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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2020. (U39M.)

Application 18-12-009

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

Summary

This scoping memo and ruling sets forth the category, need for hearings, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

On December 13, 2018, Pacific Gas and Electric Company (PG&E) filed Application (A.) 18-12-009, Application for a Test Year (TY) 2020 General Rate Case (GRC). PG&E requests authority to increase its gas, electric distribution, and electric generation base revenue requirement by \$1.058 billion in 2020. This is a 12.4 percent increase over its 2019 adopted revenues of \$8.518 billion. PG&E also requests that the Commission grant it authority to increase its revenue requirement by \$454 million, or 4.7%, in 2021 and \$486 million, or 4.8%, in 2022.

A prehearing conference (PHC) was held on February 11, 2019 to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter. Protests, Responses, and Motions for Party Status were filed by the following:

Protests were timely filed on January 17, 2019 by the following:

- a. Joint Community Choice Aggregators, which consists of East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, San Jose Clean Energy, and Sonoma Clean Power;
- b. L. Jan Reid;
- c. The Utility Reform Network (TURN);
- d. The National Diversity Coalition;
- e. Public Advocates Office; and
- f. Alliance for Nuclear Responsibility.

Responses were timely filed on January 17, 2019 by the following:

- a. Solar Energy Industries Association and Vote Solar;
- b. Indicated Shippers;
- c. Energy Producers and Users Coalition;
- d. Coalition of California Utility Employees;
- e. Southern California Edison Company;
- f. County of Napa and County of Sonoma;
- g. City and County of San Francisco;
- h. Silicon Valley Clean Energy; and
- i. Office of Safety Advocates.

Motions for party status and were filed and granted for the following:

- a. Transmission Agency of Northern California filed on January 10, 2019; Motion was granted on January 15, 2019;
- b. L. Jan Reid filed on January 22, 2019; Motion was granted on January 28, 2019;
- c. Small Business Utility Advocates filed on January 25, 2019; Motion was granted on January 28, 2019;
- d. Center for Accessible Technology filed on January 30, 2019; Motion was granted on the same day;

- e. Federal Executive Agencies filed on February 7, 2019; Motion was granted on the same day; and
- f. San Diego Gas & Electric Company and Southern California Gas Company filed on February 8, 2019; Motion was granted on February 11, 2019.

After considering the Application, protests, responses, and discussion at the prehearing conference, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

2. Issues

The issues to be determined are:

1. Whether or not the proposed revenue requirements, proposed costs, and proposed recovery mechanisms for TY 2020 are just and reasonable and whether these should be adopted by the Commission;
2. Whether the balancing and memorandum account proposals are just and reasonable;
3. Whether requests and proposals associated with proposed costs and mechanisms are just and reasonable including:
 - a. Elimination of the Meter Protection Program Annual report;
 - b. The Memorandum of Understanding between PG&E and the Small Business Utility Advocates and between PG&E and the Center for Accessible Technology;
 - c. Whether the allocation of common costs should be used in non-GRC ratemaking mechanisms;
 - d. Closure of the 17 identified customer service offices;
 - e. The impact of proposed rate increase on disconnections for non-payment;
 - f. Adequate level and funding of supplier diversity, employment diversity, and outreach to minority communities;

- g. How prior safety performance and lessons learned are incorporated in requests impacting safety; and
 - h. And other related matters.
4. Whether the proposed Post-TY forecasts, adjustments mechanisms, and regulatory filings for 2021 and 2022 are just and reasonable.

In addition to the above issues, the following topics were also discussed at the PHC concerning the need for supplemental testimony as well as other matters affecting the proceeding.

2.1. Parties' Proposals

In its protest, TURN requests that the Commission either open a companion order instituting investigation to PG&E's 2020 GRC or allow parties to make affirmative proposals in this proceeding, even if these proposals are not offered in PG&E's Application or testimony. The Commission will not open a companion Order Instituting Investigation (OII) to this proceeding. But, the Commission may consider in this proceeding proposals that parties raise, even if these proposals are not offered by PG&E in its Application or testimony, as long as these proposals are related to the issues and matters considered in this GRC.

2.2. Revised Testimony on PG&E's Corporate Real Estate

At the PHC, PG&E indicates that it will need to revise a portion of its testimony regarding corporate real estate, which is contained in PG&E Exhibit 7, Chapter 5. PG&E explains that, given its current financial circumstances, it will not be pursuing some of the projects that it originally proposed in testimony. The schedule below indicates when PG&E shall serve its revised testimony on this topic.

2.3. Recorded 2018 Data

TURN, in its protest, contests PG&E's request to base the reasonableness of PG&E's forecasts with information available at the time PG&E prepared the forecasts in 2018. TURN notes that prior GRC decisions have acknowledged the appropriateness of relying on recorded data from periods after the designated base year if doing so achieves a more reasonable TY forecast. TURN also argues that the Commission has regularly considered the actual recorded expenses from the year after the base year in its determination of the appropriate cost forecasts. In this proceeding, the base year is 2017. The year after the base year is 2018. Thus, TURN recommends that PG&E make available to parties PG&E's 2018 recorded cost expenditures as early as practicable.

After discussing this issue at the PHC, the ALJs directed PG&E to make the 2018 recorded data available to the parties. Parties shall coordinate with PG&E to obtain the 2018 recorded data. The Commission will consider the 2018 recorded data to assess the reasonableness of PG&E's forecast when it is appropriate.

2.4. PG&E's Probation with the U.S. District Court

Because of the recent wildfires in PG&E's territory, the U.S. District Court issued PG&E an order to show cause why PG&E's conditions of probation should not be modified to include specific electrical system operational mandates that would reduce the risk of PG&E's equipment causing a wildfire. Parties, in protests and responses to the Application, expressed concerns that the U.S. District Court's order to show cause may affect PG&E's 2020 Electric Distribution plans and wildfire mitigation plans that PG&E requests for cost recovery in this Application. PG&E is directed to timely serve to the parties in this proceeding any modifications to PG&E's probation with the

U.S. District Court that would affect its requests in this GRC. If deemed appropriate, the ALJs may direct PG&E to file some or all of the information.

2.5. Rulemaking 18-10-007

In October 2018, the Commission initiated an Order Instituting Rulemaking (OIR) Rulemaking (R.) 18-10-007, which directed PG&E to submit a wildfire mitigation plan for 2019 in accordance to Pub. Util. Code § 8386. In the OIR, the Commission will review PG&E's 2019 wildfire mitigation plans and consider whether to approve it. In protests and responses to the Application, parties expressed concerns that the final decision in R.18-10-007 may affect PG&E's proposed wildfire mitigation plans for 2020. Depending on the outcome of R.18-10-007, PG&E may be required to serve supplemental testimony if the final decision in R.18-10-007 or any developments in that proceeding would affect PG&E's request in this GRC. If supplemental testimony will be deemed necessary, a ruling will be issued to address this issue.

2.6. PG&E's Chapter 11 Case

Parties, in protests and responses to the Application, also expressed concerns regarding the case under chapter 11 of the Bankruptcy Code that PG&E filed on January 29, 2019. At the PHC, PG&E says that it will be filing its proposed plan of reorganization, which is subject to the approval of the bankruptcy court, but PG&E does not know at this time what elements will be included in the plan. Because PG&E's chapter 11 case may affect PG&E's requests in this GRC, PG&E is directed to timely serve to parties in this proceeding any developments in the chapter 11 case that would affect its requests in this proceeding. If deemed appropriate, the ALJs may direct PG&E to file some or all of the information.

2.7. Estimated Billing Impacts

TURN, in its protest, recommends that PG&E provides estimated bill impacts for customers residing in different climate zones. At the PHC, we discussed how PG&E has different Baseline Territories and that each Baseline Territory has a different average residential usage and rates. Rates and usage are also different for the summer and winter months. Thus, the ALJs directed PG&E to make available billing impacts estimated for each of PG&E's Baseline Territories for both an average summer and winter month, based on the average residential usage and rates of each Baseline Territory. PG&E shall serve these estimated billing impacts 5 days before the first Public Participation Hearing (PPH).

3. Need for Evidentiary Hearing

All the issues that have been identified include contested material issues of fact. Accordingly, evidentiary hearings are needed on these issues. Notice of evidentiary hearings are also being scheduled in this Ruling beginning September 23, 2019 at 9:30 a.m., at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, and shall continue each weekday thereafter through October 18, 2019 as needed.

4. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the Application:

PG&E's Revised Testimony on Real Estate served	March 27, 2019
Public Advocates Office Testimony served	June 28, 2019
Intervenor Testimony served	July 26, 2019
Public Participation Hearings	July/ August 2019
Evidentiary Hearings	September 23 – October 18, 2019 Commission Courtroom 505 Van Ness Avenue San Francisco, CA
Comparison Exhibit, and Update Testimony (if necessary) served	November 1, 2019
Evidentiary Hearing on Update Testimony (if necessary)	November 6, 2019
Opening Briefs filed	November 15, 2019
Reply Briefs filed	December 6, 2019
Proposed Decision	1 st Quarter of 2020

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code § 1701.5.

5. Category of Proceeding/Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding. (Resolution ALJ 176-3430.) No party objected to these determinations. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

6. Public Participation Hearings

The Commission will conduct a number of PPHs throughout PG&E's service territory to hear comments from the public on this Application. The ALJs will issue a Ruling that will provide details of the times, dates, and locations of these PPHs.

7. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website. The Public Advisor's Office will also conduct outreach efforts to promote the PPHs once they are scheduled and direct outreach will occur during the PPHs.

8. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by March 13, 2019, 30 days after the PHC.

9. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

10. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

11. Assignment of Proceeding

Michael Picker is the assigned commissioner. Rafael Lirag and Elaine Lau are the assigned ALJs and the presiding officers for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is as set forth above. Either the assigned Commissioner or assigned Administrative Law Judges may revise the procedural schedule as necessary.
3. Evidentiary hearings are needed and are scheduled beginning September 23, 2019 at 9:30 a.m., at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, and shall continue each weekday thereafter through October 18, 2019 as needed.
4. The presiding officers are Administrative Law Judge Rafael Lirag and Administrative Law Judge Elaine Lau.
5. The category of the proceeding is Ratesetting.
6. PG&E shall make the 2018 recorded data available to the parties.

7. PG&E shall timely serve to the parties in this proceeding any major developments in PG&E's probation with the United States District Court that would affect its proposals in this proceeding.

8. PG&E shall timely serve to the parties in this proceeding any major developments in PG&E's chapter 11 case with the United States Bankruptcy Court that would affect its proposals in this proceeding.

9. PG&E shall serve to the parties in this proceeding, five days before the first Public Participation Hearing, estimated impacts of this Application on a typical summer and winter month bill of residential customers residing in each of PG&E's Baseline Territories, based on the average residential usage and rates of each Baseline Territory.

Dated March 8, 2019 at San Francisco, California.

/s/ MICHAEL PICKER

Michael Picker
Assigned Commissioner