

## **COUNCIL POLICY**

CP-600-08

**SUBJECT:** UNDERGROUND CONVERSION OF UTILITY LINES BY  
UTILITY COMPANY  
**POLICY NO.:** 600-08  
**EFFECTIVE DATE:** May 28, 2002

### BACKGROUND:

Underground conversion of utility lines and associated facilities by companies is required when, after public hearing, the City Council finds that the public health, safety or general welfare would require the removal of poles, overhead wires and associated overhead structures with the underground installation of wires and facilities for supplying electric, communication, community antenna television or similar or associated service within a designated area, and the City Council has, by resolution declared the designated area an Underground Utility District.

### PURPOSE:

To establish a policy for conversion of overhead utility lines by utility companies when the City Council determines that undergrounding of overhead utilities is in the interest of the public health, safety and welfare; and asserts its right to require conversion of overhead utilities in the exercise of its police powers.

### POLICY:

It shall be the policy of the Council to:

- A. Exercise the City's police powers to order, and enforce as necessary, utility companies to convert overhead utilities to underground when it is in the interest of the public health, safety and welfare of the general public. Such power shall not be restricted in any form by any qualifying criteria except that such lines or facilities must be within the public right of way, City owned property, or other property within the jurisdiction of the City Council.
- B. Allocate and prioritize projects as follows:
  1. All utilities within the City of San Diego with overhead utilities shall provide to the City Manager each year not later than January 31<sup>st</sup> a complete and comprehensive list of all overhead utility locations in a format as prescribed by the City Manager. This list shall be accurate to the nearest degree reasonably possible and no utility will be held liable for accidental omissions or errors.

2. The City Manager shall bring before the City Council a master plan for CPUC Rule 20 projects and a master plan for non CPUC Rule 20 projects, for approval ~~each year not later than June 30~~ not less than every five (5) years on or before October 31<sup>st</sup>, reflecting the complete list of all overhead utilities within the City, prioritized in order based on the following criteria:
  - a. Qualified CPUC Rule 20A Projects:
    - 1<sup>st</sup> Priority: Any previously funded underground utility district which was subsequently removed from funded list and placed on deferment.
    - 2<sup>nd</sup> Priority: All projects adjacent to a major roadway reconstruction, not including normal roadway maintenance, or other public improvement projects where appropriate.
    - 3<sup>rd</sup> Priority: All major or collector streets contiguous to previous undergrounding.
    - 4<sup>th</sup> Priority: Any street adjacent to public facilities, schools, trolley stations parks, and recreation centers.
    - 5<sup>th</sup> Priority: All major or collector streets with scenic views.
    - 6<sup>th</sup> Priority: All other major or collector streets.
    - 7<sup>th</sup> Priority: All other qualified Rule 20A projects.
  - b. Non-Rule 20A (Surcharge) projects:

Shall consist of project “ blocks” composed of public residential streets and public alley ways to be undergrounded. The project blocks shall be prioritized and selected by the City Council and shall be proportionate to the amount of surcharge allocation for each Council District available for any given allocation year and in keeping with engineering feasibility.
  - c. No Canyons or other open spaces shall be allocated until such time as all public Major, Collector, Residential and Alley ways that can feasibly be undergrounded are complete.
3. Each year not later than October 31<sup>st</sup> ~~June 30<sup>th</sup>~~, the City Council will approve an allocation of projects totaling not less than an amount equal to the electric utility undergrounding surcharge estimated from the proposed

budget, July 1 through June 30, plus available funds embedded in electric rates.

a. In consultation with SDG&E, the Council will approve a list of proposed projects that meet the criteria of the Public Utilities Commission Interim Order, Decision No. 73078, Case No. 8209 (henceforth referred to as PUC Rule 20A), at an annual allocation rate equal to the amount embedded in electric rates, plus or minus any adjustments occurring from actual expenditures. In as much as possible this list will be in keeping with the master plan of streets to be converted.

1] The CPUC Rule 20 allocation list shall reflect the priorities as set forth in Section (B)(2)(a).

(a) The division of the total PUC Rule 20 allocation available for any given year shall be as follows:

(1) 10% shall be allocated at the discretion of the Mayor, with approval of the City Council.

(2) 45% shall be allocated equally among all Council Districts with qualified Rule 20 projects.

(3) 45% shall be allocated among all Council Districts with qualified Rule 20 projects based on the percentage amount of Major and Collector street miles of overhead lines within that district to the City wide Major and Collector street miles of overhead lines.

2] For a project to qualify as a 20A project, it must be determined, after consultation with the electric utility that such undergrounding is in the general public interest for one or more of the following reasons:

(a) Such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities;

- (b) The street or right-of-way is extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic; and
  - (c) The street or road or right-of-way adjoins or masses through a civic area or public recreation area or an area of unusual scenic interest to the general public.
- b. The Council will approve a list of proposed project blocks at an annual allocation rate equal to the amount of available electric underground utility surcharge plus or minus any adjustments occurring from actual expenditures. In as much as possible this list will be in keeping with the master plan of streets to be converted.
  - 1] The Surcharge allocation list shall reflect the priorities as set forth in Section (B)(2)(b).
    - (a) The division of the total Surcharge allocation available for any given year shall be as follows:
      - (1) 10% shall be allocated at the discretion of the Mayor, with approval of the City Council.
      - (2) 45% shall be allocated equally among all Council Districts with public residential streets and public alleys with overhead electrical facilities.
      - (3) 45% shall be allocated equally among all Council Districts with public residential streets and public alleys with overhead electrical, based on the percentage amount of public residential and public alley miles of overhead lines within that district to the City wide public residential and public alley street miles of overhead lines.
    - (b) Each City Council District with overhead residential and alley lines shall allocate one underground surcharge “block” project per year adjusted for the allocation amount for any given year.

- (1) In as much as possible blocks will be allocated according to the master plan.
- (2) In order to avoid a “patchwork” of overhead and underground utility systems. Project “blocks” will be allocated as much as possible to be adjacent to previous “blocks.”
- (3) Project “blocks” can be amended for any given year as part of the master plan review and approval process, taking into account engineering and allocations constraints.
- (4) For any given year, no allocation for surcharge project “blocks” may be split into more than one block, or pieces of more than one block.

2] At the discretion of any given Council District, surcharge allocations for any given year, may include an allocation contribution of surcharge funds towards some assessment district costs for the conversion of overhead lines; or towards other privately financed underground conversion project costs, according to the following provisions:

- (a) No surcharge funds may be contributed towards any initial deposit used for design or project feasibility purposes.
- (b) A contribution of surcharge funds may not exceed 75% for any assessment district formation cost or other project formation costs.
- (c) No maximum limit on surcharge fund contribution towards construction costs.
- (d) Any surcharge funds contributed towards an assessment district or other privately funded underground conversion project shall be subtracted from that districts pro rata allocation of surcharge funds as defined in section B.3.b.1.(a).
- (e) Any contribution of surcharge funds towards an assessment district or other privately funded underground conversion project shall be identified as part of the yearly allocation list of underground conversion projects. Allocation of surcharge funds

may not occur prior to approval of the annual allocation.

- 3] No surcharge allocations or portions of surcharge allocations may be used to fund additional projects that meet CPUC Rule 20 criteria.
- 4] Underground Utility Districts may include all types and size of electrical transmission and distribution systems, or combination of systems.
- 5] At the discretion of the City Manager the City may, at its option and in accordance with any SDG&E company rules, perform any or all design or construction work to convert electric utilities within Underground Utility Districts provided adequate notice is provided to SDG&E.
  - (a) A minimum of one years notice is required should the City wish to design or construct up to four projects totaling not more than \$5 million dollars in estimated work.
  - (b) A minimum of two years notice is required should the City wish to perform design or construction on more than four projects or more than \$5 million dollars in estimated work.

C. Expend undergrounding funds as follows:

1. Not less than quarterly SDG&E will deposit with the City Auditor an amount of monies equal to the surcharge to be used by the City solely for the undergrounding of electrical lines and associated activities within the City of San Diego.
2. These funds shall be expended on the following costs related to undergrounding:
  - a. The design and construction for the underground conversion of electrical distribution, transmission (whenever feasible), and associated structures within Underground Utility Districts that are not funded with PUC Rule 20A funds.
  - b. Providing and installing all necessary street lighting associated with any underground conversion project, including PUC Rule 20A projects.

- c. Any pavement resurfacing or slurry seal resurfacing required as a result of any underground conversion project, including PUC Rule 20A projects.
- d. All City construction management costs associated with underground conversion activities, including PUC Rule 20A projects.
- e. Any tree replacement required as a result of any underground conversion project, including PUC Rule 20A projects.
- f. Any value engineering or similar studies relating to underground conversion projects or activities.
- g. Costs of conversion on private property.
- h. All environmental compliance costs as may be required.
- i. All directly related expenses to underground electrical systems.
- j. Expenses related to joint trench costs and installation costs of conduit and substructures; as provided for in any cable company franchise agreements or other agreement.

D. Monitor expenditures as follows:

- 1. Not more than once per year, SDG&E will provide to the City full and complete disclosure of requested information and supporting documentation as deemed necessary by the City Manager or a designated consultant to perform a value engineering study of the efficiency and cost effectiveness of the design and construction method being utilized by the utility in order to continually improve future practices.
- 2. At least quarterly or at the written request of the City Manager, SDG&E will provide to the City a detailed analysis of expenditures for each quarter ending March 31, June 30, September 30 and December 31. It shall be due to the City Manager not later than the 15<sup>th</sup> day of the following month. The report will include all projects both Rule 20A and non Rule 20A. The format of such a report to be designated by the City Manager.
- 3. Not later than March 31<sup>st</sup> ~~January 31<sup>st</sup>~~ and October 31<sup>st</sup> ~~June 30<sup>th</sup>~~ of each year, City staff shall report to City Council the status of all allocated underground conversion projects, as well as the status of expenditures and underground conversion account status.

E. Require affected utility companies to:

1. Utilize joint trenches when technically feasible. Any utility that believes joint trenching is not feasible, must provide the City Manager with a timely, written request for a waiver of this requirement.
  2. Not delay the implementation of any or all underground activities in regards to established Underground Conversion Districts because of the short or long term future probability of any possible utility relocation.
  3. Offer private property owners within the Underground District the complete conversion of all necessary facilities on private property, at no expense to the property owner, which would allow the property owner to receive underground service.
    - a. Property owners who decline offers from utility companies for conversion of property within Underground Conversion Districts will be responsible for the conversion of their property at their sole expense and will not be reimbursed for any work performed on their property to receive underground service.
    - b. Utility Companies shall provide to the City Manager, not less than 180 days before the required completion date of the project, written notification of all property owners who refuse such assistance.
- F. Require that the following time lines and milestones be met by all utilities:
1. All Underground Conversion Districts shall be completed at a date 30 months to the day from the date that the City Council resolution establishes the yearly underground allocation list. If any utility believes that it cannot comply with this requirement, a timely, written request for a waiver must be submitted to the City Manager for approval.
    - a. Within 30 calendar days from the date that the City Council resolution establishes the underground allocation list, the City Manager will inform, in writing, all affected parties of the dates for required completion.
    - b. Within 15 calendar days of letter from the City Manager establishing project completion dates, affected parties may appeal in writing to the City Manager the proposed completion dates.
    - c. Within 15 calendar days of appeal the City Manager will notify affected utility companies of any change of established completion dates appeal, or denial thereof.

- d. All utilities must comply with the milestone dates for completion of work or services within the timelines established in the San Diego Municipal Code. These milestone dates shall commence from the date that the City Council establishes the Underground Utility District.
  2. Not later than the 15<sup>th</sup> of each month, or at the written request of the City Manager, each utility company will provide to the City Manager an updated schedule of dates for the completion of milestones for every project which the Council has created an Underground Utility District affecting that utility company. Milestone definitions and format of report will be designated by the City Manager so that all utilities report in a uniform fashion.
  3. Utilities who fail to meet established project milestone dates as prescribed by the City Engineer shall be subject to applicable remedies as prescribed by the San Diego Municipal Code.
- G. Where property owners desire an underground conversion in situations other than those meeting one of the criteria for conversion at company expense, property owners are required to pay the cost of undergrounding, less those credits as set forth in the applicable company rules as approved by the Public Utilities Commission. The cost for such conversion work, inclusive of the conversion of the property owner's service, may be financed by the use of the appropriate assessment district proceedings.

**HISTORY:**

Adopted by Resolution R-194286 07/23/1968  
Amended by Resolution R-205402 04/20/1972  
Amended by Resolution R-292223 09/27/1999  
Amended by Resolution R-294335 12/05/2000  
Amended by Resolution R-295893 12/11/2001  
Amended by Resolution R-296565 05/28/2002