

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

Application of Pacific Gas and Electric Company in its 2012 Nuclear Decommissioning Cost Triennial Proceeding <p style="text-align:right">U 39 E</p>	Application No. 12-12-012 (Filed December 21, 2012)
Joint Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) for the 2012 Nuclear Decommissioning Cost Triennial Proceeding to Set Contribution Levels for the Companies' Nuclear Decommissioning Trust Funds and Address Other Related Decommissioning Issues.	Application No. 12-12-013 (Filed December 21, 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 2012 Nuclear Decommissioning Cost Triennial Proceeding (“NDCTP”) effective January 1, 2014, even though the Commission will not issue a final decision on the NDCTP until sometime after that date. PG&E also requests authority to record to the Nuclear Decommissioning Adjustment Mechanism (“NDAM”) its 2014 nuclear decommissioning revenue requirement as of January 1, 2014, once PG&E receives a final decision for its 2012 NDCTP application. After a final decision is issued, PG&E intends to include the 2014 nuclear decommissioning revenue requirement in rates in conjunction with other rate changes in a manner which evens rate volatility and avoids the possibility of a negative balance in the Humboldt Bay Power Plant Unit 3 (“HBPP Unit 3”) decommissioning trusts.

Additionally, PG&E 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,¹ to the extent necessary to keep PG&E and its customers relatively indifferent to the timing of the Commission's final decision.

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 2012 NDCTP application on December 21, 2012. PG&E's application, *inter alia*, seeks to collect through Commission-jurisdictional rates effective January 1, 2014, \$82.517 million in annual revenue requirements² for the Diablo Canyon ("Diablo Canyon") Power Plant Units 1 and 2 Nuclear Decommissioning Trusts, \$120.383 million in annual revenue requirements for the HBPP Unit 3 Nuclear Decommissioning Trusts, and an additional \$9.997 million in 2014 for funding HBPP Unit 3 SAFSTOR operation and maintenance costs. These individual elements sum to a total estimated CPUC-jurisdictional revenue requirement of \$212.897 million, which is \$168.627 million more than PG&E's currently authorized decommissioning revenue requirement of \$44.27 million.

On March 13, 2013, Assigned Commissioner Ferron and Administrative Law Judge ("ALJ") Darling presided over a joint prehearing conference during which PG&E's NDCTP application was consolidated with Southern California Edison Company's ("SCE") and San Diego Gas & Electric Company's ("SDG&E") joint NDCTP application. At the prehearing conference, Commissioner Ferron and ALJ Darling directed SCE to provide supplemental testimony consisting, in part, of an early decommissioning cost estimate for San Onofre Nuclear Generation Station ("SONGS") Units 2 and 3 assuming a permanent shutdown scenario. On April 26, 2013, SCE received an extension until June 3, 2013 to serve its supplemental direct testimony, which date was later extended to June 7, 2013. On June 7, 2013, SCE announced that

1 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>.

2 As adjusted through the advice letter true-up process described in PG&E's 2012 NDCTP application.

it would retire SONGS Units 2 and 3, and requested and received another extension to serve its supplemental testimony by June 24, 2013.

The June 17, 2013 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge (“Scoping Memo”) adopted a hearing schedule bifurcating the HBPP Unit 3 decommissioning cost estimate, SAFSTOR and reasonableness issues from all other NDCTP issues.³ Under the bifurcated schedule, the HBPP Unit 3 phase 1 issues were addressed in evidentiary hearings on August 7 - 8, 2013. The remaining issues include the determination of the appropriate revenue requirements for HBPP Unit 3 and Diablo Canyon. These issues are were addressed in evidentiary hearings October 21 - 25, 2013. At the conclusion of the hearing, the date for concurrent opening briefs was changed from November 22, 2013 to December 13, 2013, and the date for reply briefs from December 13, 2013 to January 14, 2014. Thus, a Commission decision adopting a revenue requirement is not likely to be issued before the second quarter of 2014.

III. THE REQUESTED RELIEF IS CONSISTENT WITH THE COMMISSION’S POLICY OBJECTIVES AND PRIOR PRECEDENT.

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 General Rate Case (“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, and allows sufficient time, for parties as well as decisionmakers,

³ Scoping Memo, *mimeo* at pp. 12-13.

for review and critical analysis of the record. SCE's proposal [for a GRC memorandum account] is consistent with these policy objectives.⁴

The Commission also explained that establishing interim revenue requirements avoids the bar against retroactive ratemaking.⁵

The Commission consistently grants PG&E's request for similar relief to that sought here in PG&E's GRCs. For example, on April 22, 2013, the Commission granted PG&E's motion to make its 2014 test year GRC revenue requirement effective as of January 1, 2014, even if the Commission issues a final decision after that date⁶. That decision also granted PG&E's request for the recovery of interest. The Commission granted analogous relief in PG&E's 2003, 2007 and 2011 GRCs.⁷

The Commission frequently adopts interim revenue requirement accounting mechanisms for other utilities as well, even when only a possibility exists that the Commission might not issue a timely final decision.⁸ Indeed, the Commission recently granted similar relief to the Golden State Water Company where Golden State Water Company filed its motion for relief before the Commission had issued its scoping memorandum. "Such authorization advances our previously stated policy objectives of holding utility shareholders and ratepayers harmless for any required procedural delays, removing incentives for any party to seek or promote delay, and providing parties and decision makers with sufficient time to review and analyze the record."⁹

IV. THE REQUESTED RELIEF IS APPROPRIATE IN THE CONTEXT OF THIS NDCTP.

In this Motion PG&E is seeking an order that, although the Commission is not expected to issue a decision until sometime after January 1, 2014, the revenue requirement ultimately adopted by the Commission will be effective January 1, 2014. The Commission frequently issues the relief requested here in the context of GRCs. It is also appropriate in the context of

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

5 D.03-05-076, *mimeo* at p. 6.

6 D.13-04-023, *mimeo* at p. 6.

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

8 See D.12-08-006, *mimeo* at p. 2 n.2.

9 D.12-08-006, *mimeo* at p. 4.

this NDCTP in order to avoid retroactive ratemaking issues; minimize rate fluctuations and avoid the possibility of temporarily underfunding the HBPP Unit 3 Decommissioning Trusts.

PG&E's 2012 NDCTP application assumes Commission authorization to begin recovering its new nuclear decommissioning revenue requirement through CPUC-jurisdictional rates on January 1, 2014; however, under the Phase 2 hearing schedule, PG&E will not receive a final decision adopting the adjusted nuclear decommissioning revenue requirement until sometime after January 2014. By issuing an order granting PG&E the requested relief before December 31, 2013, the Commission will avoid any retroactive ratemaking concerns.

Absent the requested relief, PG&E would need to collect its incremental rate increase for 2014 in 2015 in addition to the new 2015 revenue requirement. PG&E is already proposing a significant change in rates. The revenue requirement would then reset in 2016 to the revenue requirement provided in PG&E's NDCTP application for 2016, which would then be significantly less than the revenue requirement in effect during 2015. If PG&E's motion is granted, PG&E will include the 2014 nuclear decommissioning revenue requirement in one of its non-Annual Electric True-Up rate changes in 2014, which will allow PG&E to more efficiently manage implementation of the nuclear decommissioning revenue requirement increase for the benefit of customers.

Further, HBPP Unit 3 is under active decommissioning and the HBPP Unit 3 Trusts are being drawn down. The requested relief will avoid the possibility of the HBPP Unit 3 Trusts running a negative balance.

V. CONCLUSION

For PG&E and its customers to remain relatively indifferent to the timing of the final decision in this NDCTP, any revenue changes must be made effective January 1, 2014. In addition, the decision authorizing the January 1, 2014 effective date of any increase or decrease should be issued prior to the end of 2013 to avoid potential claims of retroactive ratemaking.

For the foregoing reasons, PG&E respectfully requests that the Commission issue an order on or before December 31, 2013, directing that the revenue requirement adopted in this

proceeding shall be effective as of January 1, 2014, and subject to interest based on a Federal Reserve three-month commercial paper rate, even if the Commission issues a final decision in this proceeding after that date.

Respectfully submitted,

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