

**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.

Rulemaking 13-11-006
(Filed November 14, 2013)

**JOINT REPLY COMMENTS OF
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E),
BEAR VALLEY ELECTRIC SERVICE (U 913-E), A DIVISION OF GOLDEN STATE
WATER COMPANY, AND PACIFICORP (U 901-E) ON SCOPE OF ISSUES AND
QUESTIONS RAISED IN ORDER INSTITUTING RULEMAKING**

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January 30, 2014

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Pursuant to Ordering Paragraph 4 in the *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* (“OIR”), Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty Utilities”), Bear Valley Electric Service (U 913-E) (“BVES”), a division of Golden State Water Company, and PacifiCorp, d/b/a Pacific Power (U 901-E) (“PacifiCorp”) (jointly, the California Association of Small and Multijurisdictional Utilities or “CASMU”)¹ provide reply comments on the scope of issues in the OIR and responses to the specific questions the OIR raises in Sections 4.1 through 4.6

In Opening Comments, the CASMU members expressed their support for the OIR’s important initiative to assess the current procedures for the Commission’s processing of utility general rate cases with the objective to better incorporate and prioritize safety and reliability issues. The CASMU members also stressed that the Commission conducts general rate cases for

¹ Pursuant to Commission Rule 1.8(d), PacifiCorp and BVES have authorized Liberty Utilities to sign and submit this filing on their behalf.

small IOUs in a manner that recognizes and accounts for the dramatically different circumstances of small IOUs as compared to the large IOUs.²

In Opening Comments, parties overwhelmingly supported the CASMU members' two key points: (i) safety and reliability issues should be better incorporated into utility general rate proceedings; and (ii) utility rate proceedings should have procedures which reflect the differences between the large and the small IOUs, and should be flexible to accommodate the particular needs of the participants in these proceedings.

The vast majority of the Opening Comments recognizes and appreciates the need for and benefits of the Commission maintaining its current practice to treat small and large IOUs differently. Accordingly, the Commission should not arbitrarily impose a one-size-fits-all approach for the processing of general rate cases. As one important example, the Commission's practice has been to conduct general rate cases for the CASMU members without the need for the utility applicant to first submit a Notice of Intent ("NOI") and this difference should be formally confirmed.

I. THE COMMISSION SHOULD CONTINUE TO PROCESS SMALL IOU RATE PROCEEDINGS DIFFERENTLY THAN LARGE IOU RATE CASES

As parties unanimously agree and applaud in their Opening Comments, in this rulemaking the Commission should seek to modify the rate case process for all utilities to better incorporate and prioritize safety and reliability issues.³ However, the parties also importantly

² See Liberty Utilities Opening Comments, at 1-3. See PacifiCorp and BVES Opening Comments, at 3 and 6.

³ See Office of Ratepayer Advocates ("ORA") Opening Comments, at 1-2; Utility Workers Union of America ("UWUA") Opening Comments, at 2; Utility Consumer's Action Network ("UCAN") Opening Comments, at 1; The Utility Reform Network ("TURN") Opening Comments, at 1; ExxonMobil Power and Gas Services, Inc. ("ExxonMobil") Opening Comments, at 1; Coalition of California Utility Employees ("CUE") Opening Comments, at 3; Southern California Edison ("SCE") Opening Comments, at 1; Tesoro Refining & Marketing Company ("Tesoro") Opening Comments, at 2; Energy Producers and Users Coalition ("EPUC") Opening Comments, at 2; Southern California Generation Coalition ("SCGC") Opening Comments, at 2; Pacific Gas and Electric Company ("PG&E") Opening Comments, at 1;

recognize that small IOUs are different from the three large IOUs and acknowledge that the general rate cases of small IOUs should be processed differently than the large IOUs.⁴

ORA offers a good summary of some of the important and relevant differences between the small and large IOUs that warrant preservation of the Commission's practice to employ different processes for their respective general rate cases:

As a general matter, the applications filed by the small energy utilities are much less complex than those filed by the major California utilities. Compared to the larger utilities, the small energy utilities' customer base is much smaller, the total revenues in California are much smaller and the systems are less extensive The filing of applications by these utilities is generally in the November to January time frame for rates effective the ensuing year.⁵

These significant differences between the small and large IOUs (which no party disputes) justify the Commission to absolutely refrain from arbitrarily imposing a one-size-fits-all approach and corresponding prescriptive rate case plan on both large and small IOUs. Instead, the Commission should continue its current practice of processing small IOU general rate cases in a manner which reflects their differences from the large IOUs and recognizes their respective unique circumstances.

California Farm Bureau Federation ("CFBF") Opening Comments, at 1; Mussey Grade Road Alliance ("MGRA") Opening Comments, at 1; San Diego Gas & Electric Company and Southern California Gas Company ("SDG&E/SoCalGas") Opening Comments, at 1.

⁴ See ORA Opening Comments, at 7; Southwest Gas Opening Comments, Appendix 1, at 4; TURN Opening Comments, at 26; SCE Opening Comments, at 16; Tesoro Opening Comments, at 5; PacifiCorp and BVES Opening Comments, at 6; PG&E Opening Comments, at 9; SDG&E/SoCalGas Opening Comments, at 10. Some Opening Comments did not take into account the differences between the small and large California IOUs and thus any suggestions by such parties of an advantage of uniformity among the utility general rate cases should be considered as commentary only on the large IOUs and to not address the ongoing imperative that the Commission conduct different general rate proceedings for the small IOUs.

⁵ ORA Opening Comments, at 7. PacifiCorp and BVES in their joint comments also note geography as another important difference that the Commission should consider. See PacifiCorp and BVES Opening Comments, at 6.

II. THE COMMISSION SHOULD FORMALLY STATE THAT CASMU MEMBERS NEED NOT FILE NOIS

As a practice and course of conduct, the Commission has not in recent years required CASMU members to submit NOIs as part of their respective general rate case process. The OIR solicited comments on the need for and implementation of the NOIs that the large IOUs submit as a necessary component of their general rate cases. The vast majority of Opening Comments either advocate that the NOI be eliminated for even the large IOUs or identify benefits associated with elimination of the NOI.⁶

ORA commented that NOIs do serve a useful purpose for its processing of large IOU general rate proceedings.⁷ However, ORA importantly distinguished its support for NOIs for the large IOUs with its position that NOIs are not necessary for small IOUs:

[Small and mid-sized IOUs should continue to] be permitted to file their GRC applications without an NOI. As previously discussed, the mid-sized and smaller energy company filings are much less complex in contrast to the large energy utilities.⁸

As one example among the CASMU members, Liberty Utilities was able to complete its most recent general rate case and enter an all-party settlement without imposing on all parties the incremental costs and associated burdens of the NOI process.⁹ The Commission's current general rate case procedure enables intervenors to scrutinize and challenge all aspects of the CASMU members' general rate case applications. At a minimum, imposition of the NOI would, and for no apparent benefit, extend the process by a minimum of 90 days. Accordingly, the

⁶ SDG&E/SoCalGas Opening Comments, at 11; PG&E Opening Comments, at 10; EPUC Opening Comments, at 7; CUE Opening Comments, at 12; SCE Opening Comments, at 19; SWGas Opening Comments, Appendix 1, at 5; UWUA Opening Comments, at 13.

⁷ ORA Opening Comments, at 15. TURN joined ORA in supporting the need for NOIs in the large IOU rate proceedings. *See* TURN Opening Comments, at 15-16.

⁸ ORA Opening Comments, at 15.

⁹ Liberty Utilities Opening Comments, at 9.

Commission should in this proceeding formalize its present and appropriate practice by confirming that CASMU members are not required to submit an NOI.

III. CONCLUSION

This rulemaking should modify the current general rate process for CASMU members (and for the large California IOUs) to better prioritize safety and reliability issues. The Commission need not, and should not, in this proceeding impose a prescriptive rate case plan designed and appropriate for the large IOUs on small IOUs.

In better incorporating safety and reliability issues in the general rate process for all IOUs, the Commission in this proceeding should also:

- 1) recognize and reaffirm its current practices to have different flexible general rate proceedings for the CASMU members, and
- 2) formally confirm its existing practice that CASMU members are not subject to the NOI requirement.

Respectfully submitted,

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/s/

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January 30, 2014

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