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Comments of the Sacramento Municipal Utility District on Natural Gas Distribution Infrastructure and Decarbonization

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Additional submitted attachment is included below.

- SMUD also supports geographically-targeted retirement of gas distribution pipes – the “pruning the tree” concept. Rather than spending funds to replace aging gas distribution infrastructure in a geographic area, targeted electrification can allow the old pipes to be abandoned in place. However, the Commission should understand that for geographically targeted retirement to work gas and electric utilities need to coordinate on the locations of gas pipes and pipe status and maintenance plans and gain early experience on how targeted retirement will work. It will take us a few years to learn how to successfully run targeted programs because we don’t currently do anything like this, so it’s important for us to get started soon if we’re going to have an impact by 2035 or 2040. These issues are primarily faced when the gas and electric service is handled by different utilities in an area, but even at dual-fuel IOUs there may be coordination difficulties. This coordination likely needs significant help from regulators.

In addition, SMUD understands the issue of gas cost recovery as the volumetric use of natural gas declines in the long run – this is one reason to avoid creating new stranded assets for which cost recovery will be an issue. However, SMUD does not support transferring these costs to electric customers in some fashion, either as exit fees for leaving gas service or other charges on the electric bill. The state should not make the necessary transition to zero-GHG energy in the buildings sector more costly to the electric end consumer.

Thank you again for the opportunity to comment.

/s/

STEVE LINS
Deputy General Counsel
Sacramento Municipal Utility District
P.O. Box 15830, MS B406
Sacramento, CA 95852-0830

/s/

TIMOTHY TUTT
Program Manager, State Regulatory Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS A404
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2019-xxxx)