

August 1, 2001

PUC 110

**ADVICE LETTER 1354-E**

(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: CLARIFICATION OF RULE 20 -- REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRIC FACILITIES**

San Diego Gas & Electric Company ("SDG&E") hereby transmits for filing the following revisions to its electric tariffs, as shown in the enclosed Attachment.

**PURPOSE**

The purpose of this filing is to formally advise the California Public Utilities Commission (Commission) of SDG&E's interpretation and administration of electric Rule 20, Section B, and to add clarifying language to Section B.2 explaining that applicants are paying the cost for removal of facilities and poles.

**BACKGROUND**

SDG&E's Rule 20 governs the conversion of overhead facilities to underground facilities. The tariff sets forth an underground conversion policy established by the Commission in 1967. Rule 20, Section A applies to conversion projects that are deemed to be in the public interest, meet the specified criteria, with the costs borne by the utility. Rule 20, Section B applies to conversion projects that are not covered by Section A, meet the criteria specified in Section B, and the applicant bears the cost but receives a credit for the estimated cost of a new overhead system. Rule 20, Section C applies to conversions not covered by Sections A or B, with the applicant paying all of the costs less net salvage value and depreciation of the removed overhead facilities.

Rule 20, Section B (hereafter referred to as Rule 20.B) provides, in pertinent part, as follows:

"In circumstances other than those covered by A. above, the utility will replace its existing overhead electric facilities with underground electric facilities along public streets and roads or other locations mutually agreed upon when requested by an applicant or applicants when all of the following conditions are met:

2. The applicant has:
  - c. Paid a nonrefundable sum equal to the excess, if any, of the estimated costs, including transformers, meters, and services, of completing the underground system and building a new, equivalent overhead system.
3. The area to be undergrounded includes both sides of a street for at least one block or 600 feet, whichever is the lesser, and all existing overhead communication and electric distribution facilities within the area will be removed.”

Rule 20.B.2.c sets forth the limited and specific credit an applicant is to receive. In particular, this Section provides for limited ratepayer funding of the cost which is equal to the cost of a new, equivalent overhead system. The balance of the costs, including the removal of existing overhead facilities, described in Section 3, above, is borne by the applicant. That is, the cost of removing poles and the rest of the overhead system is an inherent part of completing the conversion and is not part of the credit that is given to the applicant. This interpretation of Rule 20.B is consistent with the provisions of Rule 20 that were established by Commission Decision (“D.”) 73078 in 1967.

In or about 1995, after reviewing their tariffs and determining that the proper application of Rule 20.B was to include these charges in the underground costs to the applicant, SDG&E and PG&E began charging Rule 20.B applicants for pole removal costs. SDG&E did not notify the Commission when it began charging for pole removal costs because its Rule 20.B tariff already stated that the only credit to be given to the applicant was the estimated cost of constructing a new overhead system.

In 1999, Southern California Edison (“SCE”) reviewed the language of its Rule 20.B and also determined that, based on the language, Rule 20.B applicants appropriately should bear the costs of pole removal for conversion projects.

The costs of removing the poles and overhead facilities should be incurred by the Rule 20.B applicant only, who either prefers to receive underground service or is required to do so by some entity other than SDG&E (such as a governmental entity). SDG&E believes that it is more appropriate to charge these pole removal costs to the applicant/property owner who will receive the benefit of the underground facilities, rather than to impose these costs on the general ratepayers, including those who receive no underground service at all. SDG&E also believes this is consistent with the current language of Rule 20.B.2.c and also consistent with the Commission’s original D.73078.

On March 27, 2001, the Commission issued D.01-03-051 in Case 00-07-054 (Barratt American, Inc. versus SCE) concerning pole removal costs. In D.01-03-051, the Commission found that SCE’s Rule 20.B tariff, interpreted as a whole, does not give credit to applicants for the costs of pole removal, but that SCE should have filed a revision to its Rule 20.B to make its practice clear. Therefore, by this filing, SDG&E hereby seeks approval to add language to its Rule 20.B.2.c to clarify that pole removal costs are included in the costs paid by those applicants causing the conversion of electric facilities.

**EFFECTIVE DATE**

SDG&E respectfully requests that this Advice Letter become effective on September 10, 2001, which is 40 calendar days after the date filed.

**PROTEST**

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division – IMC Branch  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102

Please send a copy of the protest via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: C. Richard Swanson  
Regulatory Tariff Manager  
101 Ash Street - HQ14D  
San Diego, CA 92101-3017  
Facsimile No. (619) 696-4027  
E-mail: [rswanson@sempa.com](mailto:rswanson@sempa.com)

**NOTICE**

In accordance with Section III-G of General Order 96-A, a copy of this filing has been served on the utilities and interested parties shown on the attached list, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to Martha Ulloa by facsimile at (619) 696-4027 or by e-mail to [mulloa@sempa.com](mailto:mulloa@sempa.com).

---

LEE SCHAVRIEN  
Director, Regulatory Case Management  
& Tariff Administration

Enclosures  
(cc list attached)

ATTACHMENT A  
ADVICE LETTER 1354-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 14701-E	RULE 20, REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRIC FACILITIES, Sheet 5	Revised 11247-E
Revised 14702-E	TABLE OF CONTENTS, Sheet 1	Revised 14699-E
Revised 14703-E	TABLE OF CONTENTS, Sheet 5	Revised 14697-E



**RULE 20**

REPLACEMENT OF OVERHEAD WITH UNDERGROUND ELECTRIC FACILITIES

A. (Continued)

4. The utility may, at its sole discretion, enter into agreements with a governing body of a city or county to reduce the amount of funding for undergrounding of overhead facilities (see Form 142-1659). The governing body will, at the time of entry into the agreement, be entitled to an agreement for a minimum of one (1) year or as long as five (5) years. Upon entry into the agreement, any specific projects that the governing body and the utility have previously agreed to will not be subject to the agreement. Any expenses incurred by the utility due to performance of agreements, as set forth in this sub-section, shall be booked as normal utility expenses.

B. In circumstances other than those covered by A. above, the utility will replace its existing overhead electric facilities with underground electric facilities along public streets and roads or other locations mutually agreed upon when requested by an applicant or applicants when all of the following conditions are met:

- 1. a. All property owners served from the overhead facilities to be removed, first agree in writing to have the wiring changes made on their premises so that service may be furnished from the underground distribution system in accordance with the utility's rules, and that the utility may discontinue its overhead service upon completion of the underground facilities, or
- b. Suitable legislation is in effect requiring such necessary wiring changes to be made and authorizing the utility to discontinue its overhead service.

2. The applicant has:

- a. Furnished and installed the pads and vaults for transformers and associated equipment, conduits, ducts, boxes, pole bases, and performed other work related to structures and substructures including breaking of pavement, trenching, backfilling, and repaving required in connection with the installation of the underground system, all in accordance with the utility's specifications, or, in lieu thereof, paid the utility to do so;
- b. Transferred ownership of such facilities, in good condition, to the utility; and
- c. Paid a nonrefundable sum equal to the excess, if any, of the estimated costs, including transformers, meters and services, of completing the underground system and building a new equivalent overhead system. Completed underground system includes removal of overhead facilities and poles.

3. The area to be undergrounded includes both sides of a street for at least one block or 600 feet, whichever is the lesser, and all existing overhead communication and electric distribution facilities within the area will be removed.

T  
N



**TABLE OF CONTENTS**

Sheet 1

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

	<u>Cal. P.U.C. Sheet No</u>
TITLE PAGE.....	4812-E
TABLE OF CONTENTS.....	14702, 14622, 14683, 14624, 14703, 14109-E 14684, 14700, 14368, 14369-E
<b>PRELIMINARY STATEMENT:</b>	
I. General Information.....	8274, 11202, 11441-E
II. Balancing Accounts.....	14299, 11666, 11667, 11344, 11345, 11670-E 11347, 13252, 13253, 13741, 13122, 13794-E 14269, 14270, 14271, 14272, 12410, 12411-E 12412, 12413, 12414, 13254, 12731, 12417-E 14273, 14283, 14300, 14337-E
III. Memorandum Accounts.....	14689, 12422, 12423, 12424, 12425, 12426-E 12427, 12428, 12429, 12430, 12431, 12432-E 12433, 12434, 12435, 12436, 12437, 12438-E 12439, 12440, 12441, 12442, 12443, 12444-E 12445, 12446, 12447, 13799, 13800, 13801-E 13802, 13803, 13804, 13805, 13806, 13807-E 13808, 13809, 13903, 13935, 13969, 14000-E 14011, 14184, 14203, 14361, 14362, 14670-E 14372, 14465, 14671, 14690, 14691, 14692-E
IV. Electric Distribution and Gas Performance Based Ratemaking (PBR) Mechanism.....	12125, 12126, 12127, 12128, 12129, 12130-E 12131, 13256, 12133, 12134, 12135, 12136-E 12137, 12138, 12139-E
V. SONGS 2&3 Ratemaking Procedure.....	12461, 12462, 12463, 12464, 12465, 12466-E 12467, 12468, 12469, 12470, 12471-E
VII. Miscellaneous.....	13810, 12473, 12474, 12475, 12476, 12909-E 12478, 12479, 12480, 12481, 13257, 12483-E 12484, 12485, 12486, 12487-E
<b>INDEX OF RATE AREA MAPS.....</b>	<b>9134-E</b>
Map 1 - Territory Served.....	5120-E
Map 1-A - Territory Served.....	4916-E
Map 1-B - Territory Served.....	7295-E
Map 1-C - Territory Served.....	9135-E
Map 1-D - Territory Served.....	9136-E
Map 2 - Territory Served.....	8048-E

(Continued)

1R4  
Advice Ltr. No. 1354-E  
Decision No. \_\_\_\_\_

Issued by  
**William L. Reed**  
Vice President  
Chief Regulatory Officer

Date Filed Aug 1, 2001  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_



**TABLE OF CONTENTS**

RULES

<u>RULE NO.</u>	<u>SERVICE</u>	<u>CAL. P.U.C. SHEET NO.</u>
1	Definitions.....	14429, 14430, 14686, 14501, 14502, 14503-E 14435, 14436, 14437, 14438, 14439, 14440-E 14441, 14442, 14443-E
2	Description of Service.....	6147, 6148, 6149, 6150, 6151, 6152-E 6153, 6154, 6155, 6156, 9101, 11451-E 9103, 9104, 9105, 9106-E
3	Applications for Service.....	8431, 11596-E
4	Contracts.....	9107, 9108, 14099, 14100-E
5	Special Information Available for Customers...	14157, 11452, 5925, 8797, 6499-E
6	Establishment & Re-establishment of Credit...	8432, 8433-E
7	Deposits.....	6651, 6652-E
8	Notices.....	11453, 6787-E
9	Rendering and Payment of Bills.....	9111, 9112, 13296, 13231, 13232, 12032-E 14212, 8948, 12033, 12034, 12035-E
10	Disputes.....	14158, 14159-E
11	Discontinuance of Service.....	11454, 6789, 6790, 8013, 6792, 8434-E 11597, 13930-E
12	Rates and Optional Rates.....	4791-E
13	Temporary Service.....	11219-E
14	Shortage of Electric Supply and Interruption of Delivery.....	14325-E
15	Distribution Line Extensions.....	11220, 11221, 11222, 13235, 13202, 13203-E 13204, 12777, 13208, 11229, 13205, 13236-E 11232-E
16	Service Extensions.....	11233, 13237, 10501, 11235, 11236, 13238-E 11238, 11239, 11240, 11241, 11242, 11243-E 11244, 11245-E
18	Meter Tests and Adjustment of Bills.....	9744, 9739, 9740, 9741-E
19	Supply to Separate Premises and Resale.....	10504, 10505, 14101-E
20	Replacement of Overhead With Underground Electric Facilities.....	6779, 6780, 6781, 13661, 14701-E
21	Interconnection Standards for Non-Utility Owned Generation.....	14111, 14112, 14694, 14114, 14695-E 141116 to 14151-E
21.1	Final Standard Offer 4 Qualifying Facilities.....	7966 to 7989-E
22	Special Service Charges.....	8713, 8714-E
23	Competition Transition Charge.....	12718, 11898, 10619, 10620, 10621, 12719-E 10623, 10624, 10625, 11899, 12721, 12722-E 12723, 12724-E
24	The Hourly EECC Rate Option Rules.....	13986, 13987, 13988, 13989, 13990-E 13991, 13992, 13993, 13994-E
25	Direct Access Rules.....	10526, 13995, 10528 to 10533, 11901-E 10535, 10536, 12198, 10538, 10539-E 12199, 10903 to 11930-E
26	Billing Agent Services for Department of Water Resources.....	14353, 14354, 14355, 14356-E
28	Provision of Utility Right-of-Way Information...	14167, 14168, 14169, 14170, 14171-E

T

(Continued)