PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Service and Safety Branch

RESOLUTION NO. E-3101
July 8, 1988

R E S O L U T I O N

ORDER ESTABLISHING 1988 UNDERGROUND CONVERSION BUDGET FOR PACIFIC GAS AND ELECTRIC COMPANY

SUMMARY

1. Pacific Gas and Electric Company (PG&E) has requested approval of its 1988 electric underground conversion budget by compliance letter dated December 31, 1987. This conforms to the requirements of Ordering Paragraph No. 6 of Decision 73078 in Case 8209, dated September 19, 1967, requiring each respondent electric utility to file with the Commission its annual conversion budget.

2. PG&E has requested a $40,500,000 budget for replacement of existing overhead with underground electric facilities in 1988. The Commission Advisory and Compliance Division (CACD) staff reviewed PG&E's budget and found it to be reasonable.

BACKGROUND

3. The League of California Cities and PG&E have satisfactorily negotiated a plan for the overhead to underground conversion budget funds for 1988. These negotiations come about as a result of Commission orders requiring PG&E to consult with the League and negotiate a mutually satisfactory underground conversion budget for 1984 and following years (Decision 82-12-069, amended by Decision 83-02-065). Under the plan, PG&E adopted a 5-year budget for planning by the cities and counties. The present five-year underground plan applies from 1985 through 1989. The cities/counties may expect to receive these allocations unless unforeseen circumstances develop. However, the Commission must approve each annual underground budget allocation.

4. CPUC Decision 82-12-069, dated December 15, 1982 (A. 60809), Order Paragraph No. 3, directed all utilities to calculate carryovers as the difference between total allocations for Rule 20A projects and actual expenditures on Rule 20A projects. Rule 20A deals with allocations of underground conversion project funds. PG&E had a $10 million carry over prior to setting the five-year underground conversion allocation plan. Therefore, a special allocation of $2 million is included in the conversion budget for each of the five years.

5. PG&E's Tariff Rule No. 20, Replacement of Overhead with Underground Facilities, is for the existing overhead line replacement program as specified in Decisions 85497, 85788, and 82-01-018. Tariff Rule No. 20.A.2 specifies the method of allocating the conversion budget. The rule states:

> "The Utility's total annual budgeted amount for undergrounding within any city or the unincorporated area of any county shall be allocated in the same ratio that the number of overhead meters in such city or unincorporated area of any county bears to the total system overhead meters. The amounts so allocated may be exceeded where the Utility establishes that additional participation on a project is warranted. Such allocated amounts may be carried over for a reasonable period of time in communities with active undergrounding programs. In order to qualify as a community with an active undergrounding program the governing body must have adopted an ordinance or ordinances creating an underground district and/or districts as set forth in Section A.1.b. or this rule. Where there is a carry-over, the Utility has the right to set, as determined by its capability, reasonable limits on the rate of performance of the work to be financed by the funds carried over. When amounts are not expanded or carried over for the community to which they are initially allocated they shall be assigned when additional participation on a project is warranted or be reallocated to communities with active undergrounding programs."

DISCUSSION

6. The Service and Safety Branch has reviewed the utility's proposed underground conversion budget of $40,500,000 for 1988. PG&E's request is an increase of approximately 6.6%, or $2,500,000 over the 1987 budget. The budget conforms with the allocation plan. The proposed expenditures are reasonable and are recommended for approval.

7. The present five-year underground conversion allocation plan will be completed in 1989. At the conclusion of the five-year period, an additional adjustment will be made to the total allocations based on recorded PG&E revenues and the number of overhead services. The difference between recorded underground conversion expense and allocated budget, if any, will be spread over the subsequent five-year period.

8. PG&E will allocate the conversion budget in accordance with its Tariff Rule 20.A.2 as stated above. The funds for the conversion projects will be financed by the share owners of PG&E. After the projects are completed, the amount spent on the conversion projects will go into the rate base of PG&E.

9. For the year ending 1987 approximately 11% of PG&E's lines are underground and the balance are overhead. Underground lines increased by approximately 599 miles in 1987, whereas overhead lines increased by approximately 17,557 miles during the same period.

10. In compliance with Ordering Paragraph No. 1 of Decision No. 82 -01-018, PG&E has properly allocated its budget to the ratio of overhead served meters in each city and the unincorporated area of each county to its system's total overhead served meters.

FINDINGS

11. We find that there is a continuing need for conversion of overhead electric facilities to underground.

12. An appropriate overhead to underground conversion budget has been negotiated between PG&E and the League of California Cities for the year 1988.

13. We also find that in light of the substantial costs for underground conversion, PG&E should ensure that customers requesting overhead to underground conversion are fully informed about their options to perform this work privately and to obtain competitive bids for such work.

IT IS ORDERED THAT:

1. Pacific Gas and Electric Company shall budget $40,500,000 for its 1988 underground conversion program.

2. This order is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 1988. The following Commissioner(s) approved it.

STANLEY W. HULETT
President
DONALD VIAL
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

Executive Director

Commissioner Frederick R. Duda being necessarily absent, did not participate.