

**From:** Slocum, Gail (Law)  
**Sent:** Tuesday, September 13, 2011 8:18 PM  
**To:** Ed Poole; Wong, Elaine; trp@cpuc.ca.gov; Matthew Freedman  
**Cc:** Jeff Nahigian; Richard McCann; Coyne, Keith; Troup, Thomas; Liu, Janet; Pease, Daniel; Woo, Shirley A (Law)  
**Subject:** RE: 2011 GRC Phase 2: PG&E Late Filed Exhibit 129  
**Importance:** High

Dear ALJ Pulsifer:

As you know, on Friday September 9, WMA's attorney, Mr. Poole, objected to PG&E's late filed Exhibit 129 on the grounds that the only item that should be included in Exhibit 129 is the revenue allocation "worksheet" that illuminates which of the items listed on page 10 of TURN's Surrebuttal Exhibit 113 are in or out of Distribution as opposed to PPP. Per my email response, PG&E has been in discussions with TURN and WMA seeking to resolve this dispute but have reached an impasse and wish to discuss the matter with you by phone at your convenience.

Since you have seen Mr. Poole's objection the parties thought you might want a summary of the key considerations raised thus far by TURN and PG&E.

The line of questioning Mr. Freedman posed to WMA witness McCann that led to the order for this late filed exhibit begins at TR. 1274 line 20 and continues through TR. 1281, line 17.

As Mr. Freedman noted: "Rather than going back and forth on speculating on what's in or isn't in. I think this is a factual question." Thus Your Honor made it a directive for PG&E to provide an additional late filed exhibit (129) seeking to clarify the factual matter of "what is in or isn't in." Mr. Poole's objection attempts to limit the exhibit solely to provide a Distribution or PPP revenue allocation worksheet that details how CSI, SGIP, Demand Response, etc factor into either PG&E's Distribution or PPP revenue allocation. At Tr.1280 lines 18 to 24, Mr. Freedman, in cross-exam of Dr. McCann asks if that "worksheet" is in the record. McCann says he doesn't know, and then Gail notes that PG&E's workpapers are in the record and offers to see if this information is part of that record or not.

After hearings, PG&E began its preparation of Exhibit 129 by checking all of its workpapers submitted as part of its 2011 GRC Phase 2 showing including Exhibit 102, the workpapers supporting PG&E's revenue allocation and non-residential rate design in PG&E's January 7, 2011 Update Testimony. PG&E found that Exhibit 102 did not contain a worksheet presenting such a breakdown, as confirmed by PG&E's lead revenue allocation witness, Patricia Gideon.

Despite the PPP-based assertions in WMA's email objecting to Exhibit 129, the items listed on page 10 of Exhibit 113 (TURN's Rebuttal testimony) relate to certain **Distribution** constituent revenue requirement elements that DRA and TURN in testimony suggested receive alternate revenue allocations. These Distribution elements have unofficially come to be known in this proceeding as the "cats and dogs," or miscellaneous Distribution revenue allocation items. As a result, the disposition of these "cats and dogs" was discussed pursuant only to confidential settlement discussions which took place after the workpapers (Exhibit 102) had already been tendered (thus it is not surprising that those workpapers do not address that matter). And no workpapers were submitted underlying the black box settlement of MC/RA issues. As a result, there are no worksheets in PG&E's workpapers that detail the Distribution allocation of the items on page 10 of Exhibit 113. Thus, in order to be understandable, PG&E's Exhibit 129 included some explanatory text on how it reached the determinations that were set forth in Exhibit 129. Exhibit 129's explanatory text also clarified its relevance to WMA's proposed EPMC scalar and the related line of cross-examination by Mr. Freedman of Dr. McCann that occurred at the August 18, 2011 hearings.

Subsequent to Mr. Poole's objection, in further researching how the items in page 10 of Exhibit 113 had been handled, PG&E has now discovered two relevant data responses: PG&E's response to TURN\_002-Q26 on the "cats and dogs" elements of the Distribution revenue allocation, as well as PG&E's response to TURN\_001-Q04, which provides more detail on the revenue requirement elements of PPP, both prepared by Ms. Gideon. (TURN propounded those data requests to PG&E precisely because no revenue allocation worksheet existed on the record.) On September 13 provided WMA with these two data responses and offered to including them as part of an amended Exhibit 129. Nevertheless, Mr. Poole has continued his objection.

PG&E submits to Your Honor that WMA's objection to Exhibit 129 should be rejected because, under the circumstances described above, granting it would not result in clarifying the factual matter that Dr McCann was not able to definitively answer on the stand regarding "what's in or isn't in." This is an important factual matter to be resolved. PG&E is, however, willing to submit Exhibit 129-Supplemental which would provide the above clarifications, as well as attach PG&E's responses to TURN\_002-Q26 and TURN\_001-Q04 as evidence of "what's in and not in", if Your Honor so desires. PG&E has conferred with TURN, which concurs with this analysis, and has indicated it is amenable to this resolution of Mr. Poole's objection.

We are sorry to have to bother you with this and wish it could have been worked out among the parties. However, we look forward to setting up a time to further discuss this with you soon, in order to seek resolution regarding how to handle the required late-filed exhibit. I am available tomorrow after 2pm, and am pretty flexible on Thursday too.

Thank you for your consideration,

Gail Slocum  
PG&E

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From: Ed Poole [<mailto:epoole@adplaw.com>]  
Sent: Tuesday, September 13, 2011 12:19 PM  
To: Matthew Freedman  
Cc: Coyne, Keith; Slocum, Gail (Law); Wong, Elaine; Jeff Nahigian; Richard McCann; Troup, Thomas; Liu, Janet; Woo, Shirley A (Law); Gideon, Patricia C; Pease, Daniel  
Subject: RE: 2011 GRC Phase 2: PG&E Late Filed Exhibit 129

Matt,

Certainly we disagree. If PG&E is allowed to have this exhibit introduced, which, as we have stated, is sur-surebuttal testimony, then WMA should at least have the opportunity to provide testimony rebutting that. Therefore, I think a call should be made by the ALJ now rather than have it be briefed.

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From: Matthew Freedman [<mailto:matthew@turn.org>]  
Sent: Tuesday, September 13, 2011 12:15 PM  
To: Ed Poole  
Cc: Coyne, Keith; Slocum, Gail (Law); Wong, Elaine; Jeff Nahigian; Richard McCann; Troup, Thomas; Liu, Janet; Woo, Shirley A (Law); Gideon, Patricia C; Pease, Daniel  
Subject: Re: 2011 GRC Phase 2: PG&E Late Filed Exhibit 129

Ed,

TURN agrees with PG&E. The exhibit provided by PG&E factually resolves whether the revenue requirements associated with the programs identified by Mr. Nahigian were, or were not, excluded from the EPMC scaler calculation performed by Dr. McCann. That was the point of my cross-examination.

Dr. McCann's surrebuttal testimony claimed that Mr. Nahigian was wrong. During my cross-examination on this exact point, he claimed that his conclusion is based on revenue requirement information provided by PG&E. The late-filed PG&E exhibit demonstrates that these program costs are included in the distribution revenue requirements that were relied upon by Dr. McCann for purposes of calculating the EPMC scalar. Your request for limiting this exhibit to a listing of "PPP programs" from the "PPP page of PG&E's revenue allocation file in its workpapers" is not consistent with the request I made at hearings, as it would not resolve the factual dispute.

I think we need to let the ALJ decide whether the late-filed exhibit is reasonable or should be replaced by something else.

Matt Freedman  
TURN

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From: Coyne, Keith [mailto:KBC2@pge.com]  
Sent: Tuesday, September 13, 2011 10:53 AM  
To: Slocum, Gail (Law); Ed Poole; Wong, Elaine; Matthew Freedman  
Cc: Jeff Nahigian; Richard McCann; Troup, Thomas; Liu, Janet; Woo, Shirley A (Law); Gideon, Patricia C; Pease, Daniel  
Subject: RE: 2011 GRC Phase 2: PG&E Late Filed Exhibit 129

Ed Poole, Richard McCann -

As noted by Gail Slocum below, PG&E and TURN have conferred and have agreed to provide WMA with additional details.

First, however, PG&E and TURN agree that PG&E's late-filed Exhibit 129 is completely responsive to the line of cross-examination of Dr. McCann by TURN, and ALJ Pulsifer's associated order for a late filed exhibit. The late filed exhibit simply called for an identification of which items in TURN's page 10 table were Distribution as opposed to PPP. Exhibit 129 confirmed that all items in TURN's page 10 table were Distribution items, and were not PPP items.

The section of the transcript that Mr. Poole's objection placed in bold called for a Distribution allocation worksheet, not a PPP allocation worksheet. It is Distribution, not PPP, that is relevant to the proposed use of a Distribution EPMC scalar by WMA, and which was the subject of TURN's cross-examination. Since none of the items in TURN's page 10 table were PPP, and all were distribution, all page 10 items are in fact relevant to the derivation of the EPMC scalar proposed by WMA, and the residential share of those items should be decremented from the numerator of the EPMC scalar, as explained in Exhibit 129.

Notwithstanding PG&E and TURN's opposition to or disagreement with Mr. Poole's September 9 objection below, PG&E first points you to page 3 of late-filed Exhibit 129. Lines 43 to 51 of Table 2 from AET AL 3727-E-A show the sub-components that make up the PPP revenue requirement. None overlap with TURN's page 10 table.

Second, attached above, PG&E provides its response to a prior TURN data request, TURN\_001-Q04, which explains the sub-component line items that make up the PPP revenue requirement. You will see that Answer 4b aligns with Lines 43 to 51 of the AET Table 2.

Third, attached above, is a text response and Excel table in PG&E's response to TURN\_002-Q26 detailing several elements similar to those in TURN's page 10 table that are considered part of the Distribution revenue allocation. This may be considered to be the "worksheet" for Distribution revenue allocation requested at Tr. 12880 Line 18 that Mr. Poole's bold excerpt. Although TURN\_002-Q26 shows the distribution revenue allocation methodology, revenue amount of each Distribution element, and the amount allocated to the residential class, the revenue amounts are from early in the proceeding, and are not the same as those underlying the class revenue allocation in the March 14, 2011 MCRA Settlement, which was superseded by a March 1, 2011 Distribution revenue requirement and rate change, as well

as Distribution revenue requirement changes expected upon January 1, 2012 implementation.

We hope this resolves the confusion around this issue. We respectfully request you withdraw your objection. In the alternate, PG&E would be willing to submit a supplement to Exhibit 129 with these two data request responses. However, we would also prefer to provide an explanation of their relevance to Exhibit 129 and WMA's proposed EPMC scalar, rather than submitting them without any explanatory narrative, as you request.

Keith Coyne

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**From:** Ed Poole [mailto:epoole@adplaw.com]  
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**To:** Wong, Elaine; trp@cpuc.ca.gov; Matthew Freedman  
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**Subject:** RE: 2011 GRC Phase 2: PG&E Late Filed Exhibit 129

ALJ Pulsifer and parties.

WMA objects to the admission of this Late Filed Exhibit. Attached is the transcript section from Volume 7 that asks for Exhibit 129. Exhibit 129 is supposed to be the sections of PG&E's workpapers that show PG&E's allocation of public purpose program costs going into its revenue allocation spreadsheet. That was very clear in the transcript. PG&E has not provided that all, and instead used Exhibit 129 as sur-surrebuttal testimony. Accordingly, it is completely inappropriate and not in compliance with the request. PG&E should be required to provide only those sections of the workpapers, without any "explanatory" narrative that is in the form of additional testimony.

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**From:** Wong, Elaine [mailto:EHW2@pge.com]  
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**To:** 'trp@cpuc.ca.gov'; Ed Poole; Matthew Freedman  
**Cc:** Jeff Nahigian; 'Richard McCann'; Coyne, Keith; Troup, Thomas; Liu, Janet; Slocum, Gail (Law)  
**Subject:** 2011 GRC Phase 2: PG&E Late Filed Exhibit 129

Your Honor  
 Ed Pool  
 Matthew Freedman

Attached is PG&E's Late Filed Exhibit 129. The late filed exhibit is in response to the request by TURN during the PG&E 2011 General Rate Case Phase 2 Schedule ET master meter discount hearings on August 18, 2011. Two hard copies of the exhibit is also being sent to Your Honor.

Thank you accepting this late filed exhibit.

Respectfully,

*Elaine Wong*  
 Case Manager  
 PG&E Regulatory Relations

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