

TO: TOWN COUNCIL
FROM: TOWN MANAGER
RE: CONSENT ITEM
PGE RULE 20 FUNDS

**ISSUE**

Through State law the Town receives funding for underground utility projects that are based on PGE revenue within the Town.

RECOMMENDATION

Receive and file.

MONEY

This is a notification of the Town's current credit balance (\$796,164) in Rule 20 funds.

CEQA

There are no CEQA issues because it is self evident that information on funding availability will not impact the environment.

DISCUSSION

The Rule 20 funds are collected by PGE within Town pursuant to State law and can only be used for utility (electric) underground projects. The money is not cash that the Town can take and use for other purposes. Though expressed in dollar terms it is really a credit the Town can take when doing an underground project. Putting utilities underground is very expensive and the current balance would likely not be enough to do two downtown blocks. Staff has considered that one day a utility underground project would likely involve the electric lines running from King, over the Blue Goose shed and extending through the downtown. This will be costly given the 60kv size of the lines.



August 4, 2011

Town Manager
Town of Loomis
6140 Horseshoe Bar Rd, Suite K
Loomis, CA 95650

Subject: 2011 Rule 20A Allocation & Work Credit Status

Dear Town Manager,

The purpose of this letter is to update you on your community's Rule 20A Electric Underground Work Credit Balance. The table below shows your Rule 20A Work Credit Balance as of July 1, 2011. This balance reflects closed projects and amounts committed for projects with an underground conversion resolution adopted prior to July 1, 2011.

<u>Work Credit Status</u>	
Account Balance as of 01/01/2010	\$772,498
Projects Closed (1/1/10 through 12/31/10)	\$ 0
Account Balance as of 12/31/2010	\$772,498
2011 Allocation	\$23,666
Adjustment	\$ 0
Account Balance as of 07/01/2011	\$796,164
Committed Amounts	\$ 0
Adjusted Balance as of 07/01/2011	<u>\$796,164</u>

Expressed in dollars, the amounts listed above represent the value of work credits that apply only to qualified, public interest underground conversion projects pursuant to Rule 20A.

As with all major capital projects, when your community passes a resolution approving an underground district, it is categorized with other Rule 20A projects in the queue. At a company level, the actual budget and resources to do this work is prioritized with all other PG&E work. PG&E's first priority is maintaining overall electric system reliability to serve our customers. For example, customer service reliability projects receive higher priority and include repairing damaged lines and poles caused by storms, upgrading the electric capacity of the system, and connecting new customers. This means that while your underground project is important, we may not immediately be able to begin work after you have passed a resolution. For this reason, advance project planning is important. Also, Rule 20A underground conversion projects are complex, involving coordination with the community, PG&E, and other utilities, and includes complicated engineering to ensure that existing overhead systems remain operable until the moment of cut-over. Again, advance planning with the community and all affected utilities is critical to success.

PG&E values its partnership with your community and we look forward to developing a plan that works for both of us. If you have any questions regarding your Rule 20A Work Credit Status, or if your community wants to discuss pending Rule 20A projects or potential future projects, please contact Keith Basque, your Rule 20A Program Liaison, at (530) 206-6475.

Sincerely,

SINDY MIKKELSEN
Principal Program Manager - Rule 20A Program

cc: Public Works Director