

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

Application of Pacific Gas and Electric Company for  
Authority, Among Other Things, to Increase Rates and  
Charges for Electric and Gas Service Effective on  
January 1, 2014.

(U 39 M)

Application 12-11- 009  
(filed November 15, 2012)

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY  
REQUESTING AN ORDER TO MAKE NEW REVENUE  
REQUIREMENTS EFFECTIVE JANUARY 1, 2014**

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## **I. INTRODUCTION AND SUMMARY OF RELIEF SOUGHT**

Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Pacific Gas and Electric Company (PG&E) files this motion requesting that the Commission expeditiously issue an order that would make the revenue requirements the Commission will determine in PG&E's 2014 General Rate Case (GRC) effective January 1, 2014, even though the Commission may not issue a final decision on the GRC until sometime after that date. PG&E additionally requests that the Commission issue an order that the adopted revenue requirements shall include interest, based on a Federal Reserve three-month commercial paper rate,<sup>1/</sup> to the extent necessary to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission's final decision.

The Utility Reform Network (TURN) has authorized PG&E to state that it supports PG&E's motion, and the Division of Ratepayer Advocates (DRA) has authorized PG&E to state that it does not oppose this motion.

## **II. BACKGROUND**

PG&E filed its 2014 GRC application on November 15, 2012. PG&E's application seeks to increase gas and electric distribution and generation base revenue requirements by a total of \$1.282 billion, effective January 1, 2014. On January 11, 2013, Assigned Commissioner Florio and Administrative Law Judge Pulsifer presided over a Prehearing Conference in the matter, during which the schedule for the proceeding was discussed. The January 22, 2013 "Assigned Commissioner's Ruling and Scoping Memo" (Ruling) adopted a schedule that was jointly proposed by DRA, TURN and PG&E (and that received no opposition from other parties), which set forth December 19, 2013, as an estimated date for a final decision.

As part of the joint proposal put forward by DRA, TURN and PG&E, the parties acknowledged that unforeseen circumstances could cause the final decision to be delayed until

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<sup>1/</sup> See Federal Reserve three-month Commercial Paper Rate – Non-Financing, from the Federal Reserve Statistical Release H.15 or its successor. <http://www.federalreserve.gov/releases/H15/data.html>.

after January 1, 2014. To address this concern, the Ruling noted that “TURN agreed to support, and DRA did not oppose a motion to be filed by PG&E seeking an order from the Commission that would make any revision to revenue requirements from this case effective January 1, 2014.”<sup>2/</sup> The motion at hand is the motion so referenced in the Ruling.

### III. ANALYSIS

#### A. The Commission Has Granted Similar Relief To Protect Both Ratepayers And Shareholders In Many Previous GRCs.

The Commission granted PG&E’s request for similar relief to that sought here in many previous GRCs. For example, the Commission granted analogous relief in PG&E’s 2003, 2007 and 2011 GRCs.<sup>3/</sup> Similarly, the Commission has a long history of adopting interim revenue requirement accounting mechanisms for other utilities as well, including ones in the last GRCs filed by each of the major California energy utilities.<sup>4/</sup>

#### B. The Relief Sought Here Is Consistent With the Commission’s Policy Objectives.

The relief sought in this motion is consistent with the Commission’s long-standing policy objectives to ensure that affected parties are relatively indifferent – from a financial perspective - to the timing of the Commission’s final decision. As the Commission stated in adopting an interim mechanism in Southern California Edison Company’s 2003 GRC:

The principle question before us is whether to adopt a mechanism that either prevents such consequences [harm to ratepayers or utility] from occurring or, at a minimum, mitigates their effects. We answer this in the affirmative. In the absence of such a mechanism, ratepayers or shareholders might be harmed by procedural delays. Neither outcome strikes us as reasonable, if such outcome is avoidable. We prefer an approach that leaves both ratepayers and shareholders relatively indifferent to the precise date that a decision is delivered [footnote omitted], reduces incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding’s outcome,

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2/ Ruling, p. 5.

3/ D.02-12-073, *mimeo*, p. 7; D.06- 10-033, *mimeo*, pp. 3-4; D.10-11-018, *mimeo*, p. 4.

4/ *See* D.12-08-006, *mimeo*, p. 4.

and allows sufficient time, for parties as well as decisionmakers, for review and critical analysis of the record. SCE's proposal [for a GRC memorandum account] is consistent with these policy objectives.<sup>5/</sup>

The Commission also explained that establishing interim revenue requirements avoid the bar against retroactive ratemaking.<sup>6/</sup>

**C. The Commission Has Granted Relief Even Where There Was Only A Possibility That A Decision Would Not Be Timely.**

Even though, at present, there is no clear indication that a final decision will not be issued by the end of 2013, this motion is timely made. The Commission has granted similar relief even when only a possibility existed that it may not issue a timely final decision. Indeed, the Commission recently granted similar relief to the Golden State Water Company, even though the Golden State Water Company filed its motion for relief before the Commission had issued its scoping memorandum. In granting such relief, the Commission cited several cases providing relief "when it was either clear or there was a possibility that a final decision would not be issued in a timely manner...."<sup>7/</sup>

**D. The Relief Sought Here Mitigates, But Does Not Eliminate, All Potentially Negative Effects of Delays in the Proceeding.**

While the relief sought here is intended to mitigate the financial effect of possible delays in the proceeding, the relief does not eliminate the potential for negative operational effects of such delays. As explained in PG&E's application, PG&E's 2014 GRC proposes many new measures and large capital projects that take at least several months advance planning.<sup>8/</sup> To the extent that a decision is issued after January 1, 2014, some of the larger projects could be delayed beyond the schedule anticipated by PG&E's testimony. If the Commission ultimately determines that such projects are reasonable and worthy of inclusion in rates, PG&E submits that their delay may cause negative operational effects. (TURN, while supporting this motion, does

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5/ D.03-05-076, *mimeo*, pp. 5-6.

6/ D.03-05-076, *mimeo*, p. 6, footnote omitted.

7/ D.12-08-006, *mimeo* p. 4 (emphasis added).

8/ Application, pp. 22-23.

