

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



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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 No. 18-12-009
(Filed December 13, 2018)

**RESPONSE OF THE JOINT CCAS TO MOTION OF THE UTILITY REFORM
NETWORK FOR MODIFICATION OF THE SCHEDULE TO ACCOMMODATE
MATERIAL EVENTS IN PACIFIC GAS AND ELECTRIC COMPANY'S CHAPTER 11
BANKRUPTCY CASE**

Tim Lindl
KEYES & FOX LLP
436 14th St., Suite 1305
Oakland, CA 94612
Telephone: (510) 314-8385
E-mail: tlindl@keyesfox.com

Jacob Schlesinger
KEYES & FOX LLP
1580 Lincoln St., Suite 880
Denver, CO 80209
Telephone: (720) 639-2190
E-mail: jschlesinger@keyesfox.com

Julia Kantor
KEYES & FOX LLP
436 14th St., Suite 1305
Oakland, CA 94612
Telephone: (617) 835-5113
E-mail: jkantor@keyesfox.com

August 9, 2019

On behalf of the Joint CCAs

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I. Introduction

Pursuant to Rule 11.1(e) of the California Public Utilities Commission’s (“**Commission**”) Rules of Practice and Procedure, East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, San José Clean Energy, Silicon Valley Clean Energy, and Sonoma Clean Power (collectively, “**the Joint CCAs**”), hereby submit this response in support of the *Motion Of The Utility Reform Network For Modification Of The Schedule To Accommodate Material Events In Pacific Gas And Electric Company’s Chapter 11 Bankruptcy Case*, dated July 29, 2019 (“**Motion**”).

II. Discussion

The Joint CCAs support the Motion to require Pacific Gas and Electric Company (“**PG&E**”) to serve its Chapter 11 reorganization plan (“**Plan**”) in this proceeding no later than the first business day after PG&E files its Plan in the Bankruptcy Court, and to schedule a prehearing conference shortly thereafter to discuss the procedural and substantive implications of the Plan. The Joint CCAs agree with The Utility Reform Network (“**TURN**”) that these steps are

necessary to ensure that the Commission and parties are able to expeditiously assess the impact of PG&E's Plan on this proceeding, and to conserve the Commission's and parties' resources.

As TURN notes throughout the Motion, there are many aspects of the Plan that are likely to impact the revenue requirement in this proceeding, and while the specifics of the Plan and the degree of its ultimate impact on the revenue requirement are currently unknown, "it is reasonable to contemplate that PG&E will need to reduce spending . . . and an obvious source of funds is the GRC revenue requirement."¹ Until PG&E provides its Plan, parties and the Commission cannot reasonably know whether the resources put into litigating this proceeding will be efficiently utilized or whether PG&E's requested revenue requirement will be significantly changed.

In addition to the arguments advanced by TURN, the Joint CCAs support the Motion in light of an additional provision in Assembly Bill ("AB") 1054, which is likely to drive further revenue requirement reductions in this case. Section 8386.3(e) states:

"[t]he commission shall not allow a large electrical corporation to include in its equity rate base its share, as determined pursuant to the Wildfire Fund allocation metric specified in Section 3280, of the first five billion dollars (\$5,000,000,000) expended in aggregate by large electrical corporations on fire risk mitigation capital expenditures included in the electrical corporations' approved wildfire mitigation plans."²

The Joint CCAs' Direct Testimony notes that this language appears to prevent PG&E from earning a return on equity for its share of the first \$5 billion of aggregated investments that PG&E will make in the wildfire mitigation plan resulting from R.18-10-007 and the Community Wildfire Safety Program ("CWSP") proposed in this case.³ Further, "preventing PG&E from earning a

¹ A.18-12-009, *Motion of The Utility Reform Network for Modification of the Schedule to Accommodate Material Events in Pacific Gas and Electric Company's Chapter 11 Bankruptcy Case*, at p. 5 (July 29, 2019) ("TURN Motion").

² AB 1054, Section 8386.3(e) (2019).

³ A.18-12-009, *Prepared Direct Testimony of R. Thomas Beach on Behalf of the Joint Community Choice Aggregators*, at p. 5 (July 26, 2019).

return on equity on a portion of its wildfire mitigation plan and CWSP potentially would change significantly the revenue requirement which the utility is requesting in this proceeding.”⁴

To address this issue, the Joint CCAs recommended in testimony that PG&E file updated testimony to address the impacts of AB 1054, with an opportunity for intervenors to respond.⁵ Instead, the issue of AB 1054’s impact on PG&E’s requested revenue requirement can be effectively addressed through the additional procedural steps outlined in the Motion, *i.e.*, TURN’s requested prehearing conference can address the need for additional procedure or testimony regarding the impacts of AB 1054 on the utility’s requested relief in this proceeding. We recommend the Commission adopt these steps to ensure that PG&E promptly addresses this—as well as other—potentially significant changes to the revenue requirement, and that parties have a chance to respond to PG&E’s proposals.

In its response to the Motion,⁶ PG&E argues that the *Assigned Commissioner’s Scoping Memo and Ruling*⁷ (“**Scoping Ruling**”) already requires prompt service of the Plan, and therefore the relief requested in the Motion is unnecessary, since PG&E will be serving its proposed Plan to comply with the Scoping Ruling. However, as noted in TURN’s Motion, the Scoping Ruling merely states:

“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.”⁸

⁴ *Id.*

⁵ *Id.*

⁶ A.18-12-009, *Response of Pacific Gas and Electric Company (U 39 M) to Motion of The Utility Reform Network for Modification of the Schedule to Accommodate Material Events in Pacific Gas and Electric Company’s Chapter 11 Bankruptcy Case* (August 2, 2019).

⁷ A.18-12-009, *Assigned Commissioner’s Scoping Memo and Ruling* (March 8, 2019).

⁸ *Id.* at p. 6.

This language allows PG&E to serve the developments in the Chapter 11 case that *it deems* to “affect its requests in this proceeding.” Given that parties often disagree with PG&E in a general rate case regarding the appropriate revenue requirement, PG&E should not be left alone to determine what information is or is not relevant to its revenue requirement request. Absent the relief requested in the Motion, PG&E has too much discretion to determine which developments this requirement encompasses. Further, the Scoping Ruling provides little guidance on timelines or the scope and substance of future processes to address any potential filings that PG&E alone determines to be relevant.

The Joint CCAs urge the Commission to grant the Motion to *require* PG&E to promptly file its Plan, and to ensure that there will be an opportunity for the parties shortly thereafter to discuss the implications of the Plan. As TURN notes, “[p]arties and the Commission should be afforded an equal opportunity to assess impact on the GRC.”⁹ The relief requested in the Motion will ensure that this is the case. In the alternative, the Commission could grant the Motion in part, and set a comment period after the filing of the Plan to take input on whether additional procedures are necessary.

III. Conclusion

For the reasons discussed herein, the Joint CCAs request that the Commission grant TURN’s Motion.

⁹ TURN Motion at p. 8.

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Respectfully submitted,

/s/ Julia Kantor

Tim Lindl

Jacob Schlesinger

Julia Kantor

KEYES & FOX LLP

436 14th St., Suite 1305

Oakland, CA 94612

Telephone: (510) 314-8385

E-mail: tlindl@keyesfox.com

jschlesinger@keyesfox.com

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