



# San Francisco Local Agency Formation Commission:

## **Study on the Undergrounding of Utility Wires and Expansion of the Fiber Network in San Francisco**

Jason Fried  
Executive Officer  
May 11, 2015



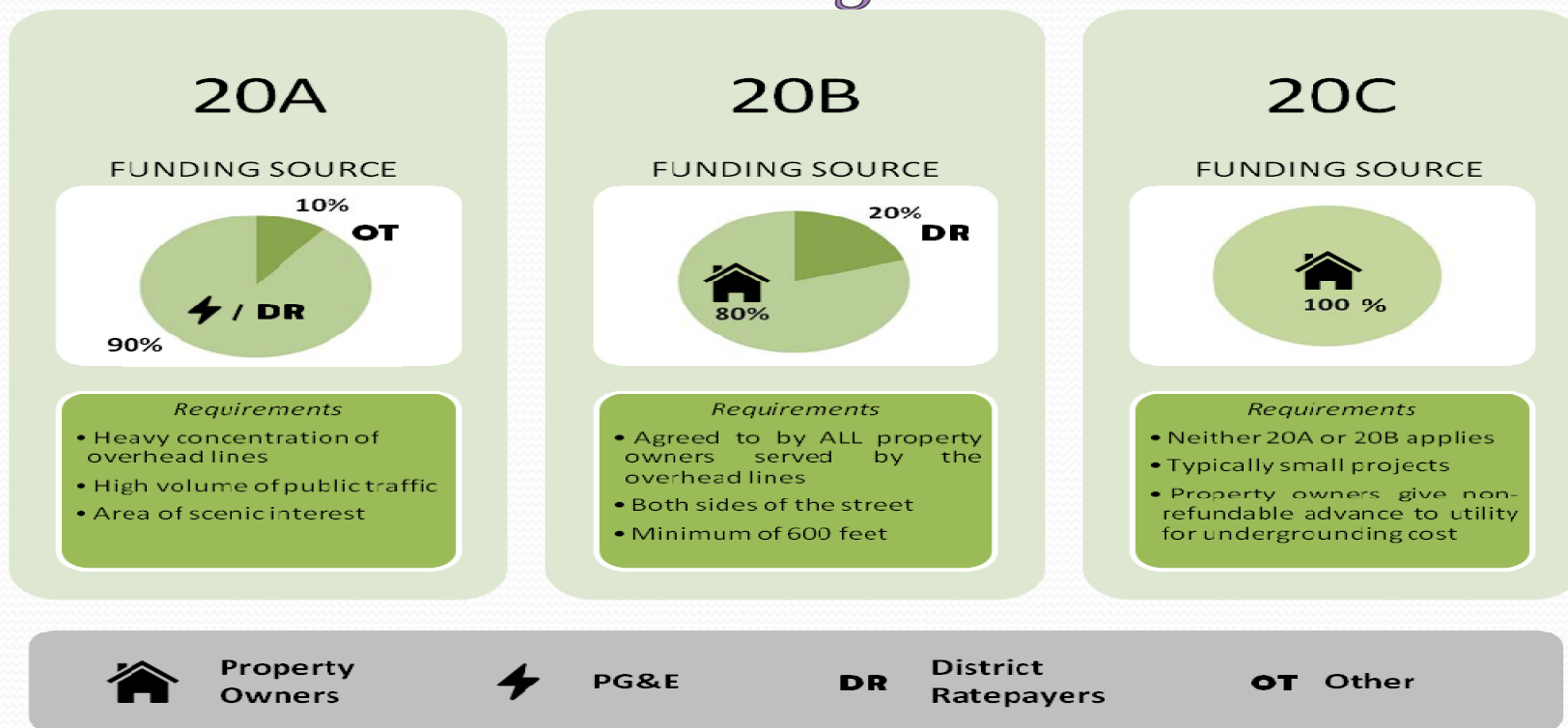


## Project Objective

- The objective of the report is to review and compare the various reports done to date on Utility Wires and the Fiber Network in San Francisco.
- Areas that were reviewed and discussed:
  1. The state of undergrounding in the City
  2. The 1996 Utility Undergrounding Program
  3. Options for viable, equitable undergrounding
  4. Possible ways to reduce costs for undergrounding
  5. Potential funding sources



# CPUC Funding – Rule 20



## Rule 20A Funding

- 90% of costs are paid for by the utilities, and these costs are then passed on to ratepayers as capital improvements through the CPUC
- 10% of the costs (such as required new streetlights) are paid for by the City, property owners, or the utility company
- Telephone and cable 20A
- Undergrounding costs are paid by each respective utility
- 20A rule does not cover rear easement overhead wires; this must be paid by alternate sources

## Rule 20B Funding

- Property owner applicants pay 80%, ratepayers pay 20%
- Requires 100% approval by property owners
- 20B undergrounding is paid usually in a special assessment Mello-Roos District
- The City may pay for the property owner share costs if funding is available from other sources, such as an undergrounding utility surcharge

## Rule 20C Funding

- Property owner applicants pay 100%
- If neither Rule 20A or 20B applies, rule 20C allows property owners to pay for undergrounding electric lines and equipment
- Typically used for small projects
- Property owners must make a non-refundable advance to the utility equaling the cost undergrounding

# Major Obstacles

## OBSTACLES



Unclear Future  
Funding



Unanticipated  
Costs



High Population  
Density



PG&E  
Contract



Undergrounding  
Coordination



Right of Entry  
Issues

- No new funding sources were identified
- Original estimates for 1996 work were greatly underestimated by PG&E
- San Francisco has higher costs per mile because of density of building
- PG&E Franchise Fee is very low and unlike other areas there is not a way for SF to reopen it
- In 1996 project coordination did not happen between PG&E and other city projects
- Access to some properties took time to get to complete work which drove up costs.



# Financial Options

(All would require voter approval)

## Financial Options



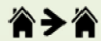
G.O. Bonds



Utility User's Tax



Utility Connection Fee



Transfer Tax Fee



Residential User Surcharge



Transfer Tax Rate

- Use General Obligations Bonding
- Utility User's Tax (UUT) is currently 7.5% (this is the currently the average rate for top 10 CA city's)
- Utility Connection Fee (aka Emergency Response Fee) charged to each phone line
- Transfer Tax Fee and Rate is charged when priorities are sold
- Residential User Surcharge is similar to the UUT but only charged on electricity bill. San Diego uses this as a Rule 20B CPUC funding source.

## Conclusions from Reports

- No new funding sources were identified
- Several suggestions on ways to reduce some costs are presented but more work is needed to fully understand possible costs savings.
- More Reports pending on Fiber Network  
(Not in report since this occurred after the draft was released but will be mentioned in final version)





## Next Steps

- Draft Report is out for review with comments requested by May 15<sup>th</sup>.
- Presentation to LAFCo on draft report on May 15<sup>th</sup>.
- Once all comments are received, LAFCo staff will review and edit report.
- Depending on number and size of changes either a new draft will be circulated to interested parties or the final report will be produced.
- Final Report presented to LAFCo at June 26<sup>th</sup> meeting.



# Questions?

Jason Fried  
Desk – (415) 554-6756  
Email - [Jason.Fried@sfgov.org](mailto:Jason.Fried@sfgov.org)

