

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

Order Instituting Rulemaking to Develop a
Risk-Based Decision-Making Framework to
Evaluate Safety and Reliability Improvements
and Revise the General Rate Case Plan for
Energy Utilities

R.13-11-006
(Filed November 14, 2013)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)
REPLY COMMENTS**

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Pacific Gas and Electric Company (PG&E or the Company) submits these reply comments concerning the California Public Utilities Commission's (Commission or CPUC) order instituting rulemaking (OIR) into the Rate Case Plan (RCP). These reply comments respond to the opening comments submitted by others.^{1/}

First and foremost, the RCP needs meaningful changes to prioritize safety and reliability. Many parties voice support for the notion of an increased focus on safety and reliability in ratemaking, but few recommend significant changes to the RCP in order to promote such a focus. To their credit, CCUE, ORA, TURN and UWUA support special procedures in the RCP to deal with such issues.^{2/} PG&E discusses their proposals more fully below. To be clear, improved risk analysis will add complexity to the rate case process. Therefore, the rest of the case will need to be streamlined to effect improvements on the OIR's goals of efficiency and transparency.

^{1/} On January 15, 2014, the following entities submitted comments on the OIR: California Farm Bureau Federation (CFBF), the Coalition of California Utility Employees (CCUE), Energy Producers and Users Coalition (EPUC), ExxonMobil Power and Gas Services, Inc. (Exxon), Liberty Utilities (CalPeco), Mussey Grade Road Alliance (Mussey Grade), the Office of Ratepayer Advocates (ORA), PacificCorp and Bear Valley Electric Service (PacificCorp/BearValley), San Diego Gas & Electric Company and Southern California Gas Company (collectively, Sempra), San Diego Consumers' Action Network (SDCAN), Southern California Edison Company (SCE), Southern California Generation Coalition (SCGC), Southwest Gas Corporation (Southwest Gas), Tesoro Refining & Marketing Company (Tesoro), The Utility Reform Network (TURN), Utility Consumers' Action Network (UCAN), Utility Workers Union of America (UWUA), and PG&E. Unless otherwise indicated, PG&E's citations herein are to parties' January 15 opening comments.

In addition, Senator Jerry Hill notified the OIR service list of proposed legislation addressing similar topics to those covered in the OIR. In accordance with guidance provided by CPUC staff to the service list, PG&E is not addressing Senator Hill's proposed legislation in the OIR and, instead, will provide input through the legislative process.

SDCAN's comments call for redesigning the utilities' business model, explaining that "most of the questions posed in the OIR cannot be answered without establishing the nature of the business model and related specific goals and objectives for California IOUs going forward." (SDCAN, p. 3.) SDCAN's comments are thus beyond the scope of this OIR. Tesoro explicitly asks that "the scope of the OIR should be expanded" to include safety and reliability considerations "pertinent to oil and product pipe lines." (Tesoro, pp. 2-3.) PG&E has not addressed SDCAN's or Tesoro's issues that are outside the scope of this proceeding. Should the Commission choose to expand the scope of the OIR, PG&E seeks appropriate notice and the opportunity to address such issues.

^{2/} CCUE, pp. 3-5; ORA, pp. 3-4; TURN, pp. 5-9; and UWUA, pp. 10-12.

Second, the RCP should establish clear goals and deadlines that lead to a timely decision. Whatever schedule the Commission may adopt for GRCs, PG&E will meet that schedule. Like SCE, PG&E's primary concern is that the Commission should adopt a realistic schedule that will be adhered to by all parties and the Commission, and that will routinely and predictably lead to a timely decision.^{3/} PG&E takes issue with TURN's suggestion that decisions can reasonably issue in the test year.^{4/} Ideally, the decision would be made prior to the fourth quarter preceding the test year in order to plan properly for the test year, but PG&E understands that such a goal may be difficult to achieve. PG&E has focused its comments on attaining a final decision in the fourth quarter prior to the test year.

Third, parties cannot seek greater precision and accountability in forecasting, while at the same time lengthening the process at both ends. PG&E is concerned about parties' dual calls for (i) lengthening the rate case period and (ii) calling for tighter accountability or oversight into utility spending.^{5/} Given challenges in forecasting and uncertainty in the adequacy of attrition mechanisms, the longer the time between submission of the initial forecast and the end of the set attrition period, the more parties should expect (i) variances between forecasted and actual spending and (ii) less accuracy in risk analysis. SCGC has described this concern about outdated information well.^{6/}

The remainder of these reply comments are divided into four main sections. In the first section, PG&E discusses, by topic, some of the key issues raised by parties in their opening comments. In the second section, PG&E presents a description and timeline of a plan for conducting a large utility GRC Phase 1.^{7/} In the third section, PG&E responds to specific issues

^{3/} SCE, p. 2.

^{4/} TURN, pp. 21-22.

^{5/} See, e.g., TURN, pp. 16-17.

^{6/} SCGC, p. 2.

^{7/} PG&E's comments, and general references to "utilities" herein, are intended to refer to the large three energy utilities in the state (i.e., SCE, Sempra and PG&E). PG&E acknowledges the difference between its operations and those of the smaller utilities in the state, as pointed out in several parties' opening comments.

raised by the parties concerning Sections 4.1 through 4.6 of the OIR. In the fourth section, PG&E recommends a general schedule and list of issues that should be addressed in workshops.

I. KEY ISSUES BY TOPIC

In this section, PG&E addresses the following topics: (i) safety and reliability review, (ii) overall schedule, (iii) length of interval, (iv) consolidation of proceedings, (v) level of review/evidentiary burden and (vi) reporting requirements.

A. Safety and Reliability Review

The primary purpose of this OIR is to improve the level of risk-based decision-making in rate cases in order to focus on safety and reliability.^{8/} This purpose is consistent with the “safety first” focus of Senate Bill 705, mentioned by parties in their comments.^{9/} The outcome of this proceeding should thus produce meaningful changes to the RCP necessary to prioritize safety.

In general terms, PG&E supports the approaches described by CCUE, TURN and UWUA insofar as they focus on the technical review at the outset of the case. The timing recommended by these parties is early, with both CCUE and TURN having the utility commence a formal technical phase in March.^{10/} Given the long lead times necessary for the preparation of GRC forecasts, this means that the utility work plan would need to be defined the year prior to the filing year. Parties need to understand that this timing will likely lead to greater divergence between forecasted and actual expenditures. PG&E proposes that, if the Commission were to support a schedule like that proposed by CCUE or TURN, the Commission should schedule the filing for April and limit the scope to only include information relevant to gas operations, electric operations and energy supply. Plans for the other lines of business, as well as the overall revenue requirement calculations, should follow and be included in the subsequent phase.

While PG&E is open to further discussion through the workshop process, ORA’s proposal for a separate proceeding dedicated to a long-term safety plan appears unnecessary and

^{8/} OIR, p. 10.

^{9/} UWUA, p. 4; TURN, p. 5.

^{10/} CCUE, p. 5; TURN, p. 20.

complex.^{11/} Among other things, ORA calls for the establishment of “cost caps” in the safety plan, although it is not clear how evidence would be submitted or evaluated to determine such caps, without becoming a GRC-type proceeding.^{12/} ORA expects that the safety plan would lead to the development of a project list for 10-20 years.^{13/} No such list exists today at PG&E, nor is it conceivable that such a list could be developed with a level of precision that would make it useful for the outer years. PG&E believes that the safety and reliability analysis sought through this OIR can more readily be achieved by early phasing of the issues, such as proposed by other parties and elaborated upon by PG&E below.

PG&E believes that the most effective and efficient approach to safety and reliability is to engage technical consultants early in the GRC process, eliciting a technical report on the utility’s safety and reliability plans. That report, along with any adjustments to its work plan provided by the utility, can meaningfully guide the GRC process with minimal disruption to other aspects of the process.

B. Overall Schedule

In this proceeding, the Commission will need to resist (and reverse) the desire among some parties to bring more issues and complexity into the case in order to create a more streamlined and less burdensome process. Historically, the Commission has imposed few restrictions on discovery and even has issued Companion Order Instituting Investigations (OII) that allowed parties to pursue issues not otherwise addressed in the utility’s application. This promoted an atmosphere of openness and transparency, which PG&E has supported. Reflecting a similar spirit of openness, several parties have suggested additional information or issues to be covered in the GRC, without concomitant reductions in scope. Needless to say, the likely result of any expansion of issues would be to lengthen the time necessary to process these cases. The

^{11/} ORA, p. 3.
^{12/} ORA, p. 4.
^{13/} ORA, p. 4.

GRC needs to balance these objectives in the future, if the administrative burden on all is to be lessened.

TURN suggests that there is little downside in allowing the final decisions to be issued in the first quarter of a test year.^{14/} PG&E disagrees. It is bad business and bad regulatory policy not to issue revenue requirement decisions prior to the time such rates go into effect.^{15/} Commencing rate relief at the start of the test year, no matter when the decision issues, is a partial mitigation measure but it is by no means a replacement for a timely decision. This is because revenue requirements have real world consequences in terms of the work that will be done and when it will be done. The importance of these cases is why the Commission has issued this OIR and so many parties have provided input. The longer the uncertainty into a utility's revenues,^{16/} the longer such projects could be delayed.

Accordingly, PG&E urges the Commission to pursue all possible measures to improve the timeliness of GRC decisions. The parties have mentioned several ideas that should be embraced, such as the use of two ALJs and the elimination of the NOI.^{17/} As the OIR progresses and one or more workshops are convened, more ways should be sought to trim time off the RCP. TURN's suggestion to allow these cases to bleed into the test year should be rejected out of hand.

C. Length of Interval

Parties appear divided between the use of a three-year interval and a four-year interval.^{18/} Unless the status quo approach to post-test year ratemaking is changed, PG&E opposes any

^{14/} TURN, pp. 21-22.

^{15/} See Resolution M-4706, *mimeo*, p. 2 (“The modification providing for alternate test years is consistent with the Commission’s original intention to have a decision to issue prior to the start of the test year”).

^{16/} Substantial uncertainty arises, in part, due to the great divergence of parties’ positions in GRCs. For example, in PG&E’s last GRC, PG&E sought a \$1.2 billion increase to its revenue requirement. In contrast, ORA proposed an actual decrease.

^{17/} See, e.g., ORA, p. 11 (use of two ALJs); CCUE, p. 12 (elimination of the NOI); EPUC, p. 7 (“an NOI serves little purpose”).

^{18/} Supporting the existing cycle: SCE, p. 9 (“the current three-year cycle. . .should continue”); Sempra, p. 6 (the current interval “has proved over time to be the most valuable”); EPUC, p. 6 (no “need to modify the current three-year” cycle); CalPeco, p. 9 (“a three-year case cycle has served it and all

lengthening of the three-year cycle. Nothing in the comments of those parties supporting a four-year cycle diminishes PG&E's concerns that post-test year ratemaking has often been insufficient to support utilities' increasing capital needs. Nor have the comments of those parties spoken to the problem of decreasing accuracy in forecasting as intervals lengthen. This is a particular problem in light of the Commission's objective to improve risk-informed decision-making. As forecasts become "softer" in the outer years of a rate case cycle, the likelihood of emerging risks also increases.

D. Consolidation of Proceedings

Most parties rightly dismiss the idea that Phases 1 and 2 should be consolidated for the three large utilities.^{19/} Recognizing the heavy workload already pressing on Phase 1, TURN suggests that some of the larger project could be moved out of Phase 1 to facilitate the processing of remaining issues.^{20/} Deployed wisely, TURN's suggestion is a useful one and has been used by the Commission effectively in the past. For instance, in PG&E's 2007 GRC, the Commission delayed consideration of PG&E's proposal to close its front counters until Phase 2 of that proceeding.^{21/}

ORA suggests that the Commission "could consider" incorporating all utilities' cost of capital cases and PG&E's nuclear decommissioning case into the GRC.^{22/} ORA concedes that consolidating these cases "would not necessarily reduce the complexity of the GRC," but would rather have the benefit of eliminating separate applications for these matters.^{23/} It is not clear to PG&E to what degree ORA supports such a consolidation, but there is no doubt that such a consolidation would burden and slow Phase 1. As both the cost of capital and nuclear

stakeholders well"); PacificCorp/BearValley, p. 4 ("see no need for a change in the existing process to prescribe a set interval"); SCGC, p. 2 ("strongly opposes lengthening the filing requirement").

Supporting a longer cycle: CFBF, p. 2 (four years is "appropriate for consideration"); ORA, pp. 6-7 ("four years for the large energy utilities"); TURN, p. 14 ("4-yr GRC cycle for each of the major jurisdictional utilities").

^{19/} SCE, p. 20; Sempra, p. 11; CCUE, pp. 12-13; ORA, p. 16; TURN, p. 36 and SCGC, p. 5.

^{20/} TURN, p. 23.

^{21/} See D.07-05-058, *mimeo*, pp. 3-4.

^{22/} ORA, p. 14.

^{23/} ORA, p. 14.

decommissioning cases are currently addressed through combined proceedings with the large utilities, inefficiencies will result if such issues are addressed separately in each utility's GRC.

E. Level of Review/Evidentiary Burden

TURN proposes a fairly prescriptive manner of providing evidence in future GRCs, ostensibly as a way of facilitating the processing of cases.^{24/} PG&E welcomes further dialogue on this subject. However, TURN's proposal has skipped an important first step, which is to address the threshold issues of why the evidence in GRCs has become so detailed and voluminous.

In PG&E's 1999 GRC, the Commission found in a multitude of areas that PG&E had not provided adequate justification for its forecast.^{25/} In the 1999 GRC, PG&E offered far less evidence than provided in its most recent rate case. In 1999, PG&E offered 45 witnesses and provided about 1,300 pages of opening testimony. In PG&E's 2014 GRC, PG&E offered 84 witnesses and provided over 3,500 pages of opening testimony. Discovery has seen an even larger increase. In the 2014 GRC, PG&E responded to nearly 10,000 individual data requests, up from about 7,500 in the 2011 GRC, which was up from about 5,000 in the 2007 GRC.

PG&E's 2014 GRC provided more detailed evidence than ever before. Nonetheless, intervenors, including TURN, complained that the level of detail provided — including on small programs and issues — is insufficient. There will be no meaningful progress on this escalation unless and until the Commission provides direction. Therefore, PG&E urges the Commission to address the threshold issue of what constitutes an expected level of evidence before running through a prescriptive model such as that advocated by TURN.

PG&E opposes TURN's proposal that all data request responses should be stipulated into evidence as a matter of right by the requesting party.^{26/} As a practical matter, PG&E generally does stipulate such responses into evidence, but, as a legal matter, it is important to recognize

^{24/} TURN, pp. 27-34.

^{25/} D. 00-02-046.

^{26/} TURN, pp. 23-24.

that the legal standards for discovery and admissibility differ. PG&E often responds to data requests reserving the right to oppose the introduction of such material into evidence. This right should be preserved.

F. Reporting Requirements

Several parties call for utilities to have greater accountability over their spending during rate case cycles, seeking to compare spent amounts to those forecasted or authorized.^{27/} Some of these parties are also the same parties calling for an extended GRC cycle, which will necessarily introduce greater uncertainty into forecasts.^{28/} PG&E believes that utilities need to have flexibility in their spending to address emerging issues. PG&E also understands that it should have accountability over its funding decisions. This accountability should be viewed in light of the reports already submitted by the utilities.

TURN is most specific in its proposal for increased reporting.^{29/} TURN does not mention that PG&E already provides reports nearly identical to those that TURN would prescribe.

II. PG&E RECOMMENDED PLAN AND TIMELINE FOR GRC PHASE 1

PG&E has prepared a recommended plan and timeline for Phase 1 of the GRC^{30/} based on its initial proposal and comments made by others. PG&E's plan supports:

- a role for the Safety and Enforcement Division (SED) as recommended by ORA, and others;
- a focus on safety and reliability in the first phase of the case, as recommended by CCUE, TURN and UWUA;
- submission of the application earlier, as recommended by SCGC;
- submission of the filing to ORA on a schedule to avoid overlap with other GRCs, as

^{27/} See, e.g., Exxon, pp. 4, 8-9; EPUC, p. 8, TURN, pp. 16-17; SCGC, pp. 6-7; Tesoro, p. 7.

^{28/} See, e.g., TURN, pp. 14, 16-17.

^{29/} TURN, pp. 16-17.

^{30/} PG&E supports a similar approach for its GT&S case, which could be shortened due to the lack of an NOI and that case's reduced scope of issues.

recommended by ORA and TURN;^{31/}

- the acceleration of certain administrative events (such as holding the prehearing conference), as recommended by CCUE;
- the use of two ALJs, as recommended by ORA.

Under PG&E's proposal, PG&E would first work with SED staff prior to the filing year in order to determine one or more technical consultants to review PG&E's operational plans. Once the consultant(s) are determined, PG&E would contract with such consultants to prepare a technical review of its operational plans. The technical review would be delivered jointly to SED and PG&E upon its completion

Prior to submittal of its case, PG&E would work with the technical consultant to bring the consultant up to speed regarding PG&E's operations, the condition of its assets, and the nature of the work PG&E intends to submit in the application. This advance work would prevent a "cold start" for the consultants after the submittal of the case and would speed the issuance of the technical report.

PG&E's proposal also calls for deadlines not only for the utility's submittal of the case, but also deadlines for parties' participation in the case. These deadlines would allow for predictability and enable the Commission to ready resources for processing of the cases. Hence, there would be no need for delay in the assignment of Commissioners and ALJs, or the scheduling of events such as the Prehearing Conference.

^{31/} ORA and TURN recommend submission on September 1 in order to prevent overlap with other utility GRCs. This is based on the current GRC schedule in which hearings and briefing are taking place over the summer. In PG&E's proposed schedule, reply briefs are completed in mid-June, which prevents overlap with the start of a subsequent case on July 1.

April 1 – SED commences technical review over draft operational plans	
<i>If the NOI is eliminated:</i>	<i>If the NOI is retained:</i>
July 1 – Utility files the Application; Commissioner and two ALJs are assigned	July 1 – Utility submits NOI to ORA for deficiency review and SED continues the technical review of operational plans
July 15 – Prehearing Conference is held	August 1 – ORA provides list of deficiencies
September 1 – SED’s technical review is completed	September 1 – SED’s technical review is completed
November 15 – Utility revises operational plans in response to technical review (if necessary)	November 15 – Utility files application, including revisions to operational plans in response to technical review (if necessary); Commissioner and two ALJs are assigned
	December 1 – Prehearing Conference is held
February 1 – ORA submits report	
February 15 – Other parties submit opening testimony	
March 15 – All parties submit rebuttal	
March/April – Public participation hearings held	
April 1-31 – Evidentiary hearings held	
May 30 – Opening Briefs filed	
June 20 – Reply Briefs filed	
July – Update Testimony filed, if necessary	
November – Proposed Decision issues	
December – Final Decision issues	

PG&E understands that the above schedule would not allow for historic timeframes for issuance of a final decision. In the table below, PG&E has tallied the amount of time required to prepare a final decision for PG&E’s last four GRC cycles, three of which included major settlements.

General Rate Case Test Year	Calendar Days from Reply Briefs or Motion for Settlement to Final Decision
2011	202
2007	206
2003	232
1999	440

In order to succeed, PG&E’s proposed schedule -- which allows about 150 calendar days for issuance of a final decision -- may be dependent on the Commission’s appointment of two ALJs. If the Commission remains concerned that the above schedule would not allow for a final decision by December, the Commission should commence the process earlier and provide ORA and other Commission offices with the additional resources to process GRCs more quickly.

PG&E supports, and would actively lobby before the legislature for, greater resources for the Commission.

III. REPLIES TO OTHERS' COMMENTS ON SECTIONS 4.1 THROUGH 4.6

The OIR set forth several questions in Sections 4.1 through 4.6, to which the Commission asked parties to respond. Accordingly, PG&E has set forth below the Commission's questions in bold text and italics, followed by PG&E's replies to the comments made by others.

4.1. Process to Provide Appropriate Analysis and Testimony on Safety and Risk Management

PG&E Reply: Most parties were dismissive of CEQA as a formal precedent to follow in their opening comments, as was PG&E.^{32/} The only party that expressed support for the CEQA process appears to have been TURN,^{33/} but PG&E understands TURN's comments as not supportive of the CEQA process *per se*, but rather as supportive of a process in which the Commission obtains technical expertise, as necessary, to prepare an independent analysis that is subject to public review and comment. If so, PG&E and TURN are in accord. PG&E also supports these objectives and believes that its proposal to incorporate an SED-approved technical review early on in the process that would be subject to public scrutiny would address TURN's objectives.

4.2. Comprehensive Review of Safety, Reliability, Security, and Risk Management in the Utilities' GRC Applications

1. How should the Commission develop a new RCP for energy utilities in a way that will link strategy and goals to resource allocation? What kind of reporting requirements are needed in order to identify the framework, method, practices and activities used in assessing risk of safety, security, and/or reliability deficiencies and linking it to the requested funding in a GRC?

PG&E Reply: Please see the discussion of reporting requirements in Section I.F. Additionally, EPUC and Exxon advocate additional reporting regarding safety and reliability incidents. For instance, EPUC recommends reporting via Tier III Advice Letter "of any incident

^{32/} See e.g., EPUC, p. 3 (the process need not be "as complex as required by" CEQA); CalPeco, p. 3 (a CEQA-type review process "would add complexity, administrative costs and time").

^{33/} TURN, p. 12.

affecting the system’s system or the safety or reliability of its deliveries to customers within 30 days.”^{34/} Exxon proposes that electric utilities report to the Commission “and any affected customers within 30 days of a significant power disruption or other major incidents relating to reliability or safety.”^{35/} Exxon would define “major incidents” as those that result in “disruptions including a shutdown of machinery or disruption of commercial operations for a large industrial utility customer.”^{36/} A few pages later, Exxon admits that “It is widely understood that weather events, fallen vegetation, stray balloons, and bird collisions. . .can result in system disruptions.”^{37/} Accordingly, EPUC’s and Exxon’s proposals are overbroad and unnecessary.

PG&E already regularly submits to the Commission reports on reliability as well as reports about major incidents. Furthermore, PG&E has representatives dedicated to the accounts of its larger customers who are there to answer – and do answer – the types of questions sought in these reports. PG&E does not believe that the additional reporting suggested by Exxon and EPUC is necessary.

2. *What criteria should be used by the Commission to evaluate whether a utility has produced an adequate risk-informed GRC filing?*

PG&E Reply: PG&E made the point in its December 20 responses and its opening comments that what constitutes an adequate risk-informed GRC filing will evolve considerably in the coming years. Few parties explicitly recognize this in their comments, but it is an important point for the Commission to keep in mind as it charts its course for this OIR.

3. *Is the development of safety, reliability, and security assessment and review tools that could be used internally or externally desirable and sufficient for investment review purposes?*

PG&E Reply: PG&E has nothing further to add.

4. *Who should bear the cost of developing safety assessment and review tools that the Commission might be using?*

^{34/} EPUC, p. 4.

^{35/} Exxon, p. 4.

^{36/} Exxon, p. 4.

^{37/} Exxon, p. 7.

PG&E Reply: PG&E believes that there is general consensus among the parties that the costs to be incurred by utilities in developing the tools, reports, or whatever may be required by the RCP should be subject to recovery just as any other GRC costs are currently.^{38/}

4.3. Timing of the GRC Applications

1. *What should be the interval between GRCs for energy utilities? Should all energy utilities be treated uniformly? What should the schedule look like in the coming years?*

PG&E Reply: Please see the discussion of intervals in Section I.C.

2. *How can we determine the timing of the incoming NOIs as well as the attrition years in order to reduce pressure on workload and allow adequate time for careful analysis?*

PG&E Reply: PG&E has nothing further to add.

3. *Under any of these scenarios, what consequence(s) should follow from utility's failure to meet its filing deadline under the plan?*

PG&E Reply: PG&E appreciates the acknowledgment in several parties' comments that the utilities have not, for the most part, failed historically to meet their RCP filing deadlines.

PG&E has nothing further to add.

4. *Under any of these scenarios, what review of utility spending should occur in the intervening years?*

PG&E Reply: Please see the discussion of reporting in Section I.F.

4.4. RCP Schedule

1. *Aside from the interval between cases, how prescriptive should the RCP be regarding the schedule for the case itself?*

PG&E Reply: Several parties call for flexibility in the RCP.^{39/} Other parties, including PG&E, call for the plan to be more prescriptive.^{40/} PG&E believes that being prescriptive (for the larger utilities) and holding to that schedule will allow cases to be processed more efficiently. As mentioned above, by having set filing dates, the Commission can allocate resources more effectively and can be ready to hit the ground running when a case is filed. With prescriptive dates, PG&E is aware of no reason why a Commissioner and ALJs cannot be assigned immediately to the case, with subsequent tasks occurring more rapidly.

^{38/} See, e.g., TURN, p. 13.

^{39/} See, e.g., CCUE, pp. 8-9; ORA, pp. 8-9; TURN, pp. 17-18.

^{40/} See, e.g., PG&E, p. 7; Sempra, p. 8.

2. *In what ways can the Commission improve the schedule such that all parties are provided with adequate time for meaningful contributions to the case?*

PG&E Reply: SCE proposes three modifications to the Phase 2 schedule: (1) move the application deadline for Phase 2 from Day 90 to Day 220; (2) eliminate one set of hearings; and (3) change the effective date of rate changes from the first Sunday in June to the first day of June.^{41/} PG&E supports SCE's second and third proposals. With regard to the second proposal, PG&E recommends eliminating the update hearings and holding one set of hearings after rebuttal testimony has been filed. PG&E does not support SCE's first proposal to push out the filing date by over four months which PG&E believes will unnecessarily delay the proceeding and implementation of Phase 2 rate proposals.

3. *Are there any stress points where all parties need extra time or any interval which is not spent efficiently?*

PG&E Reply: TURN's comments show that over the last eight large GRCs, ORA took from 115 to 260 days to prepare its opening testimony following the application, an average of over 160 days.^{42/} This amount is far greater than the 77 days currently allowed under the RCP.^{43/} Importantly, the numbers provided by TURN take no account of the time ORA has to process and digest the testimony following submittal of the NOI. If such time was taken into account, these periods would increase by 100 days or more. This is too much time.

ORA's comments appear to urge an April due date for its testimony, which would be 8 months, or about 240 days, following submittal of an NOI. This is excessive. PG&E's schedule (above) gives ORA about 210 days following the NOI. Nothing more should be required.

4. *How much latitude should parties have to adjust the timing in particular rate cases, for example, to build in time for settlement efforts?*

PG&E Reply: PG&E has nothing further to add.

^{41/} SCE, pp. 12-13.

^{42/} TURN, Attachment 1.

^{43/} D.07-07-004, *mimeo*, pp. A-2, A-22.

5. *How may additional safety review by the Commission and by other parties affect the RCP schedule?*

PG&E Reply: PG&E remains optimistic that the technical review envisioned by this OIR can be done without materially delaying the rate case schedule. However, it needs to be acknowledged that adding risk-informed safety and reliability assessments to the RCP will increase the complexity of future GRCs. To accommodate this change, other aspects of the RCP need to be shortened and simplified, not made more lengthy and complex as some parties are suggesting. This is one of the reasons PG&E is recommending elimination of the NOI.

4.5. *Uniform Application of the Provisions of the RCP*

1. *Are these or other differences relevant for purposes of the RCP? If there are material differences, should they be reflected in the plan itself or addressed case-by-case?*

PG&E Reply: PG&E should have been clear in its opening comments that its comments were meant to pertain to the larger utilities. PG&E acknowledges the difference between its operations and those of the smaller utilities. PG&E takes no position regarding how the RCP should apply to the smaller utilities and, to be clear, meant to take no such positions in PG&E's opening comments.

2. *How much variation (if any) should be allowed between different utilities, between the gas and electric industries, or on any other basis?*

PG&E Reply: UCAN urges the Commission to "require information for not just safety, but information from all aspects of a utility's operations, common to all the [utilities] in a standardized way that will allow for easy cost comparisons between the utilities."^{44/} PG&E has not received many such complaints, if any, in recent years. Instead, PG&E has heard complaints from parties when PG&E has tried to change a manner of presentation.

It is not clear to PG&E that the concern raised by UCAN is shared by others, but a better solution to the issue is to seek standardized information in the Master Data Request, not by the prescriptive manner that UCAN advocates. As UCAN recognizes, "Each IOU is unique."^{45/} By

^{44/} UCAN, p. 2 (un-numbered).

^{45/} UCAN, p. 3 (un-numbered).

forcing each utility into a standardized prescriptive manner of presentation, the Commission will be creating inefficiencies, not eliminating them.

4.6. Reducing Complexity

1. *Should particular features of the current RCP for energy utilities be updated, or even discarded? How could the Commission reduce complexity of the filings?*

PG&E Reply: Please see the discussion of PG&E’s proposed revisions to the process set forth in Sections I and II.

2. *What kind of process changes might be helpful for stakeholders to enable them to review the application in an expedited manner? For example, would a presentation by the utility filing the application right after the submittal be helpful to familiarize the stakeholders with the application early in the process?*

PG&E Reply: PG&E reiterates its support for, and belief in the value of, informational workshops such as those acknowledged to be helpful by certain parties in their comments.^{46/}

3. *What kind of process changes would be helpful for the general public to better understand the impact of rate case[s] and participate in the proceeding?*

PG&E Reply: CFBF and EPUC suggest that notice be provided to customers regarding the timing and magnitude of rate changes such that customers can plan for and/or modify their operations as appropriate.^{47/} PG&E believes that notices currently provided at the time of filing rate change applications are sufficient for rate changes where there are no significant changes to revenue allocation or rate design. PG&E supports providing additional notice to customers when there are material changes to revenue allocation and rate design but believes that the need for such notice, as well as the means of providing the notification and the funding for such notification, should be decided on a case-by-case basis.

EPUC further states that part of the Commission’s objective should be “to aggregate and minimize the frequency of decisions affecting rates.”^{48/} PG&E looks for ways to minimize changes in rates. There are several recent examples where PG&E worked with the Commission

^{46/} CCUE, p. 11-12; EPUC, p. 10.

^{47/} CFBF, p. 4; EPUC, pp. 6-7.

^{48/} EPUC, p. 2.

to combine close-in-time rate increases with rate decreases in order to minimize impacts on customers. PG&E expects this practice to continue.

PG&E would be pleased to work with CFBF, EPUC and other interested parties to discuss these issues further.

4. *How effective is the NOI? Would the Commission and the parties be better served by simply having the utility file its application earlier than it does now?*

PG&E Reply: Please see the discussion of PG&E’s proposed revisions to the process set forth in Sections I and II. PG&E understands that ORA and TURN support the continued use of the NOI and, for that reason, PG&E has developed two possible schedules for Phase 1 of the GRC, one with the NOI and the other without. As these schedules reveal, elimination of the NOI should promote earlier and better engagement with all parties, not just ORA. It would also engage broader Commission review earlier, thereby putting less pressure on the Commission to complete the process prior to the test year.

5. *Whether or not the NOI is retained, should the “master data request” be reviewed and possibly updated? How can we modify the “master data request” in order to streamline the data requests and reduce the amount of unused data?*

PG&E Reply: PG&E has nothing further to add.

6. *Even more fundamental, does the current division of GRCs between a “Phase 1” (results of operations/revenue requirement) and a “Phase 2” (rate design) [for Cost Allocation Proceeding for major gas utilities] need to be reconsidered and reformulated?*

PG&E Reply: Please see the discussion of consolidation issues in Section I.D.

IV. GENERAL SCHEDULE AND CONTENT FOR OIR WORKSHOPS

PG&E understands that the Commission is preparing a straw proposal that will be used to guide at least one workshop in this proceeding.^{49/} PG&E agrees that one or more workshops would be useful. PG&E supports Sempra’s suggestion of first addressing substantive issues, then moving to procedural issues.^{50/} Some substantive workshops may, in fact, help guide the development of the straw proposal.

^{49/} OIR, p. 13.

^{50/} Sempra, p. 2.

With this in mind, PG&E recommends the following order, and general content, for workshops.

- Substantive Workshop(s):
 - o Risk Assessment Case Study – PG&E would be pleased to participate in a “case study” of how it is currently using its Enterprise Risk Management Process and its Risk Evaluation Tool to manage risk at PG&E. PG&E could also explain in more detail how it has proposed to improve its risk showing for the 2017 GRC.
 - o Definitions and Terminology – PG&E supports Sempra’s suggestion for a workshop discussion to develop and promote consistency in terminology. This discussion may benefit from the participation of risk professionals from consulting firms or other entities in order to proffer definitions and field questions.
 - o Safety and Reliability Review – PG&E supports a workshop discussion to better define the contours of a technical review. Several parties, including PG&E, have expressed support for a technical review, but there are differing perspectives regarding who would perform the review, what it would cover and when it would be done.
- Procedural Workshop(s):
 - o Evidentiary Issues – PG&E supports a workshop discussion on evidentiary issues such as the content of the Master Data Request, the proposals by ORA and TURN concerning the content of applications, as well as the concerns raised by the utilities about increasing evidentiary demands.
 - o Reporting and Accountability – PG&E supports a workshop discussion on the interplay between the interval between rate cases, inherent limitations in forecasting, and certain parties’ desire for greater accountability and reporting over amounts spent by utilities during the rate case cycle. As part of this discussion, PG&E recommends the current reporting requirements be reviewed in

