



CPUC Public Agenda 3391
Thursday, January 19, 2017 9:30 a.m.
San Francisco, CA



Commissioners:
Michael Picker, President
Carla J. Peterman
Liane M. Randolph
Martha Guzman Aceves
Clifford Rechtschaffen

www.cpuc.ca.gov





The Pledge of Allegiance



“I pledge allegiance to the Flag of the
United States of America,
and to the Republic for which it stands,
one nation under God,
indivisible,
with liberty and justice for all.”





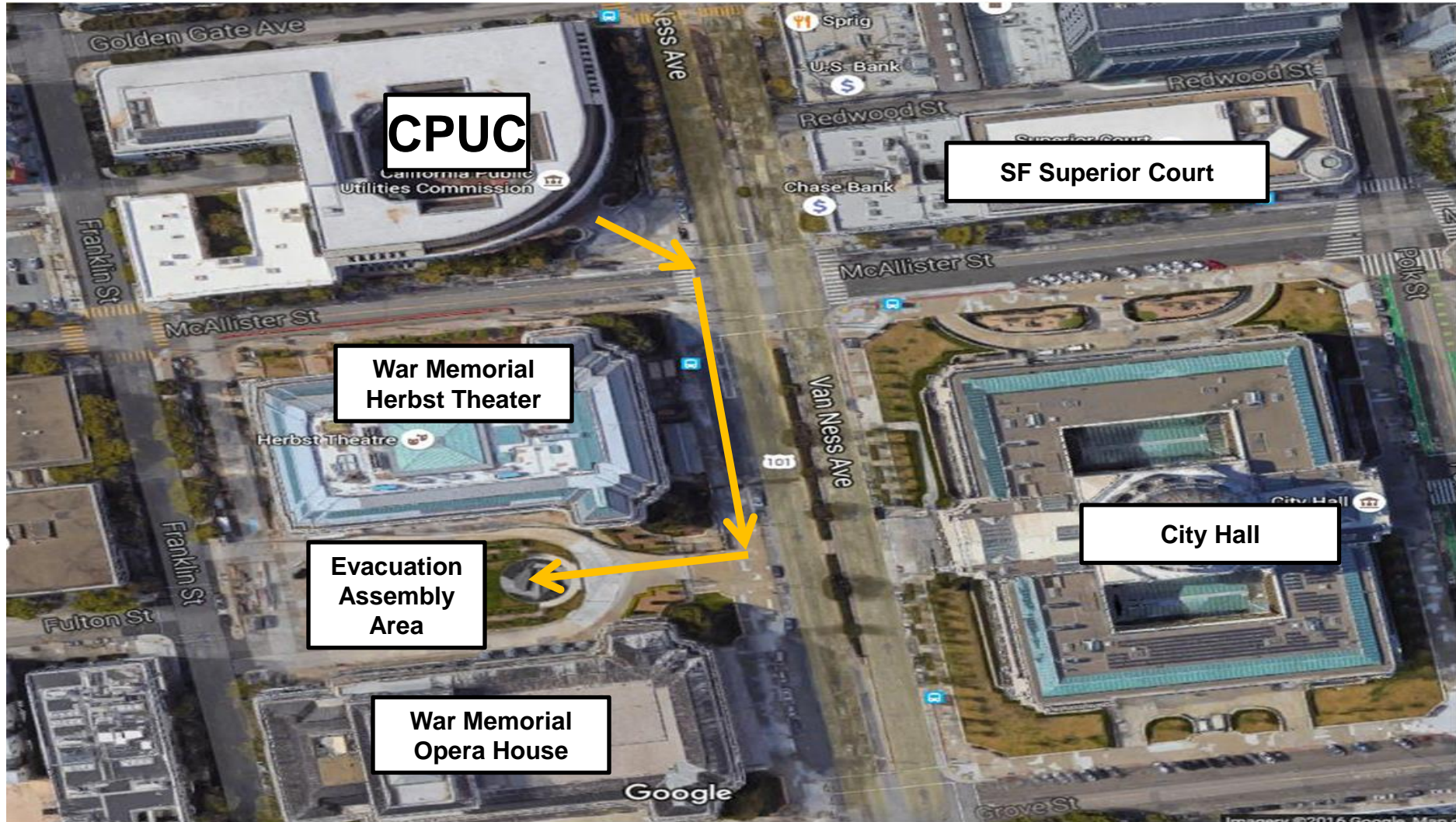
Emergency Evacuation

Safety is our number one priority:

Please listen to the emergency evacuation instructions for this location.



Evacuation Assembly Location





CPUC Mission

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services.





CPUC Core Values

Accountability
Excellence
Integrity
Open Communication
Stewardship





Commissioner Code of Conduct

- **I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.**
- **II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.**
- **III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.**
- **IV. Commissioners are public officials who should uphold the integrity of their office at all times.**





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

Public Comment is not permitted on the following items:

- 21, 33.
- All items on the Closed Session Agenda





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- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

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Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are: 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, and 50.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- Item 57 from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- No Item has been moved to the Regular Agenda.
- Item has been withdrawn.
- The following items have been held to future Commission Meetings:
 - Held to **2/9/17**: 52.
 - Held to **3/2/17**: 4.





Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda – Communication Orders

Item # 51 [15425] – Regarding Revisions to the California Universal Telephone Service Program

R11-03-013

Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program.

Quasi-Legislative

Comr Picker - Judge MacDonald

PROPOSED OUTCOME :

- Adopts interim guidance on discounts and reimbursements for service connection/activation non-recurring charges for California Lifeline Wireless service providers.
- Adopts and implements a 60-day benefit portability freeze consistent with Assembly Bill 2570. The decision adopts the five exceptions to the benefit portability freeze.
- Adopts and implements a 30-day enrollment freeze.
- Modifies the eligibility criteria to be consistent with newly revised federal eligibility criteria.
- Defers implementation of a 12-month portability freeze for broadband internet access service and other elements of the Federal Communications changes to the lifeline program for future Commission consideration.

SAFETY CONSIDERATIONS :

- Provides a robust, high-quality California Lifeline Program to California's low-income household, and improves safety.

ESTIMATED COST :

- Lifeline is funded by the utilities through fees and surcharges.





Regular Agenda – Order Extending Statutory Deadline

Item # 53 [15466] – Order Extending Statutory Deadline.

R11-11-007

Order Instituting Rulemaking into the Review of the California High Cost Fund-A Program.

Quasi-Legislative

Comr Picker - Judge Colbert

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until April 5, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Regular Agenda - Orders Extending Statutory Deadline (continued)

Item # 54 [15467] – Order Extending Statutory Deadline

A15-02-001, A15-02-002, A15-02-003, A15-02-013, A15-02-024, and A15-03-004 - Related matters. In the Matter of the Application of Southwest Gas Corporation for Approval of Low-Income Programs and Budgets for Program Years 2015-2017. Consolidated applications include Bear Valley Electric Service, PacifiCorp, West Coast Gas Company and Alpine Natural Gas Operating Company No.1, LLC.

Ratesetting

Comr Picker - Judge Colbert

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until April 2, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item # 56 [15415]

Management Report on Administrative Activities





Policy and Planning Division Program Review

California Overhead Conversion Program Rule 20A For Years 2011-2015

Martin Kurtovich PE, PPD and Molly Sterkel, ED
California Public Utilities Commission

San Francisco, CA
January 19, 2017

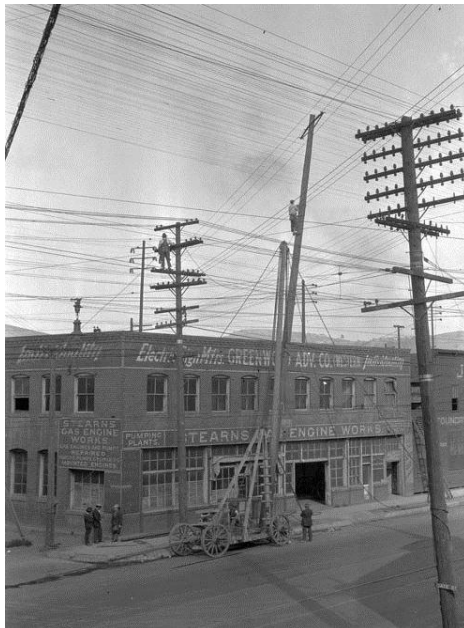




Why a Program Review for Rule 20A?

- Feedback from various California municipalities of the lack of utility service and performance.
- Significant amount of \$ in annual allocation and potential liabilities to ratepayers.

(Early 1900s) - View showing [Bureau of Power and Light](#) workers setting new pole.



(Ca. 1897) – An Edison Electric crew is laying conduit for one of LA's earliest underground electric distribution systems.



Key Questions

1. How much is spent annually for Rule 20A projects?
2. How many cities and counties participate in Rule 20A?
What is the total Rule 20A annual allocation budgeted for each utility? What is the total allocation distributed by utilities?
3. What is the existing total liability for Rule 20A?
4. How many municipalities have project plans or underground utility districts?
5. How many Rule 20A projects result in budget overruns?



How Rule 20A Works

CPUC (general rate case)

PGE

SCE

SDGE

Annual Allocation



Cumulative Balances





Project Cycle



The IOU requests & Rule 20A funding from PUC in GRC apps

Municipalities Plan, Design, Construction Underground Facilities w/ IOUs

IOU provides Rule 20A funding to the municipality



Undergrounding is Expensive

Cost per Mile: Converting Overhead to Underground Distribution^[1]

	Urban	Suburban	Rural
Minimum	\$1,000,000	\$313,600	\$158,100
Maximum	\$5,000,000	\$2,420,000	\$1,960,000

[1] Hall, Kenneth L., *Out of Sight, Out of Mind*, Edison Electric Institute 2012

Example: SCE Rule 20A Annual Project Costs 2006-2015

Year	SCE Annual Spend	No. of Projects	Avg Cost per Project
2006	\$10,321,689	6	\$1,720,282
2007	\$28,308,114	9	\$3,145,346
2008	\$42,538,523	14	\$3,038,466
2009	\$17,883,603	12	\$1,490,300
2010	\$38,870,716	9	\$4,318,968
2011	\$37,061,633	17	\$2,180,096
2012	\$20,602,430	10	\$2,060,243
2013	\$28,248,521	8	\$3,531,065
2014	\$27,700,984	9	\$3,077,887
2015	\$21,020,409	8	\$2,627,551
Total	\$272,556,622	102	\$2,719,020



Annual Allocation: Budgeted vs. Actual

Annual Rule 20A Credit Allocations by IOU

Utility	Number of Rule 20A municipalities	Budgeted Allocation (millions)	Actual Annual Allocations 2015
PGE	282	\$41.3	\$43,506,023
SCE	192	\$28.4	\$37,154,543
SDGE	27	\$26.0	\$26,273,308
Total	501	\$95.7	\$106,933,874

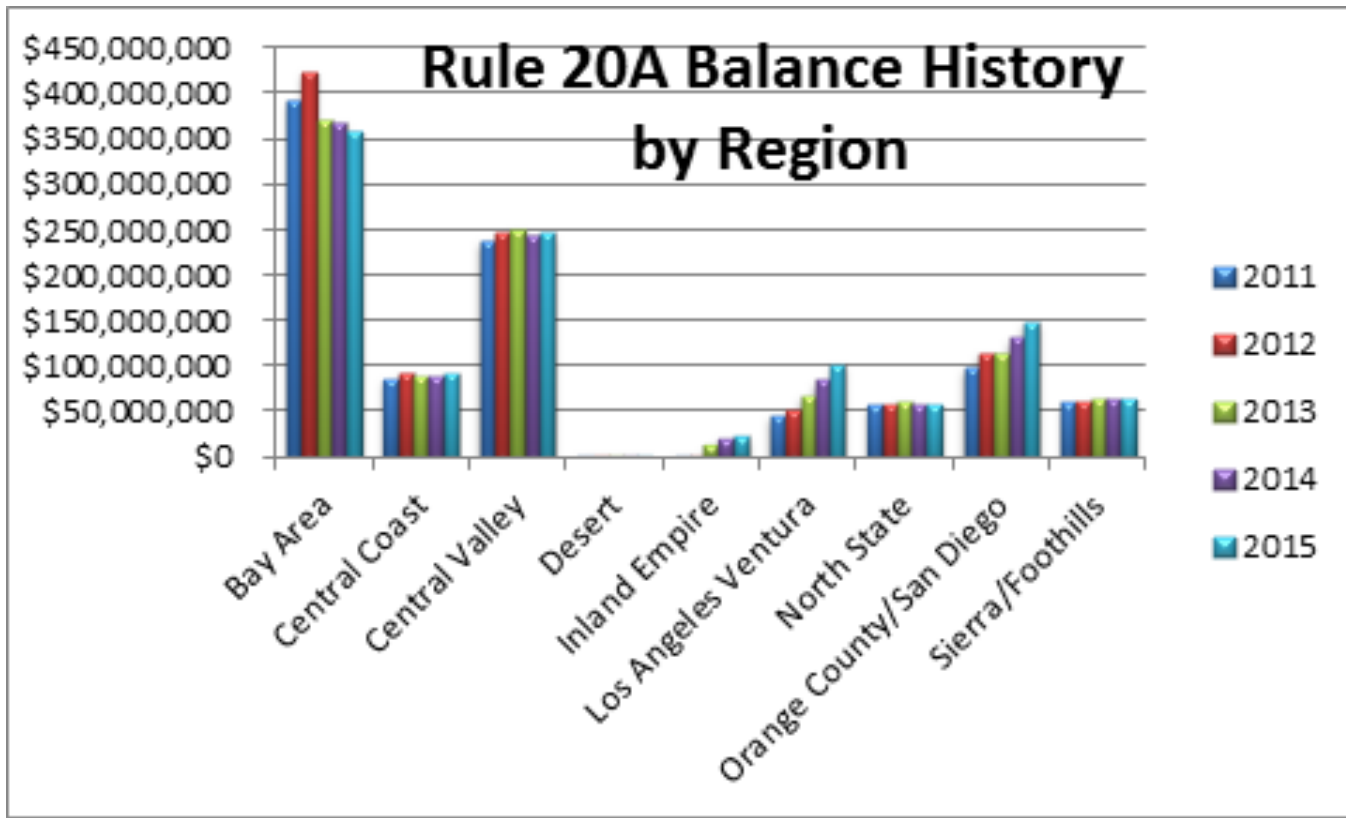


Balance by Utility

Utility	Number of Rule 20A municipalities	Total Annual Allocations 2015	Total Cumulative Balances
PGE	282	\$43,506,023	\$748,463,510
SCE	192	\$37,154,543	\$145,161,469
SDGE	27	\$26,273,308	\$131,329,491
Total	501	\$106,933,874	\$1,024,954,470



Rule 20A Balance



How Many Rule 20A Projects Result in Negative Balances?

Jurisdiction	County	2015 Allocation (3/2015)	2015 Balance (12-31-15)	Years to Retire	Utility
NAPA COUNTY	NAPA	\$155,792	(\$11,947,778)	(77)	PG&E
FIREBAUGH	FRESNO	\$17,587	(\$1,059,413)	(60)	PG&E
LAKE FOREST	ORANGE	\$23,318	(\$1,300,358)	(56)	SCE
ANDERSON	SHASTA	\$40,014	(\$2,176,117)	(54)	PG&E
RIVERBANK	STANISLAUS	\$35,173	(\$1,793,524)	(51)	PG&E
BELVEDERE	MARIN	\$6,108	(\$286,529)	(47)	PG&E
ANGELS CAMP	CALAVERAS	\$16,083	(\$690,660)	(43)	PG&E
LA CANADA-FLINTRIDGE	LOS ANGELES	\$96,006	(\$3,756,222)	(39)	SCE
HILLSBOROUGH	SAN MATEO	\$30,130	(\$978,587)	(32)	PG&E
Chino Hills	SAN BERNARDINO COUNT	\$38,713	(\$914,250)	(24)	SCE
MANHATTAN BEACH	LOS ANGELES	\$203,912	(\$4,667,280)	(23)	SCE
CAMPBELL	SANTA CLARA	\$161,322	(\$3,558,670)	(22)	PG&E
FOWLER	FRESNO	\$16,400	(\$336,127)	(20)	PG&E
SAN FRANCISCO	SAN FRANCISCO	\$3,109,290	(\$53,760,782)	(17)	PG&E
ATWATER	MERCED	\$67,675	(\$1,145,734)	(17)	PG&E
MILL VALLEY	MARIN	\$62,100	(\$921,323)	(15)	PG&E
LEMOORE	KINGS	\$60,755	(\$671,713)	(11)	PG&E
IRWINDALE	LOS ANGELES	\$13,185	(\$142,013)	(11)	SCE
PLACERVILLE	EL DORADO	\$46,132	(\$473,985)	(10)	PG&E
MALIBU	LOS ANGELES	\$52,071	(\$529,310)	(10)	SCE
		\$4,251,766	(\$91,110,376)		20



Key Findings

- There are 500 California municipalities that receive annual Rule 20A allocations. It is not clear how many have actual conversion projects planned.
- Program liabilities have potential of costing California ratepayers over \$1 billion.
- There is not sufficient quality control for the program.



Recommendations

1. CPUC **conduct financial audits** on the three programs for years 2012 - 2015.
2. For regions of the State where utilities' program performance is insufficient:

The CPUC **initiates an Order to Institute Rulemaking** (OIR) to develop a new overhead conversion program with conventional State funding practices that replaces Rule 20A program.

3. Until new program is in place, current and upcoming GRCs **require greater program accountability and reporting.**



What is the Existing Total Liability for Rule 20A?

Region	2011	2012	2013	2014	2015
Bay Area	\$392,692,828	\$424,316,094	\$369,656,703	\$367,710,853	\$357,485,341
Central Coast	\$86,332,654	\$93,252,639	\$89,374,223	\$89,564,256	\$92,220,655
Central Valley	\$238,124,858	\$246,189,581	\$249,955,885	\$244,183,035	\$245,386,559
Desert	\$1,146,500	\$1,233,160	\$1,363,503	\$598,968	\$736,555
Inland Empire	\$2,446,111	\$463,445	\$14,308,264	\$21,350,171	\$22,677,821
Los Angeles Ventura	\$45,430,674	\$51,229,447	\$68,160,918	\$84,673,032	\$101,542,015
North State	\$56,332,824	\$58,768,470	\$61,149,167	\$58,049,015	\$57,024,872
Orange County/San Diego	\$98,968,893	\$114,597,923	\$114,881,860	\$131,305,679	\$147,763,594
Sierra/Foothills	\$59,413,473	\$62,081,729	\$64,664,525	\$62,470,147	\$63,106,475
Total	\$980,888,816	\$1,052,132,487	\$1,033,515,050	\$1,059,905,155	\$1,087,943,887

Red cells denote balances > \$100,000,000



Regular Agenda – Management Reports and Resolutions

Item # 56 [15415]

Management Report on Administrative Activities





Management Reports





The CPUC Thanks You For Attending Today's Meeting

**The Public Meeting is adjourned.
The next Public Meeting will be:**

**February 9, 2017 at 9:30 a.m.
in San Francisco, CA**

