**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

 **Agenda ID# 23738**

**ENERGY DIVISION RESOLUTION E-5418**

 **October 9, 2025**

**RESOLUTION**

Resolution E-5418 Pacific Gas and Electric Company Sewer Easement in the City of Mogan Hill. Request for Approval Under Section 851 and General Order 173.

PROPOSED OUTCOME:

* This Resolution approves Pacific Gas and Electric Company’s (PG&E) Advice Letter 7621-E with an effective date of today. PG&E is requesting approval to convey a sewer line easement to the City of Morgan Hill (City) over PG&E property located along Renz Lane in the City of Gilroy, Santa Clara County (Property). The easement will allow for the City to continue to provide public sanitary sewage services.

SAFETY CONSIDERATIONS:

* There is no safety considerations associated with the requested approval. PG&E is required by Public Utilities Code Section 451 to provide services that promote the safety, health, comfort, and convenience of their patrons, employees, and the public.

ESTIMATED COST:

* City of Morgan Hill will pay PG&E a one-time payment of $23,000.00 for the easement.

By Advice Letter 7621-E Filed on June 11, 2025.

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**Summary**

This Resolution approves PG&E Advice Letter (AL) 7621-E, with an effective date of today. On June 11, 2025, PG&E filed AL 7621-E requesting approval under Public Utilities Code Section 851 and General Order 173 to convey a sewer line easement (Easement) to the City of Morgan Hill (City) over the Property. The Property is located along Renz Lane in the City of Gilroy, Santa Clara County. The easement will allow for the City to continue to provide public sanitary sewage services, which will connect two existing sewer lines in the public right of way.

The transaction proposed in PG&E’s AL 7621-E satisfies the eligibility criteria and fully complies with General Order (GO) 173, Rules 3 and 4. The City will pay PG&E a
one-time payment of $23,000.00 for the Easement. The transaction will not interfere with PG&E’s operations, or the ability to provide safe and reliable utility service. The California Public Utilities Commission (Commission) has determined that granting the agreement will not be adverse to the public interest.

**Background**

In January 2023, the City contacted PG&E regarding a proposed sewer line infrastructure project (Project) that would extend a 6.6-mile sewer line from San Martin to Gilroy. The Project includes the construction of a sewer line segment across
PG&E-owned property known as the Llagas Substation, located along Renz Lane in the City of Gilroy, Santa Clara County. The PG&E property comprises two (2) parcels of land that are currently used as an electric substation.

The PG&E property is located in the City of Gilroy, Santa Clara County, along Renz Lane. The Easement will encumber approximately 0.22 acres of PG&E-owned land on Assessor’s Parcel Numbers 841-10-027 and 841-10-039. The Property is currently being used as an electric substation.

To accommodate the Project, PG&E and the City identified a location for the Easement on the Property outside of PG&E’s fenced electric substation. PG&E has determined that the Easement does not interfere with PG&E’s operations or its ability to provide safe and reliable utility service. In addition, the Easement is the public interest because it will allow the City to continue to provide sanitary sewer services.

Pursuant to GO 173, the AL program applies to proposed transactions that will not require environmental review by the Commission as the lead agency. In this AL, the City of Morgan Hill has acted as California Environmental Quality Act (CEQA) Lead Agency in review of the Morgan Hill Sewer Infrastructure Project and prepared an Initial Study/Mitigated Negative Declaration (IS/MND), State Clearing House #2020100223, which was approved on March 10, 2021, and for which a Notice of Determination was filed on January 17, 2024. Accordingly, the Commission is acting as a responsible agency.

The Commission’s Tribal Land Transfer Policy does not apply to this transaction because PG&E is not transferring a fee interest in real property.

**Notice**

Notice of AL 7621-E was made by publication in the Commission’s Daily Calendar. PG&E states that a copy of the AL was mailed and distributed in accordance with Section 4 of GO 96-B.

**Protests**

PG&E AL 7621-E was not protested.

**Discussion**

The Commission has reviewed PG&E AL 7621-E and attached materials relating to the granting of the PG&E easement. The transaction will allow PG&E to accommodate the City of Morgan Hill’s construction of a sewer line to support continued provision of public sanitary sewage services.

The City of Morgan Hill provided an appraisal for the value of the Easement based on a valuation using comparable sales transactions. Using comparable sales data, the City’s appraisal valued the Easement to be $23,000 rounded. PG&E appraisers have reviewed the valuation and support the appraised amount of $23,000 and the valuation methodology used to determine the fair market value. PG&E will account for this
one-time fee as Electric Other Operating Revenue.

The Commission has determined that PG&E has provided sufficient documentation in AL 7621-E to conclude that the GO 173 eligibility criteria and information submitted pursuant to GO 173 Rules 3 and 4 have been satisfied. Furthermore, AL 7621-E contains sufficient environmental documentation to facilitate the Commission’s decision making and to demonstrate the proposed transaction complies with CEQA. Although the initial study found the sewer line project could have a significant effect on the environment as proposed, the lead agency determined that all potential impacts could be mitigated below the significance threshold. None of the potentially significant impacts or mitigation measures identified in the environmental documents were specifically linked to the portions of the project within the Easement that is the subject of this advice letter.

The Commission finds that PG&E’s AL 7621-E request for approval was made in accordance with the streamlined procedure adopted by the Commission in GO 173 and Public Utilities Code Section 851. The Commission finds that the granting of a sewer line easement as proposed in AL 7621-E does not interfere with PG&Es operations or the ability to provide safe and reliable utility service. Accordingly, the request for approval is not adverse to the public interest and should be granted.

**Comments**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code 311(g)(2), the otherwise applicable
30-day period for public review and comment is being waived.

**Findings AND CONCLUSIONS**

1. On June 11, 2025, PG&E submitted AL 7621-E requesting approval pursuant to GO 173 and Public Utilities Code Section 851 to grant a sewer line easement to the City of Morgan Hill.
2. The City of Morgan Hill requested this Easement to facilitate the construction of a sewer line, which is part of a 6.6-mile sewer infrastructure project to support continued public sanitary sewage services.
3. The City of Morgan Hill acting as the Lead Agency under CEQA completed an environmental review and certified a Mitigated Negative Declaration on March 10, 2021.
4. The City of Morgan Hill filed a Notice of Determination with the State Clearinghouse on January 17, 2024 (SCH 2020100223).
5. There are no specific safety concerns with this easement grant.
6. The proposed easement grant is exempt from the Commission’s Tribal Land Transfer Policy as it does not involve transferring a fee interest in real property.
7. The City of Morgan Hill will pay PG&E $23,000.00 for the easement. PG&E will account for this one-time fee as Electric Other Operating Revenue.
8. PG&E believes that granting this transaction is not adverse to the public interest.
9. Notice of AL 7621-E was made by publication to the Commission’s Daily Calendar and in accordance with the noticing requirements of GO 173 and GO 96-B.
10. There were no protests to PG&E AL 7621-E.
11. The Commission has determined that the environmental documents underlying this transaction comply with the CEQA and are adequate for the
Commission’s decision-making purposes.
12. PG&E AL 7621-E complies with the streamlined procedures adopted by the Commission in GO 173 and Public Utilities Code Section 851.
13. Granting the easement will not interfere with PG&E’s ability to provide safe and reliable utility service to customers.
14. The Commission finds that the request by PG&E for approval to grant an easement to the City of Morgan Hill is not adverse to the public interest and should be granted.

**Therefore it is ordered that:**

1. The request of the PG&E to grant an easement as requested in AL 7621-E is approved.

This Resolution is effective today.

Commissioner Signature blocks to be added

upon adoption of the resolution

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 9, 2025; the following Commissioners voting favorably thereon:

Dated October 9, 2025, at Bellflower City Council Chambers, 16600 Civic Center Drive, Bellflower, CA 90706.