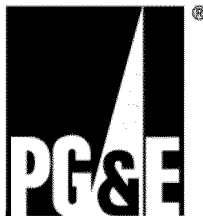


Rulemaking: 12-03-014
(U 39 E)
Exhibit No.: PG&E-X-SSJID-02
Date: August 15, 2012
Witness: Jeffrey K. Shields (SSJID)

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

Cross-Examination Exhibit

**Prepared Direct Testimony of Jeffrey K. Shields on
Behalf of the SSJID (A.05-06-028)**



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

Application of Pacific Gas and Electric)
Company for Authority to Increase Revenue)
Requirements to Recover the Costs to Deploy)
an Advanced Metering Infrastructure.)
(U 39 E))

Application 05-06-028
(Filed June 16, 2005)

**PREPARED DIRECT TESTIMONY OF JEFFREY K. SHIELDS
ON BEHALF OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT**

January 18, 2006

1 **Q: Please state your name and business address.**

2 A: My name is Jeffrey K. Shields and my business address is 11011 East Highway 120
3 Manteca, CA 95336.

4
5 **Q: By whom are you currently employed and in what capacity?**

6 A: I am employed by the South San Joaquin Irrigation District (“SSJID” or “District”) as
7 Utility Systems Director. As the Utility Systems Director, my responsibilities include
8 advising SSJID on matters related to its hydroelectric generating facilities, the District’s
9 electric accounts with Pacific Gas and Electric Company (“PG&E”) and the Modesto
10 Irrigation District (“MID”), and the District’s plan to provide retail electric service within
11 its service territory.

12
13 **Q: Please describe SSJID.**

14 A: SSJID is a special district formed in May 1909 pursuant to the Wright-Bridgford Act, the
15 predecessor of the California Water Code, for the purpose of providing a reliable, economic
16 source of irrigation water for the cities of Escalon, Ripon and Manteca, and portions of
17 unincorporated San Joaquin County. Attachment SSJID-A to my testimony is a map
18 showing SJJID’s service territory.

19
20 Special Districts in California are local units of government established by the residents of
21 an area to provide a service not provided by a county or city. SSJID operates under the
22 direction and control of its Board of Directors, the members of which are elected by, and
23 ultimately answerable to, the voters in the district. SSJID currently provides irrigation
24 services to 3,600 customers within its service area and wholesale treated water to the cities
25 of Tracy, Escalon, Manteca, and Lathrop. As an irrigation district, SSJID is also authorized
26 by statute to provide retail electric service within its service territory (*see* Water Code
27 section 22115) and it has announced plans to expand the scope of services it provides to
28 include retail electric service within its service territory. As I discuss in more detail below,

1 SSJID has evaluated the potential costs and benefits of providing retail electric service and
2 has concluded that it can provide significant benefits to electric customers within its service
3 territory.

4
5 SSJID is currently an electric customer of PG&E and MID and its service territory includes
6 approximately 33,000 PG&E accounts, representing estimated annual energy sales of
7 approximately 450,000 MWh.

8
9 **Q: Briefly summarize your educational background and professional experience.**

10 A: I have over 25 years experience involving municipal finance, formation of new public
11 power enterprises, utility management, development of new generation assets, and power
12 marketing. Among my representative experience is serving as Chief Executive Officer and
13 General Manger of Trinity County Public Utility District. In that capacity, I was
14 responsible for all aspects of the utility's operation including its power portfolio, load
15 analysis, rate design, and Board Policy. Similar to my experience at Trinity, I have also
16 served as Chief Executive Officer and General Manger of Emerald Public Utility District in
17 Eugene, Oregon. While at Emerald, I had ultimate responsibility for all utility expansion
18 projects, including several transmission and distribution line upgrades. My complete
19 resume is attached to my testimony as Attachment SSJID-B.

20
21 **Q: What is the purpose of your testimony?**

22 A: The purpose of my testimony is to address PG&E's proposed advanced metering
23 infrastructure ("AMI") deployment plans, particularly as PG&E's plans relate to SSJID's
24 plan to provide retail electric service. I further discuss the adverse impacts to electric
25 customers that would result if PG&E is allowed to deploy AMI meters in SSJID's service
26 territory. Specifically, in light of SSJID's plan to provide retail electric service, any AMI
27 facilities deployed by PG&E in SSJID's service territory will need to be removed and
28 replaced with facilities that are compatible with the customer information system ("CIS") to

1 be used by SSJID. Allowing PG&E to deploy AMI facilities in SSJID’s service territory
2 would result in electric customers paying for equipment (the AMI facilities deployed by
3 PG&E) that would not be used by the District – increasing costs to customers *without any*
4 *associated benefits*. For these reasons, SSJID requests that the Commission prohibit PG&E
5 from deploying AMI facilities within the District’s service territory pending the resolution
6 of the District’s plan to provide retail electric service and take steps to ensure that electric
7 customers in SSJID’s service territory are not saddled with costs related to PG&E’s AMI
8 program once these customers leave PG&E service and begin taking service from SSJID.
9

10 **Q: Please describe SSJID’s plan to provide retail electric service within its service**
11 **territory and the steps that SSJID has taken to implement its plan.**

12 A: SSJID expects to begin providing retail electric service in early 2007. SSJID’s plan
13 includes the acquisition of certain existing electric distribution facilities currently used by
14 PG&E to provide service in SSJID’s service territory and additional investment in new
15 infrastructure necessary to upgrade these facilities, increase system reliability, improve
16 customer service, and bring down the long-term cost of service. The new facilities that
17 SSJID expects to install include “advanced meters” that will be compatible with the CIS to
18 be used by the District. Thus, to the extent PG&E is allowed to deploy AMI facilities in the
19 District’s service territory, such facilities will need to be removed and replaced. SSJID has
20 also developed a detailed plan for providing service that addresses fiscal, management and
21 staffing, operations, billing and collection, data management, and power supply issues
22 associated with the provision of retail electric service.
23

24 In June 2005, SSJID’s Board of Directors passed a resolution authorizing the District to file
25 an application with the San Joaquin County (“County”) Local Agency Formation
26 Commission (“LAFCo”) to provide retail electric service and submit an application for
27 environmental review of the District’s plan with the County. On June 20, 2005, SSJID
28 submitted a detailed application to LAFCo addressing its plan to provide service and on

1 August 26, 2005, SSJID filed a supplement to its application containing an analysis of the
2 net benefits associated with the plan. Pursuant to Government Code section 56131, LAFCo
3 has submitted a request to the Commission for a report on SSJID's proposed plan to provide
4 retail electric service. Under the statute, the Commission has 90 days to investigate and
5 report on whether SSJID's plan to provide retail electric service "will substantially impair"
6 PG&E's ability to provide adequate service at reasonable rates within the remainder of its
7 service area. The Commission has recently addressed this issue with respect to proposals to
8 provide retail electric service by the Sacramento Municipal Utilities District ("SMUD") and
9 the Lathrop Irrigation District ("LID"). With respect to these proposals, PG&E argued to
10 the Commission that PG&E's remaining customers would be harmed if SMUD and LID
11 were allowed to annex PG&E service territory. In both cases, the Commission rejected
12 PG&E's claims (*see* Resolution E-3952 and Resolution E-3959).

13
14 In December 2005, a draft Environmental Impact Report ("DEIR") on SSJID's plan to
15 provide retail electric service was issued by the County and a final EIR is expected to be
16 approved for the project in early 2006. SSJID expects LAFCo to consider the District's
17 plan to provide retail electric service in May of this year and, upon LAFCo's approval,
18 intends to proceed with the acquisition of PG&E's existing distribution facilities. As I
19 noted above, the District expects to commence providing retail electric service in early
20 2007.

21
22 As part of its decision to provide retail electric service, SSJID evaluated the costs and
23 potential benefits of its plan and has concluded that, by providing such service, the District
24 can provide significant benefits to electric customers within its service territory. SSJID
25 expects these benefits to include:

- 26 • a 15% reduction in electric rates;
- 27 • improved service quality and reliability;

- 1 • local accountability and responsibility for electric resource policies and
2 practices; and
- 3 • a means of more equitably distributing the economic benefits of SSJID's
4 ownership of certain hydroelectric generating facilities.

5
6 In addition to benefiting electric customers within its service territory, SSJID also believes
7 that, for a variety of reasons, PG&E's remaining customers will likely benefit under
8 SSJID's plan. These benefits, which are discussed in SSJID's LAFCo application (which
9 has been submitted to the Commission), involve reductions in certain costs and cross-
10 subsidies, as well as benefits from any gain-on-sale related to SSJID's acquisition of PG&E
11 facilities.

12
13 SSJID has already invested significant time and resources into its plan to provide retail
14 electric service, is committed to taking the steps necessary to ensure its plan is
15 implemented, and is confident that once its plan is implemented electric customers in its
16 service territory will receive significant benefits.

17
18 **Q: In light of SSJID's plan to provide retail electric service, how would PG&E's AMI**
19 **deployment plan impact electric customers in SSJID's service territory?**

20 **A:** Although PG&E's testimony supporting its AMI deployment plan does not identify the
21 specific cities and communities where it will first begin installing AMI facilities, it does
22 state that it will initially install such facilities in its Central Valley service area beginning in
23 March 2006. SSJID's service territory is located in PG&E's Central Valley service area.

24
25 As I discussed above, to the extent PG&E deploys AMI meters in the SSJID's service
26 territory, such facilities will need to be removed and replaced with meters compatible with
27 the District's CIS. Installing facilities that PG&E knows will need to be removed does not
28 further PG&E's AMI plans nor the Commission's advanced metering initiatives.

1 Furthermore, SSJID assumes that PG&E would seek to recover the cost to install such
2 meters from electric customers in SSJID's service territory, irrespective of whether or not
3 the meters are used for any length of time. The net effect is that electric customers in
4 SSJID's service territory would pay for facilities for which they would receive absolutely no
5 net benefit. In addition, because the District would replace any AMI meters installed by
6 PG&E, electric customers in SSJID's service territory would be at risk for the cost to install
7 PG&E's AMI meters, the cost to remove such meters, and the cost for SSJID to install new
8 meters compatible with its CIS. Moreover, the installation of AMI meters could also
9 unnecessarily increase the cost of SSJID's acquisition of PG&E's distribution facilities in
10 the District's service territory, which would further impact electric customers in SSJID's
11 service territory. Under these circumstances, it is simply an inefficient use of resources and
12 economically wasteful to allow PG&E to install AMI meters in SSJID's service territory.

13
14 **Q: What action does SSJID recommend that the Commission take with respect to**
15 **PG&E's AMI deployment plans?**

16 **A:** In order to ensure that electric customers in SSJID's service territory are not harmed by
17 PG&E's AMI deployment plans, the Commission should prohibit PG&E from installing
18 AMI facilities in SSJID's service territory pending the resolution of the District's plan to
19 provide retail electric service.

20
21 In addition, the Commission should find that electric customers in SSJID's service territory
22 are not responsible for costs related to PG&E's AMI program once these customers leave
23 PG&E service and begin taking service from SSJID. As discussed above, SSJID expects to
24 begin providing retail electric service in early 2007 – only months after the Commission is
25 likely to issue a decision in this proceeding. Thus, any forecasted benefits that PG&E
26 attributes to deploying AMI meters in SSJID's service territory should not be considered by
27 the Commission in this proceeding because such benefits will not be realized. Given that
28 electric customers in SSJID's service territory will not benefit from PG&E's AMI plan,

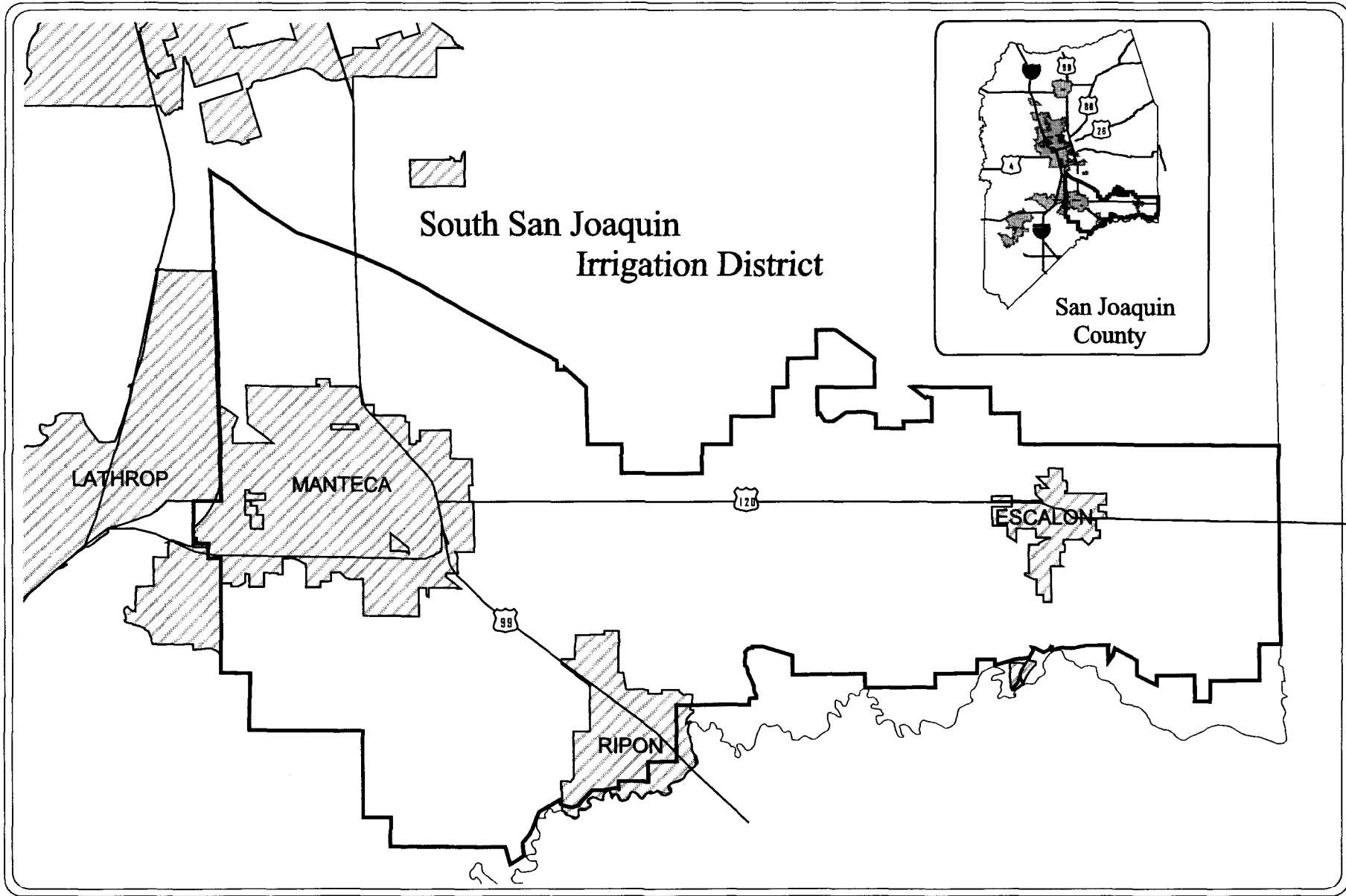
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there is simply no reason for such customers to bear any cost responsibility related to PG&E's AMI activities.

Q: Does this conclude your prepared direct testimony?

A: Yes.

SSJID-A



SSJID-B

Jeffrey K. Shields

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email: jshields@ssjid.com

ph: 209.249.4645

Experience

2004-Present South San Joaquin Irrigation District Manteca, CA

Utility Systems Director

SSJID is owner of a series of hydro-electric generating plants and a sophisticated system of irrigation and domestic water delivery systems. My responsibilities include advising SSJID on options to utilize the output of their hydro plants, track energy matters on behalf of the District and pursue development of a retail electric distribution enterprise.

2003-2004 Utility Systems Associates, Inc. Portland, OR

Principal

Under contract with various clients, I have provided expert witness services, assisted municipal entities in formation of utility distribution operations, consulted on acquisition of corporate assets, served as intermediary for project financing and assisted in securing transmission for renewable energy projects.

2001-2003 UBS Warburg Energy, LLC Portland, OR

Director, West Power Marketing

Negotiate enabling documents (WSPP & EEI) to facilitate power marketing.

2000-2001 Enron North America Portland, OR

Director, West Origination

Responsible for asset acquisition and development and management of business relationships with consumer-owned utilities and Federal Power Marketing Administrations.

1991-2000 Emerald People's Utility District Eugene, OR

General Manager/CEO

General Manager of an electric generation and distribution utility. Responsibilities included management of human resources, consumer and public relations, physical plant, finance, policy development and administration, expert witness and presentation of testimony before state and federal regulatory and governing authorities.

1984-1990 Trinity Public Utility District Weaverville, CA

General Manager/CEO

Trinity PUD was formed in 1982 as a result of a ballot measure that I drafted and submitted to the voters of the community of Weaverville, (Trinity County) California while I was Planning Director. In 1984 the Board of Directors terminated the management contract they had with CP National and hired me as their first GM. Responsibilities included designing a new organizational structure and operating policies. In 1986 the Board authorized me to assist Hayfork Valley in acquiring the assets of PG&E and form a new utility operated under a mutual aid agreement with Trinity PUD.

1979-1984 County of Trinity Weaverville, CA

Director of Land Use Planning

Executive Director of land use planning department for a rural Northern California County. Responsible for staffing, budgeting, policy development and administration. I also served as Executive Officer of the Local Agency Formation Commission which is responsible for assuring the efficient provision of essential public services between local governments such as water, wastewater, fire and other public safety organizations.

1978-1979 Eco-Impact Consulting Dunsmuir, CA

Sr. VP

Responsible for preparation of CEQA compliance documents for private development and local government projects in Northern California. I assisted in preparation of EIR's and related documentation and made presentations before local regulatory agencies.

Education

Associate of Science January 1975
Shasta College, Redding, CA
Course of Study: Biological Science

Bachelor of Science March 1978
California State University at Humboldt, Arcata CA
School of Natural Resources Management

Professional Activities

Guest lecturer:

U.S. Air Force Academy, Senior Cadet Business Program
California State University at Humboldt, Political Science
Oregon State University, Fisheries management
University of Oregon, Environmental Law

Board of Directors, American Samoa Power Authority 1996-2003

Executive Board, Northwest Public Power Council	1993-2000
Executive Board (Chairman), Northwest Energy Coalition	1994-2000
Board of Directors, California Special Districts Risk Management Authority	1983-1987
Board of Directors, Utility Energy Forum	1994-2000
Executive Board, Transmission Agency of Northern California	1986-1989

Military

U.S. Air Force Honorable Discharge July 1968-July 1972

Recognitions

American Public Power Association Hobart Award
Northwest Energy Coalition Headwaters Award
California Public/Private Joint Venture Council: Best and Brightest Award
Northwest Steelheaders Association: Life Member Award
Rotary International Foundation: Paul Harris Fellowship
Trinity County Legal Secretaries Association: Boss of the Year 1989
Oregon Business Magazine: Emerald PUD “#1 Work Place in Oregon, 2000”