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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the
Commission's Own Motion to Determine
Whether Pacific Gas and Electric Company
and PG&E Corporation's Organizational
Culture and Governance Prioritize Safety.

Investigation 15-08-019

**COMMENTS OF THE CALIFORNIA FARM BUREAU ON RULEMAKING EXAMINING
PACIFIC GAS AND ELECTRIC COMPANY'S CORPORATE GOVERNANCE,
STRUCTURE, AND OPERATIONS**

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I. AGRICULTURAL LANDOWNERS HAVE A UNIQUE RELATIONSHIP WITH PACIFIC GAS AND ELECTRIC COMPANY BECAUSE SIGNIFICANT MILES OF UTILITY INFRASTRUCTURE TRAVERSE FARMS AND RANCHES

Pursuant to the Assigned Commissioner's Scoping Memo and Ruling ("Scoping Memo") dated December 21, 2018, and the Ruling of ALJ Allen dated January 22, 2019, granting an extension of time to submit opening comments in the Rulemaking pursuant to Rule 11.6, California Farm Bureau Federation ("Farm Bureau")¹ provides these limited comments on some of the proposed alternatives raised in the Rulemaking. At this stage in the discussion, Farm Bureau seeks to provide information about its members' perspectives regarding the listed proposals in light of the range of factors presented.² We recognize that PG&E's Bankruptcy Filing and the ongoing proceeding in that forum must be accounted for as the feasibility of any proposals is assessed. Comments at this stage provide a foundation for any approaches that begin to develop as a part of this proceeding.

The Scoping Memo presents the keystone question as to whether the proposals provide Northern Californians safer gas and electric service, at just and reasonable rates. We recognize the complexity of the question requires extensive analysis and examination of the consequences of changes to any elements of the operational structure of the utility, and do not presume to respond to the questions in a substantive manner at this stage. Instead, these comments provide a context to the proposals addressing Corporate Structure and Utility Models, specifically shifting to regional subsidiaries, publicly owned

¹ The California Farm Bureau Federation is California's largest farm organization, working to protect family farms and ranches on behalf of its nearly 36,000 members statewide and as part of a nationwide network of more than 5.5 million members. Organized 100 years ago as a voluntary, nongovernmental and nonpartisan organization, it advances its mission throughout the state together with its 53 county Farm Bureaus.

² Assigned Commissioner's Scoping Memo and Ruling, page 2.

utilities or cooperatives for the operation of PG&E. Farm Bureau members represent dual constituencies in the consideration of PG&E's services, since not only do they receive electric and gas service from PG&E throughout the service territory, but also support thousands of miles of both electric and natural gas infrastructure as the landowners either underlying or overlaying the infrastructure.

As landowners subject to utility easements on their property, our members must respond to the myriad rules and regulations associated with operation and maintenance of the infrastructure. How that relationship is managed, and who manages it, is extremely important to our members. We must be cognizant of both PG&E's role as a service provider and an easement holder as discussions about PG&E's future structure move forward. In some instances, the impacts from the infrastructure create more operational constraints than do the effects of rate structures driven by PG&E's status as an investor owned utility. Who manages the utility infrastructure, as well as how it is managed, plays an important role in the daily operations of our members.

II. TRANSMISSION INFRASTRUCTURE WOULD BE DIFFICULT TO SEGMENT INTO SEPARATE SUBSIDIARIES

It is necessary to consider the creation of regional subsidiaries in light of PG&E's current construct as a bundled service utility offering generation, distribution and transmission projects, and owning some or all of the elements. Both natural gas and electric transmission infrastructure cross county boundaries, cities and other geographical divisions without adherence to any parameters that would necessarily align with appropriately designated subsidiaries. That infrastructure was built based on the needs of the system, siting constraints and myriad other factors under the umbrella of an integrated utility. Because of the implementing details that would be required to

segregate either electric or gas transmission in a coherent manner for operational and maintenance purposes, it is difficult to perceive what value would be gained from regionalizing that part of the utility service for either electricity or gas.

With so many portions of PG&E's service territory now subscribing to Community Choice Aggregation, which provides generation only, there would seem to be limited value in the creation of regional subsidiaries for the purposes of generation service. It is the distribution system that remains, then, to drive any appropriate regional subsidiary. If it is only the distribution segments for the utility that would be subject to regionalizing, the factors driving any separation take on a different perspective. Although there are benefits to more directly linking service to the community being served, if the other elements of service are not linked in the same way, it might create even more of a disconnect to customers who are looking for solutions to any service needs since they could actually be served by three different entities – a CCA for generation, one branch of the utility for distribution and a different branch for transmission. Any regulatory oversight could also be complicated by disjointed structures. As part of providing safe and reliable service to its customers, the utility structure must be transparent to those customers.

III. PUBLICLY OWNED AND COOPERATIVE MODELS FOR UTILITY SERVICE

The Scoping Memo presents for discussion the options of whether PG&E should be reconstituted as a publicly owned utility in some form, and also refers to the cooperative ownership structure. These structures are very familiar to the agricultural community. Cooperatives form the basis for many electrical companies in rural communities throughout the country, with just a few in California. Cooperatives are also used extensively by the agricultural sector as bargaining and marketing entities. They

offer a membership and management structure with different parameters from the other types of structures.

Some publicly owned utilities provide water and electric service both, where preferences about rates and service are driven by local concerns. It seems that any reinvention of the utility model for such local frameworks would necessarily include only the distribution and generation services at the most, because of the character of the transmission systems as discussed in the context of regional subsidiaries.

Of more consequence to the discussion about whether to transition away from the investor-owned utility model, is the role of the Public Utilities Commission. Although the local publicly owned utilities rely on directives of the PUC for certain safety related regulations, such as General Order 95, they are not regulated by the PUC nor subject to any enforcement of rules for service by it. In addition, the ability to affect methods and types of service would be significantly altered. For example, the Commission's role in revising time-of-use periods affects millions of customers and some level of uniformity is achieved through that process.

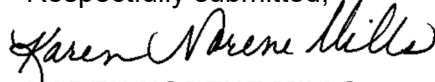
For Farm Bureau members there would need to be an appreciable expectation of benefit from a change in the utility model to support any new methods of operation. If the discussion about changing models moves forward, analysis and comparison of the various models must be presented in a way that accounts for the differences when a utility starts out as a publicly owned utility and develops in that model in contrast with the constraints that would occur when transitioning out of an investor owned model to a publicly owned structure. Overlaying the consideration of the complexities of these structural changes is PG&E's bankruptcy proceeding.

IV. CONCLUSION

As a function of the fact these discussions about PG&E's corporate structure are at a very preliminary stage and are bound up with the bankruptcy proceeding, it is difficult to provide concrete indications of preferences for certain models over others. However, Farm Bureau urges the Commission to consider impacts to the public and customers, both in the context of the provision of utility electric and gas service and with regard to the infrastructure used for the service to all customers.

Date: February 13, 2019

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karen Norene Mills", written in a cursive style.

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