



Liberty Utilities (CalPeco Electric) LLC
933 Eloise Avenue
South Lake Tahoe, CA 96150
Tel: 800-782-2506
Fax: 530-544-4811

December 21, 2022

VIA EMAIL ONLY

**Advice Letter No. 198-E-A
(U 933-E)**

California Public Utilities Commission
Energy Division, Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

**Subject: Liberty Utilities (CalPeco Electric) LLC (U 933-E) – Approval for Updated
Rule 20 Guidebook**

Purpose

Pursuant to Ordering Paragraph (“OP”) 10 of California Public Utilities Commission (“Commission”) Decision (“D.”) 21-06-013, Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty”) submits this **Tier 2** Advice Letter (“AL”) to request approval of its Electric Rule 20 Guidebook. This Advice Letter is supplemental to AL 198-E.

Background

OP 10 of D.21-06-013, the CPUC ordered:

Within 90 days of the date that the first Rule 20 Guidebook is approved in accordance with this decision, Liberty Utilities and PacifiCorp shall each file and serve a Tier 2 advice letter requesting approval for an updated Rule 20 Guidebook based on the approved Rule 20 Guidebook for Southern California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company.

Liberty submitted a revised Rule 20 Guidebook per OP 10’s directive.

In response to AL 198-E, The Public Advocates Office (Cal Advocates) submitted a protest with the reason:

Liberty’s Rule 20 Guidebook fails to meet some of the requirements designed to enhance the Guidebook’s effectiveness.

Liberty has revised its Rule 20 Guidebook per recommendations from Cal Advocates’ protest submitted on October 11, 2022. The revised guidebook is attached to this advice letter.

Effective Date

Liberty requests that this **Tier 2** advice letter be effective as of October 21, 2022.

Protests

Anyone wishing to protest this advice letter may do so by letter sent via U.S. mail, facsimile, or email, any of which must be received no later than January 10, 2023, which is 20 days after the date of this advice letter. There are no restrictions on who may submit a protest, but the protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. Protests should be mailed to:

California Public Utilities Commission
Energy Division, Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298
Facsimile: (415) 703-2200
Email: edtariffunit@cpuc.ca.gov

The protest should also be sent via email and U.S. mail to Liberty Utilities (CalPeco Electric) LLC at the address shown below on the same date it is mailed or delivered to the Commission:

Liberty Utilities (CalPeco Electric) LLC
Attn: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Email: CaseAdmin@libertyutilities.com

Notice

In accordance with General Order 96-B, Section 4.3, a copy of this advice letter is being sent electronically to parties shown on the attached service list.

If additional information is required, please do not hesitate to contact me.

Respectfully submitted,

LIBERTY

/s/ Cynthia Fisher

Cynthia Fisher
Manager, Rates and Regulatory Affairs

cc: Liberty General Order 96-B Service List



Liberty's Electric Rule 20 Guidebook

Table of Contents

| | |
|--|----|
| Introduction..... | 1 |
| Undergrounding Other Utility Lines | 2 |
| Rule 20 Programs | 2 |
| Rule 20A..... | 3 |
| Qualifying Criteria..... | 4 |
| Funding and Work Credits..... | 5 |
| Other Funding Sources | 6 |
| Using Allocated Work Credits..... | 6 |
| Consultation, Public Hearings and General Enabling Ordinance | 6 |
| Creating Underground Utility Districts..... | 6 |
| Assessment Districts | 7 |
| Rule 20A Project Management & Construction | 7 |
| Notifying Participating Utility Companies | 7 |
| Project Lead | 8 |
| Project Phases | 8 |
| Service Laterals and Panel Conversions..... | 9 |
| Service Laterals..... | 9 |
| Panel Conversions | 10 |
| Encroachment Permits and Rights-of-Way..... | 10 |
| Streetlights | 11 |
| Paving and Restoration Standards..... | 11 |
| Soil Contamination | 12 |

| | |
|---|----|
| Subsurface Transformer Installations | 13 |
| Environmental Concerns | 14 |
| Cultural Resources | 14 |
| Project Completion | 14 |
| Project Cost..... | 15 |
| Rule 20B..... | 16 |
| Projects Initiated or Managed by a City or County | 17 |
| Projects Initiated and Managed by Property Owners | 17 |
| Rule 20B Conversion by Assessment District | 17 |
| Developer Contributions | 18 |
| Development Fees | 18 |
| Schedule | 18 |
| Project Cost..... | 19 |
| Rule 20C | 20 |
| Schedule | 20 |
| Project Cost..... | 20 |

ELECTRIC RULE 20 GUIDEBOOK

Introduction

In response to local government interest in enhancing the aesthetics of their communities, the California Public Utilities Commission (CPUC) in 1967 established electric tariff Rule 20 (Rule 20 or Tariff). Under Rule 20, there are three programs that apply to all utilities and a fourth program specific to SDG&E's Rule 20 tariff. The common Rule 20 programs are Rule 20A, Rule 20B and Rule 20C.

This Electric Rule 20 Guidebook (Guidebook) is a tool for Rule 20 applicants and interested parties that may be considering the conversion of existing overhead utility lines to underground.

This Guidebook explains how undergrounding is funded (i.e., who is responsible for the cost), pursuant to Rule 20. It will also identify and illustrate models used for planning a conversion program, and suggest how utilities, city and county governments, developers and even residents and businesses can work together to implement undergrounding of overhead utility lines. Liberty's overhead electrical facilities under CPUC jurisdiction are considered eligible for Rule 20 treatment.

This Guidebook is intended to help Rule 20 applicants and interested parties understand not only the language and procedures of the tariff Rule 20, but also the operational complexities of undergrounding. This Guidebook is not intended to serve as legal advice, however, and local governments should rely upon their own counsel – and could consult with the CPUC's Energy Division – as they proceed. Importantly, though the Tariff language is extremely similar for all of the CPUC- jurisdictional electric utilities, each utility may have differing implementation practices, differing labor structures, and other important differences that mean one utility's approach to Rule 20 may not be exactly the same as those of the others.

The CPUC places limits on the amount of money electric utilities may spend on utility ratepayer-funded underground conversions in the General Rate Case (GRC) process.¹ An appropriate amount is authorized by the CPUC in order to balance the public's interest in this primarily aesthetic program against the expenditures that may become an undue burden on utility customers. Under Rule 20A, all customers ultimately pay for the cost of undergrounding through Liberty's rates, regardless of the level of participation by each community. Therefore, the CPUC has taken steps to ensure that the utility companies' Rules include provisions for communities to

¹ GRCs are proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. The GRC is how Liberty gets funding for its operations.

accelerate or expand their conversion programs using other funding sources. Many of those sources are identified in this Guidebook.

Undergrounding Other Utility Lines

Rule 20 is a tariff that governs the state of California’s CPUC jurisdictional electric utilities. The CPUC jurisdictional communications providers have their own tariffs governing undergrounding. The communications tariff rules generally set out the same criteria for undergrounding as do the electric tariff. In practice, the communications providers “follow the electric utility into the trench.” Cable television providers on the other hand do not have such a CPUC approved tariff. Cable television providers are also required to comply with the Underground Utility District and Resolution to remove overhead facilities and generally do so according to the terms of their franchise or other agreements with the cities and counties in which they provide service. Liberty’s Joint Pole Agreements will also help define the role and participation of the communications providers in undergrounding. All other utilities and coordination of their work will be performed with their independent standards and practices as part of the final design of each project.

Rule 20 Programs

The rules established by the CPUC for electric utility companies are collectively known as Rule 20. These include Rules 20A, 20B, and 20C.

Each category of Rule 20 addresses different funding mechanisms and qualifications for undergrounding existing overhead utility lines.

| Rules | Description of Funding |
|----------|---|
| Rule 20A | Conversion projects under this section are funded by all of Liberty’s ratepayers throughout the service area using Rule 20A work credits but only for projects deemed to create a general public benefit by satisfying at least one qualifying criterion. |
| Rule 20B | Conversion projects under this section are funded partially by general ratepayers and partially by those requesting the underground conversion (property owners, municipalities, counties, developers, etc.). This program provides limited ratepayer subsidies for undergrounding utility lines in areas that do not qualify under Rule 20A, or in cases where there are not enough Rule 20A work credits to cover the costs of the project. |

| | |
|----------|---|
| Rule 20C | Conversion projects under this section are funded almost entirely, minus net salvage value and depreciation, by those requesting the underground conversion. This program enables property owners to pay for the cost of undergrounding utility lines which do not qualify under Rule 20A or 20B. |
|----------|---|

Rule 20A

This section of the Guidebook outlines the underground conversion process and highlights many of the issues that cities and counties must consider when embarking on an underground conversion project. Below is a summary which includes many of the steps found detailed in this Guidebook.

- **Work Credits:** Each year Liberty establishes an annual allocation of “work credits”. These work credits are allocated to cities and counties using the formula found in Section A of Rule 20.
- **Conversion Master Plan (optional):** This is an approach cities and counties may use to identify conversion priorities, potential conversion projects, and build consensus among city or county leaders.
- **Utilities Conversion Plan (optional):** The Conversion Planning Committee of a city or county begins to plan specific conversion projects, including rough budgets and timelines.
- **Using Work Credits:** Liberty determines the city or county’s available work credits and, where requested, will estimate the cost of a potential Rule 20A underground project during the initial design phase.
- **Ordinance/Resolution:** City or county passes an ordinance and/or resolution for a specific undergrounding project, and the boundaries of the project are described within these documents.
- **Engineering:** Completion of all documents and construction drawings necessary to construct a new underground electrical system. May include the replacement of streetlights, undergrounding of services on private property, and the modification of customer’s service panels to accept underground service. Rights-of-way may need to be secured for which Liberty will prepare the necessary documents and contact the affected property owners.
- **Construction:** Includes but is not necessarily limited to trenching, backfill, trench restoration, pulling cable, service conversions, energizing underground system and removal of overhead electrical facilities (poles/wires).
- **Close Project:** Liberty determines the final project costs and reports to the city or county and to the CPUC.

Undergrounding is generally undertaken for primarily aesthetic reasons and is only one of the electric utility's many capital improvements projects. Like most utility infrastructure investments, the cost of undergrounding for a Rule 20A conversion is borne by all ratepayers. If undergrounding existing overhead electrical lines and facilities are a priority for a local government, it is critical to begin working with the utility companies on planning a city or county's underground conversion well in advance. Once a city or county has accumulated enough Rule 20A work credits, the project may be scheduled as part of the utilities' capital improvement plan.

Qualifying Criteria

Rule 20A underground conversion projects are funded by all of Liberty's ratepayers, not just those in the affected area, and are intended to underground existing distribution lines and poles under CPUC jurisdiction in areas that benefit the "public interest" as defined in criteria set by the CPUC.

To underground utility lines under this Rule, the governing body of the city or county in which the lines are located has:

1. Determined, after consultation with Liberty and after holding public hearings on the subject, that such undergrounding is in the general public interest for the following reasons, at least one of which must be met:
 - a. Such undergrounding will avoid or eliminate an unusually heavy concentration of overhead lines.
 - b. The street, road, or right-of-way used by general public and carries a heavy volume of pedestrian or vehicular traffic.
 - c. Wheelchair access is limited or impeded by existing above ground electric and/or telecommunications infrastructure including pad-mounted facilities on sidewalks or in other areas in the pedestrian right-of-way that is otherwise not compliant with the Americans with Disabilities Act.
 - d. The street, road or right-of-way adjoins or passes through a civic area or public recreation area or an area of significant scenic, cultural, and/or historic interest to the general public; or
 - e. The street, or road, or right-of-way is considered an arterial street or major collector as defined by the California Department of Transportation's California Road System functional classification system.
2. The undergrounding extends for a minimum distance of one block or 600 feet, whichever is the lesser.
3. Adopted an ordinance and/or resolution creating an underground district in the area of the existing overhead lines and where the new underground lines will be located. The new district must require that:

- a. All existing overhead communication and electric distribution lines in such district shall be removed. Managed independently by each utility and their construction schedule
- b. Each property served from such electric/communication overhead lines shall have installed, in accordance with the utility company's rules for underground service, all electrical/communication line changes on the premises necessary to receive service from underground facilities as soon as it is available, and
- c. Utility companies are authorized to discontinue and remove their overhead service by mutually agreed date.

Funding and Work Credits

Rule 20A funding is authorized by the CPUC through the utility's GRC. These budget amounts are recovered from customers through electricity rates.

The utility allocates work credits to the various cities and counties in its service area in which it provides electric service. Liberty does so utilizing the allocation formula in Section A.2. of our Rule 20 Tariff, which generally tracks the ratio of electric meters (customers) in that jurisdiction to the total number of meters in its entire system. Therefore, larger cities and counties with more customers receive a greater annual allocation of work credits than smaller cities with fewer customers.

Although Rule 20A uses the word "funds" to describe the "work credits", they are not actual dollars. They are not deposited into bank accounts for each city and county, and they do not earn interest. Rather, in order to fund construction of a Rule 20A conversion project, Liberty recovers costs through the General Rate Case process which authorizes Liberty to collect revenues related to, among other things, adopted amounts for Rule 20A projects. Liberty is only authorized to allocate these revenues to Rule 20A projects. Any differences between the adopted expenditures and actual recorded expenditures are updated through actual recorded dollars in the next GRC. The costs are recovered through customer rates over the life of the assets installed.

When allocated work credits are "unspent" in any year, the work credits roll over to the next year to create an available work credit balance. Local governments may accrue allocations until they have enough to pay for a project. Approval for all projects must be agreed upon in writing along with a projected schedule.

CPUC's Decision (D.)21-06-013, issued on June 3, 2021, in the Rule 20 Order Instituting Rule Making (OIR), required **Liberty to discontinue allocating new Rule 20A work credits after December 31, 2022**. Liberty's last allocation of work credits will, therefore, be a 2022 allocation added to city and county balances in 2022. After Liberty's last annual allocation of work credits, cities and counties will continue to be able to complete Rule 20A projects within their available work credit balances. This will only include projects permitted for construction by the above date.

Other Funding Sources

Some cities and counties use Rule 20A work credits in conjunction with non- utility funding and various combinations of Rules 20B and 20C.

Cities and counties can generate local, non-utility funding for the Rule 20B or Rule 20C portion of the conversion projects with many of the same tools used to fund other local improvements. These include:

- Assessment Districts
- Developer Contributions
- Development Fees
- Other city or county funds

In addition, individual property owners can be required, by ordinance, to pay certain costs of converting utility lines on private property.

Using Allocated Work Credits

Once the city or county has decided on a project location, they should meet with Liberty to determine whether the plan qualifies as a Rule 20A project, and that there are enough work credit allocations to cover the projected cost.

Consultation, Public Hearings and General Enabling Ordinance

In order to initiate/formalize an underground conversion, a city or county must do the following things:

- Consult with Liberty and call public hearings to determine whether the removal of poles, overhead wires, and associated overhead structures within a proposed underground utilities district is justified by the general public's interest.
- Adopt an ordinance designating the Underground Utility District (UUD) requiring that all existing overhead electrical and communications facilities be removed, and any new future facilities be placed underground.
- Require property owners in the UUD to install in accordance with Liberty's rules for underground service, all electrical facility changes necessary to receive service from the new underground system as soon as it is available.
- Authorize Liberty to discontinue its overhead service

Creating Underground Utility Districts

Once a city or county has adopted a General Enabling Ordinance, it can proceed with the creation of individual underground utility districts through passage of a resolution. This generally consists of the following steps:

1. City or county to work with utility to develop a project boundary and proposed timeline.
2. The area to be converted is clearly defined by a boundary map.
3. Liberty to verify the availability of project work credits.
4. City or county to distribute notices to affected property owners and hold a public hearing.
5. City or County to inform the affected property owners of their responsibilities and how their service conversions will be paid.

The city or county adopts a resolution creating the underground utility district, including setting the date by which property owners must be ready to receive underground utility service and specifying whether it will use Rule 20A work credits to cover the installation of service laterals and any panel conversion work on private property.

Prior to the city or county adopting a resolution, they should work together with participating utilities to develop a project timeline and adopt a resolution two to five years prior to the desired project start date. This should give participating utility companies enough lead time to budget, coordinate, and schedule their work.

Assessment Districts

Pursuant to the 1911 Street Improvement Act, assessment districts may be created by the city or county to pay for city or county costs, such as a city or county-owned street lighting system to be installed in conjunction with a Rule 20A project.

Rule 20A Project Management & Construction

Notifying Participating Utility Companies

A project “kick-off” meeting is recommended to be scheduled by the sponsoring city or county to notify all affected utilities of the proposed undergrounding project and to solicit input that may impact the proposed project’s scope and schedule.

Undergrounding projects take a minimum of two to seven years to complete or longer should unanticipated delays be encountered. Prior to the community adopting a resolution, the community and participating utilities should work together to develop a project timeline. The sponsoring city or county can then prepare and adopt a resolution with the desired completion date. This should provide participating utilities enough lead time to budget, coordinate, and schedule their work. Once the conversion project has cleared the public hearing process and has received formal approval by the city or county, the participating utility companies will again need to be notified. The utilities will need a signed approved copy of the resolution and boundary

map and other documents as specified by each individual utility. The project will then enter the electric utility's queue for Rule 20A projects.

Project Lead

Cities or counties contemplating establishing an undergrounding program, even one limited to Rule 20A electric projects where the costs of the utilities' work are ultimately borne by ratepayers, should understand that this is ultimately a project sponsored by the city or county. It will require the support of public works and other city or county staff to manage these projects.

While the project sponsor of a Rule 20A project is the city or county, Liberty is typically the "lead utility," meaning Liberty will complete its design of a new underground electric system first. This is necessary for Liberty to establish an acceptable trench path in the public right-of-way with suitable locations for its larger vaults and manholes needed to house electrical equipment. Once Liberty has completed a preliminary design, Liberty will forward an electronic copy of its design to the other utilities for each to begin their own designs, using the identified trench path as a joint trench to the extent feasible.

Each utility will be responsible for system design and installation of its own cables, wires, and pad-mounted fixtures for the new underground system and management of their construction team practices. Liberty has no authority or contractual arrangement with the affected utilities, as each utility is either governed under its own undergrounding tariff or franchise agreement with the sponsoring city or county. Liberty will assist in coordinating the work with the affected utilities but will look to the sponsoring city or county to provide overall direction and coordination of all involved utilities.

Project Phases

Rule 20 underground projects typically have five distinct phases. Projects will vary in duration depending on many factors including size, location, scope of work, complexity, and third-party participation. Projects will take a minimum of two to seven years to complete excluding any project delays. The five phases along with a brief description of activities included within each are provided below:

Planning Phase:

- The Planning Phase includes all activities necessary to deliver a city or county approved project to the affected utilities. Included are the initial qualification and Rough Order of Magnitude (ROM) estimate, formation of the Underground Utility District, and preparation and approval of the Underground Ordinance and/or Resolution.

Design Phase:

- The Design Phase includes all engineering and design work necessary to construct a new underground system and remove existing overhead facilities.

Pre-Construction Phase:

- The Pre-construction phase includes all activities necessary to prepare for the start of construction. Included are Liberty obtaining any necessary easements, permits such as those required from the California Department of Transportation, railroads, and local government agencies, as well as any environmental clearances. Also included is a coordinated joint bid process for the civil work (underground duct and structures) to a single contractor for all affected utilities.

Construction Phase:

- The Construction phase includes all construction activities necessary to install a new underground electrical system and place in-service. Included are the civil construction for the installation of underground ducts and structures, electrical construction for the installation of underground cable and all necessary electrical equipment, service laterals on private property including all necessary wiring, and panel conversion work to accept underground service at each electrical meter/panel.

Closing Phase:

- The Closing Phase includes activities necessary to complete and close-out the project. Included are the removal of the existing overhead facilities, updating of Liberty's mapping and inventory systems, determination of final costs and updating of work credit balances, and administrative close-out of Liberty's work orders and accounting.

Service Laterals and Panel Conversions

Service Laterals

Service laterals extend from the point of connection on Liberty's distribution facilities in the public right-of-way to the service delivery point on each customer's premises. The undergrounding of overhead service laterals is handled under the provisions of the electric utilities' and telephone utilities' tariffs. The Rule 20A tariff allows the city or county to use Rule 20A work credits for the installation of no more than 100 feet of each customer's underground electric service lateral occasioned by the undergrounding.² If this option is chosen by the city or county, it must be stated as part of the resolution or ordinance for the project. Liberty's Rule 20 funds will be used

² See Liberty's Rule 20 Tariff
<https://california.libertyutilities.com/uploads/CalPeco%20Tariffs/Liberty%20CalPeco%20Rule%2020.pdf>.

to install all necessary wiring from the customer's service panel to Liberty's connection point in public right-of-way.

If the city or county does not choose to include service laterals under its work credit funding, the property owner is responsible for the trench and installation of the service conduit from the service panel to the property line.

Liberty will restore private property to the condition prior to construction to match existing improvements, including both hardscape and landscape. Any concrete or hardscape removed to accomplish the work shall be replaced to match existing and be restored to existing joints or limits.

Panel Conversions

The city or county may choose to use Rule 20A work credit allocations to replace or modify a customer's electric panel to accept service from the new underground electric system. Liberty recommends the city and county sponsoring the project exercise this option to help ensure prompt conversion of each customer's meter panel to accept underground service so that all customers can be energized from the new underground electrical system. Once available infrastructure is in place all conversions will need to be completed in no less than 6 months from notification date.

Any modifications required by the city or county in order to clear violations of codes or ordinances are the responsibility of the property owner and will not be paid for from Rule 20A work credit allocations. This includes upgrades from 2-wire to 3-wire service and panel relocations for safety, access, or other purposes.

Encroachment Permits and Rights-of-Way

Undergrounding projects under Rule 20A are not utility-initiated projects. They are initiated by cities or counties. Therefore, the CPUC has opined that while cities and counties may require excavation permits and may require that streets be restored following the conversion work, cities and counties may not charge a fee for such public improvement work nor may the city or county charge inspection or other administrative costs against Rule 20A work credits.

The acquisition of rights that are satisfactory to the utility is a condition of any undergrounding project. Utility franchises, such as those granted pursuant to the Franchise Act of 1937, California Public Utilities Code Sections 6201, et seq. grant utilities the right to install facilities in, along, and under the public right-of-way, i.e., streets, alleys, ways and other public places.

For public interest conversion projects completed under the provisions of Rule 20A, and because the work is requested by the city or county and funded by all ratepayers across Liberty's service area, the city or county must provide the encroachment permits and inspections without fee. This is consistent with the CPUC's intent of utility-funded underground conversion (i.e., that each of the parties deriving benefit

from underground conversion shares in the costs of that conversion). Cities and counties must also waive any street cut moratoriums and paving restoration that would obligate Liberty to do more by way of post-project street repair than simply restoring the project trench or agree to schedule the project after the moratorium has expired. Rule 20A funds may not be used to subsidize public street improvements such as pavement restoration and slurry seal beyond the project trench.

Where utility facilities must be installed, and the public right-of-way is not available, joint utility rights-of-way must be obtained. Liberty will prepare the necessary legal documentation including plans and legal descriptions needed to acquire an easement for any facilities on private property and will contact and meet with the affected customers to secure the easement. Should a customer fail to sign the easement documents, Liberty will notify the governing agency or jurisdiction for their assistance. In some cases, it will be necessary for Liberty to gain the rights-of-way to the “ultimate plan line” of a street from the city or county. This becomes extremely important if the city or county is planning to widen the street.

Although electric utilities cannot pay compensation to property owners for rights-of-way, they may modify construction slightly in order to allay legitimate concerns of property owners. Such modifications commonly include retaining walls surrounding the equipment, or the selection of alternate standard equipment.

Additionally, Liberty cannot exercise its right of eminent domain to obtain an easement across private property to facilitate a Rule 20 project because this is a city or county, not a utility project, and the customer is already being provided electric service.

Streetlights

Liberty will replace its existing Liberty owned overhead fed streetlights on wood poles with new concrete “marbelite” streetlights with underground service on its Rule 20A projects. Should the city or county request additional streetlights or choose ornamental or decorative streetlights, the costs will be invoiced to and paid for by the requesting city or county.

Paving and Restoration Standards

Liberty will utilize its paving and restoration standards (Typically a 1 foot “T” grind beyond the excavation limits) necessary for construction of the project. Liberty and joint trench participants will replace paving, landscaping, sidewalks, etc. that are removed during construction. Rule 20A funding may not be used for additional restoration costs or street improvements beyond that necessitated by the project.

Whole-lane or gutter-to-gutter repaving, or even lesser techniques such as a grind-and-overlay or slurry seal are not acceptable. This is because the program funding for Rule 20A comes from all utility ratepayers and is not intended to supplement public

works projects. Liberty guarantees its work and will make any trench or pavement repairs as needed.

To the extent that cities and counties may find even a trench restored to applicable standards aesthetically unappealing, they are encouraged to hold regular utility coordination meetings, in order to better plan repaving projects. These enable the utilities to share with local governments all their project plans for an area, not just Rule 20, and enable the city or county to schedule its own street paving program so that this paving is done after all utility trenching projects have been completed.

Soil Contamination

Soil contamination may be present in any location, although the probability is greater in older, established commercial or industrial areas, redevelopment areas or along major urban thoroughfares. Various types of contaminants may be found, the most prevalent being hydrocarbons perhaps from former or existing gas station sites.

For purposes of a utility undergrounding project, there are only two types of contaminated soil – known and unknown. While both types are problematic, known contamination is far easier to contend with because, as described below, it may be addressed during the project planning phase with no delay or additional cost during later construction.

Addressing soil contamination during the planning phase maximizes the options available and increases the potential for completing the project without undue delay. Some examples of options that would allow the project to proceed include:

- Establish proper precautions for workers and public safety, using the contaminated soil as the trench backfill material.
- Redesign the project to avoid the contaminated area.
- Remediate the contamination prior to the start of construction³,

remediation may be the responsibility of the sponsoring community, the underlying property owner or responsible party.

When contaminated soil is discovered during actual construction, the need to assure worker and public safety may require that the site be closed, and the area tested to determine the nature of the contamination. Even where the contamination proves to be benign (e.g., ethylene from a former gas station site), the resulting delays will increase project costs. More importantly, the prolonged presence of idle construction equipment and trench barricades will disrupt traffic and may cause substantial losses to neighborhood businesses.

³ Remediation is the responsibility of the local government

Should the project be in an area of known or probable contamination, Liberty will perform soil testing along the trench route to rule out any potential contaminated soils prior to the start of construction. By identifying the nature and location of soil contamination sites in advance of construction, a redesign can be considered, and the city or county can plan appropriate actions to protect worker and public safety during construction and possibly use the trench spoil (native soil) as backfill material on the project.

According to the U.S. Environmental Protection Agency, a public utility that temporarily relocates soil within an area of contamination and then re-deposits the soil in the same trench will not be subject to the requirements of the Resource Conservation and Recovery Act, under Title 40 of the Code of Federal Regulations (CFR) parts 239 through 299.

In this scenario, the project will not incur additional costs for remediation and property owners will not suffer additional disruption and loss of business resulting from avoidable delays.

It is important to remember that improvements to public lands or infrastructure, such as activity associated with soil contamination remediation, cannot be funded under CPUC-regulated tariffs. Rule 20A provides that allocated conversion funding be used only for the undergrounding of overhead utility lines. However, this does not preclude the use of such funding to design a project to avoid an area of contamination – even if this means that the underground lines are extended, and the project costs increased.

Subsurface Transformer Installations

The pad mount (above-ground) transformer is the electric utility's design standard in California in both residential and non-residential applications. A transformer serving multiple customers is normally located within the public right-of-way or a utility easement. If a separate transformer installation is required to serve an individual customer, the customer is obligated to provide space on the customer's premises at no cost to the project.

Local public authorities essentially have a choice as to whether Liberty can use above-ground equipment on public property or in the public right-of-way provided it is technically feasible to do so. If a public authority requests Liberty to install underground equipment on public property or in the public right-of-way and it is technically feasible for Liberty to install "standard" above-ground equipment the installations will be considered "other than standard facilities" or Added Facilities. Rule 2 Section H details Added Facilities which allows for the installation of facilities that are in addition to, or in substitution for the standard facilities Liberty would normally install, provided the requesting customer bears the incremental cost of such facilities. Liberty will invoice the customer for the differential installation and maintenance costs associated with these installations via a one-time added facilities charge.

When a property owner or other applicant requests the installation of a subsurface transformer where a pad mount installation is feasible, the additional costs of the subsurface installation (special facilities) must be borne by the applicant and Rule 20A credits cannot be used (this restriction may not apply with all utilities). If the pad mount installation is not feasible, due either to space limitations or for engineering reasons, Rule 20A work credits may be used for the subsurface installation.

Charges, where applicable, for the installation of a subsurface transformer include:

- The installed-cost difference between the standard pad mount transformer and the requested subsurface installation
- A one-time cost-of-ownership charge

Environmental Concerns

As with soil contamination issues, environmental issues such as protected and endangered species must be identified as early as possible. It is the responsibility of the city or county to identify these concerns and work with Liberty to plan the project to mitigate any environmental consequences. It may be decided that an undergrounding project is not suitable for an area due to these site-specific environmental concerns.

Cultural Resources

Any cultural resource findings in connection with the undergrounding project must be managed and paid for by the city or county. Rule 20A funding and allocations may not be used to fund the excavation, recovery, removal or relocation of cultural, archeological or paleontological resources. All cities applying for Rule 20A credits will need to perform all studies as required by the AHJ (authority having jurisdiction) to ensure constructability and requirements of the established work areas are clean and free of findings.

Project Completion

Following completion of a Rule 20A Project, Liberty will provide the city or county with a letter of completion including the work credit expenditures for the project and the communities remaining work credit balance. When all work orders associated with the project have been closed, Liberty will include the project in its Annual Report of Rule 20 Conversions filed with the CPUC by April 1 of each year. A public version of annual reports will be listed on the Liberty Rule 20 website beginning with the 2021 reporting year. Additionally, by April 1 each year, Liberty will send a Rule 20 Annual Update to each local government in its service area also beginning with the 2021 reporting year.

Rule 20A work credit balances are charged for Liberty's actual expenditures to design and construct a new underground electrical system as well as remove Liberty's

existing overhead facilities. Liberty may use both in-house and contract resources to design and construct the new underground system. In addition to the direct costs of designing and constructing a new underground electrical system, Liberty charges other actual indirect costs to the project as an overhead. These overheads include things such as Liberty's Administrative and General expenses, Pensions and Benefits associated with Liberty's labor, management and supervision, and other support groups that do not charge directly to Liberty's projects. These actual overhead costs are "allocated" or distributed to a broader base of Liberty's capital and operations and maintenance (O&M) work monthly. Overhead charges may vary between projects completed at different times of the year dependent upon the base of work that is active at that time. In this manner, Liberty recovers its actual overhead costs by allocating them to all capital and O&M work, including Rule 20 projects. More detail around Liberty's actual overhead allocations can be provided should a customer request project documentation. Local governments or ratepayer advocates may request copies of project related documentation, referenced in D.21-06-013, by completing the Nondisclosure Agreement found in Appendix A.

Project Cost

Rule 20A project costs can vary significantly depending upon the size and length of the project and the number of customers and services included in the project that must be converted to underground service. In addition to the overall scope of the project, the location of the project, soil type and condition, permit conditions and work hour restrictions can also have an impact on the project schedule and costs.

Rule 20B

This program enables limited ratepayer subsidies for undergrounding utility lines for projects that do not qualify under Rule 20A and are a minimum of 600 feet or one city block in length. Underground conversion projects carried out under the provision of Rule 20B are funded by both Liberty's ratepayers and the applicant requesting the undergrounding. Rule 20B applicants are most frequently developers, but can also be cities and counties, groups of property owners, or individual property owners or customers.

Liberty ratepayers pay for the cost of removing the existing overhead electrical system and constructing an "equivalent" overhead system, which results in a credit against the cost of undergrounding. The equivalent overhead credit is calculated as the estimated cost of designing and constructing a new overhead electrical system. The maximum credit available is not to exceed the cost of the new underground system.

Applicants typically pay Liberty an Engineering advance to design the project and estimate the cost to underground. Should the applicant decide to move forward with construction, the applicant pays Liberty's invoice for the cost to underground in advance. The advances paid to Liberty are non-refundable, and if applicable, may include a tax component called the Federal Income Tax Component of Contribution (ITCC). The ITCC may be waived in cases where the project is paid for by a local government and will require the local government to sign Liberty's letter of indemnification.

Under Rule 20B, Liberty will replace its existing overhead lines with underground lines along public streets and roads or other locations mutually agreed upon when requested. However, the following conditions must be 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 Liberty's rules and that Liberty 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 Liberty to discontinue its overhead service.
2. The Applicant (city, county, property owners, developer) 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 Liberty's specifications, or, in lieu thereof, paid Liberty to do so;

- b) Transferred ownership of such facilities, in good condition, to Liberty; 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. The cost of removal of the overhead poles, lines, and facilities are the responsibility of Liberty and will be paid by Liberty. Such payments shall not operate to reduce Rule 20A allocations.
3. The area to be undergrounded includes both sides of the street for at least one block or 600 feet, whichever is the lesser.
 4. All existing overhead communication and electric distribution lines within the area will be removed.

Projects Initiated or Managed by a City or County

Local governments typically collect Rule 20B funding from the municipality's general fund or through the formation of a local assessment district. Additionally, certain cities or counties may have programs to collect Rule 20B funding from developers that construct improvements adjacent to the conversion project or within the jurisdiction.

The Rule 20B Program can also be used to complete conversion projects that qualify as eligible under Rule 20A when the city or county does not have adequate work credits to fund the project under Rule 20A. Local governments can also utilize Rule 20B to complete undergrounding projects in neighborhoods that do not qualify for ratepayer funding under the Rule 20A Program. A city or county may wish to convert an area using a combination of Rule 20A and Rule 20B funds to apply to contiguous project areas. Rule 20B funds are normally acquired from the city or county's general fund, through the formation of a local assessment district or from a developer improving property adjacent to the conversion project.

Projects Initiated and Managed by Property Owners

Property owners can initiate Rule 20B projects within their neighborhoods. Rule 20B projects initiated by property owners must meet the same eligibility criteria as conversion projects managed by municipalities. Property owners served by the overhead facilities to be converted can either form an assessment district or enter into agreements with the involved utilities to fund the Rule 20B project.

Rule 20B Conversion by Assessment District

Most underground utility assessment districts are formed at the request of local property owners. Assessment districts can be used to fund Rule 20B conversion projects. California law provides for the use of assessment districts to convert existing overhead electric and communication facilities to underground. Formation of an assessment district adds to the costs for affected property owners but may be necessary if there is no unanimous agreement for the project among affected property owners.

Conversions Required by Public Agencies

Governmental/public agencies can require undergrounding as a condition of granting permits, such as in subdivisions, building or development permits. Some local governments require underground construction of new facilities or the installation of conduit to ultimately install underground facilities from Liberty's distribution system to the customer's service delivery point.

Developer Contributions

In most cities and counties, the development of private property triggers some form of contribution from the developer for related street improvements.

In cities and counties that experience high rates of growth, Rule 20A work credits may not be adequate to keep pace with construction activity. In this situation, some cities or counties have required the developer to contribute a substantial portion of the actual conversion costs or pay for the undergrounding of existing overhead facilities as a condition of the development, even when the overhead utility lines are located on the street side opposite the development.

Development Fees

Some cities and counties have adopted underground conversion fees that apply to new developments in much the same manner as park fees and street improvement fees. Keep in mind that a fee-supported plan should include:

- The manner in which conversion fees are to be collected
- The purpose for which fees may be used by the city or county

The creation of a revolving fund is generally an integral part of any conversion fee program to provide a funding pool into which fees can be deposited and conversion project costs withdrawn.

The adoption of a conversion fee program often raises sensitive issues that can only be addressed at the local level. For instance, the community will need to decide whether the collection of conversion fees is triggered solely by new construction or includes the rehabilitation or expansion of existing properties.

Schedule

The schedule for a typical Rule 20B project is generally shorter than a Rule 20A project due primarily to a smaller scope of work. While a new tract may approach a small to medium Rule 20A project in terms of scope and size, the typical developer driven Rule 20B is smaller in size and scope, and therefore a lesser schedule duration. Most Rule 20B projects can be completed in less than two years with the exception of larger Assessment District projects that involve an Engineering Assessment phase as well as a vote by the affected property owners.

There are two major differences in design and construction of a Rule 20B project that can also impact the schedule duration. The first is the customer's decision and approval to move forward with the project. Customers typically use Liberty's "bid price" after design has been completed to

determine the projects economic viability. Changes in the economy can also impact a customer's decision to move forward, with projects sometimes being deferred for several years until economic conditions improve before Liberty is notified to move forward. A second difference is the customer's option to perform the trenching, duct and structure installations and provide those facilities to Liberty. Both differences give the customer control of the schedule and can impact the overall project timeline.

Project Cost

Rule 20B project costs can also vary significantly depending upon the size and length of the project and the number of customers and services included in the project that must be converted to underground service, in addition to the overall scope of the project, the location of the project, soil type and condition, permit conditions and work hour restrictions can also have an impact on the project schedule and costs.

RULE 20C

This underground conversion program includes any conversion of existing overhead facilities with underground facilities requested by an applicant, that does not fulfill the requirements of either a 20A or 20B. The cost for a rule 20C conversion is borne solely by the applicant.

Under Rule 20C, Liberty will replace its existing overhead lines with underground lines along public streets and roads, or other locations mutually agreed upon when requested. Liberty is responsible to provide the design which includes all engineering and design work necessary to construct a new underground system and remove existing overhead facilities.

1. The Applicant (property owners, developer) shall:
 - a) Furnish 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 Liberty's specifications, or, in lieu thereof, paid Liberty to do so;
 - b) Transferred ownership of such facilities, in good condition, to Liberty; and the applicant(s) provides advance, nonrefundable payment for the estimated cost of the conversion project, minus a ratepayer-funded credit for the estimated net salvage value and depreciation of the overhead facilities to be replaced. Underground services will be installed and maintained as provided in Liberty's applicable rules.

Schedule

The schedule for a typical Rule 20C project is generally shorter than a Rule 20B project due to a smaller scope of work. Most Rule 20C projects can be completed in less than 12 months. The customer's decision to move forward with a Rule 20C project after design has been completed and contracts drawn can also impact the overall schedule.

Project Cost

Rule 20C project costs can also vary depending upon the size and length of the project.

Appendix A
Liberty's Non-Disclosure Agreement for Rule 20

Appendix B
Links to Electric Rule 20 Webpages

| Website Owner | Webpage |
|---|---|
| Liberty CalPeco, LLC | https://california.libertyutilities.com/north-lake-tahoe/residential/rates-and-tariffs/california-rule-20.html |
| California Public Utilities Commission (CPUC) | https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/electric-reliability/undergrounding-program-description |

Appendix C
Electric Rule 20 Contact Information

If you are planning a project that requires undergrounding of overhead power lines and the project qualifies any of the Rule 20 projects, please contact:

Antonio Bustos
Manager, Capital Project Delivery
Antonio.Bustos@libertyutilities.com

Liberty Utilities (CalPeco Electric) LLC
Advice Letter Filing Service List
General Order 96-B, Section 4.3

VIA EMAIL

gbinge@ktminc.com;
emello@sppc.com;
epoole@adplaw.com;
cem@newsdata.com;
rmccann@umich.edu;
sheila@wma.org;
abb@eslawfirm.com;
cbk@eslawfirm.com;
bhodgeusa@yahoo.com;
chilen@nvenergy.com;
phanschen@mofo.com;
liddell@energyattorney.com;
cem@newsdata.com;
dietrichlaw2@earthlink.net;
ericj@eslawfirm.com;
clerk-recorder@sierracounty.ws;
plumascoco@gmail.com;
marshall@psln.com;
stephenhollabaugh@tdpud.org;
gross@portersimon.com;
mccluretahoe@yahoo.com;
catherine.mazzeo@swgas.com;
Theresa.Faegre@libertyutilities.com;
SDG&ETariffs@semprautilities.com;
bcragg@goodinmacbride.com;
AdviceTariffManager@sce.com;

edtariffunit@cpuc.ca.gov;
jrw@cpuc.ca.gov;
rmp@cpuc.ca.gov;
jaime.gannon@cpuc.ca.gov;
mas@cpuc.ca.gov;
txb@cpuc.ca.gov;
efr@cpuc.ca.gov;
tlg@cpuc.ca.gov;
dao@cpuc.ca.gov;
ljt@cpuc.ca.gov;
mmg@cpuc.ca.gov;
kjl@cpuc.ca.gov;
denise.tyrrell@cpuc.ca.gov;
fadi.daye@cpuc.ca.gov;
winnie.ho@cpuc.ca.gov;
usrb@cpuc.ca.gov;
Rob.Oglesby@energy.ca.gov;
stevegreenwald@dwt.com;
vidhyaprabhakaran@dwt.com;
judypau@dwt.com;
dwtcpucdockets@dwt.com;
patrickferguson@dwt.com;
travis.ritchie@sierraclub.org;
dan.marsh@libertyutilities.com;
sharon.yang@libertyutilities.com;
ginge@regintluc.com



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.: Liberty Utilities (CalPeco Electric) LLC (U-933 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Cindy Fisher

Phone #: 530-721-5191

E-mail: Cindy.Fisher@libertyutilities.com

E-mail Disposition Notice to: AnnMarie.Sanchez@libertyutilities.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 198-E-A

Tier Designation: 2

Subject of AL: Electric Rule 20 Guidebook

Keywords (choose from CPUC listing): Compliance, Rules

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-06-013

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

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: 10/21/22

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: Cindy Fisher
Title: Manager, Rates and Regulatory Affairs
Utility Name: Liberty Utilities (CalPeco Electric) LLC
Address: 9750 Washburn Road
City: Downey State: California
Telephone (xxx) xxx-xxxx: 530-721-5191
Facsimile (xxx) xxx-xxxx:
Email: Cindy.Fisher@libertyutilities.com

Name: AnnMarie Sanchez
Title: Coordinator
Utility Name: Liberty Utilities (California)
Address: 9750 Washburn Road
City: Downey State: California
Telephone (xxx) xxx-xxxx: 562-805-2052
Facsimile (xxx) xxx-xxxx:
Email:

ENERGY Advice Letter Keywords

| | | |
|---------------------------|--|--------------------------------|
| Affiliate | Direct Access | Preliminary Statement |
| Agreements | Disconnect Service | Procurement |
| Agriculture | ECAC / Energy Cost Adjustment | Qualifying Facility |
| Avoided Cost | EOR / Enhanced Oil Recovery | Rebates |
| Balancing Account | Energy Charge | Refunds |
| Baseline | Energy Efficiency | Reliability |
| Bilingual | Establish Service | Re-MAT/Bio-MAT |
| Billings | Expand Service Area | Revenue Allocation |
| Bioenergy | Forms | Rule 21 |
| Brokerage Fees | Franchise Fee / User Tax | Rules |
| CARE | G.O. 131-D | Section 851 |
| CPUC Reimbursement Fee | GRC / General Rate Case | Self Generation |
| Capacity | Hazardous Waste | Service Area Map |
| Cogeneration | Increase Rates | Service Outage |
| Compliance | Interruptible Service | Solar |
| Conditions of Service | Interutility Transportation | Standby Service |
| Connection | LIEE / Low-Income Energy Efficiency | Storage |
| Conservation | LIRA / Low-Income Ratepayer Assistance | Street Lights |
| Consolidate Tariffs | Late Payment Charge | Surcharges |
| Contracts | Line Extensions | Tariffs |
| Core | Memorandum Account | Taxes |
| Credit | Metered Energy Efficiency | Text Changes |
| Curtable Service | Metering | Transformer |
| Customer Charge | Mobile Home Parks | Transition Cost |
| Customer Owned Generation | Name Change | Transmission Lines |
| Decrease Rates | Non-Core | Transportation Electrification |
| Demand Charge | Non-firm Service Contracts | Transportation Rates |
| Demand Side Fund | Nuclear | Undergrounding |
| Demand Side Management | Oil Pipelines | Voltage Discount |
| Demand Side Response | PBR / Performance Based Ratemaking | Wind Power |
| Deposits | Portfolio | Withdrawal of Service |
| Depreciation | Power Lines | |