

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

09/03/21
04:59 PM

Application of San Diego Gas &
Electric Company (U 902 M) for
Establishment of an Interim Rate Relief
Mechanism for its Wildfire Mitigation
Plan Costs.

Application 21-07-017

MOTION FOR PARTY STATUS OF THE PUBLIC ADVOCATES OFFICE

CAROLYN CHEN

Attorney

Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 703-1980
Email: Carolyn.Chen@cpuc.ca.gov

September 3, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas &
Electric Company (U 902 M) for
Establishment of an Interim Rate Relief
Mechanism for its Wildfire Mitigation
Plan Costs

Application 21-07-017

MOTION FOR PARTY STATUS OF THE PUBLIC ADVOCATES OFFICE

I. INTRODUCTION

Pursuant to Rule 1.4 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rule(s)"), the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates") respectfully moves for party status in this proceeding.

II. INTEREST IN THIS PROCEEDING

A. Cal Advocates is qualified to participate in this proceeding.

Cal Advocates is an independent organization within the Commission that advocates solely on behalf of utility ratepayers.¹ Cal Advocates is the only state entity in California charged with the responsibility of obtaining the lowest possible rates for ratepayers, consistent with safe and reliable service and the state's environmental goals.² Cal Advocates plays a critical role in ensuring ratepayers are represented at the Commission on matters relating to how much consumers pay for utility services and the safety and quality of those services, and consequently has a material interest in this proceeding.

¹ Public Utilities Code § 309.5(a).

² Public Utilities Code § 309.5(a).

B. Cal Advocates’ goal in participating in this proceeding is clear and simple, to protect ratepayer interests.

In its application, San Diego Gas & Electric Company (“SDG&E”) requests that the Commission establish an interim rate relief mechanism for wildfire mitigation expenditures recorded in SDG&E’s Wildfire Mitigation Plan Memorandum Accounts (“WMPMAs”).³ Under this proposed interim mechanism, 50 percent of the actual recorded balance in the WMPMAs (which are incremental to those authorized for recovery in SDG&E’s General Rate Case (“GRC”) and other wildfire-related regulatory accounts) may be authorized for recovery each year (amortized over an annual period), subject to a later reasonableness review and refund with interest of any disallowed costs, in SDG&E’s next GRC or in a separate application submitted under Section 8386.4(b)(2) of the Public Utilities Code.⁴

As an initial matter, SDG&E claims that it anticipates needing the interim rate relief mechanism to reduce SDG&E’s financial risk due to having an under-collection of wildfire mitigation plan (WMP) balances until a reasonableness review in SDG&E’s next GRC or in a separate application under Section 8386.4(b)(2) of the Public Utilities Code, is conducted and costs can be collected from ratepayers.⁵ SDG&E asserts that the Commission has authority to provide interim rate relief⁶ and that SDG&E’s proposed interim rate relief mechanism is consistent with prior instances in which the Commission has permitted interim recovery.⁷ SDG&E also alleges that its proposed interim rate relief mechanism will benefit both SDG&E and its customers by promoting fairness,

³ A.21-07-017, *Application of San Diego Gas & Electric Company (U 902 M) for Establishment of an Interim Rate Relief Mechanism for its Wildfire Mitigation Plan Costs*, July 30, 2021 (“Application”).

⁴ Application, p. 7.

⁵ Application, p. 10.

⁶ Application, p. 8 (citing Decision (D.) 20-10-026 at 25, D.19-04-039 at 7).

⁷ Application, p. 9.

minimizing costs to ratepayers, and promoting rate stability.⁸ As discussed below, SDG&E does not make any guarantees.

For example, SDG&E claims that its proposed mechanism is fair because the interim rate recovery mechanism will reflect costs that customers will ultimately have to pay upon authorization by statute, and to the extent disallowances occur, those amounts are returned to customers.⁹ However, SDG&E fails to address why its proposal is more “fair” than simply following the established Commission procedures for rate recovery. SDG&E also claims that under its proposal, wildfire mitigation costs would be allocated to customers in a manner that more closely aligns with the timing of when the costs are incurred than if recovery were fully deferred until the conclusion of SDG&E’s next GRC.¹⁰ However, SDG&E fails to fully address whether the interim imposition of rate increases could cause harm to customers, especially low-income customers for whom such an increase could impair their ability to access services during the interim period. Even if the interim rates are later found to be unreasonable and disallowed and costs are refunded to customers, the harm from the unreasonable interim rate may have already irreversibly impacted some customers.

SDG&E also claims that, in terms of ratepayer costs and rate stability, interim rate recovery as proposed will likely avoid a potentially larger rate increase on customers after a reasonableness review undertaken in SDG&E’s GRC or in a separate application under Section 8386.4(b)(2) of the Public Utilities Code.¹¹ SDG&E claims that by the time such a review is completed and costs are authorized for cost recovery, the accumulated balances will be more significant to account for factors such as the need to issue long-term debt to offset under-collected WMP balances.¹² SDG&E claims that the

⁸ Application, p. 9.

⁹ Application, p. 9.

¹⁰ Application, p. 9.

¹¹ Application, p. 9.

¹² Application, p. 9.

proposed interim rate relief mechanism would permit cost recovery to be spread out and mitigate the risk of rate shock and to avoid the need to issue long-term debt to offset the under-collected WMP balances.¹³ But, as explained above regarding SDG&E's fairness argument, SDG&E fails to fully address whether the interim rate relief could cause harm by unnecessarily increasing rates to customers sooner rather than later. Moreover, even if the interim rates are later disallowed and costs are refunded to customers, it may be too late to reverse the harm from any interim rates that include unreasonable costs. SDG&E also fails to address how the interim rate relief mechanism would better serve the objective to maintain rate stability, than other measures SDG&E could undertake, such as better record keeping, better forecasting, or more prudent spending.

Furthermore, while SDG&E asserts that its application is not seeking a reasonableness review or final approval of its WMP expenses,¹⁴ this does not eliminate the necessity for stakeholder input on whether SDG&E's requested interim rate relief mechanism – as well as the proposed interim rates – are reasonable, and on the potential harms, as well as benefits, to customers, as well as on Commission resources. Moreover, additional data may still be required to fully understand the ratepayer impacts.

For these reasons, if this motion is granted, Cal Advocates will participate in this proceeding, conduct discovery as it deems necessary, perform an independent analysis of the ratepayer impacts, and provide input and offer recommendations, consistent with its statutory mandate, in order to ensure that the interests of ratepayers are protected.

III. NOTICE

Cal Advocates consents to “email only” service and requests that the following person be added to the service list on behalf of Cal Advocates as Party Representative:

Carolyn Chen, Attorney
Public Advocates Office
California Public Utilities Commission

¹³ Application, p. 9.

¹⁴ Application, p. 8.

505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 703-1980
E-mail: Carolyn.Chen@cpuc.ca.gov

IV. CONCLUSION

Cal Advocates' participation in this proceeding will promote the interests of California ratepayers without prejudicing any party, delaying the schedule, or otherwise broadening the scope of the issues in the proceeding.

For the reasons stated above, Cal Advocates respectfully requests that the Commission grant this Motion for Party Status.

Respectfully submitted,

/s/ CAROLYN CHEN
Carolyn Chen
Attorney for

Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 703-1980
Email: Carolyn.Chen@cpuc.ca.gov

September 3, 2021