

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas & Electric
Company (U 39 M) for Authority,
Among Other Things, to Increase Rates
and Charges for Electric and Gas
Service Effective on January 1, 2017.

A. 15-09-001
(Filed September 1, 2015)

**PREHEARING CONFERENCE STATEMENT
OF THE OFFICE OF RATEPAYER ADVOCATES**

I. INTRODUCTION

On October 13, 2015, Administrative Law Judge, Stephen Roscow issued a Ruling Setting Prehearing Conference for this General Rate Case (GRC) Application of Pacific Gas and Electric Company (PG&E). According to that Ruling, Prehearing Conference statements may be submitted, and should be filed and served no later than October 23, 2015. The Office of Ratepayer Advocates (ORA) submits this Prehearing Conference Statement to address further the issue of the procedural schedule.

II. PROCEDURAL ISSUES

ORA filed its Protest to this GRC Application on October 5, 2015. In its Protest, ORA proposed a schedule and includes it below for ease of reference.

Initial Public Workshop	September 29, 2015
Pre-Hearing Conference	October 29, 2015
Additional Public Workshops	October/ November 2015
SmartMeter Cost-Effectiveness Exhibit	December 1, 2015
Supplemental PG&E Testimony	February 22, 2016
ORA Testimony	April 15, 2016
Intervenor Testimony	April 29, 2016
Public Participation Hearings	May 2016
Rebuttal Testimony	May 16, 2016

Evidentiary Hearings Begin	May 31, 2016
Evidentiary Hearings End	June 24, 2016
Comparison Exhibit	July, 2016
Opening Briefs	July 25, 2016
Reply Briefs	August 8, 2016
Proposed Decision (PD)	November 8, 2016
Comments on PD	November 28, 2016
Reply to Comments on PD	December 3, 2016
Commission Decision	December 8, 2016

On October 6, 2015, after ORA filed its Protest, but before PG&E filed its Response to Protests, Commissioner Florio issued a Proposed Decision (PD) in the Commission’s Rulemaking (R.) 13-11-006. If adopted, the PD would require PG&E to explain in this GRC how it has addressed various safety and security recommendations made in the TY 2014 GRC.¹ To that end, the PD includes the following Ordering Paragraph:

To the extent Pacific Gas and Electric Company (PG&E) has not already addressed certain of the recommendations contained in the consultants’ reports, PG&E shall supplement its 2017 general rate case application.²

In PG&E’s Exhibits 1 and 2 in this GRC, PG&E includes a table that purports to show the “Implementation Status of Cyclo’s and Liberty’s General Recommendations” from the TY 2014 GRC. Entries in this table paraphrase the recommendations, and offer only the most general explanations of what PG&E has done to implement them.³ The table does not include exhibit or page number references that show where in its testimony or workpapers PG&E addresses the recommendations in detail.

¹ R. 13-11-006 PD, pp. 2-4

² R.13-11-006 PD, p. 39, Ordering Paragraph 1. The R.13-11-006 PD was issued on October 6, 2015, the day after the deadline for Protests in this GRC, but before the due date for PG&E’s Response to Protests. Although PG&E’s Response references R.13-11-006 in its Response, it does not mention the PD that had already been issued.

³ Ex. PG&E-1, Attachment A, pp. 1-AtchA-1 – 1-Atch A-8, columns headed “Recommendation”

In its Response to ORA's Protest and ORA's proposed schedule, PG&E says that ORA's proposed schedule in this GRC is based on "virtually the same [arguments] as those ORA put forward in the Rate Case Plan OIR. After hearing ORA's arguments, the Commission prescribed the very deadlines to which ORA now objects."⁴ PG&E goes on to say that "ORA has offered nothing new to cause the Commission to reconsider this schedule."⁵ ORA disagrees, but due to the issuance of the PD in R.13-11-006, and PG&E's response to an ORA data request asking for recorded data, ORA does supplement its reasoning in support of ORA's proposed schedule.

When the Commission set the schedule in D.14-12-025, it did so in the abstract. Now, the Commission has before it an actual GRC application. PG&E's Application (A.) 15-09-001 demonstrates the wisdom of including in D.14-12-025 the caveat that "[t]he assigned Commissioner and ALJ shall have the discretion to alter the schedule as may be needed."⁶

A.15-09-001 includes not only the revenue requirement issues that have traditionally been the subject of extensive testimony and discovery in GRCs, but also includes various assertions from PG&E about specific safety and security recommendations and its risk model that were not part of its previous GRCs. PG&E's Application states that:

unlike any GRC ever put before the Commission, this GRC provides detailed output from the Company's risk models to provide visibility into the manner in which the Company has assessed risk in the context of PG&E's operations and considered risk in developing this GRC forecast.⁷

As illustrated by the PD of Commissioner Florio in R.13-11-006, there are also other areas in its risk model and regarding its corporate strategy for addressing risk where PG&E may yet need to provide supplemental testimony in this GRC in order to meet the Commission's expectations of compliance with the recommendations of the safety and risk consultants in the 2014 GRC, or else explain how the 2017 GRC testimony filed already has met these expectations.⁸ Reviewing additional testimony or explanations regarding risk analysis will add to the existing, heavy burden of ORA, TURN and perhaps other intervenors in this GRC.

⁴ PG&E Response, p. 2.

⁵ PG&E Response, p. 2.

⁶ D.14-12-025, p. 40.

⁷ PG&E Application (A.) 15-09-001, p. 1.

⁸ R.13-11-006 PD, pp. 23, 25, 26 (Liberty Report Recommendations 5, 8 9, 10, 11), 30, 31, 32 (Cycla Report Recommendations 5, 6, 7), 38 (Conclusion of Law 3.), 39 (Ordering Paragraph 1).

Moreover, PG&E is not waiting until the results of the first S-MAP and RAMP processes to provide inputs for its next GRC proceeding, the 2020 GRC, as ordered by the Commission in D.14-12-025, to ask the Commission in this GRC proceeding to approve its revenue requirement at least partially because PG&E claims its current risk-based analysis determined the revenue requirement and that the use of this model is sufficient for determining reasonableness of the forecast. PG&E did not provide ORA with a CD containing its risk model until early October, about five weeks after filing its application. There has been no pre-filing process as in past GRCs. The pre-filing procedures for evaluating the progress of the utilities' use of risk analysis prioritizing public and public utility employee safety in determining which projects to include in a general rate proceeding, as ordered in D.14-12-025, have not commenced in time for use in this proceeding. PG&E claims "this GRC provides detailed output from the Company's risk models to provide visibility into the manner in which the Company has assessed risk in the context of PG&E's operations and considered risk in developing this GRC forecast,"² yet PG&E's proposed schedule would deny intervenors a reasonable, meaningful opportunity to review the Company's risk models. PG&E did not assert that adopting ORA's schedule would cause PG&E any harm.

PG&E is also failing to provide ORA with timely discovery of the most basic of facts used to review a rate filing – recent utility recorded data. ORA has asked PG&E for recorded data through September 30, 2015, and PG&E objected to the question, did not provide such data, and stated it would only provide year end 2015 data in March 2016, *after* the February 22, 2016 date it proposes for ORA testimony.¹⁰ As PG&E claims to have underspent the Commission's authorized revenue requirement for capital spending in 2014, but that it will overspend above authorized levels in 2015 and 2016 to make up this difference and that PG&E is now on the track to do so,¹¹ the year-end 2015 data is critical for review. If PG&E cannot provide year end 2015 recorded data in a timely fashion to allow for any consideration by ORA in the procedural schedule PG&E suggests in a 2017 rate proceeding, then this factor supports use of ORA's

² (A.) 15-09-001, p. 1

¹⁰ A. 15-09-001, p. 23.

¹¹ Ex. PG&E-3, Gas Distribution, Ch. 1, Gas Distribution Operations and Introduction (Stavropoulos) pp. 1-1 – 1-2.

schedule to ensure such data is reviewed. Alternatively, PG&E could suggest a schedule that does allow for such consideration.

The interest of the Commission in adopting the necessary and reasonable revenue requirement for PG&E to provide safe and reliable service is most likely to be achieved if PG&E's application is fully reviewed and evaluated. With that goal in mind, ORA continues to recommend that the Commission adopt ORA's proposed schedule for this proceeding to allow for sufficient time to allow ORA and other interveners to make a thorough, professional review of PG&E's voluminous GRC Application in accordance with the requirement of due process and the procedures adopted in D.14-12-025 for subsequent PG&E GRCs. Adoption of ORA's schedule would provide all parties time to evaluate PG&E's proposals and make their own recommendations, while still allowing for a Commission decision by January 1, 2017.

III. CONCLUSION

ORA respectfully recommends that the Commission adopt the procedural schedule as set forth above. ORA's schedule includes adequate time for all parties to conduct discovery in order to thoroughly investigate and evaluate PG&E workpapers, testimony and proposals. It also allows time for PG&E to submit, and parties to review and analyze, any Supplemental Testimony required if the Proposed Decision in R.13-11-006 is adopted.

Respectfully submitted,

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