

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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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

**OPENING BRIEF OF THE PUBLIC ADVOCATES OFFICE
ON APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY
FOR ESTABLISHMENT OF AN INTERIM RATE RELIEF MECHANISM
FOR WILDFIRE MITIGATION COSTS**

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I. INTRODUCTION

Pursuant to Rule 13.11 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure and the October 28, 2021 Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo), the Public Advocates Office at the Commission (Cal Advocates) respectfully submits this Opening Brief for the above-captioned proceeding.

II. PROCEDURAL HISTORY

On July 30, 2021, San Diego Gas & Electric Company (SDG&E) filed an application requesting that the Commission establish an interim rate relief mechanism for wildfire mitigation expenditures recorded in SDG&E's Wildfire Mitigation Plan Memorandum Accounts (WMPMAs).¹ On September 3, 2021, Cal Advocates filed a motion for party status. On the same date The Utility Reform Network (TURN) and Utility Consumers' Action Network (UCAN) jointly filed a protest, and the California Farm Bureau Federation (CAFB) filed a protest. On September 13, 2021, SDG&E filed a reply. The presiding Administrative Law Judge (ALJ) granted Cal Advocates' motion for party status on September 13, 2021. Southern California Edison Company (SCE) filed a motion for party status on October 12, 2021, which was granted on October 14, 2021.

The ALJ held a prehearing conference on October 13, 2021. Thereafter, the parties met to discuss scheduling, and Cal Advocates, TURN, UCAN, and SDG&E each filed Comments on the Proposed Scope of Proceeding, on October 20, 2021. On October 28, 2021, the ALJ issued the Scoping Memo setting forth the schedule and issues to be determined. These issues are:

1. Whether the Commission should grant SDG&E's request to establish an interim rate relief mechanism for wildfire mitigation expenditures recorded in SDG&E's WMPMAs during the 2019-2023 period.
 - a. Whether SDG&E sufficiently demonstrated a need for an interim rate relief.
 - b. Whether SDG&E's proposal promotes fairness, minimizes costs, and provides better rate stability for SDG&E customers.

¹ 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).

2. Whether the Commission should adopt SDG&E's proposal to update the recorded balances for 2019-2023 and amortize them in rates through SDG&E's annual regulatory account balance update process.
 - a. Whether SDG&E's proposal to amortize 50 percent of the incremental WMPMA expenditures incurred in the 2019-2021 period over 20 months and subsequent incremental expenditures for the 2022-2023 period over 12 months is reasonable; or what alternative method and/or proposal, if any, should be adopted.
 - b. What, if any, additional reporting requirements the Commission should adopt.²

The Scoping Memo determined that evidentiary hearings may be necessary and set a date for parties to file a motion requesting opportunity to serve intervenor testimony and evidentiary hearings.³ No motions were filed. On December 1, 2021, the ALJ issued an email ruling taking the scheduled evidentiary hearing off-calendar.

III. DISCUSSION

A. **Cal Advocates does not oppose SDG&E's request to establish an interim rate relief mechanism lasting until 2024, with modifications.**

Under SDG&E's proposed interim rate relief mechanism, 50 percent of the actual recorded balance in the WMPMAs (which records costs incremental to those authorized for recovery in SDG&E's General Rate Case (GRC) and other wildfire-related regulatory accounts) may be authorized for amortization recovery each year. The authorized amortization is subject to a 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 (hereinafter section 8386.4(b)(2)).⁴ Specifically, SDG&E proposes to amortize 50 percent

² *Assigned Commissioner's Scoping Memo and Ruling*, October 28, 2021 (Scoping Memo), p. 3.

³ Scoping Memo, p. 4.

⁴ Application, p. 7; *see also* Public Utilities Code sections 8386.4(b)(1) and (2). Public Utilities Code section 8386.4(b)(1) states:

The commission shall consider whether the cost of implementing each electrical corporation's plan is just and reasonable in its general rate case application. Each electrical corporation shall establish a memorandum account to track costs incurred for

(continued on next page)

of the incremental WMPMA expenditures incurred in the 2019-2021 period over 20 months and subsequent incremental expenditures incurred in the 2022-2023 period over 12 months. Thus, the interim rate relief mechanism would at the latest, last until 2024, for expenditures made in the 2023 period.

Cal Advocates does not object to SDG&E's request to establish an interim rate relief mechanism for wildfire mitigation expenditures recorded during the 2019 to 2023 period, but recommends two modifications to SDG&E's proposed interim rate relief mechanism, as discussed in Section B below. Overall, Cal Advocates finds that SDG&E has sufficiently justified the need for interim rate relief, and finds that its proposal, as modified, has the potential to be fair, minimize costs, and provide rate stability for SDG&E customers.⁵

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 proceeding or in a separate proceeding under Public Utilities Code section 8386.4(b)(2), is conducted and costs can be collected from ratepayers.⁶ Cal Advocates agrees with SDG&E that the Commission has authority to provide interim rate relief⁷ and has exercised this authority in prior instances,⁸ and Cal Advocates would not object to the Commission providing rate relief to SDG&E in this instance.

fire risk mitigation that are not otherwise covered in the electrical corporation's revenue requirements. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.

Public Utilities Code section 8386.4(b)(2) states:

In lieu of paragraph (1), an electrical corporation may elect to file an application for recovery of the cost of implementing its plan as accounted in the memorandum account at the conclusion of the time period covered by the plan. If the electrical corporation files an application for cost recovery pursuant to this paragraph, the commission shall issue a proposed decision within 12 months of the filing date of the application unless the commission issues an order extending the deadline upon a finding of good cause.

⁵ See generally Application.

⁶ Application, p. 10.

⁷ Application, p. 8 (citing Decision (D.) 20-10-026, p. 25; D.19-04-039, pp. 5-7 (discussing various decisions establishing Commission's authority to grant interim rate relief)).

⁸ Application, pp. 8-9 (citing D.20-10-026; D.19-04-039).

Cal Advocates also finds that SDG&E has sufficiently demonstrated its intention and commitment to propose an interim rate relief mechanism that promotes fairness, minimizes costs to ratepayers, and promotes rate stability.² 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 will be imposed more closely to when the costs are incurred, rather than deferring recovery until the conclusion of SDG&E's next GRC.¹⁰ This reduces the potential of rate shock from the deferred accumulated costs.¹¹ Moreover, to the extent disallowances are ordered in a future GRC or section 8386.4(b)(2) application proceeding, those amounts will be ultimately returned to customers.¹² Therefore, Cal Advocates finds that overall, SDG&E's reasons for interim rate relief are reasonable.

B. If SDG&E's request to establish an interim rate relief mechanism is granted, the Commission should limit the interim rate recovery to only electric costs and require SDG&E to file a cost recovery application in 2023.

While Cal Advocates does not object to SDG&E's proposal of a 50 percent annual amortization recovery of the actual recorded balance in the WMPMAs associated with operating and maintenance expenses and related costs, for 2019 to 2023, Cal Advocates recommends two modifications. First, Cal Advocates recommends interim recovery of only electric-related costs and no interim recovery of gas-related costs given the relatively small amount of costs allocated to gas.¹³ Cal Advocates recommends that any allocation of the WMPMA costs to gas customers be addressed in a GRC proceeding or other proceedings related to recovery of the wildfire mitigation costs, such as through a section 8386.4(b)(2) application.

Second, Cal Advocates recommends that SDG&E be directed to file for recovery of wildfire mitigation costs associated with the current Wildfire Mitigation Plan which runs through 2022, no earlier than the fourth quarter of 2023 to avoid future scheduling conflicts. This will allow parties a reasonable time and opportunity to appropriately review the costs and issue

² Application, p. 9.

¹⁰ Application, p. 9. SDG&E is scheduled to file its next GRC application in May 2022.

¹¹ Application, p. 9.

¹² Application, p. 9.

¹³ See Application, Testimony of Eric Dalton, July 30, 2021, p. ED-6, Table 2-1.

testimony in 2024, which is a year in which no large California utilities will file a GRC application. Cal Advocates has previously experienced scheduling conflicts between its participation in GRC proceedings and its participation in overlapping wildfire mitigation costs proceedings, which has posed challenges in Cal Advocates' ability to devote adequate staff resources to cover all proceedings. The Commission should assure that such scheduling conflicts are avoided to provide parties the necessary time to appropriately review SDG&E's wildfire mitigation costs recorded through 2023, by directing SDG&E to make its filing for recovery of such costs in and no earlier than the fourth quarter of 2023.

IV. CONCLUSION

For the reasons stated above, Cal Advocates respectfully requests the Commission to adopt the recommendations discussed herein.

Respectfully submitted,

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