

Decision 16-03-009 March 17, 2016

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, 2017. (U39M).

Application 15-09-001
(Filed September 1, 2015)

**DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST FOR A JANUARY 1, 2017 FINAL DECISION EFFECTIVE DATE**

Summary

This decision grants Pacific Gas and Electric Company's (PG&E's) unopposed motion, filed December 18, 2015, seeking an order to make its 2017 test year General Rate Case (GRC) revenue requirement effective as of January 1, 2017, even in the event the Commission issues a final decision after that date.

This decision also grants PG&E's request to allow for the recovery of interest, based on a Federal Reserve three-month commercial paper rate,¹ to the extent necessary to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission's final decision regarding the 2017 GRC revenue requirement.

¹ 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/data.htm>.

2. Background

In Application (A.) 15-09-001, Pacific Gas and Electric Company (PG&E) requests approval of its forecast General Rate Case (GRC) revenue requirement for implementation beginning January 1, 2017. The Assigned Commissioner's Ruling and Scoping Memo, dated December 1, 2015 (Scoping Ruling) adopted a schedule which set the date of December 1, 2016, for a final Commission decision regarding PG&E's 2017 GRC revenue requirement.

As explained in the Scoping Ruling, on October 27, 2015, PG&E hosted a conference call with parties to attempt to resolve issues prior to the prehearing conference. During these discussions, PG&E raised the issue of a possible motion to request a revenue requirement effective date of January 1, 2017, regardless of whether a final decision is issued by the date. The Scoping Ruling noted that no party opposed this possibility.

PG&E subsequently filed a motion on December 18, 2015, seeking an order to make its 2017 test year GRC revenue requirement effective as of January 1, 2017, even in the event the Commission issues its final decision after that date. PG&E notes that the Commission granted similar relief in PG&E's 2003, 2007, 2011 and 2014 GRCs, and that 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.²

No party filed a response to PG&E's motion.

² For PG&E, see D.02-12-073, *mimeo*, at 7; D.06-10-033, *mimeo*, at 3-4; D.10-11-018, *mimeo*, at 4; and D.13-04-023, *mimeo*, at 6.

3. Discussion

The currently adopted schedule in this proceeding calls for the issuance of a Commission decision regarding PG&E's 2017 GRC revenue requirement before the end of calendar year 2016 to provide for an effective date of January 1, 2017. The possibility exists, however, that the actual date for the Commission's decision on the 2017 GRC revenue requirement could occur after January 1, 2017. In view of this possibility, we conclude that it is reasonable to grant PG&E's unopposed motion to issue this order affirming that January 1, 2017 shall be the effective date for the Commission's subsequent decision regarding the 2017 test year GRC revenue requirement, even if the Commission issues its final decision regarding the 2017 GRC revenue requirement subsequent to January 1, 2017.

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 issued. It also will reduce incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding's outcome, and will allow time to parties, as well as decision makers, for review and critical analysis of the record.

PG&E also requests that the adopted 2017 GRC revenue requirement include a provision for accrued interest, based on a Federal Reserve three-month commercial paper rate to the extent necessary to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission's final decision. PG&E's request is reasonable, and we hereby grant it.

Granting PG&E's motion in this manner does not bind the Commission to adopt PG&E's requested revenue requirement, or any portion thereof. Any subsequently adopted revenue requirement can only be authorized upon the development of a complete evidentiary record, and full and fair consideration of the record by the Commission.

Granting PG&E's motion also does not diminish the importance of adhering to the adopted schedule in this proceeding as closely as possible, to allow for a Commission decision on the 2017 revenue requirement prior to January 1, 2017. In its motion, PG&E notes that to the extent that the Commission decision is issued after January 1, 2017, some larger projects proposed by PG&E could be delayed beyond the schedule anticipated by PG&E's testimony. According to PG&E, if the Commission ultimately determines that such projects are reasonable and worthy of inclusion in rates, their delay may potentially cause negative operational effects.

4. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

5. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Stephen C. Roscow is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. In this application, PG&E requests approval of its forecast GRC revenue requirement for implementation beginning January 1, 2017.

2. The adopted schedule for this proceeding is designed so that the Commission decision on PG&E's 2017 revenue requirement can become effective on January 1, 2017.

3. In view of the potential effects of unforeseen circumstances, the effective date for a Commission decision regarding PG&E's GRC application could potentially be delayed until after January 1, 2017.

4. PG&E's unopposed motion seeks a Commission order that makes PG&E's General Rate Case revenue requirement for the 2017 test year ultimately adopted by the Commission effective on January 1, 2017, even if the Commission issues its decision after that date.

5. Granting PG&E's motion will keep PG&E and its ratepayers relatively indifferent as to the actual timing of the Commission's final decision on the 2017 revenue requirement.

6. Adopting PG&E's proposal leaves both ratepayers and shareholders essentially indifferent to the precise date that the final decision is delivered; removes incentives for procedural gaming that might be attempted if gains could be realized through delay; and allows sufficient time for parties, as well as decision-makers, for review and critical analysis of the record.

Conclusions of Law

1. PG&E's December 18, 2015, motion is reasonable and should be granted.

2. As requested in PG&E's motion, the effective date of the Commission's decision regarding PG&E's 2017 GRC revenue requirement should be January 1, 2017, even if the Commission decision issues after that date.

3. PG&E's GRC revenue requirement for the 2017 test year should include a provision for interest, based on the Federal Reserve three-month commercial

paper rate, to the extent necessary to keep PG&E and its ratepayers indifferent to the precise timing of the final decision regarding the revenue requirement.

4. The authorization for a January 1, 2017 effective date as granted herein does not bind the Commission to adopt PG&E's requested GRC revenue requirement, or any portion thereof, as such a determination can only be made upon development of a complete evidentiary record, with full and fair consideration of the record by the Commission.

O R D E R

IT IS ORDERED that:

1. The December 18, 2015 motion filed by Pacific Gas and Electric Company described in the body of this decision is granted.

2. The effective date for the Commission's decision regarding Pacific Gas and Electric Company's General Rate Case (GRC) revenue requirement for the 2017 test year, pending determination in this proceeding, shall be January 1, 2017, even if the Commission issues the final decision regarding the 2017 GRC revenue requirement after that date.

3. The adopted 2017 General Rate Case (GRC) revenue requirement shall include accrued interest covering the period subsequent to January 1, 2017, based on the applicable three-month commercial paper rate published in the Federal Reserve Statistical Release H.15 or its successor, to the extent necessary to keep Pacific Gas and Electric Company, its ratepayers, and other affected parties indifferent to the precise timing of the Commission's final decision on the 2017 GRC revenue requirement.

4. Application 15-09-001 remains open.

This order is effective today.

Dated March 17, 2016, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners