

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 5913E
As of March 26, 2021

Subject: Requesting Exemption for Rule 20A Excess Costs Due to Unanticipated Conditions During Construction, Pursuant to Resolution E-4001

Division Assigned: Energy

Date Filed: 12-02-2020

Date to Calendar: 12-04-2020

Authorizing Documents: E-4001

Disposition:	Accepted
Effective Date:	01-01-2021

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Kimberly Loo

415-973-4587

PGETariffs@Pge.com

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov



December 2, 2020

Advice 5913-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Requesting Exemption for Rule 20A Excess Costs Due to
Unanticipated Conditions During Construction, Pursuant to
Resolution E-4001**

Purpose

This submittal is made pursuant to California Public Utilities Commission (CPUC or Commission) Resolution E-4001, which established CPUC policy with regard to Rule 20A project cost over-runs and allocation borrowing.

Pacific Gas and Electric Company (PG&E or the Company) requests approval of an exemption for the following two (2) Rule 20A projects that are in progress and expected to overrun available work credits. While each project has a different set of circumstances relative to work credit overruns, both projects listed below have encountered unanticipated conditions during construction which will result in costs that exceed the available work credits.

- City of Pismo Beach: Shell Beach Road Project
- City of Live Oak: Live Oak Boulevard Project

Ordering Paragraph 1 of Resolution E-4001 recognized “[a]n exemption may be made for excess costs resulting from unanticipated conditions encountered during construction.” PG&E is submitting this Tier 2 Advice Letter to request such an exemption be approved in each of these projects.

Background

Under Rule 20A, utilities such as PG&E annually allocate work credits to communities – either cities or unincorporated areas of counties – to convert overhead electric facilities to underground. The communities may either bank (accumulate) their annual allocations or borrow (mortgage) future allocations. Upon completion of an undergrounding project,

the utility records its costs in its electric plant account for inclusion in its rate base. (Res. E-4001, pp. 1-2.)

In 2000, the CPUC opened Rulemaking R. 00-01-005 to develop a uniform Rule 20A borrowing policy among utilities. The CPUC ordered the IOUs submit a model Tariff Rule 20 that, among other things, authorized that once a city has established a master undergrounding plan and identified specific projects, it may spend its accumulated allocations plus an amount equal to its estimated allocations for the next five years. (Decision (D.) 01-12-009, at p.22 and Ordering Paragraph 2) PG&E has previously submitted advice letters for authority to exceed the 5-year borrowing limit.¹

On August 26, 2006, the CPUC issued Resolution E-4001, which adopted policies related to Electric Rule 20 advice letter filings. Among other things, Resolution E-4001 provided (at p. 9, Ordering Paragraphs 1 and 2):

1. Electric utilities shall not commit ratepayers to the costs of an Electric Rule 20 overhead conversion project that requires borrowing more than five years of a community's Electric Rule 20A allocations without Commission's approval. Excess costs not approved by the Commission, will be paid either by pre-arranged community funds or by the utility shareholders. An exception may be made for excess costs resulting from unanticipated conditions encountered during construction.
2. Electric utilities shall file Advice Letters for exemption from the 5-year cap no later than three months before the date construction begins except where the excess costs result from unanticipated conditions encountered during construction.

Discussion

There are two projects currently in progress that are likely to exceed the communities' Rule 20A work credits plus 5-years' borrowing. As explained in more detail below, the work credit overruns in both projects are due to unanticipated field conditions.

1. Shell Beach Road Project (Pismo Beach)

As of June 30, 2020, the City of Pismo Beach has a total of 5,144,415 work credits available, including its 5-year borrow. As background, on this project the City elected to take the lead preparing the joint trench design (also known as the composite design) and contracting out the work for the main trench on behalf of all joint trench participants, including PG&E. As the joint trench lead, the City also calculated the share of the joint trench cost that would be borne by each joint trench

¹ PG&E submitted two advice letters seeking authority to borrow beyond the 5-year limit. See Advice 2426-E (Mill Valley/East Blithedale Blvd.); Advice 2445-E (San Francisco/Octavia Avenue).

participant. While many of the existing utilities were marked on the City's composite design, their actual depths were unknown. In the City's opinion, a "standard joint trench configuration" would work and this was the underlying assumption when the City put the project out to bid. For the most part, the standard joint trench configuration worked on the portion of the project running parallel with the road. However, issues were encountered at the sixteen street crossings on the Project. During construction, it was discovered the street crossings were going to be very difficult due to how the utilities converged at the crossings, the varying depths of the utilities, and the precise location and depth of the storm drains. In addition, the City's contractor discovered abandoned oil and gas lines in the area, formerly operated by other, third parties. Due to these conditions, the standard joint trench configuration that was the basis for the contractor's bid would not work.

To get around the conflicts, the trench had to be deepened and additional "bends" and splice boxes added. The deepened trench was more expensive to backfill and the labor itself at the crossings was very slow and difficult with much hand work. Accordingly, PG&E's share of the civil portion of the job increased which in turn also increased the cost of labor and materials for the electric portion of the job. The project is expected to cost \$5,333,034. The City is therefore projected to need to borrow a total 9.6 years, or an additional 4.6 years beyond its 5-year borrow.

Although the City has committed to acquiring additional work credits if necessary to cover or lessen the excess, PG&E is requesting an exemption from the 5-year borrow in accordance with Ordering Paragraph 1 of Resolution E-4001, which allows for communities to exceed the maximum 5-year borrow when unanticipated field conditions are encountered during construction.

2. Live Oak Blvd (Live Oak)

As of June 30, 2020, the City of Live Oak had available work credits of 4,649,797 inclusive of its Ledger balance, 5-year borrow, and pending reallocation.² The project is expected to cost \$4,938,607. The City is therefore projected to need to borrow a total 20 years, or 15 years beyond its 5-year borrow.

The overrun is due to two unanticipated conditions encountered during construction. The first was discovery of a 12-foot thick concrete section during construction under Highway 99 which is under the jurisdiction of Caltrans. Caltrans previously had no record of the concrete section and therefore had not notified PG&E of this physical conflict prior to PG&E engineering the project. In addition, while excavating through the concrete section an abandoned AT&T conduit was discovered which in turn required PG&E to excavate at a greater depth in accordance with PG&E standards to provide required separation from other utilities and to accommodate Caltrans' future roadway improvements. The second was discovery of deeper than expected storm drain at the Pennington Road and Highway 99 crossing along the mainline trench route. Due to Caltrans' safety requirements, the only viable option was to re-route

² Resolution E-4971

the trench at this crossing to get around the deeper than expected storm drain which resulted in additional trenching costs. The concrete section, abandoned AT&T conduit, and deeper storm drain were unanticipated and increased not only the cost of the project but the duration as well because construction under the highway could only be performed at night. PG&E is therefore requesting an exemption from the 5-year borrow under Resolution E-4001.

By this advice letter, PG&E requests approval of an exemption for both undergrounding projects due to encountering unanticipated field conditions that will result in exceeding the affected community's Rule 20A accumulated allocations plus 5-years' borrowing.

Approval of PG&E's request is in the public interest and is consistent with the policies underlying Resolution E-4001. In Resolution E-4001, the CPUC recognized that project costs may grow for a variety of reasons, both within and outside the control of the utility. (Res. E-4001, p. 3.) Both of these projects, unanticipated field conditions have increased the costs to complete the undergrounding work.

Protests

*****Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than December 22, 2020, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 2 advice submittal become effective on regular notice, January 1, 2020, which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

_____/S/

Erik Jacobson
Director, Regulatory Relations

cc: Anne Kim – anne.kim@cpuc.ca.gov
Jonathan Frost – jonathan.frost@cpuc.ca.gov
Tamon Norimoto – tamon.norimoto@pge.com
Grant Guerra - grant.guerra@pge.com
James Lewis - jlewis@pismobeach.org
Benjamin Fine - bfine@pismobeach.org
Aaron Palmer - apalmer@liveoakcity.org
Ron Walker - rwalker@liveoakcity.org



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39E)

Utility type:

☒ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5913-E

Tier Designation: 2

Subject of AL: Requesting Exemption for Rule 20A Excess Costs Due to Unanticipated Conditions During Construction,
Pursuant to Resolution E-4001

Keywords (choose from CPUC listing): Compliance

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: Res. E-4001

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☒ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☒ No

Requested effective date: 1/1/21

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Clear Form

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	
	Ellison Schneider & Harris LLP	Redwood Coast Energy Authority
Alta Power Group, LLC	Energy Management Service	Regulatory & Cogeneration Service, Inc.
Anderson & Poole	Engineers and Scientists of California	SCD Energy Solutions
		San Diego Gas & Electric Company
Atlas ReFuel		
BART	GenOn Energy, Inc.	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Water Power and Sewer
Barkovich & Yap, Inc.	Green Power Institute	Sempra Utilities
California Cotton Ginners & Growers Assn	Hanna & Morton	
California Energy Commission	ICF	Sierra Telephone Company, Inc.
	IGS Energy	Southern California Edison Company
California Hub for Energy Efficiency	International Power Technology	Southern California Gas Company
Financing	Intestate Gas Services, Inc.	Spark Energy
	Kelly Group	Sun Light & Power
California Alternative Energy and	Ken Bohn Consulting	Sunshine Design
Advanced Transportation Financing	Keyes & Fox LLP	Tecogen, Inc.
Authority	Leviton Manufacturing Co., Inc.	TerraVerde Renewable Partners
California Public Utilities Commission		Tiger Natural Gas, Inc.
Calpine		
	Los Angeles County Integrated	TransCanada
Cameron-Daniel, P.C.	Waste Management Task Force	Utility Cost Management
Casner, Steve	MRW & Associates	Utility Power Solutions
Cenergy Power	Manatt Phelps Phillips	Water and Energy Consulting Wellhead
Center for Biological Diversity	Marin Energy Authority	Electric Company
	McKenzie & Associates	Western Manufactured Housing
		Communities Association (WMA)
Chevron Pipeline and Power	Modesto Irrigation District	Yep Energy
City of Palo Alto	NLine Energy, Inc.	
	NRG Solar	
City of San Jose		
Clean Power Research	Office of Ratepayer Advocates	
Coast Economic Consulting	OnGrid Solar	
Commercial Energy	Pacific Gas and Electric Company	
Crossborder Energy	Peninsula Clean Energy	
Crown Road Energy, LLC		
Davis Wright Tremaine LLP		
Day Carter Murphy		
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		