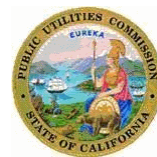


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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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. (U 39 M)

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

**REPLY COMMENTS OF CONSUMER FEDERATION OF CALIFORNIA TO THE
PROPOSED DECISION AUTHORIZING PACIFIC GAS AND ELECTRIC
COMPANY'S GENERAL RATE CASE REVENUE REQUIREMENT FOR 2017-2019**

I. Introduction

In accordance with Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure ("Rules"), Consumer Federation of California (CFC) submits these reply comments to the Parties' opening comments on the Proposed Decision (PD, Order) authorizing Pacific Gas and Electric Company's (PG&E) general rate case revenue requirement for 2017-2019.

II. Comments

a. New Environmental Regulations Balancing Account ("NERBA").

In its comments, PG&E expressed concerns that the gas leak recovery account will not be addressed in Rulemaking (R.) 15-01-008 as the Commission affirms in the PD; that parties to both this General Rate Case (GRC) and R. 15-01-008 have argued the consideration of the NERBA is best in either one or the other of the proceedings, leading to the NERBA not being

addressed at all. However, PG&E's concerns about the NERBA are unwarranted. The ALJ in that proceeding requested comments through a November 21, 2016 Ruling. Clearly, the issue has been commented on and argued by the parties in R.15-01-008 and, as a result, it will be addressed.

Regardless of whether the issue is properly argued in one type of proceeding or another, CFC continues to support its position that, in this GRC, there was not enough information presented on the account and its contents to warrant a decision. Had PG&E wanted a reasonable review of the NERBA done during this ratemaking, they should have put the issue forward in the Application proper with all of its elements, to be discussed or litigated by the parties. It is unreasonable to adopt a settlement term which parties to a proceeding and settlement had little opportunity to analyze or comment.

CFC agrees with the Commission's conclusion regarding the NERBA. It is clear that this issue is being adequately addressed in R.15-01-008, it should not also be decided here. Especially since it was not included in PG&E's initial application and there was not enough information provided in this GRC to allow parties to evaluate the reasonableness of the NERBA creation. Denial without prejudice is the appropriate conclusion. CFC, therefore, encourages the Commission to hold the PD position on the settlement term and dismiss without prejudice.

b. CFC Continues to Oppose the Third Post-Test Year.

CFC agrees with the Commission that it is premature to make a decision on the addition of a third post-test year. It would not be reasonable or beneficial to the workshop process and the pending post-workshop report if it were to adopt a third post-test year in this decision.¹

¹ Proposed Decision. February 27, 2017. pp. 195-196.

It is suggested, in opening comments by ORA and PG&E, that the PD should be revised to (1) adopt “the amount for the third post-test year recommended” in the settlement, and (2) require PG&E to file its next GRC for a 2021 test year; both applicable should the Commission adopt “a four-year cycle prior to PG&E filing its next GRC application.”² CFC disagrees with this approach for the same reasons it contested this issue in the settlement. Adopting these changes in the PD would not avoid the problems CFC identified in its comments on the settlement.

In its opening comments, CFC maintained that the Application contained no revenue estimates for 2020 and, because of the settlement, parties were unable to address the specifics of this proposal through testimony or evidentiary hearings.³ Likewise, the detriments resulting from including a fourth year, featuring an additional \$361 million in revenue requirement, necessitating a percentage rate increase significantly exceeding the growth in area median incomes. Adopting the ORA and PG&E opening comment request would run afoul of the same problems as adopting the third post-test year outright.

For these reasons, the Commission is correct in that this issue is best addressed in a future proceeding or PG&E’s next General Rate Case application, providing interested parties an opportunity to comment.⁴

² Opening Comments on the Proposed Decision of Administrative Law Judge Roscow of the Office of Ratepayer Advocates and Pacific Gas and Electric Company Concerning the Contested Issue of a Four Year Rate Case Cycle, pp. 1-2.

³ A. 15-09-001. Joint Motion For Adoption of Settlement Agreement and the attached Settlement Agreement, p. 1-10.

⁴ Proposed Decision. February 27, 2017. pp. 196.

III. Conclusion

For the foregoing reasons, CFC recommends that the Commission adopt the Proposed Decision with the modifications set forth herein.

Dated: March 27, 2017

Respectfully submitted,

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