

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

Application of Pacific Gas and Electric
Company Proposing Cost of Service and Rates
for Gas Transmission and Storage Services for
the period of 2015-2017

(U39G)

Application 13-12-012
(filed December 19, 2013)

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY
REQUESTING AN ORDER MAKING GAS
TRANSMISSION AND STORAGE REVENUE
REQUIREMENTS EFFECTIVE JANUARY 1, 2015**

MICHELLE L. WILSON
LISE H. JORDAN

Redacted

Law Department
PACIFIC GAS AND ELECTRIC COMPANY
Post Office Box 7442
San Francisco, CA 94120
Telephone: (415) 973-6965
Facsimile: (415) 973-5520
E-Mail: lhj2@pge.com

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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

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I. INTRODUCTION

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) requests a Commission order making the 2015 revenue requirement adopted in PG&E's 2015 Gas Transmission and Storage (GT&S) Rate Case effective January 1, 2015, in the event the Commission does not issue a final decision by the end of 2014.¹ This motion is supported by The Office of Ratepayer Advocates, The Utility Reform Network (TURN), and [add any others].

The requested relief will allow PG&E to recover the adopted revenue requirement for the full year, while allowing parties adequate time to fully evaluate PG&E's 2015 GT&S Rate Case. The requested relief is consistent with Commission precedent. To safeguard against a possible claim of retroactive ratemaking, the Commission must order, before 2015, that any changes in

¹ PG&E requests that the Commission issue an order that the adopted revenue requirement include interest, based on a Federal Reserve three-month commercial paper rate. *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/cp/>.

The Commission generally orders interest accrual, based on the three-month commercial paper rate, to the extent necessary to keep all parties indifferent to the timing of the Commission's final decision. D.13-04-023, *mimeo*, p. 6; D.12-08-006, *mimeo*, p. 6; D.10-11-018, *mimeo*, p. 5; D.06-10-033, *mimeo*, p. 5.

PG&E's gas transmission and storage revenue requirements resulting from the Commission's final decision be effective as of January 1, 2015.^{2/}

II. BACKGROUND

End-use gas rates currently in effect reflect authorized revenues from PG&E's last GT&S Rate Case (D.11-04-031) as well as the revenues adopted in PG&E's Pipeline Safety Enhancement Plan (D.12-12-030).

PG&E filed its 2015 GT&S Rate Case Application on December 19, 2013. The Application seeks a GT&S revenue requirement of \$1.286 billion for the test year 2015. The Application proposes a procedural schedule that, if adopted and adhered to, will result in a decision prior to January 1, 2015. However, given the schedules proposed by intervenors in their responses and protests to the application, it is possible that a decision will not be issued until after December 31, 2014.

III. AN ORDER MAKING REVENUES EFFECTIVE JANUARY 1, 2015 IS CONSISTENT WITH COMMISSION PRECEDENT AND POLICY

The Commission has the legal authority to order revenues effective January 1, 2015, in the event it issues a final decision after that date.^{3/} PG&E's request for relief is similar to relief the Commission has granted PG&E in its last five General Rate Cases (GRC),^{4/} and in at least 11 other GRC decisions for the other California energy utilities.^{5/} Similarly, the Commission granted relief to PG&E in its last GT&S Rate Case, making revenue requirements effective as of January 1, 2011, even though a final determination of rates and revenue requirement was not

2/ D.02-04-056, *mimeo*, p. 3; D.02-12-073, *mimeo*, pp. 7-8.

3/ D. 04-12-009, *mimeo*, p. 6; D.03-12-057, *mimeo*, p 7.

4/ D.98-12-078, *mimeo*, p. 1; D.02-12-073, *mimeo*, p. 2; D.06-10-033, *mimeo*, p.5; D.10-11-018, *mimeo*, p. 5; D.13-04-023, *mimeo*, p. 6-7.

5/ D.12-08-006, *mimeo*, p. 6; A.10-12-005, A10-2-006, *mimeo*, p. 7 (Scoping Memo); A.10-11-015, *mimeo*, p. 6 (Scoping Memo); D.09-01-011, *mimeo*, p. 3; D.08-12-049, *mimeo*, p. 1; D.07-12-053, *mimeo*, p. 10-11; D.06-01-020, *mimeo*, p. 1; D.04-12-009, *mimeo*, p. 10; D.03-12-057, *mimeo*, p. 14; D.03-05-076, *mimeo*, p.1; D.03-05-032, *mimeo*, p.1.

issued until April 18, 2011.^{6/} Relief was warranted to permit parties a sufficient opportunity for thorough review and analysis of a then-proposed Gas Accord V settlement, and litigation of contested issues.^{7/}

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

The principle [sic] 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 . . .^{8/}

IV. IT IS APPROPRIATE FOR THE COMMISSION TO GRANT THIS RELIEF AT THIS STAGE OF THE PROCEEDING

This motion is not premature. Although the Commission has not yet established a schedule for this proceeding, many of the parties that filed protests on January 31, 2014, suggested schedules that call for a final Commission decision after December 31, 2014. The Commission has granted the relief PG&E seeks here even when only a possibility existed that it may not issue a timely final decision.^{9/}

6/ D.10-12-037, *mimeo*, p. 1; D.11-04-031, *mimeo*, pp. 1, 8.

7/ D.10-12-037, *mimeo*, pp. 1, 11-13.

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

9/ D.12-08-006, *mimeo*, p. 4 (granting similar relief to the Golden State Water Company, even though the Golden State Water Company filed its motion for relief before the Commission had issued its scoping memorandum, and citing precedent providing relief “when it was either clear or there was a possibility that a final decision would not be issued in a timely manner.”)

For example, in Southern California Edison’s 2012 GRC, the Commission granted TURN’s motion for a memorandum account in order to provide “the parties adequate time to competently perform the necessary review and analysis of the voluminous record,” without having to rush “to meet an artificial goal of issuing a decision prior to the end of 2011.”^{10/}

For the same reasons, the Scoping Memo in San Diego Gas and Electric Company’s (SDG&E’s) and Southern California Gas Company’s (SoCalGas’s) consolidated 2012 GRCs authorized a memorandum account. While no delay in the proceeding had yet materialized, the Commission agreed that “[i]f delays occur, the authorization to establish a memorandum account will provide SDG&E and SoCalGas the ability to recover their 2012 revenue requirement for a full year.... In addition, the establishment of a memorandum account will protect the utilities from a potential loss of adopted revenues.”^{11/}

This precedent supports a Commission order making the 2015 revenue requirement in this GT&S Rate Case effective January 1, 2015.

V. THE RELIEF SOUGHT HERE MITIGATES, BUT DOES NOT ELIMINATE, ALL POTENTIALLY NEGATIVE EFFECTS OF DELAYS IN THE PROCEEDING

While the relief sought here is intended to mitigate the financial effect of possible delays in the proceeding, the relief does not eliminate the potential for negative operational effects of such delays. PG&E’s 2015 GT&S Rate Case forecasts many new measures and large capital projects that take at least several months’ advance planning.^{12/} To the extent that a decision is issued after January 1, 2015, some of the larger projects could be delayed beyond the schedule anticipated by PG&E’s application. If the Commission ultimately determines that such projects are reasonable and worthy of inclusion in rates, the delay may cause negative operational effects.

10/ Scoping Memo and Ruling of Assigned Commissioner, A.10-11-015, *mimeo*, pp. 4-5.

11/ Assigned Commission and Administrative Law Judge’s Scoping Memo and Ruling, A.10-12-005, A. 10-12-006, *mimeo*, pp. 6-7.

12/ PG&E 2015 GT&S Application (A. 13-12-012), filed December 19, 2013.

For its part, PG&E remains committed to doing what it can to accelerate this proceeding such that a decision can be issued prior to January 1, 2015, and PG&E urges the Commission to keep these operational needs in mind as well, regardless of whether it grants this motion.

VI. CONCLUSION

To keep PG&E and its customers relatively indifferent to the timing of a final decision in this GT&S Rate Case, PG&E requests the Commission issue an order on or before December 31, 2014, directing that PG&E's GT&S revenue requirement for 2015 be effective as of January 1, 2015, and subject to interest based on a Federal Reserve three-month commercial paper rate. A decision authorizing the January 1, 2015 effective date of the 2015 revenue requirement should be issued as soon as possible, but no later than the end of 2014, to avoid potential claims of retroactive ratemaking.

Respectfully Submitted,

By: _____ DRAFT

Law Department
PACIFIC GAS AND ELECTRIC COMPANY
Post Office Box 7442
San Francisco, CA 94120
Telephone: (415) 973-6965
Facsimile: (415) 973-5520
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