

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, 2020.
(U39M)

Application 18-12-009

PROTEST OF THE PUBLIC ADVOCATES OFFICE

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure, the Public Advocates Office (Cal Advocates) submits this timely filed Protest to the "Test Year 2020 General Rate Case Application of Pacific Gas and Electric Company (U 39 M)" for authority to increase rates for electric and gas service effective January 1, 2020.

The Public Advocates Office is reviewing Pacific Gas and Electric Company's (PG&E) General Rate Case (GRC) Application and is conducting discovery. In Section IV, the Public Advocates Office lists the areas where it expects to make recommendations. The Public Advocates Office opposes PG&E's proposed schedule, and instead proposes that the Public Advocates Office serve its testimony on June 28, 2019, instead of June 3, 2019.

II. BACKGROUND

On December 13, 2018, PG&E filed its Test Year (TY) 2020 General Rate GRC Application (A.) 18-12-009. The Application was first noticed on the Commission's Daily Calendar on December 18, 2018. Protests must be filed within 30 days of the date the notice of filing the Application first appears in the Daily Calendar; as such, this Protest is timely filed.

III. REQUEST OF PACIFIC GAS AND ELECTRIC COMPANY

For this GRC, PG&E proposes a 3-year rate case term, i.e., TY 2020 and two post-test years, 2021 and 2022. PG&E requests a \$1.058 billion (12.4%) revenue requirement increase beginning in January 1, 2020, for its electric distribution, electric generation, and gas distribution operations, from a 2019 authorized level of \$8.518 billion to \$9.576 billion in 2020.¹

According to PG&E, the main drivers of the 12.4% revenue increase comprises:

- Community Wildfire Safety Program, where 6.8% of its proposed increase is directly related to wildfire prevention, risk reduction and additional safety enhancements (e.g., increased efforts in vegetation management and hardening infrastructure);²
- Increased insurance premiums, where PG&E forecasts a 3.2% increase relative to 2019 authorized, due to increased risk of wildfire;³ and
- Core operations, where PG&E requests a 2.4% revenue increase for its electric and gas operations, and states that most of this increase is attributable to capital investment in infrastructure, depreciation and decommissioning.⁴

In addition to the test year increases, PG&E seeks post-test Year revenue increases of \$454 million (4.7%) in 2021 and \$486 million (4.8%) in 2022, to account for escalation of operating expenses and capital revenue requirement growth due to ongoing infrastructure investment.⁵ PG&E's request amounts to a cumulative revenue increase of \$4.568 billion⁶ for the 3-year rate case period.

IV. REVIEW BY THE PUBLIC ADVOCATES OFFICE

The Public Advocates Office has been reviewing PG&E's showing since its Application was filed and began conducting formal discovery shortly thereafter. The

¹ PG&E Application, p. 1.

² PG&E Application, p. 2.

³ PG&E Application, p. 3.

⁴ PG&E Application, p. 3.

⁵ PG&E Application, p. 19.

⁶ Calculation: $3 * (\$1,058 \text{ million}) + 2 * (\$454 \text{ million}) + \$486 \text{ million} = \$4,568 \text{ million or } \4.568 billion.

Public Advocates Office will develop its own independent forecasts and make recommendations to the Commission as appropriate when it serves its testimony. Below is a non-exhaustive list of the subjects that the Public Advocates Office plans to review and analyze:

- forecasts of operations and maintenance, shared services, customer service and administrative & general expenses for numerous major work categories;
- forecasts of capital expenditures for gas distribution, electric distribution and electric generation;
- forecasts of depreciation expenses;
- forecasts, computations and deductions pertaining to federal, state and other taxes;
- forecasts of working cash, lead-lag study and other rate base items;
- the amount of incentives or awards that are reasonable to be funded by ratepayers;
- the level of settlements, claims, workers compensation, insurance, pension and benefits costs that are reasonable to be funded by ratepayers;
- proposed staffing levels (i.e., new Full-Time Equivalent positions, or FTEs);
- the forecast amount of work activities and unit costs associated with those work activities;
- costs associated with replacing aging and/or obsolete equipment and other proposed capital expenditures;
- forecasts of post-test Year revenue increases;
- the necessity and/or reasonableness of new programs or initiatives;
- forecasting methodologies employed by the utility;
- the adequacy of PG&E's justifications and supporting documentation associated with their requested cost increases;
- whether PG&E's proposals to establish or eliminate specific balancing accounts are justified;
- the adequacy of PG&E's safety and risk management presentation; and
- PG&E's policy-related proposals.

Further discovery, review, and analyses may eliminate some of these areas, while others may arise.

V. CATEGORIZATION OF PROCEEDINGS

PG&E proposes that this proceeding be categorized as “ratesetting.”⁷ The Public Advocates Office agrees with this designation.

VI. PROCEDURAL ISSUES

Based on the above list of issues, the Public Advocates Office recommends that evidentiary hearings be scheduled in this proceeding. PG&E proposes a procedural schedule that includes evidentiary hearings. The Public Advocates Office agrees that hearings are likely to be necessary to resolve the numerous issues in PG&E’s Application.

PG&E’s proposed GRC schedule would require that the Public Advocates Office serve testimony on June 3, 2019.⁸ The Public Advocates Office opposes PG&E’s proposed schedule because it does not provide sufficient time to fully evaluate PG&E’s requests, and develop independent forecasts and testimony, in light of the numerous issues presented in the GRC Application. The Public Advocates Office proposes a schedule whereby: (1) it will serve testimony on June 28, 2019; (2) there will be three weeks between rebuttal testimony and when evidentiary hearings begin, instead of two weeks as PG&E proposes; and (3) there will be three weeks of evidentiary hearings instead of four weeks as PG&E proposes.

Activity	PG&E Proposal	Cal Advocates Proposal
Public Advocates’ Testimony	June 3, 2019	June 28, 2019
Intervenor Testimony	July 1, 2019	July 26, 2019
Rebuttal Testimony	August 13, 2019	September 6, 2019
Evidentiary Hearings Begin	August 27, 2019	September 30, 2019
Evidentiary Hearings End	September 20, 2019	October 18, 2019
Comparison Exhibit	October 9, 2019	November 6, 2019
Opening Briefs	October 18, 2019	November 22, 2019
Reply Briefs	November 8, 2019	December 13, 2019

⁷ PG&E Application, p. 25.

⁸ PG&E Application, p. 30.

The Public Advocates Office's proposal to serve testimony on June 28, 2019, provides an additional 25 calendar days relative to PG&E's proposed schedule. The proposed June 28 date also provides the Public Advocates Office with 197 days after PG&E's application filing date in which to serve its testimony; this is consistent with the amount of time provided to the Public Advocates Office to serve testimony in the three most recent large energy utility GRCs (220 days for PG&E's 2017 GRC, 218 days for Southern California Edison Company's (SCE) 2018 GRC, and 189 days for Sempra Energy Utilities' (Sempra) 2019 GRC).²

VII. CONCLUSION

The Public Advocates Office respectfully recommends that the proceeding be categorized as ratesetting; we also recommend that the scope of the proceeding include, but not be limited to, the issues identified in this Protest.

Respectfully submitted,

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² A.15-09-001 (PG&E 2017 GRC), A.16-09-001 (SCE 2018 GRC), and A.17-10-007/008 (Sempra 2019 GRC).