

Decision 82 12 072

December 15, 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Revised )  
Rate Case Processing Plan. )

Application 82-11-36  
(Filed November 19, 1982)

ORDER MODIFYING RESOLUTION ALJ-149  
AND DENYING REHEARING

On October 20, 1982, the Commission issued Resolution ALJ-149, revising the Regulatory Lag Plan and renaming it the Rate Case Processing Plan (RCPP). On November 19, 1982, The Pacific Telephone and Telegraph Company (Pacific) filed its application for rehearing of Resolution ALJ-149. As grounds for rehearing Pacific alleges that:

1. The Regulatory Lag Plan (Resolution M-4706, dated June 5, 1979) required the administrative law judge (ALJ) to set the day, time, and place of public witness hearings on Day -35.
2. This schedule allowed the utility ample time to prepare the bill insert required by Public Utilities Code § 454(a) and Rule 24 to include in it the day, time, and place of public witness hearings, and to mail it to all customers within 45 days after the filing of the application as required.
3. Since under the RCPP information on public witness hearings will not be available until Day 10, it will be impractical to develop and print the bill insert, to include the schedule for public witness hearings, and to insert the notice in bills all within 45 days after the filing of the application.

Pacific requests that the Commission grant its application for rehearing and revise the RCPP to move the events now required on Day 10 back to Day -35. It is not necessary to grant rehearing, but the request to modify the RCPP is reasonable and will be granted.

While we are making this change it would be appropriate to make several other minor changes on our own motion. A member of our staff has pointed out that, while the Western world has been familiar with the concept zero (0) for many centuries, we have neglected to include in the RCPP a Day 0, thus short-changing utilities and other parties by one day. This astute observation shall not go unrecognized. We will change Day 1 to Day 0. ✓

Second, the name of the RCPP is too lengthy and should be changed to Rate Case Plan (RCP). Thus, wherever Rate Case Processing Plan appears in Resolution ALJ-149, it will be changed to Rate Case Plan.

Third, the ALJ and assigned Commissioner should not be required to set the day, time and place of public witness hearings on Day -35, as this is too early in the process. An appropriate time for this setting would be Day 40. This will allow the utilities adequate time to give notice of public witness hearings by bill insert beginning on Day 100 and for those hearings to begin on Day 150. The text of Resolution ALJ-149 will be changed at Day -35, Day 0, Day 40, and Day 100 to make this adjustment.

Fourth, the word "required" on line 2, page 2, Appendix C of Resolution ALJ-149 should be stricken and "requested" inserted.

Findings of Fact

1. Day 10 allows insufficient time for utilities to develop, print, and distribute to utility customers notice of the filing of the application, including the day, time, and place of public witness hearings.

2. If the information about public witness hearings is available on Day -35, this would allow the utilities sufficient time to publish their notices with the required information.

3. The absence of a Day 0 in the RCP shortens the plan's schedule by one day. ✓

Conclusions of Law

1. The RCP should be amended to move the acts required on Day 10 to Day -35 and to change Day 1 to Day 0.

2. The name of the RCPP should be changed to RCP and Resolution ALJ-149 should be amended to make this change.

3. Dates for public witness hearings should be set on Day 100, rather than Day -3, and textual changes at Days -35, 0, 40, and 100 should be made to make this poor adjustment.

4. Appendix C should be amended as described above.

5. The RCP, as amended, should be appended to this order so that it may be published in the Commission's official reports.

6. The application of Pacific for rehearing should be denied.

7. There is no opposition to the following order and no reason to delay its effective date.

IT IS ORDERED that:

1. Resolution ALJ-149 is amended to move the acts required on Day 10 to Day -35 and to change Day 1 to Day 0.

2. All references in Resolution ALJ-149 to Rate Case Processing Plan are deleted and Rate Case Plan is substituted in their places.

3. The text of Resolution ALJ-149 is amended at Day -35, Day 0, Day 40, and Day 100 as set forth in the amended version attached hereto.

4. Appendix C of Resolution ALJ-149 is amended as set forth in the amended version attached hereto.

5. The application of The Pacific Telephone and Telegraph Company for rehearing of Resolution ALJ-149 is denied.

6. Resolution ALJ-149, as amended, is attached, and the Executive Director shall cause this order to be published in the Commission's official reports.

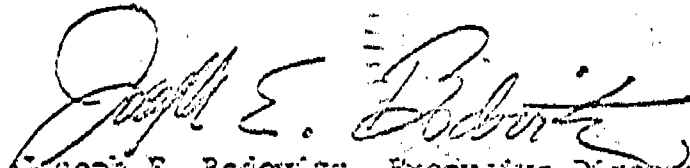
7. The Executive Director shall serve a copy of this order by mail upon each person to whom Resolution ALJ-149 was sent.

This order is effective today.

Dated December 15, 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. GREW  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bedovics, Executive Director

PUBLIC UTILITIES COMMISSION OF CALIFORNIA

San Francisco, California  
Date: October 20, 1982  
Resolution: ALJ-149, as  
amended by Decision 82-12-072  
in Application 82-11-36

R E S O L U T I O N

Subject: Revised Rate Case Plan

Recognizing that regulatory lag was a substantial problem confronting the regulatory process, the Commission adopted the Regulatory Lag Plan for Major Utility General Rate Cases by Resolution A-4693, dated July 6, 1977, which was modified by Resolution M-4706, dated June 5, 1979. That Plan superseded any conflicting provisions of the Commission's Rules of Practice and Procedure under Rule 87 of those Rules.

Having gained experience with the processing of rate increase applications by the major utilities subject to the Plan, the Commission has, from time to time, made modifications to the Plan to make it more workable and to better ensure that regulatory delay is minimized, while providing an administrative forum that affords fairness to all.

A public meeting was held May 7, 1981 and interested parties presented suggested modification to the Plan. In addition numerous written comments and recommendations were filed by the utilities, the Commission staff, and interested parties who participate in the regulatory process.

The most significant modification to the current Plan is the provision for filing of and hearing on certain updated material late in the schedule to complete a record based on the most current information available consistent with rapid processing of complex and lengthy applications.

The Plan has been renamed the Rate Case Plan to more accurately reflect its purpose. Copies of the tendered NOI will be made available to interested parties on request. Numerous changes have been made within the framework of the Plan to provide for additional hearing days each month, to provide extended time for staff reports, and for the staggered filing of staff reports on rate

design and conservation. The second prehearing conference has been eliminated and public witness hearings have been rescheduled to take place near the end of the evidentiary presentations of all parties. All of the changes are designed to facilitate the processing of general rate applications of major utilities.

The revised Plan applies to all Notices of Intent accepted for filing after the effective date of this resolution.

Wherefore, under Rule 87 of the Commission's Rules of Practice and Procedure, the Commission concludes that the attached Rate Case Plan should be adopted, on an experimental basis, effective immediately and superseding the Plan adopted by Resolution M-4706 dated June 5, 1979. The attached adopted Plan shall apply to the utilities prospectively. . .

IT IS RESOLVED that the attached Rate Case Plan for Major Utility General Rate Cases is adopted, on an experimental basis, to apply prospectively to Notices of Intent accepted for filing after the effective date of this resolution, until further order or resolution of the Commission. The adopted Plan shall supersede the existing Rules of Practice and Procedure wherever in conflict with those Rules. A copy of this Resolution shall be served on the utilities listed in Appendix A, and the ALJ Division shall send a copy to the parties who frequently appear in the general rate proceedings of those utilities.

This resolution is effective today.

I certify that this resolution was adopted at the Commission's regular conference held on October 20, 1982.  
The following Commissioners approved:

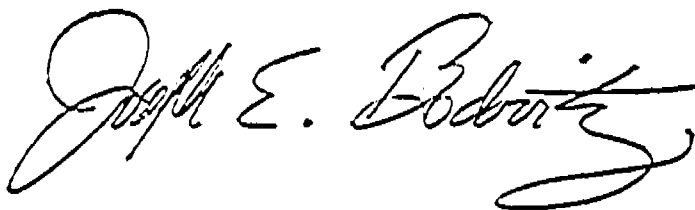
I will file a dissent.

/s/ JOHN E. BRYSON  
Commissioner

RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
Commissioners

I will file a concurrence.

/s/ RICHARD D. GRAVELLE  
Commissioner



Executive Director  
Public Utilities Commission  
State of California

RATE CASE PLAN\*

Note: Prior to Day -60 the NOI is tendered with the Docket Office and Commission staff along with all workpapers for review. Upon being advised by the Executive Director that the NOI is complete, it is docketed--accepted. However, the requirements for the tendered NOI are listed under Day -60.

Day -60 (Accepted NOI is filed)

An original and 12 copies of a notice of intention (NOI) is accepted by the Executive Director and then filed by the Docket Office. The NOI shall contain a brief statement of the amount of increase sought and the reasons for the proposed increase. An original and 12 copies of all documentation, prepared testimony, draft exhibits including complete explanations, and summaries supporting the increase shall comply with the standard requirement list<sup>1</sup> of the Revenue Requirements, Utilities, and Communications Divisions and shall be tendered at the same time that the NOI is tendered. Three sets of applicant's workpapers shall accompany the tendered NOI. If figures are changed later, supporting workpapers shall show the new totals and a reconciliation with the workpapers provided with the tendered NOI.

Applicant shall furnish a copy of the tendered NOI material to any interested party upon request.

The NOI shall state that the test period adopted by applicant is acceptable to staff. However, in no event shall the proposed test period be less than two years inclusive from the last adopted test year used by the Commission in setting applicant's existing rates. For example, if 1979 was the last adopted test year, the next test year to be submitted in an NOI would have been no earlier than 1981.

The required supporting material shall contain a results of operations study for the test year based upon the adjustments adopted by the Commission in applicant's last general rate case and

\*See Appendix A for list of applicable utilities.

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<sup>1</sup> See Appendix B.

subsequent policy decisions of the Commission. If applicant requests an attrition allowance, it shall include in its required supporting materials evidence supporting the requested attrition allowance. The NOI shall not be filed until all of the above requirements are met. Applicant will be notified of deficiencies in the NOI tender within 25 days of the tender date. The NOI will not be accepted for filing until the deficiencies are corrected.

The NOI may contain material such as previously litigated policy issues on which the Commission has taken a position. This material must be clearly identified and contain a complete justification for any policy change. Showings on such material will be presented at the end of the hearing schedule, but only if unused hearing time is available.

Within five days after the NOI has been accepted, applicant shall serve a copy of the NOI on all appearances in its last general rate case, and file a certificate of service. Thereafter, all filed material shall be furnished by applicant to interested parties on written request. Applicant's workpapers shall be made available on request after the NOI has been accepted.

The application may be filed 60 days after the NOI is accepted.

#### Day -53

A project team, staff counsel, and an administrative law judge (ALJ) and a Commissioner shall be assigned.

#### Days -52 through -35

Informal conference(s) may be held with applicant, staff, and any interested parties, at which minor revenue requirement matters will be adjusted, the issues formulated, and the policy positions of the Commission identified. The staff project manager and staff counsel shall act as cochairmen and shall set the time, place, and agenda of such conference(s).

#### Day -35

The ALJ in concurrence with the assigned Commissioner shall set the day, time, and place for the prehearing conference and shall inform applicant and all parties to the last general rate case. If the Commission staff holds informal public meetings in conjunction with its investigation of the adequacy of utility service, applicant may be required to send notice of the date and location of the public meetings.

Day 0

1. The application, in conformance with the Commission's Rules of Procedure, may be filed and served. A copy of applicant's last general rate decision shall be furnished by applicant upon written request. Notice of the filing of the application shall be made by bill insert as required by Public Utilities Code § 454.
2. Hereafter, two copies of all exhibits, prepared testimony, and other evidence prepared by applicant, staff, and interested parties shall be submitted to the ALJ and copies served on all parties. A copy shall also be filed with the Commission's Reporting Branch. Prepared testimony should not be tendered to the Docket Office; only briefs and other pleadings are to be submitted to the Docket Office.
3. The application shall include final exhibits, prepared testimony, and other evidence, and shall be served on all parties to the last general rate case. No bulk or major updating amendments or recorded data to amend the final exhibits, prepared testimony, or other evidence shall be allowed, except as provided in Appendix D and on Day 265.
4. Applicant shall file an exhibit showing changes, a comparison of the draft exhibits submitted with the NOI, and the final exhibits submitted with the application. All the changes or revisions shown shall have been agreed to by staff in an informal conference before filing the application. All changes in figures between the NOI and the application shall be supported by workpapers which show the new figures and a reconciliation with the workpapers previously tendered.

Day 40

A prehearing conference is held:

- a. To take appearances.
- b. To raise and resolve any procedural matters.
- c. To schedule hearings and specific areas of participation if known, and specific dates for testimony if necessary to expedite the hearing procedure.
- d. To set day, time, and place for public witness testimony. Applicant shall notify its customers by bill insert notice beginning on Day 100 using the format shown in Appendix C.

Day 77

Staff shall submit all final exhibits, prepared testimony, and evidence, except concerning rate spread and conservation, and shall serve copies on all parties. No bulk or major updating amendments or recorded data to amend the final exhibits, prepared testimony, or other evidence shall be allowed thereafter, except as provided in Appendix D and Day 265. All staff workpapers shall be available within five days of this date.

Day 84

Staff final rate spread exhibits and testimony shall be filed and served.

Day 91

1. Hearings begin with the following preliminary matters:
  - a. Specific issues upon which evidence and cross-examination shall be heard are designated.
  - b. Specific areas of agreement are placed on the record, together with the original position of applicant, staff, and interested parties. Applicant shall provide an exhibit indicating which portion, if any, of staff's presentation it is prepared to accept. The exhibit should show the effect of such acceptance on the utility's request for increased rates.
2. Applicant's presentation commences.
  - a. Hearings shall ordinarily be held not less than 15 days a month.
  - b. Where an agreement between applicant and staff is disputed by other parties, those parties shall have the right to cross-examine applicant and staff in that order. The examination will be closely controlled to prevent an undue consumption of time.

Day 94

Each party requesting compensation under PURPA § 122(a)(2) and the procedures established in Article 18.5 of the Commission's Rules of Practice and Procedure (Rules) shall submit its Request for Finding of Eligibility for Compensation and serve copies on all parties. This petition shall conform to Rule 76.03 of the Rules.

Day 100

Applicant shall notice the date, time, and place of the public witness hearings beginning with the next billing cycle. The notice shall follow the format in Appendix C. ✓

Day 104

Staff and any other party shall submit their comments on any Rules and shall serve copies on all parties (References: Rule 76.04 of Rules).

Day 117

Parties other than staff and applicant shall submit their exhibits, prepared testimony, and evidence, except on conservation, and shall serve copies on all parties. These documents shall reflect the rulings and agreements made at the prehearing conferences. No bulk or major updating amendments or recorded data to amend the final exhibits, prepared testimony, or other evidence shall be allowed thereafter, either by prepared testimony, oral testimony, or exhibits, except as provided in Appendix D and Day 265. Also, all workpapers shall be available on this date.

Day 140

Staff shall submit final conservation exhibits and testimony and shall serve copies on all parties.

Day 150

Parties other than staff and applicant shall submit final conservation exhibits and testimony and shall serve copies on all parties.

Day 150-160

Public witness hearings will be held concurrently with evidentiary hearings if necessary to complete the hearings according to this plan.

Day 170

All rebuttal testimony and evidence by applicant, staff, and other parties shall have been distributed to all parties by this date. Rebuttal shall be limited to refuting the presentations of other parties and shall not consist of rearguing or reasserting a party's direct showing. No bulk or major updating amendments or recorded data shall be allowed in rebuttal evidence. Every attempt shall be made to minimize unproductive, cumulative testimony, and cross-examination. Additional witnesses shall be kept to a minimum.

vd1 \*\*

Rebuttal testimony shall be clearly referenced to an exhibit number or transcript page to indicate what direct evidence of which party is being rebutted.

If oral argument before the Commission en banc is to held, the ALJ shall announce the date and time.

#### Day 175

The ALJ and the assigned Commissioner shall provide the Commission with a status report on the proceeding setting forth major issues and the positions of parties on each and the dollars involved. The status report shall include a schedule for the remainder of the hearings, the expected date of submission, and other benchmark dates set forth in this Plan.

#### Day 200

Hearings are to be completed no later than this date, except for hearings scheduled for Day 275. The ALJ may require the applicant and/or staff to submit a comparison exhibit setting forth the reasons for differences.

#### Day 230

Concurrent briefs may be filed 30 days after the completion of public witness hearings. The ALJ shall outline any specific issues to be briefed. Briefing of additional issues is optional.

#### Day 255

The Executive Director and appropriate division directors shall recommend to the assigned Commissioner whether to consider granting a partial general rate increase or decrease.

#### Day 265

Applicant, staff, or any interested party may distribute in prepared testimony form, and served on all parties, showings containing the most recent data for the factors described in the Standard Updated Filing Requirements list, attached as Appendix D. This is the only updating which will be permitted.

#### Day 275

Abbreviated hearings begin to review the showing provided concerning the data described in Day 265. No more than three days of hearings shall be set for this review. An Updated Comparison exhibit may be required by the ALJ.

vd1 \*\*

Day 280

Last day of evidentiary hearing.

Day 300

The draft decision shall be in the Chief ALJ's office.

Day 365

A final Commission decision is expected by this date.

APPENDIX A

LIST OF MAJOR UTILITIES\*

1. General Telephone Company of California
2. Pacific Gas and Electric Company
3. Pacific Telephone and Telegraph Company
4. San Diego Gas & Electric Company
5. Southern California Edison Company
6. Southern California Gas Company

\*Smaller energy and telephone utility rate applications, including those utilities previously listed in Appendix A, are processed on an expedited basis generally being completed within a year from the filing of the NOI assuming adequate Commission staffing.

(END OF APPENDIX A)

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CALIFORNIA PUBLIC UTILITIES COMMISSION

STANDARD REQUIREMENT LIST  
OF DOCUMENTATION SUPPORTING AN NOI

1. Brief statement of amount, reason for, and summary supporting, the increase.
2. Draft exhibits and prepared testimony (similar to those presented in final application form) shall conform to the requirements of Rule 23, except that the provisions of Rules 4 through 8 and 16 are not applicable.
3. In addition to the requirements of 2 above, the following draft exhibits shall be submitted:
  - A. All studies required by the Commission in prior rate decisions and subsequent policy statements or decisions.
  - B. Recorded data, in results of operations format, shall be provided for the latest recorded year available at the time of tendering the NOI. The format shall be satisfactory to staff and when requested by staff, more than one recorded year shall be shown.

The NOI may contain material (such as test year dollars for policy issues previously litigated but not allowed by the Commission) which is not acceptable to staff. Such material must be clearly identified together with the reasons for staff objection. Showings on such material will be presented at the end of the hearing schedule if unused hearing time is available.
  - C. When estimates are made by account or subaccount, those estimated amounts shall be included in the direct showing.
  - D. When controlling affiliates provide guidelines or directions to the company's presentation, these shall be set forth in the direct showing or available in the workpapers.

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E. For Electric Utilities:

- (1) Cost allocation studies by classes of service.
- (2) Marginal cost data in sufficient detail to allow the development of rates for each customer class. If the method used by the utility to calculate marginal cost differs from the method specified by staff, both should be presented.
- (3) A full and complete set of bill frequency analyses shall be provided for each existing tariff schedule.
- (4) Alternative rate designs:
  - a. Prepared by applicant in developing NOI.
  - b. Requested previously by staff, e.g. multitier inverted residential rates, T.O.D. rates based on specific consideration of marginal cost data, solar incentive rates, conservation oriented rates.
  - c. Rates based on marginal costs using method to determine marginal costs approved by staff.
  - d. A computer tape with detailed customer bill frequency data compatible with the Commission's computer should be provided for the latest available recorded year and for the estimated test year(s) of the rate case. All billing determinants for each tariff schedule must be included. Adequate documentation should be provided to allow the staff to use this tape to develop alternative rate designs.
- (5) Conservation effectiveness, including data and/or studies recommended by staff and the status of outstanding compliance reports or studies.
- (6) Data described in Subparts C and D of the FERC regulations implementing § 133 of PURPA, with additional data described in OII 67, Appendix B, Chapter 4.

## APPENDIX B

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- (7) Load management program.
    - a. Complete program descriptions.
    - b. Program Funding - Annual revenue requirement, showing personnel and other costs.
    - c. Program Impacts - Energy savings and customers affected.
    - d. Estimated Program Cost-Effectiveness and how it is derived.
  - (8) The Utility's current Resource Plan.
- F. For Gas Utilities:
- (1) Marginal cost data.
  - (2) Alternative rate designs.
    - a. Prepared by applicant in developing NOI.
    - b. Requested previously by staff, e.g. multitier inverted residential rates, T.O.D. rates based on specific consideration of marginal cost data, solar incentive rates, conservation oriented rates.
  - (3) Conservation effectiveness and compliance with past Commission decisions.
  - (4) Alternate fuel use.
    - a. Information on alternate fuels used in the utility's service area. In the case of oil, this information shall include, but not be limited to, the delivered price per barrel, lot size, and Btu content.
    - b. The alternate fuel capability of its customers and the volumes (therms) associated with each alternate fuel.
- G. For Communication Utilities:
- (1) Separated results of operations by class of service. Total company, interstate, intrastate, state message toll, state private line, and exchange in total and by exchange grouping. Settlement revenue effects of all adjustments shall be shown.

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- (2) Rate spread exhibits containing detailed cost studies supporting proposed rate increases. Cost studies shall include appropriate Commission ratefixing adjustments. Rate spread exhibits shall also contain settlement revenue effects on the utility and on the other California telephone utilities.
  - (3) When a combination of "bottoms-up" and "top-down" estimated results of operations is used, an adequate sampling shall be included in the workpapers to show typical bottoms-up estimate, including use of overall guidelines.
  - (4) Alternate rate designs when requested by staff.
4. Complete explanation of exhibits and special studies furnished.
5. Workpapers (3 sets) showing calculations of documentation to support the utility's draft exhibits and special studies. In order to meet NOI criteria, workpapers must:
- A. Be arranged in an orderly sequence and be dated and initialed by the preparer.
  - B. Show the derivation of each individual estimate.
    - (1) Contain all the assumptions necessary for the derivation of each individual estimate.
    - (2) Show how each assumption was used in each estimate.
    - (3) Where judgment is involved in setting an estimate level explain why that particular level was adopted.
    - (4) Furnish base year historical and estimated data and subsequent years with evaluation of changes up to and including test year.
    - (5) If there was no precise basis for certain estimates and the derivation was purely subjective, the workpapers should so state.
    - (6) Show management's review criteria including the factors considered by the utility's management in approving various expenditures levels. For example, what weight was given to the availability of capital.

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- (7) Supporting material must have a clear tieback to base data from the stated expenditure.
- C. Be appropriately indexed and legible.
- D. Computer printouts must be accompanied by a detailed description of the program. The recorded data used should be identified and the various assumptions of variables used should be clearly stated.
- E. Show the development of adjustments, including affiliate, based on the Commission's latest decision involving such adjustments.

(END OF APPENDIX B)

APPENDIX C

Page 1

NOTE: Applicant public utility shall use this notice format with information filled in as necessary for publication, posting, and mailing notice.

N O T I C E

The California Public Utilities Commission will hold public hearings as listed below on the request of \_\_\_\_\_ (utility) to increase its rates by \$ \_\_\_\_\_ per year. If the entire amount is approved by the Commission, the impact on customers will be as follows:

(Brief description of which rates the utility proposed to raise -or lower- and the \$ and % amount. The effect on the average residential customer's monthly bill shall be shown. The effect on rates of all customer classes shall be shown. A statement of the reasons for the rate increase shall also be included.)

The hearing dates listed below give you an opportunity to express your views to the Commission. You may submit written comments or make a brief oral statement at the hearing.

DATES AND LOCATIONS OF PUBLIC WITNESS HEARINGS  
IN APPLICATION (OR NOI) \_\_\_\_\_ (No.) BEFORE  
THE CALIFORNIA PUBLIC UTILITIES COMMISSION

(List dates, locations, and times of specifically designated public witness hearings.)

The Commission welcomes your comments. If you cannot attend these hearings, you may submit written comments to the Commission at one of the addresses listed below. Simply state that you are writing about Application (or NOI) \_\_\_\_\_ (No.) of \_\_\_\_\_ (utility).

A copy of \_\_\_\_\_ (utility's) application (or NOI) may be inspected in its local business office or at its headquarters.

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Additional hearing days will be devoted to analyzing the need for the requested rate increase and ways of allocating any approved increase among residential, commercial, and industrial customers. At these hearings the Commission will receive the testimony of \_\_\_\_\_ (utility) \_\_\_\_\_, and the testimony of other interested parties, and the Commission staff. The Commission staff consists of engineers, accountants, economists, and attorneys who independently evaluate the proposals of utilities for rate increases and present their analyses and recommendations to the Commission at public hearings. ✓

Further information may be obtained from \_\_\_\_\_ (utility) \_\_\_\_\_ at its headquarters at \_\_\_\_\_ its local business offices, or from the California Public Utilities Commission offices:

350 McAllister Street  
San Francisco, CA 94102

107 South Broadway  
Los Angeles, CA 90012

NOTE: If the utility is located in only northern or southern California list only the appropriate Commission office; if statewide list both and if in central California list both.

(END OF APPENDIX C)

APPENDIX D

STANDARD UPDATE EXHIBIT  
FILING REQUIREMENTS LIST

Any update testimony or exhibits filed by applicant, staff, or interested party shall be limited to:

- a. Changes in cost of capital reflecting issuance of new debt or equity since the NOI was accepted.
- b. Known changes in cost of labor based on contract negotiations completed since the tender of the NOI.
- c. Changes in nonlabor escalation factors based on the same indexes the party used in its original presentation during hearing.
- d. Known changes due to governmental action such as changes in tax rates, postage rates, or assessed valuation.

The update exhibit may include decreases as well as increases in the above categories. All testimony and exhibits for updating shall be in fully prepared form and served on all appearances 10 days before hearing.

(END OF APPENDIX D)

JOHN E. BRYSON, Commissioner, dissenting in part:

Although I am in full agreement with nearly all changes to the Commission's newly designated Rate Case Plan (the Plan), as set forth in Commission Resolution ALJ-149, I must dissent from the Commission's choice not to address, in that resolution, the timing of publication of the proposed decision of the administrative law judge (ALJ). Resolution ALJ-149 provides that the proposed decision will be delivered to the Chief ALJ's office by Day 315 of the Plan, but leaves open the possibility that the proposed decision will not be made available to the public and served upon all parties until such time as the Commission's decision is issued. I am concerned that such a procedure may not fully comport with the intent of the recently enacted AB 2570, which prescribes procedures to apply to the work and decision of the ALJ in certain Commission proceedings, including those governed by the Plan.

AB 2570 revises Section 311 of the Public Utilities Code to require that the opinion of the ALJ "shall become the proposed decision and a part of the public record." The proposed decision "shall be filed with the Commission and served upon all parties. . . without undue delay but in no event later than 90 days after the matter has been submitted for decision." The Commission itself may "adopt, modify, or set aside the proposed decision."

AB 2570 appears to presume a somewhat more independent role for the ALJ than his or her traditional service as a hearing examiner assisting the Commission in arriving at its decision. It remains uncertain whether the intent of AB 2570 is to dictate the timing of events related to the ALJ's proposed decision. Even so, the terms of the revised Section 311 suggest that the Legislature contemplates publication of the ALJ's proposed decision prior to issuance of the Commission decision.

AB 2570 does state a legislative intent that its implementation "shall not require extension of the time period currently required" for Commission action, and that the schedule specified in the Plan shall not be changed. It will not be easy for the Commission to comply with these wishes of the Legislature, but compliance may be possible in a manner which also recognizes the more public role which the Legislature intends to accord to the ALJ's proposed decision.

If the proposed decision is to become a public document I would consider it preferable to release it for public comment by all interested parties prior to the Commission reaching its final decision. Although AB 2570 does not require such comments, they would help guide the Commission's review of the ALJ's work product, assisting the Commission in making whatever changes are needed to assure consistency of policy and fair recognition of all relevant points of view. A comment period would also provide all interested parties a prescribed and equal means to present their views on the ALJ draft to the Commission. In the absence of such a procedure, there will be great pressure on interested parties to seek to convey their views to the Commission privately. That should be avoided.

A period for comments on the proposed decision could be worked into the Plan as a substitute for reply briefs to the ALJ. Perhaps even more expeditious would be provision for oral comments through providing in the Plan for oral argument by interested parties subsequent to publication of the proposed decision. Some time would then have to be reserved for possible revision of the proposed decision to conform with the Commission's views. In any event, I believe that prior publication of the ALJ draft followed by opportunity for comment on it should be prescribed in the Plan adopted today.

October 20, 1982  
San Francisco, California

/s/ John E. Bryson  
\_\_\_\_\_  
JOHN E. BRYSON, PRESIDENT

RICHARD D. GRAVELLE, Commissioner, Concurring:

I write separately only to respond to the dissent in part filed by Commissioner Bryson. The dissent in part states that the terms of AB 2570 "suggest that the Legislature contemplates publication of the ALJ's proposed decision prior to issuance of the Commission decision." (Emphasis added.) The dissent in part states that ALJ-149 "may not fully comport with the intent" of AB 2570. (Emphasis added.) It is apparent that we disagree, as all reasonable persons may at times, on the intent and impact of AB 2570 which specifies changes in Section 311 of the Public Utilities Code. I think it clear that the legislative history disproves the existence of any such "suggestion." It further shows ALJ-149 fully comports with AB 2570 as it was enacted.

The author of AB 2570 repeatedly stated to his colleagues in the Legislature as he sought adoption of his proposal that he wanted only to let the light of day shine upon the work product of the ALJ to whom the Commission had assigned the task of taking evidence and preparing a draft decision. He represented that he was not delaying the decision process, not changing the Commission structure, and not changing the basic procedure the Commission followed in its decisional process. I find it difficult to reconcile with such comments the dissent's belief that release of the ALJ proposed decision prior to release of the Commission's decision "may" be required. Such prior release, as the dissent acknowledges, would obviously require a formal comment process. In fact, however, the legislative history of the bill shows it was amended to delete a comment period requirement. Taken together with the author's comments, such deletion demonstrates prior release of the ALJ draft was not intended by the Legislature. The deletion of a comment period requirement speaks loudly both to the narrow legislative intent in AB 2570 and to the lawmakers' distaste for experimenting with Commission procedures from the outside.

I submit that if the author and his legislative supporters "contemplated" prior release of the ALJ draft, they easily could have written a bill requiring it. They did not do so. Not only should they have clearly spelled out exactly what they wanted, they would have been required, as conscientious lawmakers, to recognize the delay in the decisional process inherent in such changes and the additional cost in personnel necessary to accomplish such a mandate.

Sequential publication of a "proposed decision" and then the final Commission decision at a later date would lead to cruel misunderstanding by the public of important actions by this regulatory body that seriously impact each citizen of this state. It would also open the door to monumental lobbying of Commission members by those interested in the decision who want the "proposal" either left alone or modified. We have no "ex parte" rules now; such rules might be beneficial in certain circumstances, but an extended rulemaking proceeding would be necessary before they could be adopted, in order to insure that the Commission retained the full access to timely information from staff which it has traditionally so highly valued and relied upon. (I note the Conference of Public Utility Counsel has wrestled with this problem, fruitlessly, for many years now.) Sequential issuance of a "proposed decision" and a Commission decision would make "ex parte" rules imperative. They would have to include proscription of all public contact, not only by paid representatives of parties but also by legislators who would find themselves under enormous pressure as elected representatives of the public to support or change decisions on various issues addressed in the "proposed decision." As it is clear the Legislature neither addressed this problem nor desired a change in the Commission's decisional process, I cannot conclude prior release was truly intended.

I find myself compelled to accept the words of the author of AB 2570 and the unambiguous legislative history when interpreting the intent of the bill. Should the Legislature desire significant modification of structure, procedures and decisional process for the Commission, it must face all the consequences of such modifications. In the meantime, the adoption of Resolution ALJ-149 will allow the draft decision of the ALJ to "see the light of day" and will allow the Commission the opportunity, without additional cost in time or personnel, to "adopt, modify, or set aside the proposed decision." AB 2570 requires us to do no more.

/s/ Richard D. Gravelle

RICHARD D. GRAVELLE, Commissioner

San Francisco, California  
October 20, 1982

Decision 82 12 072 DEC 15 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Revised )  
Rate Case Processing Plan. )Application 82-11-36  
(Filed November 19, 1982)

ORDER MODIFYING RATE CASE  
PROCESSING PLAN AND DENYING REHEARING

On October 20, 1982, the Commission issued Resolution ALJ-149, revising the Regulatory Lag Plan and renaming it the Rate Case Processing Plan (RCPP). On November 19, 1982, The Pacific Telephone and Telegraph Company (Pacific) filed its application for rehearing of Resolution ALJ-149. As grounds for rehearing Pacific alleges that:

1. The Regulatory Lag Plan (Resolution M-4706, dated June 5, 1979) required the administrative law judge (ALJ) to set the day, time, and place of public witness hearings on Day -35.
2. This schedule allowed the utility ample time to prepare the bill insert required by Public Utilities Code § 454(a) and Rule 24 to include in it the day, time, and place of public witness hearings, and to mail it to all customers within 45 days after the filing of the application as required.
3. Since under the RCPP information on public witness hearings will not be available until Day 10, it will be impractical to develop and print the bill insert, to include the schedule for public witness hearings, and to insert the notice in bills all within 45 days after the filing of the application.

Pacific requests that the Commission grant its application for rehearing and revise the RCPP to move the events now required on Day 10 back to Day -35. It is not necessary to grant rehearing, but the request to modify the RCPP is reasonable and will be granted.

While we are making this change it would be appropriate to make another minor change on our own motion. A member of our staff has pointed out that, while the Western world has been familiar with the concept zero (0) for many centuries, we have neglected to include in the RCPP a Day 0, thus short-changing utilities and other parties by one day. This astute observation shall not go unrecognized. We will change Day 1 to Day 0.

#### Findings of Fact

1. Day 10 allows insufficient time for utilities to develop, print, and distribute to utility customers notice of the filing of the application, including the day, time, and place of public witness hearings.

2. If the information about public witness hearings is available on Day -35, this would allow the utilities sufficient time to publish their notices with the required information.

3. The absence of a Day 0 in the RCPP shortens the plan's schedule by one day.

#### Conclusions of Law

1. The RCPP should be amended to move the acts required on Day 10 to Day -35 and to change Day 1 to Day 0.

2. The RCPP, as amended, should be appended to this order so that it may be published in the Commission's official reports.

3. The application of Pacific for rehearing should be denied.

4. There is no opposition to the following order and no reason to delay its effective date.

IT IS ORDERED that:

1. The Rate Case Processing Plan is amended to move the acts required on Day 10 to Day -35 and to change Day 1 to Day 0.
2. The application of The Pacific Telephone and Telegraph Company for rehearing of Resolution ALJ-149 is denied.
3. The Rate Case Processing Plan, as amended, is attached, and the Executive Director shall cause this order to be published in the Commission's official reports.
4. The Executive Director shall serve a copy of this order by mail upon each person to whom Resolution ALJ-149 was sent.

This order is effective today.

Dated DEC 15 1982, at San Francisco,  
California.

JOHN E. BRYSON  
President  
RICHARD D. CRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. GREW  
Commissioners

PUBLIC UTILITIES COMMISSION OF CALIFORNIA

San Francisco, California  
Date: October 20, 1982  
Resolution: ALJ-149, as  
amended by Decision 82 12 072  
in Application 82-11-36

R E S O L U T I O N

Subject: Revised Rate Case Processing Plan

Recognizing that regulatory lag was a substantial problem confronting the regulatory process, the Commission adopted the Regulatory Lag Plan for Major Utility General Rate Cases by Resolution A-4693, dated July 6, 1977, which was modified by Resolution M-4706, dated June 5, 1979. That Plan superseded any conflicting provisions of the Commission's Rules of Practice and Procedure under Rule 87 of those Rules.

Having gained experience with the processing of rate increase applications by the major utilities subject to the Plan, the Commission has, from time to time, made modifications to the Plan to make it more workable and to better ensure that regulatory delay is minimized, while providing an administrative forum that affords fairness to all.

A public meeting was held May 7, 1981 and interested parties presented suggested modification to the Plan. In addition numerous written comments and recommendations were filed by the utilities, the Commission staff, and interested parties who participate in the regulatory process.

The most significant modification to the current Plan is the provision for filing of and hearing on certain updated material late in the schedule to complete a record based on the most current information available consistent with rapid processing of complex and lengthy applications.

The Plan has been renamed the Rate Case Processing Plan to more accurately reflect its purpose. Copies of the tendered NOI will be made available to interested parties on request. Numerous changes have been made within the framework of the Plan to provide for additional hearing days each month, to provide extended time for staff reports, and for the staggered filing of staff reports on rate

design and conservation. The second prehearing conference has been eliminated and public witness hearings have been rescheduled to take place near the end of the evidentiary presentations of all parties. All of the changes are designed to facilitate the processing of general rate applications of major utilities.

The revised Plan applies to all Notices of Intent accepted for filing after the effective date of this resolution.

Wherefore, under Rule 87 of the Commission's Rules of Practice and Procedure, the Commission concludes that the attached Rate Case Processing Plan should be adopted, on an experimental basis, effective immediately and superseding the Plan adopted by Resolution M-4706 dated June 5, 1979. The attached adopted Plan shall apply to the utilities prospectively.

IT IS RESOLVED that the attached Rate Case Processing Plan for Major Utility General Rate Cases is adopted, on an experimental basis, to apply prospectively to Notices of Intent accepted for filing after the effective date of this resolution, until further order or resolution of the Commission. The adopted Plan shall supersede the existing Rules of Practice and Procedure wherever in conflict with those Rules. A copy of this Resolution shall be served on the utilities listed in Appendix A, and the ALJ Division shall send a copy to the parties who frequently appear in the general rate proceedings of those utilities.

This resolution is effective today.

I certify that this resolution was adopted at the Commission's regular conference held on October 20, 1982.  
The following Commissioners approved:

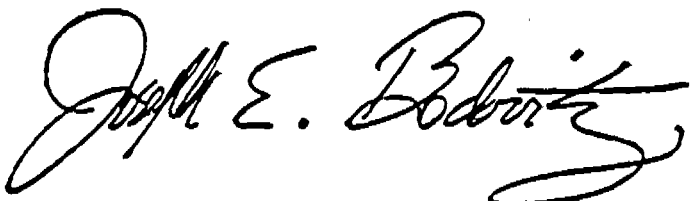
I will file a dissent.

/s/ JOHN E. BRYSON  
Commissioner

RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
Commissioners

I will file a concurrence.

/s/ RICHARD D. GRAVELLE  
Commissioner



Executive Director  
Public Utilities Commission  
State of California

RATE CASE PROCESSING PLAN\*

Note: Prior to Day -60 the NOI is tendered with the Docket Office and Commission staff along with all workpapers for review. Upon being advised by the Executive Director that the NOI is complete, it is docketed--accepted. However, the requirements for the tendered NOI are listed under Day -60.

Day -60 (Accepted NOI is filed)

An original and 12 copies of a notice of intention (NOI) is accepted by the Executive Director and then filed by the Docket Office. The NOI shall contain a brief statement of the amount of increase sought and the reasons for the proposed increase. An original and 12 copies of all documentation, prepared testimony, draft exhibits including complete explanations, and summaries supporting the increase shall comply with the standard requirement list<sup>1</sup> of the Revenue Requirements, Utilities, and Communications Divisions and shall be tendered at the same time that the NOI is tendered. Three sets of applicant's workpapers shall accompany the tendered NOI. If figures are changed later, supporting workpapers shall show the new totals and a reconciliation with the workpapers provided with the tendered NOI.

Applicant shall furnish a copy of the tendered NOI material to any interested party upon request.

The NOI shall state that the test period adopted by applicant is acceptable to staff. However, in no event shall the proposed test period be less than two years inclusive from the last adopted test year used by the Commission in setting applicant's existing rates. For example, if 1979 was the last adopted test year, the next test year to be submitted in an NOI would have been no earlier than 1981.

The required supporting material shall contain a results of operations study for the test year based upon the adjustments adopted by the Commission in applicant's last general rate case and

\*See Appendix A for list of applicable utilities.

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<sup>1</sup> See Appendix B.

subsequent policy decisions of the Commission. If applicant requests an attrition allowance, it shall include in its required supporting materials evidence supporting the requested attrition allowance. The NOI shall not be filed until all of the above requirements are met. Applicant will be notified of deficiencies in the NOI tender within 25 days of the tender date. The NOI will not be accepted for filing until the deficiencies are corrected.

The NOI may contain material such as previously litigated policy issues on which the Commission has taken a position. This material must be clearly identified and contain a complete justification for any policy change. Showings on such material will be presented at the end of the hearing schedule, but only if unused hearing time is available.

Within five days after the NOI has been accepted, applicant shall serve a copy of the NOI on all appearances in its last general rate case, and file a certificate of service. Thereafter, all filed material shall be furnished by applicant to interested parties on written request. Applicant's workpapers shall be made available on request after the NOI has been accepted.

The application may be filed 60 days after the NOI is accepted.

Day -53

A project team, staff counsel, and an administrative law judge (ALJ) and a Commissioner shall be assigned.

Days -52 through +35

Informal conference(s) may be held with applicant, staff, and any interested parties, at which minor revenue requirement matters will be adjusted, the issues formulated, and the policy positions of the Commission identified. The staff project manager and staff counsel shall act as cochairmen and shall set the time, place, and agenda of such conference(s).

Day -35

The ALJ in concurrence with the assigned Commissioner shall set the day, time, and place for the prehearing conference and public witness hearings and shall inform applicant and all parties to the last general rate case. After the application is filed, applicant shall include this information in its bill insert notice of filing an application under Public Utilities (PU) Code § 454. The notice shall follow the format in Appendix C. If the Commission staff holds informal public meetings in conjunction with its investigation of the adequacy of utility service, applicant may be required to also send notice of the date and location of the public meetings.

Day 0

1. The application, in conformance with the Commission's Rules of Procedure, may be filed and served. A copy of applicant's last general rate decision shall be furnished by applicant upon written request.
2. Hereafter, two copies of all exhibits, prepared testimony, and other evidence prepared by applicant, staff, and interested parties shall be submitted to the ALJ and copies served on all parties. A copy shall also be filed with the Commission's Reporting Branch. Prepared testimony should not be tendered to the Docket Office; only briefs and other pleadings are to be submitted to the Docket Office.
3. The application shall include final exhibits, prepared testimony, and other evidence, and shall be served on all parties to the last general rate case. No bulk or major updating amendments or recorded data to amend the final exhibits, prepared testimony, or other evidence shall be allowed, except as provided in Appendix D and on Day 265.
4. Applicant shall file an exhibit showing changes, a comparison of the draft exhibits submitted with the NOI, and the final exhibits submitted with the application. All the changes or revisions shown shall have been agreed to by staff in an informal conference before filing the application. All changes in figures between the NOI and the application shall be supported by workpapers which show the new figures and a reconciliation with the workpapers previously tendered.

Day 40

A prehearing conference is held:

- a. To take appearances.
- b. To raise and resolve any procedural matters.
- c. To schedule hearings and specific areas of participation if known, and specific dates for testimony if necessary to expedite the hearing procedure.

Day 100

Applicant shall renote the date, time, and place of the public witness hearings beginning with the next billing cycle. The notice shall follow the format in Appendix C.

Day 104

Staff and any other party shall submit their comments on any Rules and shall serve copies on all parties (References: Rule 76.04 of Rules).

Day 117

Parties other than staff and applicant shall submit their exhibits, prepared testimony, and evidence, except on conservation, and shall serve copies on all parties. These documents shall reflect the rulings and agreements made at the prehearing conferences. No bulk or major updating amendments or recorded data to amend the final exhibits, prepared testimony, or other evidence shall be allowed thereafter, either by prepared testimony, oral testimony, or exhibits, except as provided in Appendix D and Day 265. Also, all workpapers shall be available on this date.

Day 140

Staff shall submit final conservation exhibits and testimony and shall serve copies on all parties.

Day 150

Parties other than staff and applicant shall submit final conservation exhibits and testimony and shall serve copies on all parties.

Day 150-160

Public witness hearings will be held concurrently with evidentiary hearings if necessary to complete the hearings according to this plan.

Day 170

All rebuttal testimony and evidence by applicant, staff, and other parties shall have been distributed to all parties by this date. Rebuttal shall be limited to refuting the presentations of other parties and shall not consist of rearguing or reasserting a party's direct showing. No bulk or major updating amendments or recorded data shall be allowed in rebuttal evidence. Every attempt shall be made to minimize unproductive, cumulative testimony, and cross-examination. Additional witnesses shall be kept to a minimum.

APPENDIX C

Page 2

Additional hearing days will be devoted to analyzing the need for the required rate increase and ways of allocating any approved increase among residential, commercial, and industrial customers. At these hearings the Commission will receive the testimony of \_\_\_\_\_ (utility), and the testimony of other interested parties, and the Commission staff. The Commission staff consists of engineers, accountants, economists, and attorneys who independently evaluate the proposals of utilities for rate increases and present their analyses and recommendations to the Commission at public hearings.

Further information may be obtained from \_\_\_\_\_ (utility) at its headquarters at \_\_\_\_\_, its local business offices, or from the California Public Utilities Commission offices:

350 McAllister Street  
San Francisco, CA 94102  
107 South Broadway  
Los Angeles, CA 90012

NOTE: If the utility is located in only northern or southern California list only the appropriate Commission office; if statewide list both and if in central California list both.

(END OF APPENDIX C)

JOHN E. BRYSON, Commissioner, dissenting in part:

Although I am in full agreement with nearly all changes to the Commission's newly designated Rate Case Processing Plan (the Plan), as set forth in Commission Resolution ALJ-149, I must dissent from the Commission's choice not to address, in that resolution, the timing of publication of the proposed decision of the administrative law judge (ALJ). Resolution ALJ-149 provides that the proposed decision will be delivered to the Chief ALJ's office by Day 315 of the Plan, but leaves open the possibility that the proposed decision will not be made available to the public and served upon all parties until such time as the Commission's decision is issued. I am concerned that such a procedure may not fully comport with the intent of the recently enacted AB 2570, which prescribes procedures to apply to the work and decision of the ALJ in certain Commission proceedings, including those governed by the Plan.

AB 2570 revises Section 311 of the Public Utilities Code to require that the opinion of the ALJ "shall become the proposed decision and a part of the public record." The proposed decision "shall be filed with the Commission and served upon all parties. . . without undue delay but in no event later than 90 days after the matter has been submitted for decision." The Commission itself may "adopt, modify, or set aside the proposed decision."

AB 2570 appears to presume a somewhat more independent role for the ALJ than his or her traditional service as a hearing examiner assisting the Commission in arriving at its decision. It remains uncertain whether the intent of AB 2570 is to dictate the timing of events related to the ALJ's proposed decision. Even so, the terms of the revised Section 311 suggest that the Legislature contemplates publication of the ALJ's proposed decision prior to issuance of the Commission decision.