

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
Agenda ID# 17307
ENERGY DIVISION **RESOLUTION E-4971**
April 25, 2019

R E S O L U T I O N

Resolution E-4971. Denies Pacific Gas and Electric's request for deviation from Electric Rule 20A in Accordance with General Order 96-B, Section 9.2.3.

PROPOSED OUTCOME:

- Denies Pacific Gas and Electric's request for deviation from Electric Rule 20A on the behalf of the City of Live Oak's Rule 20A project.
- Pacific Gas and Electric is ordered to comply with Rule 20A Section 2.c and reallocate \$554,000 of unused work credits from communities that have not participated in the Rule 20A program over the past eight years to the City of Live Oak.
- Pacific Gas and Electric shall notify these inactive communities that work credits previously allocated to them will be transferred to the City of Live Oak's account, effective 90 days from the effective date of this Resolution which is July 24, 2019.

SAFETY CONSIDERATIONS:

- There are no safety considerations.

ESTIMATED COST:

- There is no incremental impact on cost. The Resolution requires Rule 20A work credits to be reallocated from communities in Pacific Gas and Electric's service territory with inactive Rule 20A programs to the City of Live Oak.

By Advice Letter 5403-E-A, Filed on October 26, 2018.

SUMMARY

This Resolution denies Pacific Gas and Electric's (PG&E) request to deviate from Electric Rule 20A in accordance with General Order 96-B, Section 9.2.3. PG&E requests to deviate to allow the City of Live Oak to borrow Rule 20A work credits up to 200 years beyond the five-year borrow limit for the City's Rule 20A project.¹ Instead, PG&E is ordered to reallocate \$554,000 of unused work credits – the equivalent of 29 years of allocations for the City of Live Oak – proportionately from 92 communities that have not participated in the Rule 20A program over the past eight years to the City of Live Oak in accordance with Rule 20A Section 2.c so that the City may complete its Rule 20A project.² PG&E shall notify these communities in writing of this reallocation and inform the communities that they have 90 days from the effective date of this Resolution in which they may become active by forming an undergrounding district to avoid forfeiting any of their Rule 20A credits. If the number of inactive communities goes down after 90 days, the needed work credits will be reallocated proportionately from the remaining inactive communities. Once the 90 days has passed, PG&E has five business days to determine the final list of inactive communities and file a Tier 1 Advice Letter detailing the reallocation and how the communities' balances will be impacted. Excess costs not approved by the Commission, will be paid either by pre-arranged community funds or by the utility shareholders.

¹ CPUC General Order 96-B, Rule 9.2.3 ("At all times, a utility other than a telephone corporation may provide service (other than resale service) to a government agency for free, or at reduced rates and charges, or under terms and conditions otherwise deviating from its tariffs then in effect. The utility may begin such service without prior Commission approval, but the utility shall promptly submit an advice letter to the appropriate Industry Division to notify the Commission of the utility's provision of such service and of the rates, charges, terms and conditions under which the service is provided. Although the advice letter may be effective pending disposition under General Rule 7.5.3, the Commission may determine, in an appropriate proceeding, the reasonableness of such service.")

² PG&E allocates \$19,000 in Rule 20A work credits annually to the City of Live Oak.

BACKGROUND**Procedural Background**

Utilities annually allocate Rule 20A work credits to communities (cities and unincorporated areas of counties) to convert overhead electric infrastructure to underground infrastructure. Once a community has identified a project that is in the public interest³ and passed a municipal resolution forming an undergrounding district, the community can initiate the project with the utility. To fund the project, the community may utilize its accrued annual Rule 20A work credit allocations⁴ plus borrow forward future work credit allocations for a maximum of five years from the utility. Upon completion of undergrounding projects, the utility requests approval from the Commission during the General Rate Case to include completed projects in its rate base and recover the project costs from ratepayers.

When additional funding is necessary for projects underway due to unforeseen funding shortfalls and only after demonstrating that all alternatives for obtaining funding for the project have been exhausted, Rule 20A specifies that the utility shall reallocate Rule 20A work credits that have not been used from inactive communities. Rule 20A Section 2.c states:

“When amounts are not expended or carried over for the community to which they are initially allocated, they shall be assigned when additional

³ Because ratepayers contribute the bulk of the costs of Rule 20A programs through utility rates, the projects must be in the public interest by meeting one or more of the following criteria listed in the Rule 20A Tariff:

1. Eliminate an unusually heavy concentration of overhead lines;
2. Involve a street or road with a high volume of public traffic;
3. Benefit a civic or public recreation area or area of unusual scenic interest;
4. Be listed as an arterial street or major collector as defined in the Governor’s Office of Planning and Research Guidelines.

⁴ PG&E’s allocation of Rule 20A work credits is based on a formula that allows it to distribute work credits proportionally based on the number of customer accounts (meters) in a community. See PG&E’s Rule 20A §2.a and b for more details.

participation on a project is warranted or be reallocated to communities with active undergrounding programs.”

Some communities have no active projects and no plans for any. In many cases, communities are unable to accrue a sufficient work credit balance to complete a project – even with the five-year “mortgage” available – and thus cannot participate in the Rule 20A program. In some cases, communities have engaged in work credit exchanges – such as buying, selling, trading, loaning, and donating – as a work-around for the communities to obtain additional work credits and move forward with projects that they could not fund with their accrued credit balance and the five-year “mortgage” alone.

In November 2016, the Commission’s Policy and Planning Division authored a staff report reviewing Rule 20A entitled, “Program Review: California Overhead Conversion Program, Rule 20A for Years 2011-2015,” that evaluated how the program had been administered by each utility during this period.⁵ The staff report’s review of the Rule 20A allocations over this five year period indicates that there is a large balance of accrued credit allocations. The report found that local communities have been allocated but have not yet redeemed the equivalent of approximately one billion dollars of Rule 20A credits across the state.⁶

On May 19, 2017, the Commission opened Order Instituting Rulemaking (OIR) 17-05-010 to review issues related to undergrounding of electric distribution lines, and specifically to consider the revisions to the IOUs’ Rule 20 programs. Among other topics, Rulemaking (R.)17-05-010 will evaluate the equity of the Rule 20A program and how the methodology for allocating work credits should be modified and under what circumstances, if any, unused credits can be reallocated among communities.

⁵ The Undergrounding Staff Report is available online at:

[http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPD_Work_Products_\(2014_forward\)\(1\)/PPD_Rule_20-A.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPD_Work_Products_(2014_forward)(1)/PPD_Rule_20-A.pdf).

⁶ According to PG&E’s most recent “Report of Rule 20A Conversions” filed in March 2018, the total unused municipal work credit balance across PG&E’s service territory is equal to \$620,201,961.

Live Oak Blvd. Rule 20A Project Background to AL 5403-E-A

In August 2017, the City of Live Oak formed the undergrounding district⁷ for the City of Live Oak's Rule 20A project along Live Oak Boulevard (Hwy 99) as a predecessor to a California Department of Transportation (Caltrans) road improvement project. The Caltrans Hwy 99 Project involves Federal, State, and Local funding and is expected to cost \$37.3M, not including the Rule 20A conversation costs. The project proposes to rehabilitate Hwy 99 to a 40-year pavement life, modify the drainage systems, add bicycle and pedestrian facilities, and upgrade crosswalks, curbs, gutters, sidewalks, driveways, and traffic signals. Curb ramps will be upgraded to current American with Disabilities Act (ADA) standards. This project is scheduled to begin construction in spring of 2020.⁸ The City of Live Oak is a rural community with a population of 8,800 and receives an annual Rule 20A work credit allocation of \$19,000.

Initially in 2017, PG&E provided an estimate of \$4M in work credits for the Live Oak Rule 20A project. However, Live Oak only had \$642,053 in available work credits to use towards the proposed Rule 20A project. In order to meet the \$4M estimate to start the Rule 20A project, Live Oak accumulated additional work credits by borrowing 5-years of their future allocations (total with maximum 5-year borrow is \$736,478), receiving \$1.3M in work credits donated from Sutter County, and purchasing \$2M of work credits from the City of Rocklin.

In May 2018, PG&E determined that the initial \$4 million estimate for the proposed project was too low after comparing it to the current cost of a similar Rule 20A project underway in Colusa County.⁹ PG&E advised the City of Live Oak in May 2018 that the Live Oak Blvd. project cost estimate had tripled, and

⁷ See City of Live Oak Municipal Resolution #45-2017.

⁸ For more information see

<http://www.caltrans.ca.gov/d3/projects/subprojects/1H150/index.html>.

⁹ The Colusa County project is about 3,200 feet and has an estimated cost of \$4,444,319 (\$1,400 per foot).

that the City of Live Oak no longer had a sufficient work credit balance to complete the project. The City of Live Oak worked with PG&E and reduced the project scope from 7,600 feet to 5,300 feet. However, the reduced-scope project was estimated at \$8 million (about \$1,500 per foot), still double the cost of the original estimate for the full-scope project. PG&E released its request for proposals for contractors for the project on November 21, 2018 and received its proposals on January 3, 2019. On February 5, 2019, PG&E informed Commission Staff via email that the updated project cost was \$4,554,000 and that the City of Live Oak would require the equivalent of an additional 29 years of allocations to fund the project. PG&E will award a contract by mid-February 2019 and will start construction in April 2019 if City of Live Oak can accumulate the additional \$554,000 of work credits.

According to the City of Live Oak, the Rule 20A project must meet key deadlines in Q3 2019 for Right-of-Way Certification and Ready to List¹⁰ Certification which depend on the project being under construction by then. Failure to meet these deadlines will result in the City of Live Oak having to repay \$10 million in Federal grant funds out of the \$36.5 million in funding the State and Federal government have committed to the Caltrans project.¹¹

AL 5403-E-A Background

On October 12, 2018, PG&E filed Advice Letter (AL) 5403-E requesting a deviation from Electric Rule 20A. On October 26, 2018, PG&E filed supplemental

¹⁰ According to Caltrans, Ready to List Certification ensures that all applicable design, right of way, environmental, regulatory, and statutory conditions have been addressed in the plans, specifications, and estimate.

¹¹ The City of Live Oak received a \$10 million federal grant award from the U.S. Department of Transportation (USDOT) for the State Route 99 Live Oak Rehabilitation Project. The City of Live Oak received this grant through the USDOT's Transportation Improvements Generating Economic Recovery (TIGER) Discretionary Grant Program (part of President Obama's 2009 American Recovery and Reinvestment Act). Out of 585 applicants for the 2016 funding round, the City of Live Oak was one of 40 applicants nation-wide to be awarded TIGER grant funding. In addition to federal grant funds, the State of California has committed approximately \$26.5 million to completing the Live Oak Streetscape Project.

AL 5403-E-A replacing the original in its entirety due to an error in the cited section of the General Order 96-B. PG&E cited section 9.2.3 of General Order 96-B in the supplemental Advice Letter. In AL 5403-E-A, PG&E specifically requests to deviate from Rule 20A to borrow up to 200 years based on the most conservative cost estimate available for the project at the time.¹² PG&E states that this would minimize the impacts to Caltrans State Route 99 Live Oak Rehabilitation Project and the Live Oak Rule 20A project.

NOTICE

Notice of AL 5403-E-A was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

The Utility Reform Network (TURN) submitted a timely protest on November 1, 2018 to PG&E's Advice Letters 5403-E-A. The City of Live Oak and PG&E filed replies to TURN's protest on November 7 and 8, 2018 respectively.

TURN argues in its protest that PG&E's AL 5403-E-A should be rejected because PG&E failed to demonstrate that all the alternatives for obtaining funding for the project other than borrowing up to 200 years of work credits have been exhausted. TURN contends that PG&E omitted information regarding the current project cost estimates, a precise calculation of the number of credits needed for the City of Live Oak to complete its project, and a description of all the efforts that PG&E pursued to finance the project costs. TURN also raises concern that PG&E does not limit this treatment to the City of Live Oak and such an exception could amount to a "wholesale change in the rules governing

¹² PG&E also explains in AL 5403-E-A that the final cost of the project was unclear at the time of filing and "proposes that the final amount borrowed is determined when the project is completed and closed."

undergrounding projects”¹³ that would be better suited for consideration in the R.17-05-010 Proceeding.

The City of Live Oak’s Reply

In the City of Live Oak’s reply to TURN’s protest, the City of Live Oak contends that TURN failed to recognize that Live Oak is a small city that went to great lengths to obtain \$4 million in Rule 20A work credits – equal to the initial estimate for the project – by trade, purchase and donation. The City of Live Oak only receives about \$19,000 per year in allocations, so this \$4 million figure effectively represents the equivalent of 210 years of allocations for the City. The City of Live Oak also explains that it had to rely on a patchwork of Federal, State and local funding for the broader Caltrans State Route 99 Project.

PG&E’s Reply

In response to TURN’s protest, PG&E explains that it is not seeking a wholesale rule change for borrowing beyond five years. PG&E is only requesting a deviation of Rule 20A for the Live Oak Blvd project. PG&E clarified that the cost of the project is an estimated range of between \$2,954,748 and \$4,638,966, and acknowledged that the costs were still uncertain as the project had not gone out to bid for contractors who will perform the civil and conversion work. PG&E’s deviation request intends to allow for sufficient work credits once the final costs are known.

DISCUSSION

PG&E’s ALs 5403-E-A is denied for the reasons discussed below. Instead PG&E is ordered to reallocate \$554,000 in work credits from 92 inactive communities to enable the City of Live Oak to have sufficient work credits for its undergrounding project as detailed below.

Borrowing up to 200 years in Rule 20A work credits is unreasonable.

The Commission does not find PG&E’s contention in AL 5403-E-A that borrowing forward up to 200 years of allocations would “immediately minimize

¹³ TURN’s Protest of AL 5403-E-A, page 1.

delays in the Caltrans project.” PG&E’s goal to efficiently obtain work credits can be accommodated by communities borrowing forward up to five years of work credit allocations to fund projects and through reallocation from inactive communities. Furthermore, the Commission dismissed similar arguments in 2008 from Southern California Edison in Resolution E-4146 which denied their deviation request to allow the City of La Habra to borrow beyond five years “to avoid the loss of \$663,750 in [county] funds and further delay in this long-anticipated Project.”¹⁴

The Commission has granted deviations from Rule 20A to borrow beyond 5 years for limited circumstances not present in this project.

The Commission has not allowed unlimited work credit borrowing by communities. In 2008, Resolution E-4001 denied the utilities from seeking Rule 20A deviation requests beyond the five-year borrow limit:

The Commission should maintain and extend the policy adopted in Res. E-3968¹⁵ of denying utility exemption requests for authority to commit funds or to begin construction of a project having foreseeable project cost over-runs that require mortgaging more than 5 years of a community’s Rule 20 estimated allocations.¹⁶

Resolution E-4001 set precedent for limited exceptions. Ordering Paragraph 1 of that resolution states:

Electric utilities shall not commit ratepayers to the costs of an Electric Rule 20 overhead conversion project that requires borrowing more than five

¹⁴ See the following link for Resolution E-4146:

http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/78925.PDF.

¹⁵ See the following link for Resolution E-3968:

http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/55474.PDF.

¹⁶ See the following link for Resolution E-4001:

http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/59265.PDF.

years of a community's Electric Rule 20A allocations without Commission's approval. Excess costs not approved by the Commission, will be paid either by pre-arranged community funds or by the utility shareholders. An exception may be made for excess costs resulting from unanticipated conditions encountered during construction.

The Commission further clarifies that electric utilities shall not allow communities to proceed with any Rule 20A project that cannot be funded through its banked allocations and five-year borrow alone without Commission approval through a Tier 3 Advice Letter.

Allowing the City of Live Oak to “mortgage” beyond five years to fund a project may represent a significant legal obligation and risk for the City PG&E's proposal to have the City of Live Oak borrow forward up to 200 years to fund the Live Oak Blvd. project may represent a significant legal obligation that the City of Live Oak may have to pay back the negative work credit balance to PG&E. In the R.17-05-010 Proceeding's Assigned Commissioner's Scoping Memo and Ruling that was filed on November 9, 2018, Question 20 asks:

Does a community's negative Rule 20A work credit balance (beyond 5 years) represent a legal obligation for a community to pay back to the utility?

The issue currently remains unanswered in an open proceeding where it should be resolved.

PG&E's solution to request to deviate from Rule 20A to assist similarly situated communities to Live Oak is unreasonable and may represent a significant ratepayer liability.

In PG&E's AL 5403-E-A, PG&E proposes to resolve the Rule 20A work credit financing issue for other communities that are in a similar situation as the City of Live Oak. Based on the precedent set by Resolution E-4001, unless there are unforeseen costs encountered during construction, the Commission will not entertain such requests.

More precise cost information is now available and the City of Live Oak needs an additional \$554,000 of work credits to complete the undergrounding project.

PG&E explained to the Commission's Energy Division Staff through an email dated February 5, 2019 that PG&E now estimates that the cost of the project to be \$4,554,000 based on the bid results they received in January. Given that the City of Live Oak has a work credit balance of approximately \$4 million, this means that the City will need an additional \$554,000, which is equal to about 29 years of allocations.

Rule 20A allows for reallocation of work credits from inactive communities to communities in need.

In situations such as the City of Live Oak's, where additional work credits are needed to move their project forward, the language in Rule 20A Section 2.c specifically requires the utility to assign or reallocate unused work credits to the community from inactive communities. Rule 20A Section 2.c states:

"When amounts are not expended or carried over for the community to which they are initially allocated, they shall be assigned when additional participation on a project is warranted or be reallocated to communities with active undergrounding programs."

The reallocation provision in Rule 20A is only to be invoked for communities with projects already underway, within existing undergrounding districts, that experience unforeseen funding shortfalls, and have demonstrated that all alternatives for obtaining funding for the project have been exhausted. This provision does not allow for unrestricted reallocation of work credits to active communities.

Reallocation of \$554,000 from inactive communities is the most reasonable solution to allow the City of Live Oak's undergrounding project to proceed. Sufficient unused Rule 20A work credits are available from inactive communities and reallocation will not impact active programs.

Amongst the 92 inactive communities in PG&E territory there is an unused credit balance of \$108,815,591. Thus, sufficient Rule 20A work credits are available in aggregate from these 92 inactive communities with which PG&E could comply with a Commission directive to reallocate work credits to meet the City of Live Oak's needs. The \$554,000 of work credits needed represents 0.53% of the aggregate allocation balances of the 92 inactive communities. These amounts of reallocation should minimize any potential equity issues. Furthermore, PG&E can reallocate credits to the City of Live Oak without affecting the existing

projects or plans of other active communities. See Appendix A for the detailed table of inactive communities.¹⁷

After reviewing the previously established criteria, pursuant to Resolution E-4146, the Commission updates the criteria for communities to be considered active and not subject to reallocation as set forth below:

PG&E may consider any community to be active and not subject to reallocation if it satisfies any of the following criteria:

1. Formally adopts an undergrounding district ordinance which expires at completion of work within the district boundaries; or
2. Has started or completed construction of an undergrounding conversion project within the last 8 years, defined as 2011 or later; or
3. Has received Rule 20A allocations from the utility for only 5 years or fewer due to recent incorporation.

Additionally, inactive communities shall be defined as communities that fail to meet any of the above criteria.

In modifying the criteria, we first considered the criteria established by the Commission in Resolution E-4146:

“[The utility] may consider any community active and not subject to reallocation if it satisfies any of the following 3 criteria:

1. Formally adopting an undergrounding district ordinance which expires at the completion of work within the district boundaries; or
2. a. Starting or completing an undergrounding conversion project within the last 8 years, currently meaning after 1999; or
b. Currently planning an undergrounding conversion project including several of the following components of the process:
 - i. A project location is described and identified, if not legally defined;
 - ii. Names of parties likely involved are available and confirmed;
 - iii. Sources of funding, potential if not committed, are known;

¹⁷ Appendix A is sourced from the Rule 20A Program data that PG&E submitted in 2018 to the Commission’s Energy Division as part of the discovery required by R.17-05-010.

- iv. An accurate if not precise schedule can be confirmed; and
 - v. Documentation of joint planning efforts is available, both for coordination achieved and that still required.
3. Receiving Rule 20 allocations from [the utility] for only 5 years or fewer due to recent incorporation.”¹⁸

Our reasons for modifying and updating the criteria are as follows:

- 1. Some of the previous criteria were subjective and/or ambiguous;
- 2. Some of the previous criteria would be difficult to determine if they are met;
- 3. The updated criteria are reasonable, objective and clear to determine when they are met.

PG&E must inform affected inactive communities in writing about the reallocation and the criteria to be considered active and not subject reallocation.

PG&E must notify each of the affected inactive communities in writing (either electronic or in hard copy) to inform them of:

- a) Their status on the list of inactive communities;
- b) The definition of inactive communities defined by this Resolution;
- c) The amount of unused work credits they have accumulated;
- d) The percentage of credits that will be reallocated pursuant to this Resolution;
- e) The Commission’s order that they have 90 days from the date of this Resolution to become active if they wish to retain the work credits subject to reallocation by this Resolution;
- f) The revised criteria to be considered active as defined by this resolution.

If the number of inactive communities goes down after 90 days, the needed work credits will be reallocated proportionately from the remaining inactive communities. Once the 90 days has passed, PG&E has five business days to

¹⁸ See page 24 of Resolution E-4146.

determine the final list of inactive communities and file a Tier 1 Advice Letter detailing the reallocation and how the communities' balances will be impacted.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review. Please note that comments are due 20 days from the mailing date of this resolution. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding. The 30-day review and 20-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

1. Under Rule 20, the Commission requires the utilities to allocate a certain amount of work credits each year to all communities that they provide service to for conversion projects.
2. Communities can utilize work credit allocations that are banked and borrowed forward up to five years to fund conversion projects.
3. When communities require additional funding for projects underway, the Rule 20A Tariff specifies that the utility shall reallocate work credits that have not been used from inactive communities to the communities in need.
4. In November 2016, Commission Staff authored a report on the utilities' administration of their Rule 20A programs which indicated that there is nearly \$1 billion in unused work credits held by communities across the state.
5. On May 19, 2017, the Commission opened Order Instituting Rulemaking 17-05-010 to review issues related to undergrounding of electric distribution lines and consider the revisions to the IOUs' Rule 20 programs.
6. The City of Live Oak is a small rural town of 8,000 people that receives an annual Rule 20A work credit allocation of \$19,000.
7. The City of Live Oak formed an undergrounding district for the Live Oak Blvd. Rule 20A project in 2017, which would be part of the broader Caltrans State Route 99 improvement project.

8. The City of Live Oak purchased \$2 million of work credits from the City of Rocklin and received a \$1.2 million work credit donation from Sutter County in 2017 to augment their work credit balance.
9. In May 2018, PG&E increased the estimate from \$4 million to about \$12 million after comparing the City of Live Oak's project to the cost of a similar project underway in Colusa.
10. The City of Live Oak and PG&E subsequently reduced the project scoped from 7,600 feet to 5,300 feet, which lowered the project cost to roughly \$8 million.
11. On October 26, 2019, PG&E filed Advice Letter 5403-E-A requesting to deviate from the Rule 20A Tariff in order for the City of Live Oak to obtain enough work credits to complete their project by mortgaging beyond the 5-year limit by up to 200 years.
12. On November 1, 2018, TURN submitted a protest to PG&E's AL 5403-E-A.
13. On November 7 and 8, 2018 the City of Live Oak and PG&E respectively filed replies to TURN's protest.
14. In November 2018, PG&E negotiated further with Caltrans to reduce the scope and project costs to \$3,568,435.
15. In November 2018, PG&E solicited contractors for the Rule 20A project and received bids in January 2019.
16. Borrowing Rule 20A work credits up to 200 years is unreasonable.
17. The Commission has granted deviations from the Rule 20A Tariff's five-year borrow under limited circumstances that are not present for this project.
18. Commission policy does not support granting PG&E's request to borrow beyond five years.
19. Allowing the City of Live Oak to "mortgage" beyond five years to fund a project may represent a significant legal obligation and risk for the City.
20. PG&E's solution to request to deviate from Rule 20A to assist similarly situated communities to Live Oak is unreasonable and represent a significant ratepayer liability.
21. PG&E sent the Commission a more precise cost estimate of \$4,554,000 for the Live Oak Blvd. project via email on February 5, 2019 after receiving contractor bids in January.
22. This new estimate exceeds the City of Live Oak's current work credit balance of \$4 million and the City of Live Oak requires an additional \$554,000, which

is the equivalent of 29 years of allocations, to move forward with its Rule 20A project.

23. Rule 20A section 2.c allows for the utility to reallocate work credits from inactive communities to communities in need that require additional work credits to move forward with their Rule 20A projects.
24. Reallocation of \$554,000 from inactive communities is the most reasonable solution to allow the City of Live Oak's undergrounding project to proceed.
25. \$108,815,591 in Rule 20 A credits are available from 92 inactive communities listed in Appendix A.
26. Reallocation from inactive communities does not impact active undergrounding programs in PG&E's service territory.
27. It is reasonable for PG&E to provide notice to inactive communities before re-allocating some of their unused credits to City of Live Oak.
28. It is reasonable for PG&E to provide notice to inactive communities of the criteria to be considered active and not subject to reallocation.
29. It is reasonable for inactive communities to have 90 days from the date of this Resolution to become active and not subject to reallocation of work credits.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request to deviate from Rule 20A in accordance with General Order 96-B, Section 9.2.3 and borrow Rule 20A work credits up to 200 years beyond the five-year borrow limit for the City of Live Oak's Rule 20A project is denied.
2. PG&E must comply with Rule 20A and transfer \$554,000 or a sufficient quantity of unused work credit allocations accumulated by 92 inactive communities listed in Appendix A to allow the City of Live Oak to move forward with its Live Oak Blvd. Rule 20A project. Excess costs not approved by the Commission, will be paid either by pre-arranged community funds or by the utility shareholders.
3. Inactive communities have 90 days from the date of this Resolution to become an active undergrounding community and not be subject to reallocation of work credits.
4. Once the 90 days has passed, PG&E has five business days to determine the final list of inactive communities and file a Tier 1 Advice Letter detailing the reallocation and how the communities' balances will be impacted.

5. The Commission adopts the criteria for communities to be considered active and not subject to reallocation. PG&E may consider any community to be active and not subject to reallocation if it satisfies any of the following criteria:
 - a) Formally adopts an undergrounding district ordinance which expires at the completion of work within the district boundaries; or
 - b) Has started or completed construction of an undergrounding conversion project within the last 8 years, defined as 2011 or later; or
 - c) Has received Rule 20A allocations from the utility for only 5 years or fewer due to recent incorporation.
6. PG&E shall notify in writing all affected inactive communities within 5 days of the effective date of this Resolution about the reallocation and the criteria in OP 3 to be considered active and not subject to reallocation. PG&E must notify each of the affected inactive communities in writing (either electronic or in hard copy) to inform them of:
 - a) Their status on the list of inactive communities;
 - b) The definition of inactive communities defined by this Resolution;
 - c) The amount of unused work credits they have accumulated;
 - d) The percentage of credits that will be reallocated pursuant to this Resolution;
 - e) The Commission's order that they have 90 days from the date of this Resolution to become active if they wish to retain the work credits subject to reallocation by this Resolution;
 - f) The revised criteria to be considered active as defined by this resolution.

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 April 25, 2019 the following Commissioners voting favorably thereon:

ALICE STEBBINS
Executive Director

APPENDIX A

Inactive Communities Reported by PG&E

None of the listed communities has:

1. Started or completed construction an undergrounding conversion project after 2011.
2. Established an undergrounding district since 2011 or has future projects planned.
3. Received Rule 20A allocations from PG&E for only 5 years or fewer due to recent incorporation.

The total existing PG&E Rule 20A unused work credit balance is \$108,815,591. If \$554,000 of work credits are reallocated to the City of Live Oak the unused work credit balance will be reduced by 0.53% proportionally from the 92 inactive communities shown below.

Table 1. Inactive Communities

No.	Community	2019 Allocation	2019 Balance	Proposed Reduction	New Balance
Total		\$3,650,959	\$108,815,591	\$554,000	\$108,261,591
1	EMERYVILLE	\$41,725	\$939,903	\$4,785	\$935,118
2	NEWARK	\$112,400	\$2,723,527	\$13,866	\$2,709,661
3	PIEDMONT	\$37,038	\$744,554	\$3,791	\$740,763
4	ALPINE COUNTY	\$2,835	\$21,193	\$108	\$21,085
5	AMADOR CITY	\$1,383	\$51,480	\$262	\$51,218

No.	Community	2019 Allocation	2019 Balance	Proposed Reduction	New Balance
6	AMADOR COUNTY	\$136,849	\$3,566,437	\$18,157	\$3,548,280
7	IONE	\$14,373	\$532,932	\$2,713	\$530,219
8	JACKSON	\$21,285	\$350,174	\$1,783	\$348,391
9	PLYMOUTH	\$4,452	\$228,149	\$1,162	\$226,987
10	SUTTER CREEK	\$14,435	\$614,416	\$3,128	\$611,288
11	BIGGS	\$214	\$14,712	\$75	\$14,637
12	WILLIAMS	\$13,954	\$512,743	\$2,610	\$510,133
13	CLAYTON	\$20,588	\$361,440	\$1,840	\$359,600
14	EL CERRITO	\$115,671	\$2,620,596	\$13,342	\$2,607,254
15	HERCULES	\$35,749	\$1,110,275	\$5,653	\$1,104,622
16	OAKLEY	\$67,844	\$994,932	\$5,065	\$989,867
17	MENDOTA	\$20,531	\$870,713	\$4,433	\$866,280
18	SAN JOAQUIN	\$7,584	\$372,811	\$1,898	\$370,913
19	GLENN COUNTY	\$96,439	\$3,490,648	\$17,772	\$3,472,876
20	WILLOWS	\$25,802	\$812,994	\$4,139	\$808,855
21	BLUE LAKE	\$6,597	\$368,357	\$1,875	\$366,482
22	RIO DELL	\$15,095	\$457,358	\$2,328	\$455,030
23	ARVIN	\$34,533	\$829,767	\$4,224	\$825,543
24	MARICOPA	\$5,612	\$322,349	\$1,641	\$320,708
25	WASCO	\$49,641	\$1,793,750	\$9,132	\$1,784,618
26	AVENAL	\$23,582	\$821,365	\$4,182	\$817,183
27	CORCORAN	\$38,880	\$38,880	\$198	\$38,682
28	LAKEPORT	\$27,629	\$987,645	\$5,028	\$982,617
29	LASSEN COUNTY	\$10,133	\$420,720	\$2,142	\$418,578
30	CORTE MADERA	\$40,728	\$266,744	\$1,358	\$265,386
31	FAIRFAX	\$36,159	\$647,360	\$3,296	\$644,064
32	ROSS	\$9,811	\$260,441	\$1,326	\$259,115
33	SAUSALITO	\$44,109	\$1,919,905	\$9,775	\$1,910,130
34	MARIPOSA COUNTY	\$121,654	\$3,376,937	\$17,193	\$3,359,744
35	FORT BRAGG	\$36,678	\$1,252,505	\$6,377	\$1,246,128
36	POINT ARENA	\$2,949	\$144,306	\$735	\$143,571
37	DOS PALOS	\$17,260	\$765,765	\$3,899	\$761,866
38	GUSTINE	\$19,546	\$376,866	\$1,919	\$374,947
39	LIVINGSTON	\$18,529	\$759,508	\$3,867	\$755,641

No.	Community	2019 Allocation	2019 Balance	Proposed Reduction	New Balance
40	CARMEL	\$35,739	\$884,824	\$4,505	\$880,319
41	GONZALES	\$15,819	\$498,547	\$2,538	\$496,009
42	KING CITY	\$27,741	\$55,126	\$281	\$54,845
43	SOLEDAD	\$26,955	\$776,935	\$3,956	\$772,979
44	CALISTOGA	\$19,957	\$788,708	\$4,015	\$784,693
45	YOUNTVILLE	\$7,231	\$174,074	\$886	\$173,188
46	GRASS VALLEY	\$55,345	\$748,685	\$3,812	\$744,873
47	ROCKLIN	\$125,157	\$563,237	\$2,868	\$560,369
48	ROSEVILLE	\$203	\$19,243	\$98	\$19,145
49	ISLETON	\$4,833	\$304,632	\$1,551	\$303,081
50	SACRAMENTO COUNTY	\$20,098	\$1,064,631	\$5,420	\$1,059,211
51	SAN BENITO COUNTY	\$82,122	\$3,621,276	\$18,437	\$3,602,839
52	SAN JUAN BAUTISTA	\$7,725	\$375,306	\$1,911	\$373,395
53	ESCALON	\$18,031	\$661,232	\$3,366	\$657,866
54	LATHROP	\$31,487	\$392,752	\$2,000	\$390,752
55	MANTECA	\$157,689	\$4,169,629	\$21,228	\$4,148,401
56	RIPON	\$26,638	\$42,357	\$216	\$42,141
57	ATHERTON	\$25,336	\$1,402,334	\$7,140	\$1,395,194
58	BRISBANE	\$19,434	\$2,878	\$15	\$2,863
59	BURLINGAME	\$138,111	\$5,744,986	\$29,249	\$5,715,737
60	FOSTER CITY	\$55,063	\$110,051	\$560	\$109,491
61	MENLO PARK	\$135,416	\$6,054,236	\$30,823	\$6,023,413
62	SAN BENITO COUNTY	\$82,122	\$3,621,276	\$18,437	\$3,602,839
63	SAN JUAN BAUTISTA	\$7,725	\$375,306	\$1,911	\$373,395
64	ESCALON	\$18,031	\$661,232	\$3,366	\$657,866
65	MILLBRAE	\$78,345	\$3,338,907	\$16,999	\$3,321,908
66	SAN BRUNO	\$149,908	\$6,114,211	\$31,129	\$6,083,082
67	WOODSIDE	\$22,155	\$919,283	\$4,680	\$914,603
68	BUELLTON	\$11,342	\$180,018	\$917	\$179,101
69	GUADALUPE	\$16,270	\$407,245	\$2,073	\$405,172
70	GILROY	\$109,138	\$3,159,344	\$16,085	\$3,143,259
71	LOS ALTOS HILLS	\$27,692	\$249,951	\$1,273	\$248,678
72	MONTE SERENO	\$11,630	\$509,749	\$2,595	\$507,154
73	SARATOGA	\$94,923	\$3,956,198	\$20,142	\$3,936,056

No.	Community	2019 Allocation	2019 Balance	Proposed Reduction	New Balance
74	SCOTTS VALLEY	\$34,075	\$1,199,763	\$6,108	\$1,193,655
75	SHASTA LAKE	\$522	\$8,082	\$41	\$8,041
76	SIERRA COUNTY	\$12,346	\$451,527	\$2,299	\$449,228
77	SISKIYOU COUNTY	\$478	\$39,102	\$199	\$38,903
78	BENICIA	\$76,360	\$2,415,523	\$12,298	\$2,403,225
79	DIXON	\$41,674	\$741,279	\$3,774	\$737,505
80	RIO VISTA	\$31,423	\$733,436	\$3,734	\$729,702
81	SOLANO COUNTY	\$116,186	\$4,001,688	\$20,373	\$3,981,315
82	SUISUN CITY	\$43,066	\$1,111,822	\$5,660	\$1,106,162
83	CLOVERDALE	\$24,903	\$849,840	\$4,327	\$845,513
84	COTATI	\$20,727	\$614,394	\$3,128	\$611,266
85	SEBASTOPOL	\$32,455	\$994,375	\$5,063	\$989,312
86	CORNING	\$29,311	\$411,973	\$2,097	\$409,876
87	RED BLUFF	\$56,101	\$1,545,260	\$7,867	\$1,537,393
88	TEHAMA	\$2,361	\$68,698	\$350	\$68,348
89	TRINITY COUNTY	\$19,530	\$1,066,077	\$5,428	\$1,060,649
90	SONORA	\$30,059	\$886,297	\$4,512	\$881,785
91	MARYSVILLE	\$53,191	\$2,596,318	\$13,218	\$2,583,100
92	WHEATLAND	\$10,504	\$386,581	\$1,968	\$384,613