



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, 2017 (U39M))
_____)

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

**OPENING COMMENTS OF THE ALLIANCE FOR NUCLEAR RESPONSIBILITY
ON THE *PROPOSED DECISION OF ALJ ROSCOW***

Alvin S. Pak
Law Offices of Alvin S. Pak
827 Jensen Court
Encinitas, California 92024
619.209.1865

Electronic Mail: Apak@APakLaw.com

Attorney for the Alliance for Nuclear Responsibility

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Encinitas, California

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Subject Index of Recommended Changes to *Proposed Decision*

A4NR respectfully requests that the Commission modify the *Proposed Decision* and:

A. Approve and adopt the *Settlement Agreement* as to the whole and in its entirety. This would principally require the revision of certain text in the *Proposed Decision* at Section 4.1.3.7 (at pages 63 to 80), Section 4.1.5.8 (at pages 95 to 98), Section 4.1.9.9.2 (at pages 116 to 118), Section 4.2.2.9 (at page 151), and Section 4.5 (at pages 198 to 200), with corresponding modifications to Findings of Fact 5, 6, 9, and 10, Conclusions of Law 5, 6, 9, and 10, and Ordering Paragraphs 1, 2, 8, 9, 21, and 22;

Or, as an alternative to “A” above,

B. Approve the *Settlement Agreement*,

1. Without prejudice to any party filing a complaint against PG&E or filing a petition for modification addressing and limited to only the issues raised by the *Proposed Decision* with respect to the four specific provisions of the *Settlement Agreement* the *Proposed Decision* proposes to modify;

And/or,

2. Subject to the requirement that the parties supporting the four provisions of the *Settlement Agreement* the *Proposed Decision* proposes to modify shall submit briefs and/or further evidence demonstrating by a preponderance of the evidence that those four specific provisions of the *Settlement Agreement* are consistent with the record, law and the public interest.

This would principally require the revision of certain text in the *Proposed Decision* at Section 4.1.3.7 (at pages 63 to 80), Section 4.1.5.8 (at pages 95 to 98), Section 4.1.9.9.2 (at pages 116 to 118), Section 4.2.2.9 (at page 151), and Section 4.5 (at pages 198 to 200), with corresponding modifications to Findings of Fact 5, 6, 9, and 10, Conclusions of Law 5, 6, 9, and 10, and Ordering Paragraphs 1, 2, 8, 9, 21, and 22;

Or, as an alternative to “B” above,

C. Adopt the *Proposed Decision* subject to such revisions as may be necessary to limit the scope of any motion filed pursuant to Rule 12.4(c) requesting other relief to only the four specific provisions of the *Settlement Agreement* the *Proposed Decision* proposes to modify and limiting the nature of any relief

requested to those four specific provisions and no others. This would principally require the revision of certain text in the *Proposed Decision* at Section 4.5 (at pages 198 to 200), with corresponding modifications to Ordering Paragraphs 2 and 22.

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**OPENING COMMENTS OF THE ALLIANCE FOR NUCLEAR RESPONSIBILITY
ON THE *PROPOSED DECISION OF ALJ ROSCOW***

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, the Alliance for Nuclear Responsibility ("A4NR") files these opening comments on the *Proposed Decision of ALJ Roscow* ("*Proposed Decision*") issued on or about February 27, 2017, in the above-captioned proceeding. A4NR was an active party in this proceeding and is among the parties executing the settlement agreement submitted by the vast majority of the other active parties in this matter.¹ In very large part, A4NR supports the *Proposed Decision*, but respectfully submits the *Proposed Decision* inadvertently creates procedural and substantive ambiguities regarding the extent to which the provisions of the *Settlement Agreement* otherwise and specifically approved by the *Proposed Decision* might be adversely affected, e.g., rejected, suspended and/or subject to reconsideration, if any party takes exception to the disposition of the four provisions which are not approved by the *Proposed Decision*. These procedural and substantive ambiguities lay the foundation for legal error and should be addressed through corrections and/or clarifications in the final order adopted by the Commission.

I. Introduction

The *Proposed Decision* adopts the *Settlement Agreement*, subject to four specified exceptions.² The *Proposed Decision* invokes Rule 12.4(c) as the procedural recourse afforded to any party objecting to the revision of the four provisions of the *Settlement Agreement* modified by the *Proposed Decision*. In the event any party objects to any of the four exceptions and/or the in-lieu substitute provisions adopted by the *Proposed Decision*, that party may elect to file a motion requesting other relief. If any party files such a

¹ See "Settlement Agreement Among Office of Ratepayer Advocates, The Utility Reform Network, Alliance for Nuclear Responsibility, [et al.], and Pacific Gas and Electric Company", ("*Settlement Agreement*") attached to *Joint Motion of Office of Ratepayer Advocates, The Utility Reform Network, Alliance for Nuclear Responsibility, [et al.], and Pacific Gas and Electric Company for Adoption of Settlement Agreement*, Application 15-09-001, August 3, 2016.

² See *Proposed Decision*, at pp.4, 198; also, Ordering Paragraph 1 at pp.219 to 220.

motion, the *Proposed Decision* indicates the immediate result of any such filing is that “this proceeding shall remain open until a decision or ruling resolves the motion,”³ and ultimately that “the adopted Test Year 2017 revenue requirement shall only remain in effect until a decision resolving the request for other relief is adopted by the Commission.”⁴ These passages are unclear as to the extent to which “this proceeding shall remain open” or the adopted Test Year 2017 revenue requirement is subject to modification. Do these passages mean this general rate case “remains open” pending the disposition of the motion by the Commission *only to the extent of the four exceptions* to the *Settlement Agreement* taken by the *Proposed Decision*? Or is the *Proposed Decision*’s approval of the vast majority of the provisions of the *Settlement Agreement* subject to reconsideration in the event: (i) “the other relief requested” by a moving party affects related or collateral provisions included in the adopted Test Year 2017 revenue requirement, even if they are not called out by the *Proposed Decision*; or (ii) “the other relief requested” is otherwise more expansive either as to the whole of the *Settlement Agreement* or any of its individual provisions, *even if wholly unrelated to the four provisions* to which the *Proposed Decision* takes exception?

After discussing the procedural and substantive ambiguities implicated by the Rule 12.4(c) process with other parties, A4NR submits that these ambiguities should be resolved when the Commission issues its final decision in this proceeding. There are several procedural options by which this can be accomplished. The most straightforward and logical option, and the option most consistent with Commission precedents articulating the standard of review applied to settlements in general rate cases, would be for the Commission to adopt the *Settlement Agreement* in its entirety, notwithstanding that four of its provisions may be problematic. Alternatively, in the event the Commission agrees that any of the infirmities found in the four original provisions of the *Settlement Agreement* highlighted by the *Proposed Decision* require further consideration, these matters can be addressed without creating the procedural and substantive ambiguities raised by the Rule 12.4(c) process adopted in the *Proposed Decision*. For example, the Commission could reserve any interest it might have in the further adjudication of the four provisions to which the *Proposed Decision* takes exception by making clear that the approval and adoption of the *Settlement Agreement* in its entirety would be without prejudice to either the Commission *sua sponte* or an aggrieved party pursuing further consideration of those four provisions. As another example, the Commission could approve the Rule 12.4(c) process invoked by the *Proposed Decision*, but specifically

³ See *Proposed Decision*, at p.200; also, Ordering Paragraph 22 at p.225.

⁴ See *Proposed Decision*, Ordering Paragraph 2 at p.220.

limit any “relief requested” by a moving party to relief directly related to the four provisions in question *and no others*. For the reasons set forth below, the adoption of any of the foregoing options would better comport with the Commission’s rules and prior precedents regarding the standard of review to be applied to settlements and would fully resolve the legal error arising from the above-described procedural and substantive ambiguities existing in the *Proposed Decision*.

II. The *Proposed Decision* Creates Undue Procedural and Substantive Ambiguities by Misapplying the Commission’s Standard of Review for Comprehensive Settlements in General Rate Cases and Thereby Commits Legal Error.

To be clear, A4NR takes no position as to the substantive merit of any of the four substitute provisions adopted by the *Proposed Decision* in lieu of the original provisions included in the *Settlement Agreement*. The issues and subject matter addressed by the four substitute provisions are well beyond A4NR’s interests and expertise. Nevertheless, even if A4NR were to concede that the four substitute provisions adopted by the *Proposed Decision* are superior to the original provisions found in the *Settlement Agreement* and would, if adopted by the Commission, bring the *Settlement Agreement* into greater conformity with the record, the law and/or the public interest, A4NR submits that the Commission’s rules and prior precedents describing the standard of review to be applied to settlements weigh in favor of approving the *Settlement Agreement* in its entirety and without the revised provisions proffered in the *Proposed Decision*.

The *Proposed Decision* correctly cites Rule 12.1(d) of the Commission’s Rules of Practice and Procedure as the standard by which the Commission reviews settlement agreements.⁵ Rule 12.1(d) provides that settlements will not be approved “unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.” (Accord, Public Utilities Code Section 1701.) In complex, multi-faceted proceedings such as general rate cases, where comprehensive settlements have addressed myriad issues, many of which do not bear direct relationships to one another, the Commission has applied this standard of review as to “the whole of a settlement” rather than to the individual provisions of a settlement.⁶ While the Commission has reviewed contested individual provisions of settlements in

⁵ See *Proposed Decision*, at p.32.

⁶ See, e.g., *Opinion Authorizing Pacific Gas and Electric Company’s General Rate Case Revenue Requirement for 2007-2010*, Decision 07-03-044, in *Application 07-03-044, Application of Pacific Gas and Electric Company for Authorization, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2007*, March 15, 2007, printed opinion at p.13.

these cases, it has done so to determine “whether the Settlement as a whole is reasonable,” and “not whether any particular issue is adopted or rejected in a settlement.”⁷ These principles comport with the nature of settlements in general rate cases, where dozens of parties representing a wide range of constituencies attempt to reach a balanced, integrated and comprehensive compromise across a broad range of issues which, as noted previously, can be wholly unrelated to one another. Arriving at expansive, integrated compromises in such cases is an enormous achievement not to be taken lightly. The Commission’s practice of evaluating the sum total of those compromises, rather than each individual compromise taken outside the context of that sum total, correctly respects the explicit and implicit trade-offs inherent in the final settlement agreement. This approach also leaves undisturbed any unseen but nevertheless important interdependencies and interrelationships between or among issues and the results negotiated by the parties. By looking to approve “the whole of a settlement” rather than the individual provisions of a comprehensive settlement, the Commission reinforces its policies favoring settlements and encourages parties in even the largest and most complex proceedings to give compromise the old college try.

In this case, as has been done in other cases, the *Proposed Decision* serially reviews the individual provisions of the *Settlement Agreement*. But in a departure from the manner in which the Commission has previously evaluated “the whole of a settlement” to determine whether the *Settlement Agreement* as to its “whole” and in its entirety passes muster under Rule 12.1(d), the *Proposed Decision* finds “the whole of the settlement” to be reasonable in light of the whole record, consistent with the law, and in the public interest, *except as to four provisions for which the Proposed Decision substitutes alternate provisions*. By doing so, the *Proposed Decision* misapplies the Commission’s standard of review, inappropriately taking those four provisions out of the greater context in which they reside. Thus, rather than review “the *Settlement Agreement* as a whole,” the *Proposed Decision* reviews “all of the *Settlement Agreement*” as to its piece-parts. This is hardly a semantic issue and demands reconsideration in light of the ambiguities arising from the effects the four alternate provisions might have on the settlement as a whole under the Rule 12.4(c) motions invited by the *Proposed Decision*. The difference between the Commission’s prior practice and the evaluation performed by the *Proposed Decision* can be explained by looking at the *Settlement Agreement* from A4NR’s perspective.

⁷ *Id.*, Decision 07-03-044, printed opinion at p.237.

A4NR's interests in this proceeding are confined to ratemaking issues related to the Diablo Canyon Nuclear Power Plant ("DCNPP"). A4NR reached a compromise with Applicant Pacific Gas & Electric ("PG&E") regarding those issues by agreeing to the singular and most momentous result embedded in the *Settlement Agreement*, namely, PG&E's announcement that it would retire DCNPP upon the expiration of that facility's current federal operating licenses.⁸

The reasonableness of the *Settlement Agreement* as a whole, as well as any other individual provision of the *Settlement Agreement* or any combination of any four of the other provisions of the *Settlement Agreement*, should be reviewed taking into account that the rejection of the *Settlement Agreement* or any of its individual provisions could potentially disturb the balance of benefits and burdens associated with the retirement of DCNPP reflected in the DCNPP-related provisions of the *Settlement Agreement*. From A4NR's view, none of the four provisions rejected by the *Proposed Decision* justify the potential jeopardy to which this hugely important result might be subjected by a Rule 12.4(c) motion. Even if one were to disagree that the DCNPP-related provisions should be at the top of the list of achievements reflected in the *Settlement Agreement*, no one can legitimately disagree that the *Settlement Agreement* layers important results one on top of another into an integrated whole, addressing and resolving as it does vital and important public safety issues, capital allocation issues affecting the hundreds of investments PG&E proposes to make over the next three years, the quality of electric and gas service across the breadth of PG&E's operations, the reasonableness of PG&E's rates, and a host of other issues and public policies.

A4NR has no doubt that the other settling parties agree with A4NR that the whole of the *Settlement Agreement* as well as the individual provisions in which they have a direct interest should not be jeopardized for the purported benefit of revising the four provisions the *Proposed Decision* finds suboptimal. A4NR suspects even the non-settling parties who might support any of the four alternative provisions adopted in the *Proposed Decision* would agree that none of the other provisions of the *Settlement Agreement* should be prejudiced by their interests. In fact, the *Proposed Decision* itself essentially agrees that the whole of the *Settlement Agreement* is reasonable and should be adopted: among the dozens of

⁸ The *Proposed Decision* recognizes that PG&E and A4NR resolved their differences in this case by entering into an agreement between them and with others that will result in the retirement of the DCNPP at the end of the facility's current federal operating licenses. (See *Proposed Decision*, at p.13.) That agreement, executed in July 2016, followed and was facilitated by A4NR's agreement to defer several of the ratemaking recommendations A4NR presented in its April 8, 2016, prepared direct testimony.

provisions representing hard-fought compromises, the *Proposed Decision* takes exception to only four, which can be fairly described as being dwarfed by the greater whole of the *Settlement Agreement*. The *Proposed Decision* gives these four provisions undue consideration and in doing so departs from Commission precedent by misapplying the Commission's standard of review for settlements in general rate cases.

In summary, the Commission's policy favoring settlements is well understood and appreciated by the parties appearing before it. Achieving a comprehensive settlement in a general rate case is no simple task, and the execution of the *Settlement Agreement* in this case was an enormous achievement. The approach taken in the *Proposed Decision*, where individual provisions of the settlement are subject to revision, even while the greater settlement is approved as reasonable, would undermine, if not wholly eliminate, the incentive for any single party to compromise with others in order to craft and compile a comprehensive resolution of the issues presented in complex, multi-faceted proceedings such as general rate cases. Each provision of such a comprehensive settlement represents a compromise of evidence, position and result, and resides in a greater context. Under its prior precedents, the Commission has aptly chosen to review the context, to wit, "the whole of a settlement," rather than its piece-parts and should continue to do so by revising the *Proposed Decision* to approve the whole of the *Settlement Agreement* presented in this case.

III. The Commission May Address the Four Exceptions Taken to the *Settlement Agreement* Through Other, More Appropriate, Procedural Options to the Rule 12.4(c) Process Adopted in the *Proposed Decision*.

As noted above, A4NR takes no position as to the merits of the four alternative provisions the *Proposed Decision* would substitute for their original counterparts in the *Settlement Agreement*. A4NR's comments are limited to the manner in which the *Proposed Decision* reviews the four provisions to determine their individual merit and reforms them one-by-one, rather than consider their reasonableness in the context of the whole of the *Settlement Agreement*. In particular, A4NR's concern is heightened by the process the *Proposed Decision* invokes in the event any party objects to any of the four substitute provisions adopted by the *Proposed Decision* in lieu of the original provisions found in the *Settlement Agreement*.

The *Proposed Decision* would allow any party to file a motion pursuant to Rule 12.4(c) within fifteen days of the Commission's adoption of an order in this proceeding, and thereby "request other relief."⁹ Upon the filing of such a motion, the *Proposed Decision* indicates that this proceeding would remain "open," perhaps for as long as eighteen months, pending the resolution of the matters raised in the motion.¹⁰ This leaves the fate of the proceeding, and potentially the fate of the *Settlement Agreement*, in the hands of the moving party and subject to the manner of the "other relief" that party might request. Such a process creates procedural and substantive ambiguities that should be resolved by circumscription as the Commission adopts a final order in this proceeding. As noted above, the simplest and most straightforward manner in which this might be achieved would be for the Commission to approve the *Settlement Agreement* in its entirety, notwithstanding the shortcomings of the four provisions the *Proposed Decision* finds problematic. If, however, the Commission finds merit in any or all of the four issues and alternative provisions raised in the *Proposed Decision*, there are other, more suitably tailored procedural means by which the Commission can address them, while at the same time approving the *Settlement Agreement* as a whole pursuant to the standard of review it has previously applied to settlements reached in general rate cases.

The Commission could, for example, adopt the *Settlement Agreement*, subject to the specific admonition that the approval of the whole of the *Settlement Agreement* is without prejudice to any party filing (a) a complaint under Article 4 of the Commission's Rules of Practice and Procedure or (b) a petition for modification under Rule 16.4 of the Commission's Rules of Practice and Procedure with respect to the four provisions the *Proposed Decision* would otherwise reform.¹¹ This would allow any aggrieved parties to contest the four provisions singled out by the *Proposed Decision*, but in a more suitably structured and narrowly limited proceeding. Providing parties the opportunity to file a focused complaint or petition for modification would also duly limit any further proceedings to the specific issues raised by the *Proposed Decision*. Those proceedings would also allow the parties supporting the original provisions in the *Settlement Agreement* to defend those provisions on the merits, without subjecting the other provisions of

⁹ See *Proposed Decision*, at p.200 and Ordering Paragraph 1 at p.220.

¹⁰ See *Proposed Decision*, at p.200 and Ordering Paragraph 1 at p.220 and Ordering Paragraph 22 at p.225.

¹¹ A complaint or petition for modification would certainly suit reconsideration of Sections 3.1.3.1 and 3.2.2.8 of the *Settlement Agreement* and any other issues related to PG&E's electric-distribution undergrounding program. See *Proposed Decision*, at pp.63 to 80.

the *Settlement Agreement* to any jeopardy that might arise from the filing of an open-ended Rule 12.4(c) motion.

The Commission could also adopt the *Settlement Agreement* but, for those provisions the *Proposed Decision* suggests may be inconsistent with law or may not be in the public interest, approve those provisions subject to a requirement that the parties supporting those provisions should submit additional briefs and/or evidence demonstrating the provisions are consistent with the record, law and the public interest.¹² The *Proposed Decision* invokes this very process for issues raised by PG&E's January 11, 2017, announcement that the company will implement corporate and operational efficiencies expected to result in some \$300 million of cost savings in 2017. The *Proposed Decision* directs PG&E to file supplemental detail on these cost savings and the implications the underlying efficiencies might have on adopted Test Year 2017 revenue requirement.¹³ The aim of these further processes would allow the Commission to assuage its concerns regarding any discrete provisions of the settlement while approving the *Settlement Agreement* as a whole, pursuant to the standard of review applied to settlements in general rate cases, without subjecting the other provisions of the *Settlement Agreement* to any jeopardy that might otherwise arise from the filing of an open-ended Rule 12.4(c) motion.

Finally, if the Commission prefers the Rule 12.4(c) process described in the *Proposed Decision* to the filing of a focused complaint, a limited petition for modification, or specific additional evidence and briefing on the four provisions of the *Settlement Agreement* to which the *Proposed Decision* takes exception, the Commission should at the very least carefully circumscribe the nature of the relief which may be requested under such a motion by confining the subject matter of those motions to contesting the four alternative provisions without disturbing the remainder of the *Settlement Agreement*.

There may be other procedural options to which the Commission might resort in order to address any concerns it might have with the four specific provisions of the *Settlement Agreement* the *Proposed Decision* proposes to modify. But whatever option the Commission selects, even if a more narrowly tailored Rule 12.4(c) process, the Commission should consider the importance of maintaining maximum

¹² This requirement would be most appropriate to address issues raised *sua sponte* by the *Proposed Decision* with respect to Sections 3.1.5.2 (compliance issues related to the Residential Rates Reform Memorandum Account) and 3.1.9.3 (the proper scope and elements of the Tax Repair Memorandum Account) of the *Settlement Agreement*. See *Proposed Decision*, at pp.95 to 98, and 117.

¹³ See *Proposed Decision* at pp.125 to 131, Findings of Fact 11 and 12 at p.215, Conclusion of Law 16 at p.218, and Ordering Paragraph 5 at pp.221 to 222.

fidelity to the principles and legal standards by which the Commission will review settlements. In doing so, the Commission will reinforce its policies favoring settlements and continue to encourage parties to attempt to settle contested cases, especially in complex, multi-faceted proceedings such as general rate cases.

IV. Conclusion and Summary of Recommendations

For the foregoing reasons and so as to cure the procedural and substantive ambiguities in the *Proposed Decision*, A4NR respectfully requests that the Commission modify the *Proposed Decision* and:

A. Approve and adopt the *Settlement Agreement* as to the whole and in its entirety;

Or, as an alternative to “A”, above,

B. Approve the *Settlement Agreement*,

1. Without prejudice to any party filing a complaint against PG&E or filing a petition for modification addressing and limited to only the issues raised by the *Proposed Decision* with respect to the four specific provisions of the *Settlement Agreement* the *Proposed Decision* proposes to modify;

And/or,

2. Subject to the requirement that the parties supporting the four provisions of the *Settlement Agreement* the *Proposed Decision* proposes to modify shall submit briefs and/or such further evidence as may be necessary to demonstrate by a preponderance of the evidence that those four specific provisions of the *Settlement Agreement* are consistent with the record, law and in the public interest;

Or, as an alternative to “B” above,

C. Adopt the *Proposed Decision* subject to such revisions as may be necessary to limit the scope of any motion requesting other relief filed pursuant to Rule 12.4(c) to the four specific provisions of the

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Settlement Agreement the *Proposed Decision* proposes to modify and limiting the nature of any relief requested to those four specific provisions and no others.

Respectfully submitted,

/s/ Alvin S. Pak

Alvin S. Pak
Law Offices of Alvin S. Pak
827 Jensen Court
Encinitas, California 92024
619.209.1865
Electronic Mail: Apak@AlPakLaw.com
Attorney for the Alliance for Nuclear Responsibility

March 20, 2017
Encinitas, California

APPENDIX A

PROPOSED MODIFICATIONS TO FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

Findings of Fact

5. ~~With the exception of the agreed-upon Rule 20A amount, t~~The agreed-upon 2017 Electric Distribution expenses and capital expenditures are reasonable.

Delete Finding of Fact 6.

9. ~~With the exception of the agreed-upon amounts and ratemaking treatment regarding PG&E's Residential Rates Reform Memorandum Account, t~~The agreed-upon 2017 Customer Care expenses and capital expenditures are reasonable.

Delete Finding of Fact 10.

Conclusions of Law

5. ~~With the exception of the agreed-upon capital expenditures for Rule 20A, t~~The agreed-upon 2017 Electric Distribution expenses and capital expenditures should be adopted.

Delete Conclusion of Law 6.

Delete Conclusion of Law 7.

Delete Conclusion of Law 8.

Delete Conclusion of Law 11.

Delete Conclusion of Law 12.

Delete Conclusion of Law 13.

15. ~~Except for the Settling Parties' agreements with respect to (1) Rule 20A, (2) PG&E's Residential Rates Reform Memorandum Account, and (3) a tax memorandum account, t~~The Settlement Agreement attached to the Joint Settlement Motion is reasonable, in the public interest, and consistent with the law.

Ordering Paragraphs

IT IS ORDERED that:

1. The August 3, 2016 joint motion for adoption of settlement agreement (Settlement Motion) regarding the Test Year 2017 General Rate Case (GRC) of Pacific Gas and Electric Company (PG&E), including attrition years 2018 and 2019 is granted. ~~with the exceptions listed below. With these specified exceptions, the Settlement Agreement attached to the Settlement Motion is adopted.~~

~~a. The provision in Section 3.1.3.1 of the Settlement Agreement that provides for a reduction in Major Work Category 30 equal to \$23.7 million is not adopted. PG&E's authorized revenue requirements for Rule 20A undergrounding work are \$83.74 million in 2017, \$83.068 million in 2018, and \$72.064 million in 2019. With these adjustments, a Test Year 2017 revenue requirement of \$8.002 billion is adopted.~~

~~b. Section 3.2.2.8 of the Settlement Agreement is not adopted. PG&E shall restore the annual Rule 20A undergrounding 2017-2019 work credit levels that are allocated to governmental entities to the 2010 level: \$80.988 million, and shall apply the two-part formula in its Commission-approved Rule 20 tariff to allocate this amount to eligible governmental entities.~~

~~c. Section 3.1.5.2 of the Settlement Agreement is not adopted. PG&E shall file a standalone application for recovery of recorded costs in its Residential Rates Reform Memorandum Account, or shall seek recovery in its next GRC application.~~

~~d. Section 3.1.9.3 of the Settlement Agreement is not adopted. Instead, as described in Ordering Paragraph 10 below, PG&E shall file an advice letter to establish a two-way tax memorandum account.~~

~~Pursuant to Rule 12.4(c) of the Commission's Rules of Practice and Procedure, Settling Parties shall have 15 days from today's date to file with the Docket Office, and serve, a "Notice To Accept PG&E's Adopted Test Year 2017 Revenue Requirement," or to file a "Motion Requesting Other Relief."~~

Or, in the alternative to the above (providing for the filing of further complaints and petitions for modification):

1. The August 3, 2016 joint motion for adoption of settlement agreement (Settlement Motion) regarding the Test Year 2017 General Rate Case (GRC) of Pacific Gas and Electric Company (PG&E), including attrition years 2018 and 2019 is granted *without prejudice to the filing of a complaint or a petition for modification as to the* ~~with the exceptions listed below. With these specified exceptions, the Settlement Agreement attached to the Settlement Motion is adopted.~~

~~a. The provision in Section 3.1.3.1 of the Settlement Agreement that provides for a reduction in Major Work Category 30 equal to \$23.7 million; is not adopted. PG&E's authorized revenue~~

requirements for Rule 20A undergrounding work are \$83.74 million in 2017, \$83.068 million in 2018, and \$72.064 million in 2019. With these adjustments, a Test Year 2017 revenue requirement of \$8.002 billion is adopted.

b. Section 3.2.2.8 of the Settlement Agreement; ~~is not adopted. PG&E shall restore the annual Rule 20A undergrounding 2017-2019 work credit levels that are allocated to governmental entities to the 2010 level: \$80.988 million, and shall apply the two-part formula in its Commission-approved Rule 20 tariff to allocate this amount to eligible governmental entities.~~

c. Section 3.1.5.2 of the Settlement Agreement; ~~and, is not adopted. PG&E shall file a standalone application for recovery of recorded costs in its Residential Rates Reform Memorandum Account, or shall seek recovery in its next GRC application.~~

d. Section 3.1.9.3 of the Settlement Agreement. ~~is not adopted. Instead, as described in Ordering Paragraph 10 below, PG&E shall file an advice letter to establish a two-way tax memorandum account.~~

~~Pursuant to Rule 12.4(c) of the Commission's Rules of Practice and Procedure, Settling Parties shall have 15 days from today's date to file with the Docket Office, and serve, a "Notice To Accept PG&E's Adopted Test Year 2017 Revenue Requirement," or to file a "Motion Requesting Other Relief."~~

Or, in the alternative to the above (providing for the filing of further briefs and evidence):

1. The August 3, 2016 joint motion for adoption of settlement agreement (Settlement Motion) regarding the Test Year 2017 General Rate Case (GRC) of Pacific Gas and Electric Company (PG&E), including attrition years 2018 and 2019 is granted *subject to the filing of additional briefs, with any further evidence attached thereto as may be necessary to establish by a preponderance of the evidence, demonstrating that the following provisions are reasonable in light of the whole record of this proceeding, consistent with law, and in the public interest:* ~~with the exceptions listed below: With these specified exceptions, the Settlement Agreement attached to the Settlement Motion is adopted.~~

a. The provision in Section 3.1.3.1 of the Settlement Agreement that provides for a reduction in Major Work Category 30 equal to \$23.7 million; ~~is not adopted. PG&E's authorized revenue requirements for Rule 20A undergrounding work are \$83.74 million in 2017, \$83.068 million in 2018, and \$72.064 million in 2019. With these adjustments, a Test Year 2017 revenue requirement of \$8.002 billion is adopted.~~

b. Section 3.2.2.8 of the Settlement Agreement; ~~is not adopted. PG&E shall restore the annual Rule 20A undergrounding 2017-2019 work credit levels that are allocated to governmental entities to the 2010 level: \$80.988 million, and shall apply the two-part formula in its Commission-approved Rule 20 tariff to allocate this amount to eligible governmental entities.~~

c. Section 3.1.5.2 of the Settlement Agreement; ~~and, is not adopted. PG&E shall file a standalone application for recovery of recorded costs in its Residential Rates Reform Memorandum Account, or shall seek recovery in its next GRC application.~~

d. Section 3.1.9.3 of the Settlement Agreement. ~~is not adopted. Instead, as described in Ordering Paragraph 10 below, PG&E shall file an advice letter to establish a two-way tax memorandum account.~~

~~Pursuant to Rule 12.4(c) of the Commission's Rules of Practice and Procedure, Settling Parties shall have 15 days from today's date to file with the Docket Office, and serve, a "Notice To Accept PG&E's Adopted Test Year 2017 Revenue Requirement," or to file a "Motion Requesting Other Relief."~~

Or, in the alternative to the above (circumscribing the subject matter and the scope of the relief that may be requested by the filing of a Motion Requesting Other Relief):

1. The August 3, 2016 joint motion for adoption of settlement agreement (Settlement Motion) regarding the Test Year 2017 General Rate Case (GRC) of Pacific Gas and Electric Company (PG&E), including attrition years 2018 and 2019 is granted, with the exceptions listed below. With these specified exceptions, the Settlement Agreement attached to the Settlement Motion is adopted.

a. The provision in Section 3.1.3.1 of the Settlement Agreement that provides for a reduction in Major Work Category 30 equal to \$23.7 million is not adopted. PG&E's authorized revenue requirements for Rule 20A undergrounding work are \$83.74 million in 2017, \$83.068 million in 2018, and \$72.064 million in 2019. With these adjustments, a Test Year 2017 revenue requirement of \$8.002 billion is adopted.

b. Section 3.2.2.8 of the Settlement Agreement is not adopted. PG&E shall restore the annual Rule 20A undergrounding 2017-2019 work credit levels that are allocated to governmental entities to the 2010 level: \$80.988 million, and shall apply the two-part formula in its Commission-approved Rule 20 tariff to allocate this amount to eligible governmental entities.

c. Section 3.1.5.2 of the Settlement Agreement is not adopted. PG&E shall file a standalone application for recovery of recorded costs in its Residential Rates Reform Memorandum Account, or shall seek recovery in its next GRC application.

d. Section 3.1.9.3 of the Settlement Agreement is not adopted. Instead, as described in Ordering Paragraph 10 below, PG&E shall file an advice letter to establish a two-way tax memorandum account.

Pursuant to Rule 12.4(c) of the Commission's Rules of Practice and Procedure, Settling Parties shall have 15 days from today's date to file with the Docket Office, and serve, a "Notice To Accept PG&E's Adopted Test Year 2017 Revenue Requirement," or to file a "Motion Requesting Other Relief." *The subject matter of any such Motion Requesting Other Relief shall be limited in scope to the four exceptions noted above and the relief requested shall be limited to final disposition of the four exceptions and shall not affect any other provisions of the Settlement Agreement approved by this order.*

Delete Ordering Paragraph 2.

Delete Ordering Paragraph 8.

Delete Ordering Paragraph 9.

21. Application 15-09-001 shall be closed following the filing of a ~~“Notice to Accept Pacific Gas and Electric Company’s Adopted Test Year 2017 Revenue Requirement”~~ and disposition of the compliance items ordered in this decision:

- a. Filing and service of the SmartMeter Update calculations as instructed in Section 5 of this Decision.
- b. Filing and service of the Rule 20A audit plan described in Section 4.1.3.7 of this Decision.

Or, in the alternative to the above (providing for the filing of further briefs and evidence):

21. Application 15-09-001 shall be closed following the filing of a “Notice to Accept Pacific Gas and Electric Company’s Adopted Test Year 2017 Revenue Requirement” and disposition of the compliance items ordered in this decision:

- a. Filing and service of the SmartMeter Update calculations as instructed in Section 5 of this Decision.
- b. Filing and service of the Rule 20A audit plan described in Section 4.1.3.7 of this Decision.
- c. *Filing and service of additional briefs, with any further evidence attached thereto as may be necessary to establish by a preponderance of the evidence, demonstrating that Sections 3.1.3.1, 3.2.2.8, 3.1.5.2, and 3.1.9.3 of the Settlement Agreement are reasonable in light of the whole record of this proceeding, consistent with law, and in the public interest.*

Delete Ordering Paragraph 22.