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Northern California

360 Grand Avenue, #150  
Oakland, CA 94610

415 929-8876 • [www.turn.org](http://www.turn.org)

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1620 Fifth Avenue, Suite 810  
San Diego, CA 92101

619 398-3680 • [www.turn.org](http://www.turn.org)

November 8, 2023

President Alice Busching Reynolds  
Commissioner Genevieve Shiroma  
Commissioner Darcie L. Houck  
Commissioner John Reynolds  
Commissioner Karen Douglas  
(Via Email)

Dear President Reynolds and Commissioners,

The Utility Reform Network (TURN) strongly opposes the modifications to the Alternate Proposed Decision (APD) that would increase Pacific Gas and Electric Company's (PG&E's) authorized undergrounding program from 973 to 1,230 miles and reduce covered conductor installation from 1,027 to 778 miles. To provide the most risk reduction at the least cost to ratepayers, TURN urges further revisions to the APD to adopt the TURN system hardening proposal, which the Proposed Decision concludes would provide an "aggressive approach to wildfire mitigation" while recognizing the critical importance of affordability. This approach aligns with the record, which overwhelmingly supports making insulating the power lines the primary means of system hardening in this rate case period.<sup>1</sup>

The APD revisions directly conflict with the evidence in the record, which conclusively demonstrates that the covered conductor-focused plan proposed by TURN and adopted by the Proposed Decision (PD) would provide more risk reduction than the revised APD at much less cost. The numbers speak for themselves. The 2023-2026 risk reduction from TURN's plan would reduce risk by 23%.<sup>2</sup> The revised APD would require PG&E to achieve only 18% risk reduction for that period, a reduction from the 20% target in the original APD.<sup>3</sup> Meanwhile, the revised APD would add \$500 million to the price tag for system hardening, making it *\$2.6 billion more expensive than the TURN/PD plan.*

These numbers show that *the revised APD moves in exactly the wrong direction*, demanding less risk reduction from PG&E while adding to the burden on ratepayers. The revised APD does not, and cannot, explain why its outcome would be preferable to the obvious win-win of the TURN/PD plan, which would achieve *5% more risk reduction at \$2.6 billion less cost.*

The revised APD also misses an opportunity to correct a key error, by continuing to exaggerate the cost of PG&E's covered conductor program. The revised APD ignores the best possible evidence of that cost -- PG&E's recorded unit cost in 2022 of \$826,000 per mile<sup>4</sup> -- and instead

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<sup>1</sup> The original APD also primarily relied on overhead hardening to mitigate wildfire risk.

<sup>2</sup> PG&E Opening Brief, p. 386, fn. 1620, stating that the risk reduction from TURN's plan increases to 23% when the year 2023 is included.

<sup>3</sup> Redlined APD, p. 290 (adopting the 18% target PG&E set for itself in its most recent Wildfire Mitigation Plan (WMP) as the target PG&E should address in its System Hardening Accountability Report, which is lower than the 20% target in the original APD).

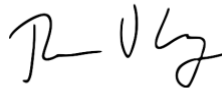
<sup>4</sup> Joint IOU Covered Conductor Working Group Report, App. D to PG&E's 2023-2025 WMP, p.

adopts a unit cost for 2023 of \$1.261 million. In other words, *the APD implausibly forecasts that PG&E's covered conductor unit costs will increase by 53% in one year!* Importantly, PG&E's practice of opportunistically replacing aging transformers and other assets while performing overhead hardening – the APD's main justification for its figure -- is already reflected in PG&E's actual 2022 cost.<sup>5</sup>

Thus, there is simply no good reason for the APD's elevated unit cost for covered conductor. The APD's excessive figure distorts the cost comparison between undergrounding and covered conductor and gives PG&E the wrong incentive to add unproductive costs to overhead hardening. The APD should be revised to adopt a unit cost for covered conductor that bears a reasonable relationship to PG&E's 2022 recorded cost, which would save ratepayers hundreds of millions of dollars without sacrificing any risk reduction.

PG&E's customers are counting on you to set rates that fund only those investments necessary for PG&E to provide safe, reliable, and affordable service. The revised APD misses the mark by adopting a wildfire system hardening plan that reduces less risk yet costs much more, and by grossly overcharging ratepayers for each mile of covered conductor. TURN urges you to protect California consumers by reigning in the excesses of the revised APD.

Sincerely,



Thomas J. Long  
TURN Director of Regulatory Strategy

Hayley Goodson  
TURN Managing Attorney

Cc: Drew Hodel, Advisor to President Reynolds  
Cheryl Winn, Chief of Staff to Commissioner Shiroma  
Karen Sung, Chief of Staff to Commissioner Houck  
Maria Sotero, Interim Chief of Staff to Commissioner Reynolds  
Kourtney Vaccaro, Chief of Staff to Commissioner Douglas  
A.21-06-021 Service List



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40, Table 18. This Report is cited in the revised APD (redline) for a different point at page 261, fn. 796.

<sup>5</sup> Joint IOU Covered Conductor Working Group Report, p. 43.