

# Rule 20 Utility Underground Program

Item 3.5 - September 19, 2023

Matt Loesch, Director of Public Works  
Katherine Brown, Interim Assistant Director of Public Works  
J. Guevara, Deputy Director of Public Works

# RULE 20 UTILITY UNDERGROUND PROGRAM AGENDA

September 19, 2023

What is Undergrounding?

1

Rule 20 ABCs

2

Rule 20B Annual Workplan

3

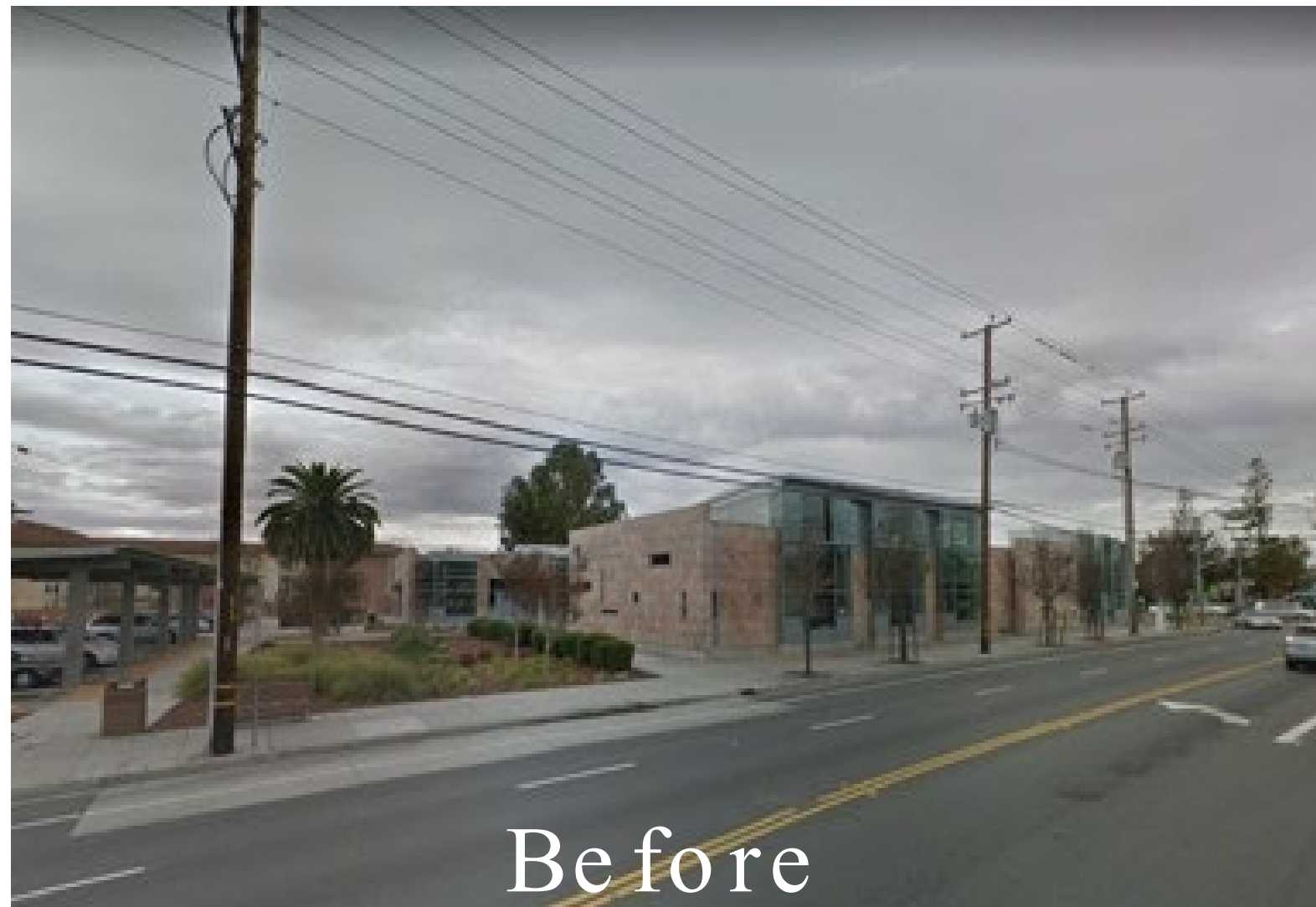
Why Now? - The Opportunity

4

Recommendation

5

# What is Undergrounding?



# Rule 20 ABCs

Type	Who Pays	Who Constructs
20A	PG&E	PG&E  with City Council legislating locations to secure the work credit
20B	Private Developers  In-Lieu Undergrounding Fee at \$605 per linear foot of property frontage	City of San José
20C	Project Developer (public or private)	Developer and PG&E coordinate project -specific implementation that does not meet 20A or 20B criteria



# Rule 20B Workplan



\$9 million Rule 20B fund balance in 2022

\$1 million projected revenue in the next five years from developer contributions to in-lieu fees

McKee/Jose Figueres Rule 20B Project is in design, expected to start July 2024

\$4.1 million fund balance projected for FY2027-2028

# Why Now?

California Public Utilities Commission (CPUC) is sunsetting the Rule 20A program by June 2025.

CPUC is concerned about oversight, time to complete, and equity in utility undergrounding.

City's current Rule 20A credit is \$38 million but only \$17 million is legislated and secured before sunset.

# The Opportunity

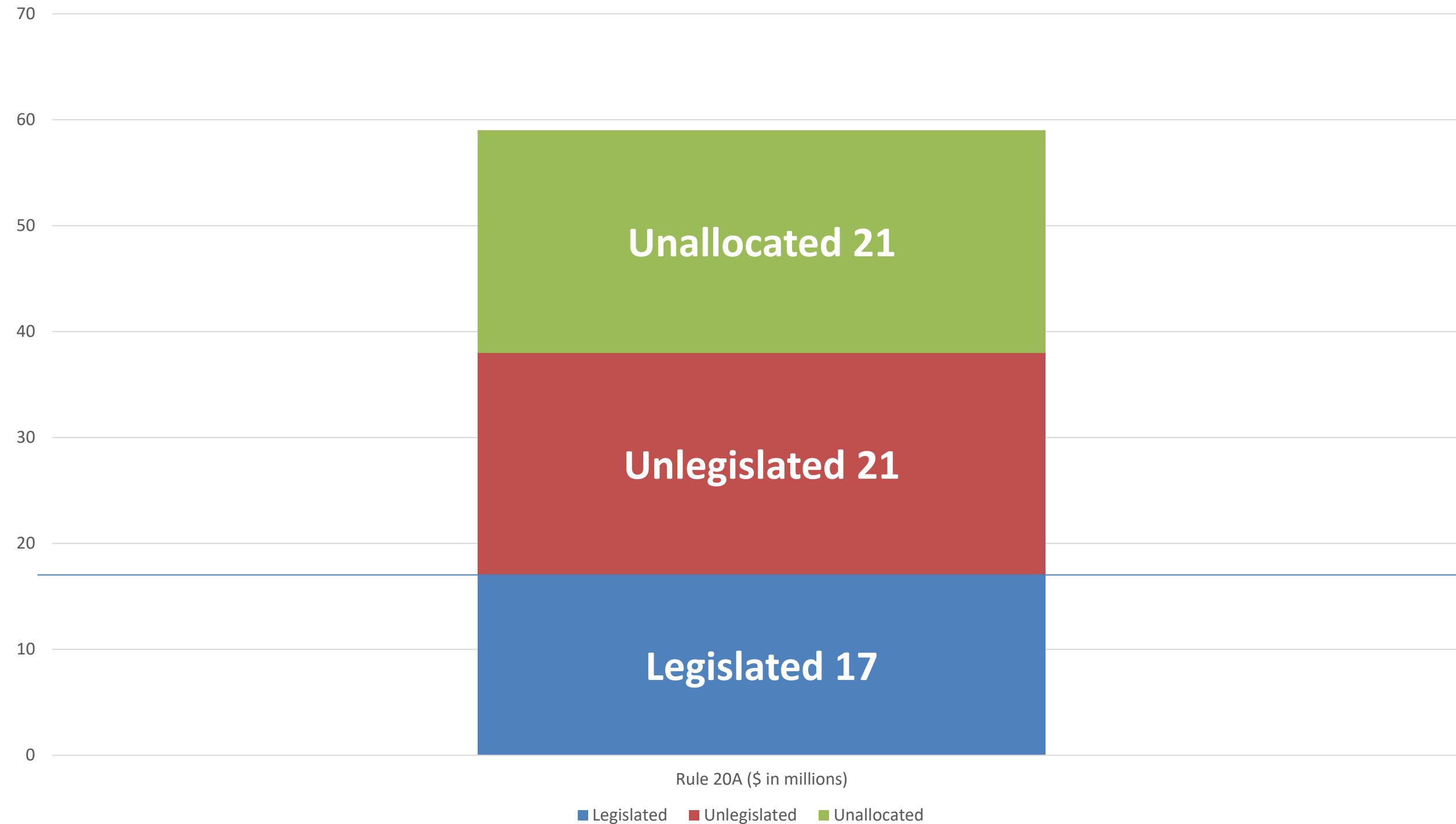
If we don't act now, we leave millions on the table when ratepayers have paid into the PG&E 20A pool for decades.



San José can legislate for the full \$59M Rule 20A Undergrounding work credits before they expire and target additional funds.

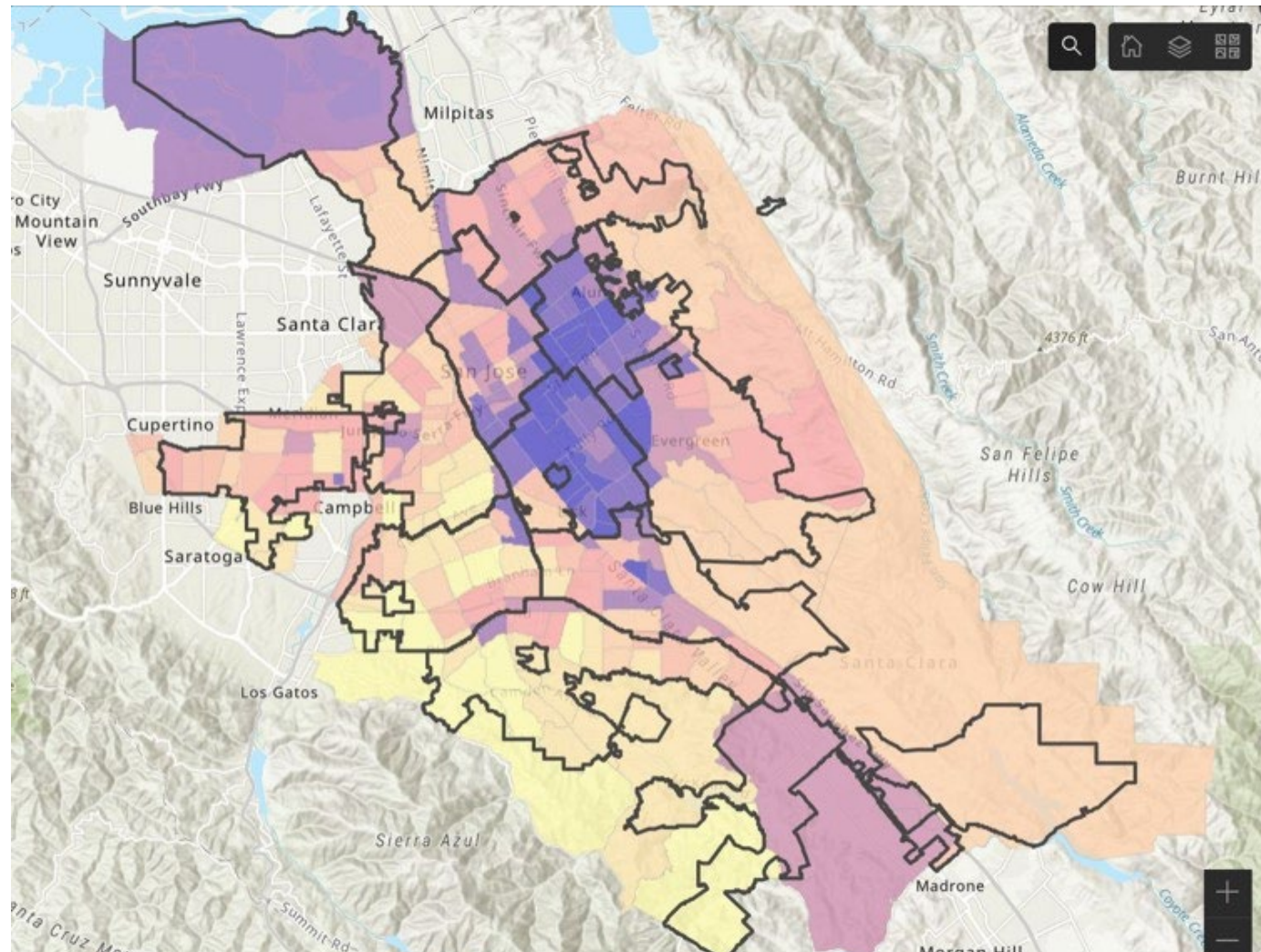
- \$21 million is unlegislated to maximize full \$38 million work credit
- +\$21 million additional unallocated funds from other jurisdictions can be pursued

# \$59 million Opportunity





# Recommendation



<https://gis.sanjoseca.gov/maps/equityatlas/>

Add **combined equity scores** from the [Equity Atlas](#) to strengthen Rule 20A and 20B criteria

Direct staff to execute new analysis, utility coordination, public outreach for new districts by March 2024

City Council can legislate before June 2025

# Rule 20 Underground Utility Program

September 19, 2023 – Item 3.5

Matt Loesch, Director of Public Works

Katherine Brown, Interim Assistant Director of Public Works

J. Guevara, Deputy Director of Public Works

