



California Public Utilities Commission
505 Van Ness Ave., San Francisco

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Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

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CPUC Launches New Undergrounding Program to Expedite System Hardening and Enhance Climate Resilience

SAN FRANCISCO, March 7, 2024 – In response to direction from the State Legislature through [Senate Bill \(SB\) 884](#), the California Public Utilities Commission (CPUC) today established a long-term electric distribution infrastructure [Undergrounding Program](#). The Undergrounding Program is designed to create a structured and expedited process for large investor-owned utilities (IOUs), such as Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric, to submit comprehensive 10-year undergrounding Plans to the [Office of Energy Infrastructure Safety](#) (Energy Safety) and the CPUC for review. The program is designed to create an opportunity to facilitate system hardening, achieve economies of scale, and drive down costs. The program requires the IOUs to apply for any available federal, state, and other non-ratepayer moneys throughout the duration of the Plan.

Key Highlights of the Expedited Undergrounding Program

The CPUC is partnering with Energy Safety to implement the program. This involves a two-phase approval process for IOUs, followed by a construction and monitoring phase.

Phase I: Energy Safety Review

- A utility submits a 10-year undergrounding Plan to Energy Safety. The Plan outlines project prioritization based on critical factors such as wildfire risk reduction, public safety, and reliability benefits. Energy Safety reviews the Plan, assessing its potential to enhance reliability and mitigate wildfire risk, and within nine months of its submittal Energy Safety approves or denies the Plan.

Phase II: CPUC Review and Potential Conditional Approval of Costs

- *Application Process:* If Energy Safety approves a Plan, the utility then files an application with the CPUC for conditional approval of the Plan’s costs. The utility is required to compare the costs and benefits of undergrounding to alternative system hardening and risk mitigation measures. The application must provide insights into how cost forecasts are anticipated to decline over time due to efficiencies and economies of scale. The application must also include a methodology that demonstrates how any avoided costs (such as avoided vegetation management costs) might be translated into savings for ratepayers.
- *Phase 2 Conditions:* The CPUC has up to nine months to review and conditionally approve or deny the costs associated with any Plan. Any CPUC Decision approving any Plan’s costs must condition such approval with, at the least the following conditions: (i) annual cost caps, (ii) unit cost caps, (iii) a cost-benefit threshold, and (iv) a requirement that all third-party funding received shall be applied to reduce the annual cost cap.

Phase III: IOU begins construction with regulatory oversight and periodic audits

- If the CPUC conditionally approves the Plan’s costs, the utility embarks on undergrounding powerlines. Throughout this phase, the utility reports progress and is subject to rigorous oversight led by an independent monitor selected by Energy Safety.
- All costs the utility records in its balancing account to implement any Phase II Decision from the CPUC will be subject to periodic audits and any costs that do not meet the Phase 2 conditions will be subject to refund.

Extensive Stakeholder Engagement

Today’s decision is the result of extensive stakeholder engagement, including feedback received through a public workshop, a staff proposal, and multiple rounds of public comments. Through this collaborative approach, the CPUC aimed to incorporate diverse perspectives and strengthen transparency and inclusivity of the program.

“Today the CPUC adopts guidelines, pursuant to Senate Bill 884, for an Expedited Undergrounding Program,” said Commissioner Darcie L. Houck. “This Program creates a process for expedited undergrounding of electric utility distribution infrastructure in high wildfire threat areas to further the state’s goals of decreasing wildfire risk and increasing grid reliability, while also incorporating oversight and ratepayer protection measures.”

“This decision continues our critical work of driving down wildfire risk for utilities. It comes only a few months after our decision in PG&E’s General Rate Case where we found that increased investments in hardening the grid would provide great value to Californians,” said Commissioner John Reynolds. “The rules adopted today build on those investments, ensuring that long-term undergrounding promotes a safer grid in the most cost-effective way. Implementing SB 884 as we plan to do will greatly reduce wildfire risk and includes a number of key consumer protections to ensure that each dollar is wisely spent.”

The proposal voted on is available on the CPUC’s [website](#).

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About the California Public Utilities Commission

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians access to safe and reliable utility infrastructure and services. Visit www.cpuc.ca.gov for more information.