

Rulemaking: 12-03-014  
(U 39 E)  
Exhibit No.: \_\_\_\_\_  
Date: August 7, 2012  
Witness: David E. Rubin

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PACIFIC GAS AND ELECTRIC COMPANY

2012 LONG-TERM PROCUREMENT PLAN

TRACK

SURREBUTTAL TESTIMONY

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PACIFIC GAS AND ELECTRIC COMPANY  
2012 LONG-TERM PROCUREMENT  
TRACK  
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**2012 LONG -TERM PROCUREMENT PLAN**  
**TRACK 1**  
**SURREBUTTAL TESTIMONY**

1                                   **PACIFIC GAS AND ELECTRIC COMPANY**  
2                                   **2012 LONG-TERM PROCUREMENT PLAN**  
3   **TRACK 1**  
4   **SURREBUTTAL TESTIMONY**

5    Q 1    What is the purpose of your testimony?

6    A 1    It is to respond to the rebuttal testimony of Jeff Shields of the South  
7            San Joaquin Irrigation District (“SSJID”).

8    Q 2    What portions of Mr. Shields’ testimony are you responding to?

9    A 2    I am responding to Mr. Shields’ testimony on page 8, lines 10-19, regarding  
10           Mr. Shields’ belief that the area that SSJID wishes to serve would not fit the  
11           California Public Utilities Commission’s (“CPUC” or “Commission”)   
12           definition of “large municipalization.” I am also responding to Mr. Shields’  
13           testimony on page 10, lines 17-20, where Mr. Shields essentially argues that  
14           investor-owned utilities (“IOU”) should not procure long-term capacity on  
15           behalf of “future POU’s” (publicly owned utilities), and as a result that the  
16           customers that might ultimately be served by these future POU’s should not be  
17           responsible for Cost Allocation Mechanism (“CAM”) costs.

18   Q 3    What is SSJID’s view regarding whether its proposal to serve the  
19           approximate 38,000 Pacific Gas and Electric Company (“PG&E”) customers,  
20           representing 572 gigawatt-hours (“GWh”) of annual load in and around the  
21           Manteca, Ripon and Escalon area, fits the Commission’s definition of a  
22           “large municipalization” from Decision 08-09-012?

23   A 3    Mr. Shields notes in his testimony that the Commission described “large  
24           municipalization” as follows:

25                   While there is no precise measure of what constitutes a “large  
26                   municipalization,” in the context of this decision, we are defining “large  
27                   municipalization” as any portion of an IOU’s service territory that has  
28                   been taken control of or annexed by a POU where the amount of load  
29                   departing the IOU’s service territories due to the municipalization is of  
30                   such a large magnitude that it cannot reasonably be assumed to have been  
31                   reflected as part of the historical [municipal departing load] trends used in  
32                   developing the adopted LTPP load forecasts.<sup>1</sup>

33                   However, Mr. Shields then goes on to state that he doesn’t believe that  
34                   the area that SSJID desires to serve fits this definition, as he “believes” that

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1    D.08-09-012 at p. 27.

1 the amount of load affected by its proposed municipalization plan “is not so  
2 large that it cannot reasonably be assumed to have been reflected as part of  
3 the historical municipal departing load trend used in developing the adopted  
4 utility LTPP load forecasts.” He concludes that it should therefore be exempt  
5 from CAM responsibility.

6 Q 4 Do you agree with SSJID?

7 A 4 No. I believe that 572 annual GWhs of energy is, in fact, a “large  
8 municipalization” according to the definition provided by the Commission in  
9 Decision 08-09-012. I am attaching the last adopted load forecast for PG&E  
10 from the 2010 Long-Term Procurement Plan (“LTPP”). As you can see,  
11 lines 2-7 show adjustments to the line 1 Total Forecast Energy  
12 Demand/Consumption. Included as adjustments are Community Choice  
13 Aggregation (“CCA”), Uncommitted Energy Efficiency, Demand  
14 Response/Interruptible Programs, Self-Generation (non CSI), California Solar  
15 Initiative and Direct Access Loads, respectively. There is no specific forecast  
16 of municipal Departing Load (“DL”), and thus no basis to support  
17 Mr. Shields’ claim that the 572 GWhs of load that it desires to serve could  
18 reasonably be assumed to have been included as part of the historical  
19 municipal DL trend.

20 Q 5 What is PG&E’s response to Mr. Shields’ claim on page 10 of his testimony  
21 that IOUs should not procure long-term capacity on behalf of “future POUs”  
22 (publicly owned utilities), and as a result that the customers that might  
23 ultimately be served by these future POUs should not be responsible for  
24 CAM costs.

25 A 5 I also disagree with Mr. Shields on this point. I understand that Mr. Shields  
26 has appeared in front of this Commission on at least two occasions making  
27 essentially the same argument that he is making in this proceeding—that  
28 PG&E should not include, as part of its ongoing obligation to serve, the area  
29 that SSJID desires to serve in and around Manteca, Ripon and Escalon.

30 Q 6 What were the two proceedings, and what did Mr. Shields testify?

31 A 6 Eight years ago, in August 2004, Mr. Shields presented testimony in  
32 Rulemaking 04-04-003, a precursor rulemaking to the LTPP proceeding.<sup>2</sup>

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<sup>2</sup> See “Prepared Direct Testimony of Jeffrey K. Shields on Behalf of the South San Joaquin Irrigation District,” August 4, 2004.

1 In that proceeding, Mr. Shields requested that the Commission relieve PG&E  
2 of the obligation to engage in long-term procurement in the area that SSJID  
3 desires to serve. According to Mr. Shields' testimony at that time, SSJID was  
4 expecting to be providing service "on or before January 2007."

5 Six-and-one-half years ago, in Application 05-06-028 (PG&E's  
6 Advanced Metering Infrastructure ("AMI") Application), Mr. Shields  
7 presented a very similar argument with respect to PG&E's investments in  
8 AMI in the area that SSJID desires to serve. Mr. Shields noted that SSJID  
9 had submitted a proposal to the San Joaquin County Local Agency Formation  
10 Commission ("LAFCO"), and expected LAFCO approval by May 2006.  
11 Mr. Shields implored that the Commission should prohibit PG&E from  
12 installing AMI infrastructure in the area that SSJID wished to serve, "pending  
13 the resolution of the District's plan to provide retail electric service and take  
14 steps to ensure that electric customers in SSJID's service territory are not  
15 saddled with costs related to PG&E's AMI program once these customers  
16 leave PG&E service and begin taking service from SSJID." Mr. Shields went  
17 on to describe that SSJID, "upon LAFCO's approval, intends to proceed with  
18 the acquisition of PG&E's existing distribution facilities. As I noted above,  
19 the District expects to commence providing retail electric service in early  
20 2007."

21 Q 7 Did SSJID receive LAFCO approval and proceed with its plan?

22 A 7 No. SSJID's application was denied in June 2006. SSJID then sued LAFCO  
23 in San Joaquin County Superior Court, claiming among other things that  
24 LAFCO did not have the authority to deny its request. The Court rejected  
25 SSJID's claim. SSJID then reapplied to LAFCO in August 2009.

26 Q 8 Does SSJID have approval from LAFCO to move forward with its plan  
27 today?

28 A 8 No, it does not.

29 Q 9 Does this conclude your testimony?

30 A 9 Yes, it does.

**TABLE PACIFIC GAS AND ELECTRIC COMPANY-2 (EXCERPT)**  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**LASTEST ADOPTED LOAD FORECASTS – 2010 LONG-TERM PROCUREMENT PLAN**

Line	PG&E Load Calculations	GWh									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	Forecast Total energy Demand/Consumption	95,917	97,393	99,076	100,332	101,577	102,862	104,099	105,273	106,446	107,681
2	CCA	(211)	(303)	(303)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)
3	Uncommitted Energy Efficiency (-)	(536)	(698)	(1,590)	(2,254)	(2,865)	(3,650)	(4,569)	(5,478)	(6,215)	(6,816)
4	Demand Response/Interruptible Programs (+)	9	12	15	16	16	16	16	16	16	16
5	Self Generation (non CSI)	(324)	(649)	(973)	(1,297)	(1,621)	(1,946)	(2,270)	(2,594)	(2,918)	(3,243)
6	California Solar Initiative (-)	(914)	(1,075)	(1,238)	(1,401)	(1,564)	(1,727)	(1,744)	(1,760)	(1,777)	(1,794)
7	Direct Access Loads (-/+)	(9,121)	(9,970)	(10,339)	(10,339)	(10,339)	(10,339)	(10,339)	(10,339)	(10,339)	(10,339)
8	<i>Subtotal: Adjustments to Energy Demand (Lines 2 thru 7)</i>	<i>(11,097)</i>	<i>(12,683)</i>	<i>(14,428)</i>	<i>(16,435)</i>	<i>(17,533)</i>	<i>(18,806)</i>	<i>(20,065)</i>	<i>(21,315)</i>	<i>(22,393)</i>	<i>(23,335)</i>
9	<b>Adjusted Energy Demand/Consumption Line 1+ Line 8</b>	<b>84,820</b>	<b>84,711</b>	<b>84,648</b>	<b>83,896</b>	<b>84,044</b>	<b>84,057</b>	<b>84,034</b>	<b>83,958</b>	<b>84,053</b>	<b>84,346</b>
10	Firm Sales Obligation (+)	413	413	413	413	413	413	413	413	413	413
11	<b>Firm PG&amp;E Energy Requirement (Sum Line 9 + Line 10)</b>	<b>85,233</b>	<b>85,124</b>	<b>85,061</b>	<b>84,309</b>	<b>84,457</b>	<b>84,470</b>	<b>84,447</b>	<b>84,371</b>	<b>84,466</b>	<b>84,759</b>

**PACIFIC GAS AND ELECTRIC COMPANY**

**APPENDIX A**

**STATEMENT OF QUALIFICATIONS**



1                                   **PACIFIC GAS AND ELECTRIC COMPANY**  
2                                   **STATEMENT OF QUALIFICATIONS OF DAVID E. RUBIN**

3    Q 1    Please state your name and business address.

4    A 1    My name is David E. Rubin, and my business address is Pacific Gas and  
5            Electric Company, 77 Beale Street, San Francisco, California.

6    Q 2    Briefly describe your responsibilities at Pacific Gas and Electric Company  
7            ("PG&E").

8    A 2    I am a director at PG&E's Service Analysis Department.

9    Q 3    Please summarize your educational and professional background.

10   A 3    I received a bachelor of science degree in civil engineering from the  
11           University of Maryland in 1978, and a master of science degree in  
12           Engineering/Technology and Policy from the Massachusetts Institute of  
13           Technology in 1984. I worked for the city of San Francisco from 1982-1985,  
14           and joined PG&E in 1985, where I held a variety of positions in the  
15           Marketing and Rates Departments. I left PG&E in 1992 to join the  
16           International Energy Agency, and returned to PG&E in 1995 as a director in  
17           the Rates Department. I assumed my current responsibilities in July 1997.  
18           I am a registered mechanical engineer in the state of California. I have  
19           testified before the California Public Utilities Commission on a variety of  
20           matters, including special contract reasonableness, Competitive Transition  
21           Charge ratemaking, cost separation, economic development rates, community  
22           choice aggregation and distributed generation.

23   Q 4    What is the purpose of your testimony?

24   A 4    The purpose of my testimony is to respond to the rebuttal testimony of Jeff  
25           Shields of the South San Joaquin Irrigation District.

26   Q 5    Does this conclude your statement of qualifications?

27   A 5    Yes, it does.