



# Update on Solano County's Rule 20A Program

---

- Informational Presentation
- Review and provide options for future use of Solano County's Rule 20A credits

Presented to the Board of Supervisors  
on January 14, 2020  
Department of Resource Management



## Rule 20A Program

---

- The Public Utilities Commission instituted the current undergrounding program in 1967 with Tariff Rule 20
- The Rule 20A Program governs and funds the conversion of overhead electrical utilities with new replacement underground services
- Amendments to the Program also established rules to govern how the costs of the conversion are to be allocated between the utilities and agencies
- Credits are allocated annually to local cities and counties to assist in the costs of undergrounding electrical utilities, and can be accumulated until there is an identified approved project
- Solano County 's Rule 20A ledger balance with PG&E currently totals \$4 million



## Utilizing Rule 20A Credits

- There are specific parameters on how credits are applied to a project
- There is typically a required funding share match required from other funding sources to complete a project
  - Examples of local cost shares include survey, construction yard location, easements, contaminated soils, cultural resources, private electric service panel conversions, paving, and local staff costs
- To utilize the Rule 20A credits for a project, the local agency must enter into an agreement with PG&E which specifies how the credits will be converted to reimbursable dollars
  - The standard agreement was recently revised by the Public Utilities Commission with some terms more favorable for local agencies, including new shared costs in repaving, easement acquisitions, and environmental studies
- The credits can also be swapped with other government agencies by agreement to help facilitate projects
- Rule 20A funds can be challenging to expend and can have high local cost shares



## Past History for County's Rule 20A Projects

---

- Completed Benicia Road Improvement and Utility Undergrounding Project in year 2000 for \$900k on 0.36 miles of Benicia Road in the Homeacres area
- Initiated a project with PG&E in 2009 for utility undergrounding in Suisun Valley along Rockville Road
  - Preliminary project cost estimate of \$8 million for the Suisun Valley project with only \$3.4 million in Rule 20A credits available at that time
    - The long linear rural project was more expensive than anticipated at the time
- The Department has been holding off on Rule 20A until the standard agreement terms and funding conditions were more favorable



# Options for Solano County's Rule 20A Credits

1) Initiate a new project, with steps as follows:

- Work with PG&E staff to scope a new Rule 20A project
- Wait for PG&E to accept a new Rule 20A project agreement
  - Currently on hold pending completion of projects already in queue
- Enter into the terms of the new PUC agreement with PG&E
- Bring an underground utility district boundary to the Board for consideration
- Generate a formal estimate and funding plan for the project
- Initiate project design, right of way, and eventual construction



## Options for Solano County's Rule 20A Credits (cont.)

- 2) Let credits accumulate with potential targeted use on small projects
  - Let Rule 20A credit balance grow over time
  - Pick a project at a later date that is reasonable for our credit balance
  - Potential for unanticipated Rule 20A credit expenditure on future projects
    - Joint projects with cities sometimes require small sections to be undergrounded
    - Some limited sections of poles could be undergrounded in future County projects



## Options for Solano County's Rule 20A Credits (cont.)

### 3) Consider swapping Rule 20A credits with other local agencies

- PG&E and PUC are supportive of fund swaps for Rule 20A credits
  - Large backlogs of projects are seeking additional Rule 20A credits
- These swaps usually include deep discounts, typically at 50% or less, for credits
- Solano County has received inquiries and solicitation from government agencies for our credits
  - City of Pismo Beach and County of San Mateo have proposed swaps
    - They provided examples of past agreements for 35 and 46 cents per credit, and County of San Mateo has proposed 50 cents per credit
  - City of Rio Vista responded with interest after soliciting local cities



# Options for Solano County's Rule 20A Credits

---

## 4) Combination of the Options

- Initiate a small project and sit on remaining balance
- Initiate a project and swap some credits
  - Utilize dollars from credit swap to fund local match project costs
- Swap some credits and sit on remaining balance



## General Direction for the Rule 20A Credits

---

Questions and Board member comments to staff