



To: Members of the RCRC Board of Directors
From: Staci Heaton, Senior Regulatory Affairs Advocate
John Kennedy, Legislative Advocate
Tracy Rhine, Senior Legislative Advocate
Leigh Kammerich, Regulatory Affairs Specialist
Date: January 11, 2021
Re: California Public Utilities Commission Update

Summary

RCRC is a formal participant in nine regulatory proceedings at the California Public Utilities Commission (CPUC or Commission). This memo provides an overview of the various issues that RCRC is involved with.

Background

Since becoming a formal participant in the proceeding concerning how utilities safeguard their infrastructure and conduct de-energization of their power lines when there are extreme weather threats and, therefore, an elevated risk of wildfire, RCRC has been fully engaged in multiple interrelated CPUC proceedings, as well as others that seek to provide guiding policy on energy and communications reliability in rural areas. Additionally, RCRC is involved in several regulatory issues related to broadband infrastructure.

Overall, proceedings in these cases are generally considered “quasi-legislative” because they establish policy or rules affecting a class of regulated entities. However, the Microgrids and Resiliency Proceeding as well as the Frontier Communications Bankruptcy Proceeding are categorized as “rate setting.”

Issue

Wildfire Mitigation Plans Proceeding

On December 17, 2020, the CPUC approved extending this proceeding to June 30, 2021 to address two outstanding issues, 1) the creation of surveys measuring the effectiveness of community outreach before, during, and after a wildfire, and 2) guidance on utility quarterly Tier 1 advice letters regarding Wildfire Mitigation Plan implementation. On July 1, 2021, the Wildfire Safety Division, which is charged with ensuring electrical utilities reduce their wildfire risk, will transition from the CPUC to the Office of Energy Infrastructure Safety within the California Natural Resources Agency.

De-Energization Proceeding

Many parties in this proceeding have been participating in the year-long Order to Show Cause investigation of PG&E's handling of their 2019 Public Safety Power Shut-off (PSPS) events. A companion to this Order to Show Cause is a formal (and separate) Investigation Proceeding to determine whether each of California's large electric investor-owned utilities (IOUs) prioritized safety and complied with regulations and requirements with respect to the October and November 2019 PSPS events. No later than January 17, 2021 the CPUC is expected to offer a Proposed Decision on whether PG&E should be sanctioned for their role and actions that ultimately left 2 million people across 35 counties without power. In early December, RCRC submitted extensive comments on the scope of Phase 3 of the proceeding, which is anticipated to further refine and expand upon the PSPS Guidelines and reduce the size, scope, and impacts of future PSPS events.

SGIP Proceeding

In August 2020, RCRC became a party to a new Self-Generation Incentive Program (SGIP) Proceeding to further develop and refine policies, procedures, and rules for the SGIP, and to a lesser extent, the California Solar Initiative. The SGIP is funded by ratepayers of PG&E, Southern California Edison, and San Diego Gas and Electric for distributed energy resources and electric resiliency projects. Most recently, SGIP funding has been prioritized to mitigate the impacts of PSPS events of residential customers and critical facilities. A Proposed Decision on renewable generation technologies is expected in the first quarter of 2021.

Microgrids and Resiliency Proceeding

RCRC takes a holistic approach to energy resiliency, focusing on system resiliency efforts to maintain reliable service. This proceeding seeks to partially mitigate the adverse effects of PSPS events through a portfolio of strategies including circuit sectionalization, back-up generation, energy storage systems, infrastructure hardening, and distributed generation to improve customer and community resiliency in the large IOU service territories (e.g. PG&E, Southern California Edison, and San Diego Gas and Electric).

On December 7, 2020, the CPUC published a Proposed Decision that would adopt short-term actions to accelerate microgrid deployment and commercialization strategies, such as:

- Accelerating the interconnection of resiliency projects in advance of the upcoming wildfire season through standardized, pre-approved microgrid system designs, and prioritized projects for key locations or customers;
- Modernizing tariffs to maximize social resiliency benefits, including net energy metering tariffs to allow storage devices to charge from the grid during the pre-PSPS window, and remove storage sizing limits;
- Convening collaborative engagement between dedicated staff of the IOU and respective local and tribal governments to assist in navigating the interconnection processes for deploying a resiliency project; and
- Conditionally approving an array of resiliency proposals by PG&E and San Diego Gas and Electric.

The CPUC is expected to take action on this proposal at their January 14, 2021 voting meeting.

Emergency Disaster Relief Program Proceeding

The Emergency Disaster Relief Program Proceeding seeks to adopt comprehensive disaster-related consumer protection measures for electric, gas, communications, and water utility customers. The CPUC is anticipated to issue a Proposed Decision on wireline communications system resiliency strategies in the near future. RCRC has advocated vigorously for increased wireline communications resiliency to ensure that residents who live in areas predominantly or solely dependent upon wireline communications systems have reliable access to 9-1-1, emergency services, and emergency notification systems during power outages.

This Proceeding is entering its third phase, building upon two prior phases resulting in disaster relief customer protections and communication provider resiliency. Phase 3 will explore a narrowly tailored disconnection moratorium on medium to large commercial or industrial customers of electric and natural gas utilities that demonstrate an economic hardship and how to manage any uncollected debt. This disaster relief is expected to be expedited during the coronavirus pandemic.

California Advanced Services Fund Proceeding

The California Advanced Services Fund (CASF) provides financial grants to qualified service providers to construct broadband infrastructure needed to deploy high speed internet service in unserved and underserved areas. As of June 30, 2020, the CASF balance is estimated to be \$149 million, with 54 outstanding CASF applications pending for \$32 million in infrastructure grants.

The Federal Communications Commission, through the Rural Digital Opportunity Fund (RDOF), plans to award \$20.4 billion nationwide in a reverse auction process to support broadband infrastructure in unserved and underserved areas, with the first phase targeted toward rural areas and census blocks that lack service entirely, but disqualifying areas that have state broadband subsidies and enforceable deployment obligations. California has the most Phase I eligible locations. On December 11, 2020, the CPUC published a Proposed Decision to leverage up to \$2 billion in the RDOF "Phase 1 Auction 904" by awarding auction winners 10-20 percent of the subsidy award, or reserve price, for a given census block. California historically has not provided state leveraging of federal funds but found that every dollar of CASF funding would leverage \$4 of RDOF funding thus encouraging faster broadband infrastructure buildout. The CPUC is expected to consider this proposal at their January 14, 2021 voting meeting.

Broadband Deployment Proceeding

Per Governor Newsom's Executive Order N-73-20 directing state agencies to bridge the digital divide, a new Broadband Proceeding was opened in September 2020 dedicated to near-term and medium-term actions to accelerate the deployment of and access to quality, affordable internet access for all. This proceeding is starting to get underway and RCRC will be supplying an Opening Brief on a Staff Proposal that discusses imposing requirements to facilitate the construction of fiber facilities or other technology capable of providing minimum download speeds (100 Mbps) during disaster recovery, i.e., post-wildfire.

Frontier Bankruptcy Proceeding

On April 14, 2020, Frontier Communications Corporation filed for Chapter 11 bankruptcy in the U.S Bankruptcy Court, proposing to restructure ownership and deal with its \$17.5 billion debt and triggering California law requiring CPUC input. Frontier is one of the two largest Incumbent Local Exchange Carriers in California, offering phone, video, and/or broadband service in 44 counties. At the request of the CPUC, RCRC became a formal party to this proceeding on September 30, 2020 and will be monitoring its progress.

Renewable Portfolio Standards Program Proceeding

In October 2020, RCRC was granted party status in a rulemaking on the Renewable Portfolio Standards Proceeding, spurred by a petition filed by the Center for Biological Diversity and a few other environmental groups to make it more difficult for biomass energy facilities to participate in the state's Bioenergy Market Adjusting Tariff (BioMAT) program. The BioMAT program requires utilities to procure electricity from small bioenergy projects, including biomass facilities that utilize fuels from high hazard zones. This petition has not been adjudicated; further action from the CPUC will be announced.

Staff Recommendation

RCRC staff will continue to participate in these proceedings and related issues that have profound impacts on RCRC member counties.