California Public Utilities Commission
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CPUC Directs Expedited Undergrounding Investments to Areas of Greatest Wildfire Risk

Decision advances grid safety while ensuring limited ratepayer dollars fund the most effective projects

SAN FRANCISCO, Nov. 19, 2026 – The California Public Utilities Commission (CPUC) today adopted new rules to direct expedited undergrounding investments to the portions of California's electric grid facing the greatest wildfire risk, while ensuring that limited ratepayer dollars fund the most effective safety projects.

The decision establishes a consistent statewide framework for evaluating proposed undergrounding projects, comparing undergrounding with other wildfire-mitigation measures, and holding utilities accountable as projects move from initial forecasts to construction.

Today's decision implements Senate Bill (SB) 884, which established a voluntary, expedited 10-year undergrounding program for California's large electrical corporations (i.e., Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E)). The program is designed to accelerate the undergrounding of electric lines in high fire-risk areas while promoting long-term cost efficiencies and improved reliability.

"California needs more undergrounding in the right places, and we need it on the grid quickly to protect communities from catastrophic wildfires," said CPUC President John Reynolds, who is assigned to the proceeding. "Today's decision strengthens our expedited undergrounding program by ensuring that investments target the highest-risk portions of the grid, deliver the greatest possible improvements to public safety, and make the most effective use of limited customer dollars."

The decision addresses the unique regulatory challenges created by SB 884's expedited review process and 10-year planning horizon. Under the program, the CPUC must review 10 years of forecasted costs and establish conditions for their potential recovery within nine months, even though many proposed projects will not yet be fully scoped.

To support rigorous and timely review, the decision establishes a standardized method for calculating project costs and benefits, an independent audit framework, and additional cost-recovery conditions to protect ratepayers as projects advance from preliminary forecasts to construction.

Directing Undergrounding to the Highest-Risk Areas

The decision establishes consistent standards for evaluating and prioritizing undergrounding projects in Tier 2 and Tier 3 High Fire-Threat Districts and wildfire rebuild areas.

Participating utilities must prioritize projects based on their potential to reduce wildfire risk and improve electric reliability in a cost-effective manner. Undergrounding can provide substantial and lasting safety and reliability benefits, but it is also one of the most expensive tools available for reducing wildfire risk. The decision therefore requires utilities to evaluate undergrounding alongside alternative mitigation measures such as covered conductor and advanced protection technologies that may provide comparable safety benefits at a lower cost.

By selecting the most effective mitigation for each power line, limited resources can be directed to projects that protect the greatest number of Californians and deliver measurable value for customers.

Establishing a Consistent Benefit-Cost Framework

A central feature of the decision is the adoption of a standardized benefit-cost ratio methodology that the utilities must use when evaluating proposed undergrounding projects and alternative wildfire mitigation measures.

The methodology is intended to ensure that projects are evaluated consistently across utilities and that undergrounding is compared against other available approaches, such as installing covered conductor.

Under the adopted framework:

- Projects must demonstrate that their benefits at least equal their costs.
- Undergrounding must perform at least as well under the benefit-cost test as the best alternative wildfire mitigation option for the same line.
- Benefits may include estimated wildfire risk reduction, improved electric reliability through avoided outages, and reduced operations and maintenance expenses.
- Costs must account for the full cost of constructing, operating, and maintaining the project over its useful life, expressed in present-day dollars.

The methodology also establishes consistent approaches for assessing wildfire risk, valuing avoided outages, and discounting future costs and benefits. These standards will improve comparability across utilities and allow the CPUC to evaluate proposed investments more rigorously within SB 884's expedited review period.

Additional Protections for Ratepayers

Recognizing that a 10-year planning horizon requires utilities to develop project forecasts before all project details and costs are known, the decision adds requirements to strengthen cost oversight as projects advance.

The new requirements provide for comparisons between actual project costs and more refined forecasts developed after projects are fully scoped. They also require undergrounding projects to be evaluated against alternative wildfire mitigation measures using the adopted benefit-cost ratio framework. These additional conditions are designed to help ensure that the costs ultimately recovered from customers are just and reasonable and that the projects continue to meet the assumptions and performance thresholds underlying the program.

The decision further establishes an accountability framework that includes independent audits, project-level reviews, and additional conditions governing cost recovery and project performance.

"Wildfire safety and affordability must go hand-in-hand. As an engineer, I believe our focus must be on reducing risk through smart, cost-efficient investments in our infrastructure," said Commissioner Christine Harada. "This decision strengthens oversight and accountability, helping ensure that every dollar invested delivers meaningful safety benefits for Californians."

Supporting a Long-Term Approach to Wildfire Risk Reduction

SB 884 created an expedited regulatory pathway that allows utilities to propose undergrounding investments over a 10-year planning period, rather than relying solely on traditional regulatory processes that generally examine undergrounding investments over shorter periods.

The longer planning horizon is unique and intended to support economies of scale, development of a sustainable supply chain, and declining project costs over time. Under the statute, the CPUC must review utility plans within nine months.

Implementation of the program involves three phases:

1. **Plan Review**: The Office of Energy Infrastructure Safety (Energy Safety) evaluates each utility's 10-year undergrounding plan and its anticipated wildfire risk reduction benefits.
2. **CPUC Cost Review**: For plans approved by Energy Safety, the CPUC reviews forecasted costs and benefits and may conditionally approve costs for potential recovery, within nine months.
3. **Implementation and Accountability**: Utilities undertake undergrounding projects, report on progress, record and seek recovery of eligible costs, and undergo independent audits to verify compliance with program requirements.

The CPUC's decision today builds on this framework by providing additional rules for evaluating project economics, monitoring implementation, and determining whether costs qualify for recovery.

Advancing California's Wildfire Safety and Reliability Goals

With today's decision, the CPUC further implements SB 884 by establishing consistent statewide evaluation standards and strengthening oversight throughout the undergrounding process.

The decision supports SB 884 objectives of reducing utility-related wildfire risk, improving electric reliability, and achieving cost efficiencies while ensuring that undergrounding investments are evaluated against alternatives and subject to meaningful ratepayer protections.

More Information

- Fact Sheet

- Proposal Approved
- CPUC SB 884 Webpage

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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.