

Rule 20A Undergrounding



What is undergrounding?

- Undergrounding refers to the conversion of existing overhead electric facilities to underground facilities.
- Undergrounding can also mean new underground electric lines.
- <https://www.cpuc.ca.gov/General.aspx?id=4403>

Benefits to undergrounding

- Aesthetics
- Safety
 - Eliminates vehicle crashes into poles
 - Reduces risk of electrocution
 - Reduces fire risk
- Electric grid hardening – making it more reliable

Challenges with undergrounding

- Cost is substantial, 10x more than overhead
 - ~1.8 M to \$6.1 M per mile
 - Most recent Combie Undergrounding cost was \$965 per foot (or ~\$5.1 M/mile)
 - Adjacent property owners must also pay for undergrounding from the power line to their structures

Rule 20A program - Criterium

- Projects must be in the public interest and meet at least one of the following:
 - Eliminate an unusually heavy concentration of overhead lines
 - Involve a road w/ high volume of public traffic
 - Benefit a civic/public rec area or unusual scenic interest
 - Be listed as an arterial street or major collector
- County (local jurisdiction) must oversee the project
- County must have sufficient Rule 20A credits
- Project must be in a Utility Underground District

Rule 20A program – Process Flow/Responsibility (Combie 1994-2020)

- Identifying and reviewing potential projects – County and PG&E (Combie 1994-1996)
- Developing preliminary costs for the projects – County and PG&E (Combie 2014)
- Refining associated boundaries and costs – County and PG&E (Combie 2014)
- Coordinating the schedules of other public works projects – County (Combie 1996-2019)
- Developing final project plans – County and PG&E (Combie 2015-2018)
- Passing a municipal underground resolution – County (Combie 1996)
- Developing an underground design – PG&E (Combie 2015-2018)
- Converting service panels for underground use – Private Property Owners, County & PG&E (Combie 2015-2019)
- Starting construction – County and PG&E (Combie 2018-2019)
- Installing underground services – PG&E (Combie 2018-2019)
- Completing all street work – County (Combie 2019-2020)
- Removing existing poles from the project area – PG&E or other utility company (Combie 2019-2020)

Rule 20A program – Challenges w/ Combie Project

- Finding matching funds for oversight, coordination, etc.
 - i.e Combie Undergrounding Phase 3A cost ~\$1.53M
 - ~\$1.1M Rule 20A
 - ~\$159,229 RSTP
 - ~\$583 HUTA
 - \$229,663 Development Fee (current growth projected at about 0.3% per year)
- Cost to adjacent property owners for converting their service lines
- Time to complete work
 - i.e. Combie Undergrounding District was formed in 1996
 - Project needs to be in CIP
 - Project needs to be in an Undergrounding Utility District

Rule 20A Program Recent Changes

- PG&E has started reallocating funds from inactive jurisdictions defined as not meeting any of the following:
 - *Formally adopts an undergrounding district ordinance which expires at completion of work within the district boundaries; or*
 - *Has started or completed construction of an undergrounding conversion project within the last 8 years, defined as 2011 or later; or*
 - *Has received Rule 20A allocations from the utility for only 5 years or fewer due to recent incorporation.*
- Nevada County, Grass Valley and Nevada City are considered Active Communities

Rule 20A Program – Proposed Changes

- CPUC plans to adopt a reformed program by April 2021
 - Reformed program has been in development for several years
 - Reformed program will eliminate ~\$10.5M Rule 20A credits for Nevada County if no projects are formed or credits are not used by 2030
 - Nevada City will have a negative balance of Rule 20A credits with their proposed Broad Street project
 - Grass Valley has a near negative balance
- Rule 20B & Rule 20C programs would remain
 - Challenging since reimbursement is 40% max. of project costs, versus ~70% w/ Rule 20A

Past County Rule 20A Projects

- Combie – Multiple Phases
- McCourtney Road

How did the County complete these undergrounding districts?

- Large staff
- Supplemented costs with gas tax funds or other funds

Recent Discussions Re. Rule 20A Program

- With proposed reform, use your Rule 20A funds or lose them
- County has one undergrounding district approved:
 - Ridge Road Undergrounding District – not needed based on no future expansion of Ridge Rd and likely not desired by adjacent property owners who would have to pay for their service lines to be undergrounded or the County would have to pay (and with what \$). Not Recommended.
- Primary Challenges of creating new Underground Districts:
 - Identifying a major road where matching funds are available and adjacent property owners are able to fund their connections

Recent Requests for Nevada County Rule 20A Credits

- Nevada City has submitted a request for \$500,000 in Rule 20A credits to assist the East/West Boulder Street intersection undergrounding project.
- City of Grass Valley has considered use of Rule 20A funds
- Telecommunication utility companies have considered use of Rule 20A funds

Rule 20A outlook

Rule 20A Credit Balance Projection

[illegible]

Rule 20A – Potential Scenario

Rule 20A Credit Balance Projection Scenario 1

Year:		2020	2021*	2022	2023	2024	2025	2026	2027	2028	2029	2030**
Beginning Balance		\$6,771,774	\$6,614,657	\$10,043,487	\$10,043,487	\$10,043,487	\$10,043,487	\$0	\$0	\$0	\$0	\$0
Annual Allocation		\$342,883	\$3,428,830									
Project Expenditures	Nevada City	-\$500,000										
	Other***						-\$10,043,487					
Ending Balance		\$6,614,657	\$10,043,487	\$10,043,487	\$10,043,487	\$10,043,487	\$0	\$0	\$0	\$0	\$0	\$0

* Ability to trade credits outside of Nevada County ends

** Rule 20A program sunsets

*** Other projects could include County, Grass Valley, Nevada City projects including coordinated projects with other utility companies

Suggested Actions

- Approve MOU with Nevada City to grant \$500,000 of Rule 20A credits
- Meanwhile, staff will develop a long-term plan for the remaining Rule 20A funds and incorporate projects into the Capital Improvement Plan and/or suggest MOU's with the Cities:
 - Evaluate need for undergrounding districts in County while working with other utility providers
 - Work with Cities on any upcoming undergrounding projects they plan to complete

End of presentation

Other slides to possibly keep available in case questions are asked

Suggested Actions

- Setup meeting with PG&E Rule 20A Rep?
- Inform Grass Valley/Nevada City of intent with County Undergrounding credits
- Any desire to reinstate Underground Utilities Committee?
- Continue to monitor CPUC Undergrounding Proceeding
- Other suggestions?

Rule 20A Program – Suggested Uses Currently

- Rough and Ready Highway/Ridge Intersection Project – only one pole may need to be relocated and using undergrounding \$ would tie project up for years, we are proposing other funding. Not Recommended.
- Ridge Road Undergrounding District – not needed based on no future expansion of Ridge Rd and likely not desired by adjacent property owners who would have to pay for their service lines to be undergrounded or the County would have to pay (and with what \$). Not Recommended.
- Rincon Del Rio – The County is not doing a project at Rincon. The project would need to underground their utilities anyway per County requirements. The County does not build private roads. Not recommended.

Rule 20A Program – Suggested Uses Currently

- The Summit – not part of the FLAP Project. Could be a potential project but would need to start the process ASAP, would need matching funds, etc. Potential Project.
- NID – NID projects would not benefit from this program unless they need to underground electric service and the County wants to oversee their projects. Not recommended.
- Race Communications – Race would not be able to use the funds. If the County does an undergrounding project, we would include the ability for Race to participate. Not recommended.

Rule 20A Program – Suggested Uses Currently

- Highway 174 Widening – This is a Caltrans project. The County would have to do the project and cause the undergrounding to occur. Not Recommended.
- SR 49 Multi Modal Project - This is a Caltrans project. The County would have to do the project and cause the undergrounding to occur. Not Recommended.
- Other CIP Projects – Undergrounding would not apply to any of the currently planned projects over the next 5 years.
- Other Ideas?