

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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

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

**OPENING COMMENTS
OF THE OFFICE OF RATEPAYER ADVOCATES
REGARDING A RISK-BASED DECISION-MAKING FRAMEWORK
TO EVALUATE SAFETY AND RELIABILITY IMPROVEMENTS
AND REVISE THE GENERAL RATE CASE PLAN FOR ENERGY UTILITIES**

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TABLE OF CONTENTS

	<u>PAGES</u>
I. INTRODUCTION & SUMMARY OF RECOMMENDATIONS	1
II. DISCUSSION	2
A. PROCESS TO PROVIDE APPROPRIATE ANALYSIS AND TESTIMONY ON SAFETY AND RISK MANAGEMENT	2
B. COMMENTS ON SAFETY ELEMENTS IN GENERAL RATE CASE PROCEEDINGS	3
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?	3
2. What criteria should be used by the Commission to evaluate whether a utility has produced an adequate risk- informed GRC filing?	5
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?.....	5
4. Who should bear the cost of developing safety assessment and review tools that the Commission might be using?	5
C. COMMENTS ON TIMING OF THE GRC APPLICATIONS	6
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?	6
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?	7
3. Under any of these scenarios, what consequence(s) should follow from utility’s failure to meet its filing deadline under the plan?	8
4. Under any of these scenarios, what review of utility spending should occur in the intervening years?	8
D. COMMENTS ON RCP SCHEDULE	8
1. Aside from the interval between cases, how prescriptive should the RCP be regarding the schedule for the case itself?.....	8

TABLE OF CONTENTS
(CON'T)

	<u>PAGES</u>
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?.....	10
3. Are there any stress points where all parties need extra time or any interval which is not spent efficiently?	10
4. How much latitude should parties have to adjust the timing in particular rate case, for example, to build in time for settlement efforts?	11
5. How may additional safety review by the Commission and by other parties affect the RCP schedule?	11
E. COMMENTS ON UNIFORM APPLICATION OF THE PROVISIONS OF THE RATE CASE PLAN.....	12
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?	12
2. How much variation (if any) should be allowed between different utilities, between the gas and electric industries, or on any other basis?	12
F. COMMENTS ON REDUCING COMPLEXITY	13
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?	13
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?	14
3. What kind of process changes would be helpful for the general public to better understand the impact of rate case and participate in the proceeding?	14
4. How effective is the NOI? Would the Commission and the parties be better served by simply having the utility file the application earlier than it does now?	15

TABLE OF CONTENTS
(CON'T)

PAGES

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?	15
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) [or Cost Allocation Proceeding for major gas utilities] need to be reconsidered and reformulated?	16
III.	PRELIMINARY CATEGORIZATION	16

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I. INTRODUCTION & SUMMARY OF RECOMMENDATIONS

Pursuant to the Preliminary Scoping Memo issued November 14, 2013, the Office of Ratepayer Advocates (ORA) submits these Comments to respond to some of the questions posed in this Order Instituting Rulemaking (OIR or Rulemaking). The questions in the OIR seek information from interested parties on how best to update the current Rate Case Plan for energy utilities "...to more purposefully and appropriately prioritize safety, reliability, and security considerations and related revenue requirements, with the goal of developing a risk based decision-making framework and related evaluation tools."¹

ORA has the statutory duty to represent and advocate on behalf of ratepayers within the Commission's jurisdiction with the goal of obtaining the lowest possible rate for service consistent with reliable and safe service levels.² To this end, ORA has supported, and continues

¹ 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 (GRC OIR), R. 13-11-006, p. 10.

² Public Utilities Code §309.5. On September 26, 2013, Governor Edmund G. Brown signed Senate Bill (SB) 96 into law. Among other things, SB 96 amends Section 309.5 changing the name of the Division of Ratepayer Advocates to the Office of Ratepayer Advocates. The goal is still: "...to obtain the lowest possible rate for service consistent with reliable and safe service levels."

to advocate for policies, rules and programs promoting safety by treating the goal of safety as integral to any cost-effectiveness and rate case analyses.³

Below are ORA’s preliminary recommendations for this OIR. As this Rulemaking progresses, ORA expects to submit additional recommendations and comments.

II. DISCUSSION

The goal of this new OIR “... is to prioritize safety and reliability issues in GRC applications of energy utilities, clarify the rate case review process, and more efficiently manage the complexity and duration of the GRC proceedings, while ensuring consistency and uniformity among GRC applications of energy utilities.” The Commission’s and utilities’ role and responsibilities regarding safety go beyond GRC proceedings and this review should be one of many steps undertaken to establish methods for the fair and effective examination of safety issues for all regulated utilities.

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

The OIR references the processes the Commission uses for consideration of permit applications investor owned utilities are required to obtain under Public Utilities Code Section 1001. The Commission reviews these permit applications under two processes: (1) an environmental review pursuant to the California Environmental Quality Act (CEQA), and (2) the review of project need and costs pursuant to Section 1001 et seq., and GO 131-D. The review is performed by the Siting Section of the Commission’s Energy Division.⁴

In connection with developing a process to provide appropriate analysis and testimony on safety and risk management in GRCs, the OIR asks if “...developing a review process similar to the current CEQA review process, where internal review by the Commission staff is supplemented by technical review conducted by consultants, [would] be effective, adequate, and desirable?”⁵

³ See, e.g., The Division of Ratepayer Advocates Comments Regarding Proposed Changes to General Order 112-E.

⁴ OIR, pp. 10-11.

⁵ OIR, pp. 10-11.

ORA is considering this question, and expects to provide a response later.

B. Comments on Safety Elements in General Rate Case Proceedings

As the OIR notes, the current Rate Case Plan for energy utilities does not explicitly require the utilities to consider whether safety and reliability-related expenditures and improvements are in proportion to the identified risks.⁶ To expand the current Rate Case Plan to include guidelines to evaluate safety and reliability proposals and assess risk within the GRC, the OIR poses a number of questions. ORA’s Comments address these questions in the order in which the OIR raises them.

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?

To develop a new Rate Case Plan for energy utilities in a way that will effectively link the Commission’s strategy and goals to resource allocation, the energy utilities should publicly identify, and rank-order their strategies and goals, and link them to resource allocation. It is ORA’s understanding that such a process has started to take place at Pacific Gas & Electric Company (PG&E) as noted in PG&E’s 2015 Gas Transmission and Storage application.

As to what kind of reporting requirements are needed to identify safety, security and reliability risks and link them to GRC funding requests, it is ORA’s view that much of the safety, security and reliability assessment should take place before the utility requests funding in a GRC. To develop meaningful direction on how and when (in relation to each GRC) this assessment should be done, the Commission could conduct the sort of public process the Commission used in the Long-Term Procurement Plan proceeding, Track 2⁷, but on a four-or five-year scale (“Long-Term Safety Plan”).

In this way, long-term infrastructure needs could be identified and authorized through a public process, and then a narrower audience could examine ongoing needs as well as specific

⁶ OIR, p. 11.

⁷ R. 12-03-014. Track 2 is the infrastructure planning track.

projects identified in the public process track. This bifurcation would allow public input, but also recognize that some critical infrastructure or competitive market information may need to be kept confidential. If a Long-Term Safety Plan approach is adopted, ORA recommends the Safety and Enforcement Division lead the process. ORA and the Energy Division could conduct initial project review from an overall cost perspective.

Elements of a Commission-adopted Long-Term Safety Plan could include:

- Adoption of a decision-tree that informs project selection;
- Cost caps, cost-sharing, and incentives;
- A project assessment methodology to identify which categories of projects were included and which were excluded over the covered time period, and how the selection corresponded to the decision tree;
- How unknown features will be resolved or assumed, including what values will be used;
- Internal audit reports;
- A CPUC Audit Plan for reviewing projects and expenditures.

This information could then flow into the Rate Case Plan and GRC via reporting requirements such as:

- A list of which projects and/or programs the utility planned and/ or completed, and a timeframe for all identified projects for the intervening years between rate cases. This list would be maintained and refreshed for 10 – 20 years;
- Any exceptions to the Commission-adopted decision-tree;
- What impact each project and/or program will have on safety, reliability, and costs, both from a project-specific basis and a system-wide basis;
- A high level, but not project-specific, analysis of the safety, reliability and cost impacts;
- Verification of the above items by the Safety and Enforcement Division regarding utility progress on meeting safety projects from the previous GRC (or GT&S case);
- Sworn statements from utility officers regarding safety and reliability impacts;
- Overall reports in each of four categories: gas transmission, gas distribution, electric transmission, and electric distribution, and the calculation, separately, of the rate of return for each category.

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

The utilities should provide the Commission with a filing that includes a verifiable demonstration of compliance with applicable federal and state laws and Commission orders. For example, according to testimony in its 2015 Gas Transmission and Safety Application, PG&E indicated that corrosion was the cause of approximately 25% of the gas leaks in its system.⁸ The utility therefore should prove that it met the requirements of 49 CFR 192, Subpart I. To the extent that the utility must take action to meet these minimum standards, then the utility must provide data proving how its proposal(s) would address the problem, studies confirming the approach, and data comparing itself to its peer groups in terms of leaks. Proposals to address unknown or poorly understood risks should be given heightened scrutiny.

Conclusory statements, even if verified, are insufficient for an adequate risk-informed GRC filing. Detailed data, including “as-built” drawings, should be required. If demonstrating compliance requires the inclusion of sensitive homeland security or competitive market information, that portion of the filing can be provided to the Commission and select parties under seal.

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?

Assessment and review tools can help streamline a process, but they, too, should be reviewed and evaluated for accuracy. Embedding such tools in the GRC process might undermine the streamlining envisioned by the Commission in this OIR. Instead, to the extent valid and applicable tools can be created, they should be part of a broader safety framework that can then be applied at the onset of the GRC proceeding.

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

Who pays for these tools should depend on what the tool does and who is using it. Publically available tools that help inform the public could be funded in part by ratepayers. If

⁸ PG&E Chapter 2 Testimony, Safety and Risk Management, at page 2-8.

the tools are simply easing the process for the utility, then the utility's shareholders should pay part or all of the cost of developing those tools.

C. Comments on Timing of the GRC Applications

Section 4.3 of the OIR asks various questions about the timing of GRC applications. ORA will address those questions in order below.

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?

The interval should be four years for the large energy utilities: PG&E, Southern California Edison Company (SCE) and the Sempra Utilities, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas). For the mid-size and small utilities, the interval should be four years or more, leaving open the possibility of an extension beyond the 4-5 year time frame.

Large utilities should be treated uniformly regarding the interval between GRCs. This should eliminate the problem of overlapping GRCs. The four-year GRC cycle will eliminate an issue within the three year GRC cycle in which the test year of the initial rate case will ultimately serve as the base year for the ensuing rate case. For example, PG&E's 2012 GRC proceeding uses the year 2009 as the base year. The prior PG&E GRC had a Test Year of 2009. Thus, a small delay may influence utility spending in the test year. This factor will then have an impact on actual test year spending which then serves as the base year in the ensuing proceeding which can continue to influence actual spending and forecasting. The four-year test year may allow for more utility financial and operational management of spending and investment and less regulatory influence driven in part by GRC decisions. At a minimum, the four-year GRC cycle will eliminate the nonstop test year serving as the future base year issue.

The four year rate case cycle can also be managed such that a major rate case proceeding will be processed by the Commission in each of the four years. The current major energy GRCs will be processed in each of 3 consecutive years, e.g. year 1: PG&E; year 2: SCE; year 3: Sempra utilities. This would allow the PG&E Gas Transmission and Storage application and/or smaller energy GRCs to be processed in the 4th year.

Mid-sized and small utilities need not be treated the same as the major California energy utilities and should be able to request longer rate case time frames in their GRC applications.

The mid-sized and small gas and electric utilities are PacifiCorp, Southwest Gas Corporation, Liberty Electric (CalPeco), Bear Valley Electric Service (a division of Golden State Water Service), and West Coast Gas Company.² The mid-sized and small energy utilities should continue to submit comprehensive applications that include in addition to base revenue request, cost of capital, energy efficiency, and cost allocation and rate design proposals. This allows for efficient and more stream-lined regulation of these smaller utilities.

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?

The NOIs for the major utilities are typically submitted by August 1. In some instances, NOIs have been filed before August 1. From ORA's standpoint, if NOIs are submitted on or after September 1, this will assist in ORA's workload. Often ORA's GRC staff are still involved in the prior year's large energy utility GRC in August, and do not have adequate time for careful analysis of the incoming NOI at that time.

Mid-sized and small energy utilities, in most instances, do not submit NOIs due to their much smaller size and the more limited data submitted in the filing. Over the past ten years, in most cases, these utilities have filed applications. As a general matter, the applications filed by the smaller energy utilities are much less complex than those filed by the major California utilities. Compared to the larger utilities, the smaller energy utilities' customer base is much smaller, the total revenues in California are much smaller and the systems are less extensive. ORA attempts to collaborate with the smaller utilities in order to ensure that the historical data and information within the GRC applications are provided in an accessible and user-friendly format. The filing of applications by these utilities is generally in the November to January time frame for rates effective the ensuing year. ORA recommends that the timing for filing the applications by mid-sized and small utilities remain flexible so that ORA and these utilities can continue to coordinate the filing dates to reduce pressure on workload while allowing time for thorough and careful analysis by all parties.

² In addition, Southern California Edison Company operates a gas distribution division on Santa Catalina Island.

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

To ORA’s knowledge, the timing of large energy utilities filing GRC applications has never been an issue. ORA does not expect it to be an issue in the future and suggests that consequences for missing a filing deadline not be specifically addressed in this OIR, but dealt with on a case-by-case basis. In the case of the small and mid-sized energy utilities, ORA will continue to make every effort to work collaboratively with these utilities on the timing of their GRC filings.

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

The Commission should conduct more formal reviews of utility spending in the intervening years between GRC proceedings, including audits. ORA will continue to review the utility’s historical spending as the basis for evaluating the utility’s forecast methodologies within the context of the GRC proceedings.

D. Comments on RCP Schedule

Section 4.4 of the OIR asks various questions about the Rate Case Plan schedule. ORA presents its Comments on those questions below.

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

The RCP should only generally prescribe the timing related to when the NOI is tendered by the large energy utilities up to the timing of the formal application. For the large energy utilities, ORA recommends the following schedule as approximate dates and intervals for the initial stages of the proceeding:

Tendering of the NOI	September 1
Deficiencies submitted to the utility by ORA	October 1
NOI filed	Upon resolution of deficiencies
Application filed	30 days after NOI filed

Other items for specific scheduling consideration:

Protest to Application	30 days after first appears in calendar
Pre-hearing conference	30 days from filing of Protests

Beyond the pre-hearing conference, the proceeding schedule for large energy utilities should be determined at the pre-hearing conference or in a subsequent Scoping Memo. This has been the practice of the Commission for many years.

In the recent past, the Commission has generally adopted the following schedule:

ORA testimony	April
Intervenor Testimony	2 weeks after ORA testimony
Rebuttal Testimony	3 weeks after Intervenor testimony
Hearings	June/ July
Update Testimony	September
Opening Briefs	4-5 weeks after hearings end
Reply Briefs	2 weeks after Opening Briefs
Proposed Decision	late November

If the Assigned Commissioner or Administrative Law Judge requires the utility to augment its showing after the Application is filed, then the schedule will likely need to be modified to provide interested parties sufficient time to evaluate the new information.

For mid-sized and small energy utilities, the Commission should not specify any specific timeline beyond a four-year minimum for the GRC cycle. The specific GRC cycle for each of the smaller utilities (i.e. 4 years or longer) can be determined in each utilities' application and final Commission decision.

Each mid-size and small energy utility has individual qualities that distinguish one from each other. For example, PacifiCorp is a large electric company with a very small portion of its operations in California while Southwest Gas Company is primarily a gas distribution company with about 10% of its customer base in California. Given the different qualities of mid-sized and small utilities, the OIR need not be overly prescriptive. The timing and date for filing each ensuing GRC can also be addressed in a final Commission GRC decision.

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?

The Commission should require the utilities to provide all parties with the most recent, last-recorded year data (i.e. the recorded year that is 2 years prior to the GRC Test Year and typically the year subsequent to the Base Year) by the end of the February in the year the GRC is being processed.

Currently, this information is provided through discovery on a somewhat ad hoc basis. Last-recorded year data is helpful to parties, such as ORA and TURN, in providing a more comprehensive record to the Commission. It allows parties to identify and evaluate the utilities' most recent spending and provides for more accurate assessments and forecasts of utility expenditures, plant investment and depreciation. This information and data may also provide a reference point to the Administrative Law Judge (ALJ) and Commission in the preparation of a final decision.

If the Commission does not specify an exact date in the OIR for providing this recorded data, then it should still adopt such a requirement. The actual date for filing recorded data could be determined in the specific case through a Scoping Memo or at a pre-hearing conference.

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

As previously stated, the NOI can be tendered on September 1. The Commission could also reduce the interval between acceptance of the NOI and the filing of the application from the current 60 days to 30 days. This will serve to stream-line the initial NOI period. Then, adding a specific provision for utilities to follow-up with the latest recorded data will provide the parties and Commission with the most recent data to evaluate the utility GRC requests and issue timely decisions that incorporate the most recent information available.

The utility GRC filings in which the utility may seek considerable increases in its revenues are complex and voluminous. There are various Major Work Categories with numerous subaccounts that comprise the utility GRC requests and are spread throughout numerous functional areas. Depending on the GRC filing, a large energy utility can have up to one hundred people or more involved in a case in one manner or another, while ORA's team will typically include a staff of 20 – 25.

The Commission should consider assigning two ALJs to the GRCs of the large energy utilities. This will enhance the likelihood of the issuance of a Proposed Decision and a Final Decision being issued on a timely basis, while still allowing parties adequate time to conduct discovery; evaluate and investigate utility requests; and prepare their analyses, forecasts and reports prior to hearings.

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

In general, the timing for filing of testimony and other provisions of the GRC can be discussed among the parties; absent consensus, the specific timing can be determined at a prehearing conference or in a Scoping Memo. The issue of timing allotted to settlement efforts should be determined on a case-by-case basis at the discretion of the parties.

Each GRC is unique with its own set of issues and forecasts. In some cases, the parties may have such dramatic differences that they see no reason to pursue settlement, while in other cases the differences may be such that settlement is more efficient than litigation. In some cases, the parties may be able to settle or stipulate to limited issues leaving other issues to be litigated and addressed through a Commission decision.

If this Commission is interested in considering the type of GRC Settlement process used at the Federal Energy Regulatory Commission (FERC), then it should include specific policy direction in its initial decision in this OIR. The FERC structure is much different from the current GRC structure at this Commission, which generally presumes a litigated result. If this Commission chooses to pursue a more formal settlement process within the GRC structure, then a collaborative process will enhance the effectiveness of building time within the GRC process. At this juncture, building in formal time for settlement efforts may only serve to detract from time which intervening parties dedicate to their evaluation of the utility request and preparation of forecasts and testimony. The current process seems best suited for settlement efforts on a case-by-case basis.

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

If the safety review is adequately addressed, such as through the up-front mechanism suggested by ORA, on a basis similar to the NOI, then the schedule may only need an additional 2-4 weeks (or less) to allow parties to review the verifications provided by SED and to

incorporate them into their review. At a minimum, such a mechanism may reduce the level of discovery required by parties. To the extent that the safety review is handled within the rate case, then the schedule may require between 3 – 6 months to allow for adequate review depending on the scope and scale of that safety review.

E. Comments on Uniform Application of the Provisions of the Rate Case Plan

Section 4.5 of the OIR asks various questions about uniform application of provisions of the Rate Case Plan. The Comments of ORA are set forth below.

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?

The differences ORA recommends in filing requirements and rate case intervals between large energy utilities and mid-sized and small energy utilities are discussed above in Sections C and D. If there are material differences from the RCP raised by specific GRC applications, they can be addressed at the pre-hearing conference and /or in the Scoping Memo for that application.

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

The primary variations ORA recommends regarding the issues processed with the GRC are between large energy utilities, and mid-sized and small energy utilities. The current GRC process has evolved somewhat differently for the large energy utilities relative to the small and mid-sized energy utilities.

For the large energy utilities, the GRC addresses primarily the base rate revenue requirement. Other issues such as cost of capital, energy efficiency and cost allocation and rate design are addressed in other applications. The prior Rate Case Plan for large electric utilities had two phases: Phase 1 to determine the revenue requirement and Phase 2 to determine the appropriate cost allocation and rate design. For electric utilities, cost allocation and rate design were previously identified as Phase 2 of the same GRC application.

For electric cost allocation and rate design, this has evolved, over time, to the practice of the electric utilities filing these proposals, subsequent to Phase 1, in a separate application. This is in contrast to the prior approach in which the electric utility files these proposals as Phase 2 of a GRC. ORA recommends that electric cost allocation and rate design not be filed in the GRC, but continue to be filed as a separate application. ORA also recommends that the scheduling for

filing testimony by the utility and intervening parties be addressed in those specific applications, as opposed to the generic OIR.

The processing of cost allocation and rate design for gas utilities (e.g. Triennial Cost Allocation Proceedings (TCAP)) had generally been processed in a separate application for many years. For the large energy companies, the processing of cost allocation and rate design in its own application separate from the base rate revenue GRC has evolved as a more effective and efficient process.

For the mid-sized and small energy utilities, the revenue requirement, rate of return, updated procurement costs (for electric utilities), cost allocation and rate design are all considered in the same proceeding. This is an efficient approach for processing much smaller and more manageable applications. ORA recommends the Commission maintain this practice for the mid-sized and small energy utilities.

Another aspect of variation concerns the manner in which each individual utility files recorded data in its GRC. Each utility is unique in nature and ORA does not expect consistency across utilities. However, a matter that is of concern is when information by a utility is not presented in a consistent manner from one GRC to the next GRC due to changes in accounting systems or other reasons. This issue was identified most recently by the Commission in D.12-11-051, Section 2.5, and ORA asks that the concerns identified there be considered here. The Commission should require transparency and consistency in the manner in which each utility presents and provides recorded, historical data and its forecasts in its GRCs.

F. Comments on Reducing Complexity

Section 4.6 of the OIR asks various questions about reducing the complexity of GRCs. The Comments of ORA are included in order below.

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?

ORA recommends that the Commission retain and update the current Rate Case Plan Standard Requirement List of Documentation supporting an NOI as set forth in D.89-01-040.¹⁰ The Standard Requirement List should continue to apply to the NOI and applications filed by all

¹⁰ See Attachment 1.

energy utilities. The list will require some updating which can be addressed through a collaborative or other appropriate process in the OIR.

The major energy utilities file two applications, separate from the GRC filings, pertaining to issues that could be addressed within the GRC. These items are: (1) Cost of Capital and (2) Decommissioning. The Commission could consider incorporating the Cost of Capital (for all major utilities) and Decommissioning (for PG&E) into the GRC proceeding.

The Cost of Capital proceeding is currently processed for the major energy utilities as one generic case every 3 years. The Cost of Capital for energy utilities is associated more directly with the specifics of the particular utility, and can be processed within the GRC as opposed to in a generic proceeding. Although this proposal would not necessarily reduce the complexity of the GRC, it would eliminate four Cost of Capital applications filed by the major energy utilities, and the related Cost of Capital decision which may help streamline workload across the Commission.

PG&E currently files a Decommissioning application once every three years. This application could be eliminated and the issue addressed within the PG&E GRC. This would not necessarily reduce the complexity of a GRC, but would eliminate the separate PG&E Decommissioning application, which is filed every three years and the separate Commission decision issued for that case.

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?

ORA has no comment on these questions at this time, but is not opposed to the utility presentation for stakeholders.

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

ORA has no specific process changes that it has developed but suggests the Commission consider the utilizing available technology in some manner such as:

- Posting summary of utility requests
- Interactive Public Participation hearings such that customers can participate from remote locations

- Create a location on the PUC web site for submittal of public comments in formal proceedings
- 4. How effective is the NOI? Would the Commission and the parties be better served by simply having the utility file the application earlier than it does now?**

ORA considers the NOI to be an effective process for the large energy companies because they submit GRC applications with extensive testimony, workpapers and other information within the filing. Among other things, the NOI process allows ORA to conduct an initial review in order to ensure that the utility is providing appropriate historical data that is consistent with the manner in which the utility is preparing its test year forecasts; providing support for its forecasts; describing the reasons for its requests. This initial deficiency review reduces the amount of discovery required and also assures that other parties have the information in the required form.

For example, in the past, ORA identified deficiencies in which recorded data was not provided in a manner consistent with the forecast data. The utility was motivated to rectify the issue through the deficiency process in a timely manner which ultimately streamlined the processing of the entire case. For large energy utilities, ORA recommends the Commission retain the current NOI process, with a later date of submission, a slightly longer period for deficiency review, and a shorter time between acceptance of the filed NOI and filing of the Application.

For mid-sized and small energy utilities, ORA recommends they 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.

- 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?**

The “Master Data Request” is an ORA document and is periodically reviewed and updated. For example, the Master Data Request for PG&E’s Test Year 2014 GRC was initially distributed January 31, 2012, and updated February 29, 2012. Generally, the Master Data Request is updated through coordination between the utility and ORA. Rather than devoting time and effort to changing the Master Data Request, the Commission should ensure that a more current form of the Standard Requirement List of Documentation is retained. As previously

discussed, D.89-01-040 adopted a Standard Requirement List of Documentation which ORA recommends be modified as appropriate by the Commission within the current OIR.

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) [or Cost Allocation Proceeding for major gas utilities] need to be reconsidered and reformulated?

As discussed above in Section D.2., ORA recommends that the major energy utilities file separate applications for the GRC Results of Operation / Base Rate Revenue Requirement (previously referred to as Phase 1) and Cost Allocation and Rate Design (previously referred to as Phase 2).

As discussed in Section E.2, the mid-sized and smaller energy utilities currently file cost allocation and rate design with the GRC application. These utilities have filed more comprehensive GRCs for over 10 years. This continues to be the most effective and efficient method to process GRCs for these utilities and they should continue to file comprehensive GRCs.

III. PRELIMINARY CATEGORIZATION

The Preliminary Scoping Memo categorizes this proceeding as “quasi-legislative.”¹¹ ORA agrees.

Respectfully submitted,

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¹¹ OIR, p. 16.