

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA



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Order Instituting Investigation and Ordering
Pacific Gas and Electric Company to
Appear and Show Cause Why It Should
Not Be Sanctioned for Violations of
Article 8 and Rule 1.1 of the Rules of
Practice and Procedure and Public Utilities
Code Sections 1701.2 and 1701.3

I.15-11-015

**RESPONSE OF SHELL ENERGY NORTH
AMERICA (US), L.P. IN OPPOSITION TO JOINT
MOTION FOR WAIVER OF COMMENT PERIOD**

John W. Leslie
Dentons US LLP
4655 Executive Drive, Suite 700
San Diego, California 92121
Tel: (619) 699-2536
Fax: (619) 232-8311
E-Mail: john.leslie@dentons.com

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Attorneys for Shell Energy North
America (US), L.P.

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In accordance with Rule 11.1(e) of the Commission's Rules, Shell Energy North America (US), L.P. ("Shell Energy")¹ files this response in opposition to the "Joint Motion of the City of San Bruno, the City of San Carlos, the Office of Ratepayer Advocates, the Safety and Enforcement Division, the Utility Reform Network, and Pacific Gas and Electric Company for Order Waiving Comment Period Pursuant to Rule 12.2" ("Waiver Motion") that was filed in this

¹ Shell Energy has filed on this date a "Motion to Become a Party" in the above-referenced proceeding.

proceeding on March 28, 2017. The Waiver Motion accompanied a “Joint Motion of the City of San Bruno, the City of San Carlos, the Office of Ratepayer Advocates, the Safety and Enforcement Division, the Utility Reform Network, and Pacific Gas and Electric Company for Adoption of Settlement Agreement” (“Settlement Motion”) that was filed by the same parties, in the same proceeding, on the same date.²

Shell Energy opposes the Waiver Motion. Through the Waiver Motion, the Settlement Parties seek to deny interested parties the opportunity to file comments on a proposed settlement agreement that includes agreed upon remedial actions that affect at least one other proceeding. Comments on the Settlement Motion should be permitted. In addition, the Settlement Parties should be directed to serve the Settlement Motion on the service list in PG&E’s most recent gas transmission and storage (“GT&S”) rate case (A.13-12-012).

I.

THE PROPOSED SETTLEMENT AGREEMENT AFFECTS PARTIES TO THE PG&E GT&S RATE CASE

The Settlement Motion seeks approval of a series of “remedies” that include PG&E’s agreement to forego collection of a portion (\$63.5 million) of its GT&S revenue requirement over a two-year period (2018 and 2019) “as determined in the GT&S rate case.” Settlement Motion at p. 12. This provision of the proposed settlement agreement raises numerous questions about how (and in what forum) the agreed upon GT&S revenue requirement reduction will be implemented and allocated.

² The sponsors of the Settlement Motion and the Waiver Motion are referred to hereinafter as the “Settlement Parties.”

Similarity between the agreed upon GT&S revenue requirement reduction in this proceeding (\$63.5 million) and the impact of the Commission's "sequencing" determination in D.16-12-010 (\$63 million) may or may not be coincidental. The Commission's "sequencing" determination in D.16-12-010 is being challenged through a joint application for rehearing of D.16-12-010.⁵ Two of the parties that are challenging the Commission's "sequencing" determination (TURN and ORA) are settlement parties in this proceeding.

Comments on the Settlement Motion could address the relationship between the agreed upon \$63.5 million GT&S revenue requirement reduction in the Settlement Motion herein, and the \$63 million sequencing "windfall" for PG&E that TURN, ORA and one other party are challenging in the application for rehearing of D.16-12-010.⁶ The agreed upon GT&S revenue requirement reduction of \$63.5 million is a large portion of the total agreed upon financial remedy of \$86.5 million in the proposed settlement agreement.

II.

THE SETTLEMENT MOTION SHOULD BE SERVED ON THE SERVICE LIST IN A.13-12-012

The Settlement Parties characterize the proposed settlement agreement herein as an "all-party" settlement. The Settlement Parties assert that because this is an all-party settlement, the Commission should refuse to allow comments on the Settlement Motion.

⁵ A.13-12-012, "Joint Application for Rehearing of Decision 16-12-010 Regarding \$850 Million Penalty Allocation for Pacific Gas and Electric Company Gas Pipeline Safety Enhancements by the Office of Ratepayer Advocates, the Utility Reform Network, and the Indicated Shippers" (filed January 4, 2017).

⁶ *Id.* at p. 2 (the joint application for rehearing calculates the sequencing "windfall" to be \$66 million).

As demonstrated above, however, the proposed settlement agreement raises issues that extend to the Commission's rate design and cost allocation decisions in PG&E's GT&S rate case (A.13-12-012). All parties to the PG&E GT&S rate case should have the opportunity to comment on how the Settlement Motion in this proceeding, if adopted, will be implemented.

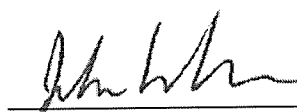
Unfortunately, PG&E served the Settlement Motion and accompanying Waiver Motion exclusively on the service list in I.15-11-015. Because the proposed settlement agreement in this proceeding, if approved, will impact PG&E's GT&S revenue requirement, and GT&S rates, in one year of the GT&S rate case window, the Settlement Motion should be served on the service list in A.13-12-012. All parties in A.13-12-012 should be permitted to comment on the Settlement Motion.

III.

CONCLUSION

For the foregoing reasons, the Waiver Motion should be denied. In addition, the Settlement Motion should be served on the service list in A.13-12-012. All parties in A.13-12-012 should have an opportunity to file comments on the Settlement Motion.

Respectfully submitted,



John W. Leslie
Dentons US LLP
4655 Executive Drive, Suite 700
San Diego, California 92121
Tel: (619) 699-2536
Fax: (619) 232-8311
E-Mail: john.leslie@dentons.com

Attorneys for Shell Energy North
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