

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

Application of San Diego Gas & Electric Company (U 902-M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012.

Application 10-12-005  
(Filed December 15, 2010)

Application of Southern California Gas Company (U 904-G) for authority to update its gas revenue requirement and base rates effective on January 1, 2012.

Application 10-12-006  
(Filed December 15, 2010)

**SOUTHERN CALIFORNIA GENERATION COALITION  
PREHEARING CONFERENCE STATEMENT**

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GENERATION COALITION**

Dated: January 26, 2011

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In accordance with the Administrative Law Judge’s Ruling (“Ruling”) dated January 7, 2010, in the captioned proceeding, the Southern California Generation Coalition (“SCGC”) respectfully submits this prehearing conference statement.<sup>1</sup>

SCGC urges the Commission to establish a broad scope for this proceeding so as to encompass all issues identified in the Southern California Gas Company (“SoCalGas”) General Rate Case (“GRC”) Application 10-12-006 (“Application”), all issues raised in the January 18, 2011 protests to the Application, and all issues as may be otherwise relevant to the Application.

SCGC further urges the Commission to set a schedule for this proceeding that takes into account the staffing concerns identified by the Division of Ratepayer Advocates (“DRA”) in its protest. However, the Commission should recognize that SoCalGas is required to file a Triennial

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<sup>1</sup> A.10-12-005 and A.12-006 were consolidated by the Ruling.

Cost Allocation Proceeding (“TCAP”) application on September 1, 2011.<sup>2</sup> A possible consequence of extending the schedule in this proceeding as requested by DRA is that it may be necessary to adopt a correspondingly extended schedule in the upcoming TCAP to avoid procedural conflicts between this case and the TCAP.

**I. THE SCOPE OF ISSUES TO BE CONSIDERED IN THIS PROCEEDING SHOULD BE SET BROADLY.**

The scope of issues to be considered in this proceeding should be set broadly. The SoCalGas Application is shocking. At a time when southern California is beset by a deep and persistent economic downturn, by unemployment that is mired at more than 10 percent, and by wage stagnation, SoCalGas proposes a 25.5 percent increase above its authorized 2008 base margin and a 17.8 percent increase above its current base margin. The consequence would be to raise electric generation (“EG”) rates charged to SCGC members by more than 20 percent. Parties should be given the fullest possible opportunity to examine every aspect of SoCalGas’ callous application.

DRA’s protest raises numerous issues.<sup>3</sup> The protests of other parties including the Utility Reform Network (“TURN”) and SCGC raise similar as well as additional issues. SCGC urges the Commission to set a broad scope for this proceeding to permit all aspects of SoCalGas’ Application to be examined fully.

**II. THE SCHEDULE SHOULD BE SET TO TAKE INTO ACCOUNT CONSTRAINTS ON THE PARTIES.**

The schedule for this proceeding should be set to accommodate constraints on the parties. However, if the schedule in this proceeding is extended to accommodate constraints on,

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<sup>2</sup> D.09-11-006, Appendix A at 15 (November 20, 2009).

<sup>3</sup> DRA Protest at 7.

particularly, DRA, the Commission should recognize the consequences for the upcoming SoCalGas TCAP.

**A. SoCalGas' Proposed Schedule.**

SoCalGas proposed a schedule in its Application that would require the DRA to serve its report served on March 2, 2011. Reply briefs would be filed in September, 2011, and the case would be submitted for decision at that time. SoCalGas projects that its proposed schedule would result in implementation of a final Commission decision by January 1, 2012.<sup>4</sup>

The SoCalGas schedule has two positive attributes. First, if everything went according to plan, the schedule would result in revised rates taking effect on the first day of the test year, an achievement which has not occurred in any major utility general rate case for over ten years. Second, the SoCalGas schedule would dovetail nicely with the upcoming TCAP. Under the SoCalGas schedule, reply briefs would be filed in September, 2011, and this case would be submitted for decision by about the same time that SoCalGas would be filing its TCAP application.<sup>5</sup> Consequently, there would not be a conflict between the schedule in this case and the schedule in the TCAP.

**B. DRA's Proposed Schedule.**

Unfortunately, the positive attributes of SoCalGas' proposed schedule are offset by the burden that would be placed on DRA and potentially other parties that will be involved in both this proceeding and the Southern California Edison Company ("SCE") GRC in A.10-11-015. As DRA explains at length in its January 18, 2011 protest, DRA's resources are severely constrained.<sup>6</sup>

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<sup>4</sup> Application at 14.

<sup>5</sup> D.09-11-006, Appendix A at 15 (November 20, 2009).

<sup>6</sup> DRA Protest at 4-6.

In order to alleviate the constraint, DRA proposes that it be permitted to submit its report in this proceeding on September 1, 2011, about four months after DRA submits its report in the SCE case<sup>7</sup> and about six months after the March 2, 2011 deadline that SoCalGas proposes for DRA to submit its report in this proceeding.

The Commission should grant relief to DRA. DRA proposes to submit a comprehensive report analyzing the Application. DRA says in its protest:

DRA intends to investigate and analyze all aspects of the utilities' requests, and to develop independent forecasts in the following areas: revenues, electric generation, gas and electric distribution, gas transmission and gas storage expenses and plant, administrative and general expenses, depreciation, working cash, etc. DRA is also conducting an audit and evaluating the utilities' post test year ratemaking proposals and performance incentives. DRA will present its estimates, recommendations and findings in its Results of Operations and related reports.<sup>8</sup>

SCGC's resources are limited so that it would be unable to conduct the extensive investigation and audit that would be conducted by DRA. Thus, SCGC plans to rely heavily on DRA to provide the comprehensive investigation and audit that DRA says it will conduct. SCGC suspects that other intervenors with the possible exception of TURN will be similarly limited.

Given the reliance of interested parties on DRA and the untimely magnitude of the rate increase that SoCalGas seeks through its Application, the public interest would be served by adopting a schedule in this proceeding that accommodates the constraints on DRA so that DRA will be able to conduct the fullest possible investigation and audit.

Granting relief to DRA would probably result in the Commission's final decision in this case being implemented later than January 1, 2012. However, on January 10, 2011, anticipating that "certain parties may request delays in key procedural dates" in this proceeding, San Diego

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<sup>7</sup> DRA Protest at 6, 13.

Gas and Electric Company (“SDG&E”) and SoCalGas filed a joint motion (“Joint Motion”) requesting authority for each utility to “establish a GRC memorandum account to record the difference between the rates currently in effect for utility service and the final rates adopted in the GRCs in the event a final Commission decision is not rendered in time for 2012 rates to take effect January 1, 2012.”<sup>9</sup> The fifteen days allowed under Rule 11.1 of the Commission’s Rules of Practice and Procedure for responses to the Joint Motion has expired, and no responses were filed. Granting the unopposed Joint Motion would obviate any legitimate objection that SoCalGas might have to granting relief to DRA.

**C. The Potential for a Conflict with the TCAP Schedule.**

An unfortunate consequence of the schedule proposed by DRA is that it would have the potential to conflict with the schedule in the SoCalGas TCAP that will commence with the filing of an application on September 1, 2011. The schedule proposed in DRA’s protest would result in intervenor testimony being due at end of September, hearings being held in December, and briefing inevitably occurring in January and February, 2012.<sup>10</sup> If there were no accommodation of the extended schedule in this proceeding when the Commission establishes the TCAP schedule, parties would be required to conduct discovery, present testimony, and go to hearing in the TCAP while being fully occupied by this case.

**D. SCGC’s Recommendation.**

For the reasons discussed above, SCGC recommends that the Commission grant relief to DRA so that DRA will not be simultaneously burdened by the SCE case and this case. However, If the Commission accordingly adopts a schedule in this case that is similar to the schedule that

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<sup>8</sup> DRA Protest at 4.

<sup>9</sup> Joint Motion at 2.

<sup>10</sup> DRA Protest at 13.

is proposed by DRA in its protest, the Commission should state in its scoping memo in this proceeding that it recognizes the potential for a conflict between the schedule in this case and the TCAP schedule, and the Commission should assure parties that it intends to take any such conflict into account when setting the schedule for the TCAP.

### **III. CONCLUSION.**

For the reasons set forth above, SCGC urges the Commission to take note of the constraints on the parties and, accordingly, to set the schedule in this proceeding to provide relief as requested by DRA in its protest. SCGC also urges the Commission to recognize that a possible consequence of adopting an extended schedule in this proceeding is that it may be necessary to adopt a correspondingly extended schedule in the upcoming SoCalGas TCAP.

Respectfully submitted,

*/s/ Norman A. Pedersen*

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Dated: January 26, 2011

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the **SOUTHERN CALIFORNIA GENERATION COALITION PREHEARING CONFERENCE STATEMENT** on the service list for **A.06-12-009, A.06-12-010, A.10-12-005 and A.10-12-006** by serving a copy to each party by electronic mail, or by mailing a properly addressed copy by first-class mail with postage prepaid to each party unable to accept service by electronic mail.

Executed on January 26, 2011 at Los Angeles, California.

*/s/ Sylvia Cantos*

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Sylvia Cantos



**SERVICE LISTS –  
A.06-12-009, A.06-12-010, A.10-12-005 and A.10-12-006**

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