/2016	4/1/16	PG&E relocation work supplemental agreement to master agreement (natural gas disconnection work coordinated by PG&E)	None identified	
Add 2	Information-Only Filings	TBD	2016	PG&E relocation work utility agreements for covering CP02 and CP03	TBD	None
Add about 8	Information-Only Filings	TBD	2017-2029	TBD	TBD	None
Add about 13	Tier 2	TBD	2017-2029	Annual compliance filing throughout construction	TBD	TBD
Total = about 26 PG&E filings for CHSRA Project relocation work through 2029						

Key: AL = Advice Letter, CHSRA = California High-Speed Rail Authority, CP = Construction Package for CHSRA Project, TBD = to be determined

Table A-2. SCE Current and Expected Filings for CHSRA Project Relocation Work

Item No.	Filing Number/Type	Agreements Signed	Filing Date / Expected	Description	CHSRA Funding in Filing	Resolution No.
1	AL 3315-E (Tier 3)	3/2015	11/25/15	SCE relocation work Master Agreement No. HSR 15-54	None identified	G-3498
Add about 4	Information-Only Filings	TBD	2016-2029	SCE relocation work utility agreements	TBD	None
Add about 13	Tier 2	TBD	2017-2029	Annual compliance filing throughout construction	TBD	TBD
Total = about 18 SCE filings for CHSRA Project relocation work through 2029						

Key: AL = Advice Letter, CHSRA = California High-Speed Rail Authority, TBD = to be determined

Table A-3. SoCalGas Current and Expected Filings for CHSRA Project Relocation Work

Item No.	Filing Number/Type	Agreements Signed	Filing Date / Expected	Description	CHSRA Funding in Filing	Resolution No.
1	AL 4946 (Tier 3)	12/2014	4/5/16	SoCalGas relocation work Master Agreement No. HSR 14-27	None identified	G-3498
Add about 10	Information-Only Filings	TBD	2016-2029	SoCalGas relocation work utility agreements	TBD	None
Add about 13	Tier 2	TBD	2017-2029	Annual compliance filing throughout construction	TBD	TBD
Total = about 24 SoCalGas filings for CHSRA Project relocation work through 2029						

Key: AL = Advice Letter, CHSRA = California High-Speed Rail Authority, TBD = to be determined

APPENDIX B

Table B-1. Example Annual Report Table 1: Utility Agreements and Costs to Ratepayers to Date for <PG&E> Utility Relocation Work for the CHSRA Project

Item	Master Agreement/ Utility Agreement	Filing Number; Filing Date	HSR Project Segment (Construction Package No.)	Agreement Value (millions)	Cost to CHSRA (millions)	Cost to Ratepayers (credits) (millions)	Cost in rate case (millions) (case year)	Property Transaction Completion Status	Completion Date (all property transactions)	Notes
1.	HSR 13-52	AL 3484-G/4443-E; 6/14/2014	n/a	None	None	None	None	n/a	n/a	Master Agreement
2.	HSR14-19	AL 3484-G-A/4443-E-A; 12/22/2015	n/a	\$1.5	\$1.5	None	None	n/a	n/a	Planning work only
3.	HSR14-19-1	AL 3484-G-A/4443-E-A; 12/22/2015	n/a	\$0.5	\$0.5	None	None	n/a	n/a	Planning work only
4.	HSR15-36	AL 3484-G-A/4443-E-A; 12/22/2015	Madera to Fresno (CP01)	\$27	\$26.1	\$X.X	\$X.X (2017)	0 of 245	XX/XX/20XX (expected)	—
5.	HSRXX-XX	Information-Only Filing XXXX	TBD	TBD	TBD	TBD	TBD	TBD	TBD	—
Totals		—	—	\$29 million	\$28.1 million	\$X.X million	\$23.8 (all rate cases)	0 of 245	—	—

Note: List an estimate if unknown and indicate that it is an estimate.

Key: AL = Advice Letter, CHSRA = California High-Speed Rail Authority, CP = Construction Package, HSR = High-Speed Rail, kV = kilovolt, TBD = to be determined

Table B-2. Example Annual Report Table 2: Number and Types of <PG&E> Utility Facilities Relocated to Date by Utility Agreement for the CHSRA Project

Item	Utility Agreement	Total Number of Facilities Relocated	Electric Distribution Lines (under 50 kV)	Electric Power Lines (50 kV to less than 200kV)	Electric Transmission Lines (200 kV and above)	Gas Distribution Lines	Gas Transmission Lines	Telecommunications Lines	Notes
1.	HSR14-19	None	None	None	None	None	None	None	Planning work only
2.	HSR14-19-1	None	None	None	None	None	None	None	Planning work only
3.	HSR15-36	245	148	0	3	84	7	3	—
4.	HSRXX-XX	TBD	TBD	TBD	TBD	TBD	TBD	TBD	—
Totals		245	148	0	3	84	7	3	—

Note: List an estimate if unknown and indicate that it is an estimate.

Key: CHSRA = California High-Speed Rail Authority, HSR = High-Speed Rail, kV = kilovolt