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03/12/18
04:59 PM

**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)

**OPENING COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)
ON THE PROPOSED DECISION RESOLVING COMPLIANCE ISSUE
REGARDING THE AUDIT OF PACIFIC GAS AND ELECTRIC COMPANY'S
RULE 20A UNDERGROUNDING PROGRAM**

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Dated: March 12, 2018

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) submits these Opening Comments on the Proposed Decision (PD) issued by Administrative Law Judge Roscow on February 20, 2018, in the above-referenced proceeding.

PG&E supports the PD's modifications to the joint proposal submitted by PG&E and the City of Hayward (Hayward) and the additional directives regarding the competitive solicitation process to select the auditor, timeframe to complete the audit, and the Energy Division's role in overseeing the audit. These Opening Comments are limited to requests for modifications to the proposed schedule and clarification on the audit scope and bid selection process.

Specifically, PG&E requests the following modifications to the PD:

1. An additional 30 days for the drafting and finalizing of the Request for Proposals (RFP) and an additional 15 days to finalize and execute the contract with the winning bidder;
2. Clarification on the "Audit scope finalized by Energy Division staff, PG&E, Hayward, and the winning bidder" milestone; and
3. Clarification on the winning bidder selection process.

II. DISCUSSION

A. Additional Time Is Needed on the Proposed Schedule.

The PD proposes a schedule that requires PG&E, Energy Division, and Hayward to collaboratively draft and finalize an RFP for the selection of the independent auditor that will perform the Rule 20A audit within 55 days following the date of a final decision.^{1/} The PD's proposed schedule also requires PG&E to finalize and execute a contract with the winning bidder within 30 days following the selection of the winning bidder.^{2/}

Given the need to work closely with Energy Division and Hayward on the drafting and finalizing of the RFP, PG&E requests an additional 30 days be added to complete this milestone. PG&E's processes and standards used in developing RFPs take about 45 days on average to complete. Alignment of standards and process for this RFP with the Energy Division and Hayward will add to the average timeline. Accordingly, PG&E respectfully requests that this milestone be modified from "55 days following the date of this decision" to "85 days following the date of this decision."

The PD requires PG&E to finalize and execute a contract with the winning bidder within 30 days following the selection of the winning bidder.^{3/} PG&E is concerned that negotiating terms and conditions and obtaining management approval of the contract may take longer than the allotted 30 days. Accordingly, PG&E respectfully requests that an additional 15 days be added for this milestone, thereby allowing PG&E 45 days to finalize and execute the contract with the winning bidder.

^{1/} PD, p. 6 and 8.

^{2/} PD, p. 8.

^{3/} *Id.*

B. Clarification Is Needed on Finalizing the Audit Scope with the Winning Bidder.

The PD's proposed adopted schedule includes the following milestone: "Audit scope finalized by Energy Division staff, PG&E, Hayward, and the winning bidder."^{4/} PG&E is unclear on the intent and required work for this milestone.

The PD incorporated the required modifications into the "Final Scope and Objectives to be Addressed in the Rule 20A Audit" provided in Attachment A of the PD.^{5/} PG&E understands Attachment A to reflect the final scope of the audit. In this case, there is no need for a milestone that requires PG&E, Energy Division, Hayward, and the winning bidder to further finalize the audit scope.

To avoid confusion, PG&E recommends that the Commission remove this milestone from the proposed schedule and confirm that Attachment A is the final audit scope to be used by the winning bidder to perform the audit. Ordering Paragraph 7 would thus be modified to reflect this clarification:

7. The ~~objectives listed in the~~ "Scope and Objectives to be Addressed in the Rule 20A Audit" in Attachment A of this decision is final and shall be addressed in the audit.

C. Clarification on the Winning Bid Selection Process Is Needed.

The PD directs that only Commission staff shall be responsible for scoring proposals, interviewing bidders, and selecting the winning bidder.^{6/} PG&E supports and appreciates Commission staff's responsibilities in the selection process but would like more clarity on the RFP scoring process. The criteria to be considered for selection of the auditor are relatively broad. PG&E recommends that bid evaluation criteria and weighting be developed collaboratively by PG&E, Hayward, and Energy Division during the milestone of drafting and finalizing the RFP.

^{4/} *Id.*

^{5/} PD, p. 5.

^{6/} PD, p. 6.

III. CONCLUSION

For the reasons set forth above, PG&E respectfully requests that the Commission: (i) grant PG&E's request for additional time to perform certain milestones on the proposed schedule; (ii) clarify that Attachment A is the final audit scope and remove the milestone that requires further finalizing of the audit scope; and (iii) provide clarification to the discussion of the scoring process and allow PG&E, Hayward, and Energy Division to collaboratively develop the bid evaluation criteria. PG&E appreciates the PD's recognition of the collaborative efforts between PG&E and Hayward to date and looks forward to continuing to work with Hayward and Energy Division throughout the audit process.

Respectfully submitted,

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