Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
AB 1145 (Quirk) – As Amended April 17, 2017

**SUBJECT**: Compensation of utilities for relocation costs.

**SUMMARY**: Requires the state or a local government to reimburse a cable television corporation or operator for relocation costs incurred as a result of a construction project financed from any voter-approved bond, and adds cable operators to existing statutes governing assessment districts that are created for the purpose of converting overhead electric and communication facilities to underground locations. Specifically, **this bill**:

1) Creates a new chapter in the Public Utilities Code, which provides for the following:

    a) Requires, unless otherwise prohibited by law or expressly governed by a contract in force as of January 1, 2018, if the state or a local government with appropriate jurisdiction directs a utility to relocate its facilities from an easement or right-of-way granted by the state or local government, and the relocation is for a construction project financed from any voter-approved bond act of the state or local government, respectively, the state or local government to reimburse the utility for the reasonable costs of that relocation;

    b) Requires the state or local government to make the reimbursement only if it determines, after consultation with the utility and holding public hearings on the subject, that the relocation is in the general public interest for at least one of the following reasons:

        i) The relocation avoids or eliminates an unusually heavy concentration of overhead electric or communication facilities;

        ii) The existing right-of-way involves a street or road with a high volume of pedestrian or vehicular traffic;

        iii) The relocation benefits a civic area, public recreation area, or area of unusual scenic interest;

        iv) The relocation is necessary to accommodate a state or local capital infrastructure project;

        v) The relocation is necessary for public safety; or,

        vi) The existing right-of-way involves a street or road that is considered an arterial street or major collector as described by the state Office of Planning and Research's (OPR) general plan guidelines, as specified;

    c) Requires the state or local government to make the reimbursement only if the utility has applied to recover those relocation costs through all other applicable regulatory processes and those applications have been denied;

d) Prohibits the state or local government from allocating more than 5% of the total amount of moneys from the voter-approved bond act that resulted in the relocation to relocation costs;

e) Requires, if the utility has existing land rights, including a utility easement, for the facilities that are required to be relocated as a result of the construction project, the state or a local government to provide the utility, at the state's or local government's expense, with equal land rights in the new location of the relocated facilities;

f) Requires, if the utility's existing facilities are located in the right-of-way under a permit, the state or local government to provide the utility, at the state's or local government's expense, rights in the new location of the relocated facilities equivalent to the utility's existing rights under the permit;

g) Requires a utility to submit a verified itemized claim to the state or a local government for reimbursement of relocation costs within 180 days after each calendar quarter in which the utility's final application to recover those costs through any other applicable regulatory processes is denied, as specified;

h) Requires, upon receipt of a verified itemized claim for reimbursement of relocation costs, the state or a local government to do all of the following:

   i) Review each verified itemized claim. The review may include an audit conducted pursuant to generally accepted accounting principles. Upon written request, the utility shall make its relevant books and records reasonably available to the state or local government to review for purposes of the audit;

   ii) Reimburse the utility for the reasonably incurred relocation costs within 90 days after receipt of the verified itemized claim. This time period is tolled for any period during which the utility fails to make its relevant books and records reasonably available to the state or local government to review for purposes of the audit; and,

   iii) Reimburse verified itemized claims for reimbursement of relocation costs from all affected utilities in the order of receipt;

i) Provides that this chapter does not prohibit the state or a local government from complying with other applicable law, or with an agreement, that requires the state or local government to reimburse a utility for relocation costs;

j) Defines, for purposes of this chapter, a "utility" to mean all of the following:

   i) An electric corporation;

   ii) A water corporation;

   iii) A facilities-based telephone corporation;

   iv) A telecommunications carrier, as defined in Section 153 of Title 47 of the United States Code;

v) A gas corporation;

vi) A local publicly owned electric utility and a publicly owned gas utility; and,

vii) A special district that owns or operates utilities;

k) Provides that this chapter shall also apply to the following entities which, for the limited purposes of this chapter, are deemed to be a utility:

i) A cable television corporation;

ii) A cable operator, as defined in existing sections of the Public Utilities Code;

l) Defines, for purposes of this chapter, "local government" to mean a charter or general law city, county, or city and county, a special district, school district, political subdivision, or other local public agency, or a joint powers authority formed pursuant to the Joint Exercise of Powers Act, but shall not mean the state, any agency or department of the state other than an individual campus of the University of California (UC) or the California State University (CSU), the federal government, any federal department or agency, or another state; and,

m) Defines, for purposes of this chapter, "relocation costs" to mean all costs of relocating a utility's facilities that the utility incurs as a direct result of the construction and operation of a construction project. Relocation costs do not include profit, but may include a reasonable allocation of general overhead expenses.

2) Makes the following changes to Streets and Highways Code sections governing assessment districts that are formed for the purposes of converting existing overhead electric and communication facilities to underground locations:

a) Adds the following definitions:

i) "Cable operator" has the same meaning as defined in existing sections of the Public Utilities Code, as specified;

ii) "Cable television service" has the same meaning as "cable service" as defined in existing sections of the Public Utilities Code, as specified;

b) Adds cable operators and cable television service to the statutes, thereby allowing cable operators to recover their costs in the same manner as public utilities when required to convert their existing overhead facilities to underground locations pursuant to the assessment district process; and,

c) Requires, for a conversion of electric or communications facilities that are owned by a city or municipal utility, the legislative body initiating the conversion proceeding to reimburse the costs incurred by a cable operator for relocation, as specified.

3) Provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to current law governing state mandated local costs.

**EXISTING LAW**:

1) Provides, pursuant to the Public Utilities Code, the following:

   a) Provides the following definitions:

      i) "Public utility" means "every common carrier, toll bridge corporation, pipeline corporation, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, sewer system corporation, and heat corporation, where the service is performed for, or the commodity is delivered to, the public or any portion thereof." This definition does not include cable operator or cable television corporations;

      ii) "Cable operator" means "any person or group of persons that either provides cable service over a cable system and directly, or through one or more affiliates, owns a significant interest in a cable system; or that otherwise controls or is responsible for, through any arrangement, the management and operation of a cable system," as specified; and,

      iii) "Cable television corporation" means "any corporation or firm which transmits television programs by cable to subscribers for a fee;"

   b) Requires all charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered to be just and reasonable. Specifies that every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful; and,

   c) Requires the California Public Utilities Commission (PUC) to prescribe rules for the performance of any service or the furnishing of any commodity of the character furnished or supplied by any public utility, and, on proper demand and tender of rates, requires the public utility to furnish such commodity or render such service within the time and upon the conditions provided in such rules.

2) Provides, pursuant to the Streets and Highways Code, the following:

   a) Allows, pursuant to the Improvement Act of 1911 (Act), cities, counties and other municipal governments (local agencies) to determine that it would be convenient, advantageous, and in the public interest to designate an area within which public agency officials and individual property owners may enter into voluntary contractual assessments to finance the installation of specified improvements that are permanently fixed to those owners' real property, as specified;

   b) Specifies within the Act that local agencies may form an assessment district for the purpose of converting existing overhead electric and communication facilities to

underground locations, and defines "electric and communication facilities" to mean "any works or improvements used or useful in providing electric or communication service." This existing definition does not include cable television service;

c) Requires proceedings for a conversion to be initiated by either a petition, or by a determination of the legislative body;

d) Requires a legislative body, in order to initiate proceedings, to determine that the city or a public utility has voluntarily agreed to pay over 50% of all costs of conversion, excluding costs of users' connections to underground electric or communication facilities; and,

e) Defines, for purposes of forming a conversion assessment district, "public utility" to mean "any person or corporation that provides electric or communication service to the public by means of electric or communication facilities." This existing definition does not include any person or corporation that provides cable television service to the public by means of cable television facilities.

**FISCAL EFFECT**: This bill is keyed fiscal and contains a state-mandated local program.

**COMMENTS**:

1) **Bill Summary**. This bill requires state and local agencies to reimburse utilities (defined in this bill to include cable operators and cable television corporations) for the reasonable costs of relocation when the public agency directs these entities to relocate their facilities due to a construction project financed from any voter-approved bond act. Relocation costs do not include profit, but may include a reasonable allocation of general overhead expenses.

   This bill requires reimbursement only if: the public agency determines, after consulting with the utility and holding public hearings, that the relocation is in the general public interest for at least one of six specified reasons; and, the utility has applied to recover its costs through all other applicable regulatory processes and those applications have been denied. The public agency must not allocate more than 5% of the total bond funds to relocation costs.

   If the utility has existing land rights for the facilities that must be relocated, the public agency must provide, at its own expense, the utility with equal land rights in the new location. If the utility's existing facilities are located in a right-of-way under a permit, the public agency must provide, at its own expense, equivalent rights in the new location.

   Utilities must submit their claims for reimbursement within 180 days after each calendar quarter in which the utility's final application to recover costs through any other applicable regulatory process is denied. Public agencies must reimburse the utility within 90 days after receipt of the utility's claim. The local agencies that would have to comply with these provisions include charter or general law cities or counties, special districts, school districts, political subdivisions or other local public agencies, joint powers authorities, and individual campuses of the UC or the CSU.

   This bill also adds cable operators and cable television service to the statutes that govern the formation of assessment districts that are created for the purpose of converting overhead electric and communication facilities to underground locations, with one exception: cable operators have not been added to the section that requires a legislative body, in order to

initiate proceedings, to determine that the city or a public utility has voluntarily agreed to pay over 50% of all costs of conversion, excluding costs of users' connections to underground electric or communication facilities.

This bill is sponsored by the California Cable and Telecommunications Association.

2) **Author's Statement**. According to the author, this bill "creates FAIRNESS for all utility service providers. When local or state governments selectively reimburse only certain utility companies for forced facilities relocations but not for others, such as cable operators, the customers for the non-reimbursed utility service providers (through rates, surcharges) end up paying twice, shouldering more of the costs associated for all forced facility relocations. The financial responsibility for ALL forced facilities relocation costs should be equally shared among ALL individuals living in a community where the capital improvement project is to be completed, making sure that no utility service provider customers have to pay twice.

"(This bill also) provides ACCOUNTABILITY for capital improvement projects. When local governments have 'skin in the game' and are responsible for keeping costs in line with their project budgets, local governments will ensure relocation costs are reasonable and planned appropriately. (This bill also) creates greater EFFICIENCY among all parties for local capital improvement projects. This bill will allow communication companies to work collaboratively with cities and towns on their projects instead of spending needless hours haggling over movement of facilities."

3) **Background**. According to the PUC, California has approximately 25,526 miles of transmission lines, and approximately 239,557 miles of distribution lines, of which approximately 152,000 miles of distribution lines are overhead. Utilities convert less than 100 miles per year to underground locations. Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric serve approximately 11.4 million electric accounts. Therefore, $126 million dollars' worth of projects completed in 2012 implies each electric account would pay approximately $11 per year or $1 per month for undergrounding.

4) **Regulation of Utilities**. Article XII of the California Constitution establishes the PUC and grants it the authority to regulate public utilities. One of its responsibilities is to provide oversight over electric and gas utility infrastructure, as well as other infrastructure-related policy and programs. These include interconnection, reliability and distribution, infrastructure safety, and undergrounding.

Public utilities provide essential public services, such as electricity, natural gas, water, and sewage, and are subject to various forms of public control and regulations under the PUC. As part of its authority, the PUC approves the amount each investor owned utility (IOU) can collect from its customers based on the cost of operating, maintaining and financing the infrastructure used to run the utility, and the cost of its procured fuel and power. Such utilities undergo General Rate Case (GRC) proceedings at the PUC, which authorizes the amounts IOUs can recover from their customers in rates for the costs of owning, operating, and maintaining their facilities. GRCs generally occur on a three year cycle for each IOU, and less frequently for multi-jurisdictional utilities.

Although the PUC has some limited rate-of-return regulatory authority over the communication services industry, including oversight over universal service programs, cable companies offer subscriber-based television and communication services through a range of

connections to the home beyond the traditional coaxial cable regulations of the PUC. Pursuant to the Digital Infrastructure and Video Competition Act (DIVCA), cable companies wishing to build new video and broadband infrastructure must apply for a state-issued franchise to cover a service territory to operate. DIVCA left most standard requirements of a franchise in place and under the control of local governments, but required all video providers to offer and fund public, educational, and government channels.

There has been growing debate over the governance of communication services, including whether or not internet and cable communication services should be considered essential services and, hence, regulated as a public utility.

5) **Assessment Districts**. Existing law, pursuant to the Act, authorizes local agencies to designate areas within which legislative bodies and willing property owners may enter into contractual assessments to finance a wide range of public infrastructure projects. Assessment districts, which have been in existence since the early 1900's, have been used on a widespread basis as an alternative method for financing public improvements.

   An assessment district is created by a sponsoring local government agency, such as a city or county. The usual procedure for forming a district begins with a petition signed by owners of the property who want the public improvement. The proposed district will include all properties that will directly benefit from the improvements to be constructed. A public hearing is held, at which time property owners have the opportunity to protest the assessment district.

   Once approved, property owners have the opportunity to prepay the assessment prior to bond issuance. After this cash payment period is over, a special assessment lien is recorded against each property with an unpaid assessment. These parcel owners then pay their total assessment through annual installments on the county property tax bill. Property owners have a right to prepay the remaining balance of the assessment at any time, including applicable prepayment fees.

6) **Assessment Districts for Undergrounding**. One type of assessment district that the Act authorizes is for the purpose of converting existing overhead electric and communication facilities to underground locations, commonly called "undergrounding." These districts are usually called underground utility districts (UUDs). The statutes governing the process for forming a UUD were originally enacted in 1966 and have been added to or amended over the years, but have not been touched since 1986.

   These statutes allow proceedings for the formation of a UUD to be initiated via petition or by a determination of the legislative body. In the latter case, the legislative body must determine that the city or a public utility has voluntarily agreed to pay over 50% of all costs of conversion, excluding costs of users' connections to underground electric or communication facilities. The statutes governing the formation of a UUD provide the following definitions:

   a) "Electric and communication facilities" means "any works or improvements used or useful in providing electric or communication service." This existing definition does not include cable television service; and,

b) "Public utility" means "any person or corporation that provides electric or communication service to the public by means of electric or communication facilities." This existing definition does not include any person or corporation that provides cable television service to the public by means of cable television facilities.

7) **Tariff Rule 20**. Tariff Rule 20 (Rule 20) is the vehicle for the implementation of the underground conversion programs. Under Rule 20, the PUC requires the utility to allocate a certain amount of money each year for conversion projects. Upon completion of an undergrounding project, the utility records its cost in its electric plant account for inclusion in its rate base. The PUC then authorizes the utility to recover the cost from ratepayers until the project is fully depreciated. Rule 20 provides three levels – A, B, and C – of progressively diminishing ratepayer funding for the projects.

Rule 20A projects are typically initiated by a city or county and occur in areas of a community that are used by the public. Under Rule 20A, ratepayers pay 80-100% of project costs. Because ratepayers contribute the bulk of the costs of Rule 20A programs through utility rates, the projects must have a public benefit and meet the following criteria:

a) Eliminate an unusually heavy concentration of overhead lines;

b) Involve a street or road with a high volume of public traffic;

c) Benefit a civic or public recreation area or area of unusual scenic interest; and,

d) Be listed as an arterial street or major collector as defined in OPR's general plan guidelines.

The determination of what is considered a public benefit is made by the local government, after holding public hearings, in consultation with the utilities.

Rule 20B projects are typically done in conjunction with larger developments, with the majority of the cost funded by developers or applicants. Under Rule 20B, ratepayers may only fund up to 20% of the project cost. Finally, Rule 20C projects are usually smaller projects where costs are borne almost entirely by the applicants, with minimal contributions by ratepayers. Oftentimes projects that require undergrounding of utility lines include attaching equipment and lines from other communications services.

8) **Rule 20A**. Rule 20A established a credit system through which local government could work with IOUs on undergrounding. The program allows utilities to be compensated for planning, design and construction costs without the need for municipal funding by linking Rule 20A credits to utility revenue via GRC proceedings. A municipality that has developed a conversion plan and established a UUD is given an annual allocation of credits by the utility. These allocations are then set aside by the municipality and, when the cumulative balance of credits is sufficient to cover the cost of a conversion project, the municipality and its utility can move forward with the planning, design and construction for undergrounding.

Currently, there are more than 500 local jurisdictions that receive an annual allocation of credits from their utility. When first developed, Rule 20A was recognized as a new and unique program but with uncertainty over its implementation and impact. This program sought to establish a structured means of allowing overhead conversion projects in a

consistent manner throughout the state with the costs covered by utility ratepayers. Over the past 49 years, it is estimated that 2,500 miles of overhead utility lines have been converted in California under the program. Recipient communities may either bank (accumulate) their allotments, or borrow (mortgage) future undergrounding allocations for five years at most.

9) **PUC Review of Rule 20A**. The PUC's Division of Policy and Planning produced a report in November of last year reviewing Rule 20A. This report found the following performance issues with the 20A program:

> "While Rule 20A has been effective in meeting its original goal of facilitating conversion projects that are in the public interest, credits have been allocated annually to municipalities over many years using a formula that does not take into account whether a municipality has any planned overhead conversion projects. As a result, sizable credit balances have built up over the years, cumulatively totaling to over $1 billion in liabilities and pose a potential financial risk to utility ratepayers.
>
> "Concurrently, some cities and counties have had projects where project costs exceeded their accrued credit balance for that municipality, resulting in a negative credit balance or debt, with utility costs not being compensated and in some cases taken as a loss, in one case resulting in a utility writing of over $20 million in losses. In addition, municipalities have been engaged in a secondary, unregulated, credit market, where Rule 20A credits are loaned from one municipality to other municipalities so that the borrower may build up credit balances to cover their conversion project costs. The fact that municipalities feel compelled to create this credit market indicates that the current program is not meeting local needs."

Based on this review, the PUC's Policy and Planning Division and the Energy Division recommend that the PUC take the following actions:

a) Establish triennial program performance review of the Rule 20A Program if it is maintained in its current form;

b) Conduct a financial audit of each utility's administration of Rule20A program. This audit should examine: 1) how utilities determine allocations amounts from year to year for each municipal account; 2) whether municipalities are receiving credits but have no intentions of or need for participating in the program; 3) why so many projects have cost overruns; and, 4) how best to resolve current deficits, and prevent future overruns;

c) Request municipalities that intend to conduct conversion projects in the next five to ten years but do not meet program criteria to indicate whether they still have an interest in participating in the program and to specify actions to meet program criteria;

d) For jurisdictions that do not meet program criteria and do not plan to pursue any conversion projects in the next five to ten years, the respective utility should suspend these accounts with no annual allocations to those municipalities until such time when they indicate an interest in conversion projects with supporting documentation and approvals. For those credits that would have gone to suspended accounts, the utilities should redistribute these credits to the remaining active accounts;

e) Issue an Order Instituting Rulemaking to initiate a proceeding to either update Rule 20A to incorporate appropriate program and project management improvements that will improve performance or replace with a program that is administratively less burdensome and more responsive and accountable in its support of municipal conversion projects; and,

f) Prepare Performance Reviews of the other Rule 20 programs.

10) **Policy Considerations**. The Committee may wish to consider the following:

a) **Section 1**. Section 1 of this bill establishes a requirement that a state or local agency reimburse a utility for its costs of relocation for any construction project financed by bonds. Section 1 requires a utility to apply to recover those relocation costs through "all other applicable regulatory processes" before submitting a reimbursement claim to a state or local agency. Section 1 defines "utility" to include utilities that are regulated by the PUC and, for the purpose of this section only, to also include cable television corporations and cable operators. Section 1 defines local agencies to include the following entities: charter or general law cities or counties, special districts, school districts, political subdivisions or other local public agencies, joint powers authorities, and individual campuses of the UC or the CSU. Section 1 of this bill poses the following policy considerations:

i) **Broad Application**. Section 1 applies very broadly, not only regarding the range of affected state and local agencies, but also regarding the scope of projects affected. The Committee may wish to consider whether a more narrow approach should be advanced on an initial basis, with some feedback mechanism for future legislative review and possible expansion.

ii) **Utility or not a Utility**? There is ongoing debate, at the state and national level, regarding whether cable providers should be considered utilities. Section 1 of this bill treats cable companies as a utility for the purpose of recovering relocation costs, although cable companies do not have to comply with the same requirements imposed on PUC-regulated utilities, such as obligations to serve. The Committee may wish to consider whether Section 1 of the bill is premature, given the unresolved questions regarding whether cable providers should be regulated as utilities, and whether it is equitable to provide cable providers with the same benefits as utilities without requiring the same level of regulation.

iii) **Cost Shift**. Section 1 of this bill shifts some of the cost burden from ratepayers to the general taxpayer. Although Section 1 requires a utility to attempt to recover relocation costs through "all other applicable regulatory processes" before submitting a reimbursement claim to a state or local agency, it isn't clear what "applicable regulatory process" cable operators would follow or how much their ratepayers would be expected to contribute, if any, to the costs of relocation before the remaining costs would be submitted for reimbursement. The Committee may wish to consider if this cost shift is merited.

iv) **Appropriate Use of Bond Funds and Local Control**. Section 1 of this bill would have bond proceeds pay for the relocation costs of utilities and cable companies. The

committee may wish to consider the potential impacts of such a policy and whether that decision should remain in the hands of the state or local agency issuing the bonds.

b) **Sections 2-6: Internal Consistency**. Sections 2-6 of this bill make changes to the existing process for creating a UUD by allowing cable companies to use the same process as utility companies. The amendments to these sections, which otherwise add cable operators to the statutes, leave out a section that requires a legislative body, in order to initiate proceedings for the creation of a UUD, to determine that the city or a public utility has voluntarily agreed to pay over 50% of all costs of conversion, as specified. For the sake of consistency, cable operators should also be included in this section.

11) **Committee Amendments**. The Committee may wish to consider amending the bill as follows, to address the policy considerations raised above: delete Section 1 of the bill; and, include cable operators in Streets and Highways code section 5896.5 (b).

12) **Arguments in Support**. The California Cable and Telecommunications Association, sponsor of this bill, states, "More and more cities and their residents are choosing to pursue the undergrounding of overhead facilities for a variety of reasons, including aesthetic and safety concerns. When overhead electric lines are moved underground, cable and telephone companies that have attached to the electric utility poles incur additional costs to go underground as well. While the Improvement Act of 1911 authorizes special districts to reimburse utility operators for the forced undergrounding of overhead electrical or communication facilities, the century old act excludes cable infrastructure. AB 1145 would modernize this act by recognizing that cable operators are also eligible for such reimbursement.

"To meet the state's growing housing and transportation infrastructure demands, utilities and cable operators are continually asked to relocate their above-ground and subsurface infrastructure to accommodate government-related infrastructure projects. Existing law authorizes the state, through relocation agreements, to reimburse public utilities for reasonable relocation costs incurred as a result of a state highway construction project. Many local governments also provide such reimbursement for public utilities. However, cable operators are excluded from such reimbursement because they are not public utilities.

"AB 1145 would, effective January 1, 2018, authorize a state or local government to reimburse any utility, including cable operators, for the reasonable relocation costs incurred by the utility to relocate its facilities as a result of a construction project financed from any voter-approved bond act. While most local governments have already adopted this policy and include such authorization in the measure authorizing the bond, that authorization may not include cable operators. As such, cable customers who will be required to pay the cost of the bond may also be burdened with having to pay an additional cost for the relocation of the cable facilities. AB 1145 would ensure that government policies related to the reimbursement of cost for relocating facilities are applied equability to all consumers living in a community where the capital improvement is to be completed so that consumers do not have to pay twice."

13) **Arguments in Opposition**. The California State Association of Counties, the Rural County Representatives of California, and the Urban Counties of California, in opposition, write,

"This bill would…result in state and local taxpayers paying for utility relocation costs that have traditionally been borne by utility providers…Section 1 of the bill requires reimbursement to utilities for relocations necessitated by projects funded by voter-approved bonds. These provisions conflict with existing law governing utility relocation costs, as well as franchise agreements and encroachment permits that typically require utilities within the public right-of-way to relocate at their own expense, unless narrow exceptions apply…it is unclear why public utilities and cable operators that benefit from the use of the public right-of-way should be relieved of their historic responsibility to relocate their facilities when required by a construction project.

"While undergrounding projects are typically undertaken for aesthetic reasons, or to eliminate visibility and/or traffic safety concerns, section one applies much more broadly to relocations required by a construction project. There is a policy basis for requiring local governments to defray utility undergrounding costs for more elective purposes, such as improving aesthetics, but this logic does not apply to relocations that are necessary due to state or local construction projects.

"Sections two through six of the bill amend existing law governing undergrounding projects. The PUC established Rule 20 to determine how costs for eligible undergrounding projects are allocated between the local agency initiating the project and public utilities. Cable operators are not public utilities, so a similar framework does not exist for undergrounding cable facilities. AB 1145 would require local governments to fully reimburse cable providers for their relocation costs, but the Rule 20 program allocates costs between utilities and local governments, with utilities paying 80% of undergrounding costs in many cases (Rule 20A). In closing, we would note that this subject matter has been heavily litigated over the years related to public utilities and relocations. By requiring local governments to reimburse cable for relocations, this bill is precedent setting and could result in additional litigation."

14) **Double-Referral**. This bill was heard in the Assembly Communications and Conveyance Committee, where it passed on a 13-0 vote on April 5, 2017.

**REGISTERED SUPPORT / OPPOSITION**:

**Support**

California Cable and Telecommunications Association [SPONSOR]
Charter Communications
Comcast
Cox
South Orange County Economic Coalition

**Opposition**

California State Association of Counties
Rural County Representatives of California
Urban Counties of California

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