

## **RATIONALE for SANTA CRUZ COUNTY to REQUIRE a NEW FRANCHISE AGREEMENT with PG&E**

**The Franchise Agreement with PG&E is outdated and inadequate, and must be renegotiated to address the current *Values* of the *Santa Cruz County Strategic Plan* to improve safety and reliability, to benefit residents, businesses and the government, and to protect the environment.**

### ***Legal Obligations to Guide and Support the Partnership with PG&E***

· The Santa Cruz County Board of Supervisors has demonstrated its willingness in the past to update requirements for PG&E, as in the case of Smart Meter installations, and Electric and Magnetic Fields (EMF) shielding on its underground lines. This sets a precedent for comprehensive renegotiation.

· The original August 31, 1955 Franchise Agreement, County Ordinance 470, is long outdated. The County can demonstrate that CPUC regulations in GO 95, Section 31.1 (standards required for local circumstances) allow the County to renegotiate the current agreement to assure a higher standard of safety. The current Agreement fails to provide the higher standard of safety required for the County's extensive High Utility-Associated Fire Threat Districts (HFTDs), burdened with an antiquated, unsafe, unreliable electric system.

### **Decades of neglected maintenance endanger us all:**

- Retaining long-outdated, dangerous equipment degraded enough to cause severe wildfires, as with the most deadly and destructive wildfires in California history, violates one of the main charters of the Agreement to provide safe service.
- Failing, outdated equipment is both unreliable and unsafe, specifically the antique bare copper wires (extremely frail, **vulnerable to extreme temperatures, wind, and to every ignition driver from balloons and branches to vehicles and animals**), as well as the newer bare aluminum wire along the coast, which is corroding and arcing due to exposure to salt air. Also, the failure to update/replace Expulsion fuses and the lack of modern computerized circuit protection that would be more effective and have far less negative impact than using unsophisticated **"Reclosures"** for Enhanced Powerline Safety Settings (EPSS - AKA "Fast Trip").
- ***Current, non-CZU related, replacement of power poles in the SLV is a piecemeal fix since they are not replacing the dangerous, bare, degraded wires at the same time. Old wires are just being put back up. This is in stark contrast with the second largest electric utility in California:***
  - Southern California Edison (SCE) has improved its safety and reliability, in response to the 2017 severe wildfires in their area, by comprehensive modernization of its distribution infrastructure.
  - SCE has comprehensively upgraded over 4,000 circuit miles to date, including new fire-resistant poles, reinforced, triple-insulated wires, computerized circuit breakers and related equipment.

- SCE no longer uses either Enhanced Vegetation Management or Public Safety Power Shutoffs where modernization is completed, and their few recent wildfires have taken place only where the work has not been completed.
- In contrast, PG&E's piecemeal work has not reduced wildfires nor improved reliability. Its "Fast Trip" has increased unscheduled, lengthy power outages that have a huge negative impact on the community. By forcing old equipment (Reclosers) to act as circuit breakers, the outages are frequent and difficult to locate, unlike the computerized, modern equipment used by SCE and the other Investor Owned Utilities (IOUs).
- Under common law, we have the right to abandon the contract or to negotiate a new agreement in this case. (Section 4).
- The post-CZU Lightning Complex Fire NOTICES OF VIOLATION against PG&E by Cal Fire, the Coastal Commission and the Regional Water Quality Control Board raise significant issues which are likely in violation of the current Franchise Agreement (Section 3, lines 4-5).

***The date of the current Agreement is a primary argument for renegotiation***, since many changes over time make it outdated, including the following: extensive changes in available technologies, worsening climate change, and County and State ordinances and regulations adopted since 1952. Also, the creation and modifications of the County General Plan that would otherwise have affected the Agreement. (Note: *San Diego Gas & Electric's agreement with the City of San Diego originated in 1970, and it was put out to bid and negotiated as a new 10-year agreement in 2021 with a possible 10-year extension unless the City decides to seek new bids or to municipalize the system.*)

***The County currently has limited control over PG&E's neglect of important safety improvements***, and details could be addressed during negotiations, especially under GO 95, Section 31.1.

- **Solutions would include undergrounding in limited situations, but most importantly, must include rapid modernization of overhead systems, due to undergrounding's untenable lag-time, egregious financial cost and additional negative environmental impacts,**
- This would specifically include complete replacement of antique 6-gauge bare copper wire, or bare aluminum cable in coastal areas susceptible to salt-air corrosion, with steel-core-reinforced, triple-insulated conductor (per Southern California Edison's (SCE) successful plan), completing installation of fire-resistant poles, and installation of computerized circuit breakers that mitigate for ALL wildfire ignition drivers, not just vegetation. (EPSS is neither safe nor adequate.)

***There is potential for significant financial benefit to the County by clarifying the meaning of "gross annual receipts," requiring data defining where the money is coming from, and possibly renegotiating the percentage of PG&E's income for carrying communications equipment (ATT, Comcast, cell companies) on its poles.***

***Lack of community trust in PG&E*** makes it imperative that the County assert itself as the protector of its residents and property, including watershed lands. Trust has been undermined for many enduring reasons. These include multiple felony and misdemeanor criminal convictions; deaths, injuries and property destruction from gas explosions and fires; extremely unreliable power year-round; Cal Fire NOVs; failure to upgrade equipment decades beyond safe operations (“run to failure” business model is a failure itself); using Reclosers rather than modern computerized circuit breakers for so-called “Fast Trip” cutting power without warning; severely inadequate oversight of its tree-removal contractors, and the on-going removal of trees that are inadequately inspected but nonetheless declared “Danger” trees by PG&E contractors.

***The County can provide protection for residents and landowners from extreme Enhanced Vegetation Management (EVM) measures***, which PG&E adopted in 2017 (along with cutting power) as its primary protocol for wildfire mitigation. While not active in the County currently, it will return in some form. Elsewhere, as this is written, hundreds of thousands of healthy, mature trees (including old-growth) are being felled, despite the fact that **EVM has been proven ineffective: EVM’s failures have caused the largest and most deadly wildfires annually, and PG&E’s excessive tree clearing has exacerbated those fires.**

***County residents will continue indefinitely to be impacted by prolonged power outages due to EPSS and PSPS***, which endanger residents and cause irreparable economic damage to families, businesses and communities.

**Protection from severe environmental degradation caused by EVM and wildfire is paramount.** The SLV Watershed is already vulnerable to human accelerated erosion, slope instability, loss of native plants and animals, including endangered aquatic species (salmonids, amphibians, etc.), damage to riparian corridors, and other untenable impacts; these are all exacerbated by the removal of thousands more trees. In addition, CEQA has been and is being ignored, endangered species regulations are being disregarded, riparian corridors and water supply sources degraded, and more.

**It is time to assert local control: the CPUC’s effectiveness as a regulatory agency is inadequate, allowing utilities to design their own Wildfire Mitigation Plans (WMPs), for example, and it has blatantly failed in its mission to assure safe, reliable and affordable energy.** (See attached document.) PG&E has failed to provide effective safety measures and the CPUC has accepted its Plans regardless. The CPUC has failed to require that PG&E install upgraded, modern equipment, so the County needs to do so.

**The creation of the successful Central Coast Community Energy <https://3cenergy.org/> has changed PG&E’s role**, so it no longer should be allowed to have the same types of control.

**In sum, PG&E has failed to provide the services they are under legal contract to provide ratepayers. This is a strong argument to renegotiate the franchise agreement.**