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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.

(U 39 M)

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

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)  
REQUESTING AN ORDER TO MAKE NEW REVENUE  
REQUIREMENTS EFFECTIVE JANUARY 1, 2020**

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February 7, 2019

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**I. INTRODUCTION AND SUMMARY OF RELIEF SOUGHT**

Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Pacific Gas and Electric Company (PG&E) files this motion requesting that the Commission expeditiously issue an order that would make the revenue requirements the Commission will determine in PG&E's 2020 General Rate Case (GRC) effective January 1, 2020, even though the Commission may not issue a final decision on the GRC until sometime after that date. PG&E additionally requests that the Commission issue an order that the adopted revenue requirements shall include interest, based on a Federal Reserve three-month commercial paper rate,<sup>1/</sup> to the extent necessary to keep PG&E and its customers financially indifferent to the timing of the Commission's final decision.

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<sup>1/</sup> See Federal Reserve three-month Commercial Paper Rate – Non-Financing, from the Federal Reserve Statistical Release H.15 or its successor. <<http://www.federalreserve.gov/releases/h15/>> (as of Feb. 5, 2019). This rate was approved by the Commission for PG&E's 2017 GRC. See D.16-03-009, OP 3.

## II. BACKGROUND

On December 13, 2018, PG&E filed its 2020 GRC Phase I Application (Application) and served supporting testimony seeking to increase gas and electric distribution and generation base revenue requirements by a total of \$ 1.058 billion, effective January 1, 2020. PG&E filed its application on December 13, 2018, rather than September 1, 2018 as specified in the Rate Case Plan<sup>2/</sup>, due to uncertainty regarding the impact of pending legislation on PG&E's GRC request.<sup>3/</sup>

While PG&E is committed to taking whatever steps it can to keep the proceeding on schedule, because PG&E filed its Test Year 2020 Application on December 13, 2018, the final decision in this proceeding is likely to be issued after January 1, 2020.

PG&E has met and conferred with the Commission's Office of Public Advocates and the Utility Reform Network regarding this motion and both have indicated that they do not oppose the relief sought herein.

## III. ANALYSIS

### A. The Commission Has Granted Similar Relief In Many Previous GRCs.

The Commission granted PG&E's request for similar relief to that sought here in each of PG&E's recent GRCs.<sup>4/</sup> Similarly, the Commission has a long history of adopting interim revenue requirement accounting mechanisms for other utilities as well, including in the last GRCs filed by each of the major California energy utilities.<sup>5/</sup>

### B. The Relief Sought Here Is Consistent with the Commission's Policy Objectives.

The relief sought in this motion is consistent with the Commission's long-standing policy

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2/ Decision (D.) 14-12-025, Table 4.

3/ The timing of PG&E's application is consistent with the extension of time authorized by letter from Alice Stebbins, Executive Director, to Robert S. Kenney, Vice President Regulatory Affairs (June 29, 2018).

4/ D.02-12-073, *mimeo*, pp. 7-8; D.06-10-033, *mimeo*, pp. 3-4; D.10-11-018, *mimeo*, p. 4.; D.13-04-023, *mimeo*, pp. 3-4; D.16-03-009, OP 2.

5/ See *Administrative Law Judges' Ruling Granting Southern California Edison Company's Motion to Establish a Memorandum Account*, A.16-09-001 (Dec. 15, 2017); *Administrative Law Judge's Ruling Granting Motion to Establish General Rate Case Memorandum Accounts*, A.17-10-007 (June 7, 2018); D.15-11-021, *mimeo*, p. 4 (SCE 2015 GRC) and D.15-05-044, *mimeo*, pp. 4-5 (SDG&E and SoCalGas 2016 GRCs).

objectives to ensure that affected parties are financially indifferent - from a financial perspective - to the timing of the Commission's final decision. As the Commission stated in PG&E's 2014 GRC, "Adopting the relief requested in PG&E's motion will leave both ratepayers and shareholders relatively indifferent to the precise date that the final decision is delivered."<sup>6/</sup> The Commission has also explained that establishing interim revenue requirements avoids the bar against retroactive ratemaking.<sup>7/</sup>

**C. The Commission Has Granted Relief Even Where There Was Only A Possibility That A Decision Would Not Be Timely.**

This motion is timely made. The Commission has granted similar relief even when only a possibility existed that it may not issue a timely final decision. Indeed, the Commission granted similar relief to the Golden State Water Company, even though the Golden State Water Company filed its motion for relief before the Commission had issued its scoping memorandum. In granting such relief, the Commission cited several cases providing relief "when it was either clear or there was a possibility that a final decision would not be issued in a timely manner...."<sup>8/</sup>

**D. The Relief Sought Here Mitigates The Negative Effects Of Delays In The Proceeding.**

While the relief sought here is intended to eliminate the *financial* effect of possible delays in the proceeding, the relief does not eliminate the potential for negative *operational* effects of such delays. PG&E's 2020 GRC proposes many new measures and large capital projects that take at least several months' advance planning. To the extent that a decision is issued after January 1, 2020, some of the larger projects could be delayed beyond the schedule anticipated by PG&E's testimony. If the Commission ultimately determines that such projects are reasonable

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6/ D.13-04-023, *mimeo*, p. 3. *See also*, D.03-05-076, *mimeo*, pp. 5-6 ("We prefer an approach that leaves both ratepayers and shareholders relatively indifferent to the precise date that [a] decision is delivered; reduces incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding's outcome; and allows sufficient time, for parties as well as decision makers, for review and critical analysis of the record. SCE's proposal [for a GRC memorandum account] is consistent with these policy objectives." (Footnote omitted.)).

7/ D.03-05-076, *mimeo*, p. 6.

8/ D.12-08-006, *mimeo*, p. 4.

and worthy of inclusion in rates, these projects' delay may cause negative operational effects.

For its part, PG&E remains committed to doing what it can to accelerate this proceeding. PG&E urges the Commission to keep these operational needs in mind as well, regardless of whether this motion is granted.

#### **IV. CONCLUSION**

For PG&E and its customers to be financially indifferent to the timing of the final decision in this GRC, any revenue changes should be made effective January 1, 2020. PG&E requests the Commission issue a decision authorizing an effective date of January 1, 2020 prior to the end of 2019 to avoid potential claims of retroactive ratemaking.

For the foregoing reasons, PG&E respectfully requests that the Commission issue a decision directing that PG&E's GRC revenue requirement for the 2020 test year, as determined in this proceeding, shall be effective as of January 1, 2020, and subject to interest based on a Federal Reserve three-month commercial paper rate, even if the Commission issues a final decision in this proceeding after that date.

Respectfully submitted,

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