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Sent: 5/12/2014 4:14:18 PM
To: 'Myers, Richard A. ' (richard.myers@cpuc.ca.gov); 'Cheng, Franz ' (franz.cheng@cpuc.ca.gov)
Cc: Doll, Laura (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD); BPrusnek@semprautilities.com (BPrusnek@semprautilities.com); 'RPrince@SempraUtilities.com' (RPrince@SempraUtilities.com)
Bcc:
Subject: Additional Question re "Exceptional Cases": FW: main and service extension ratemaking

Franz et al:

At Laura Doll's request, I am sending you PG&E's response to your additional question of May 2 regarding "exceptional cases" for main and service extensions.

If you have any questions on this material, please call Laura at 415-973-8663 or me at 415-973-2616.

Bruce Smith

Regarding Rule 20 H.3 (and analogously, PG&E's Rule 15 H.3), under what circumstances would trigger the clause:

"3. EXCEPTIONAL CASES. When the application of this rule appears impractical or unjust to either

party or the ratepayers, the Utility or Applicant may refer the matter to the Commission for a special

ruling, or for the approval of special condition(s) which may be mutually agreed upon.”

Is there a ratio of unsupported costs to allowances (or some other metric), or a fixed amount (e.g., “anything over \$5 million of unsupported costs”) that would trigger an Exceptional Case? If it’s a case by case basis, do you have any historical data on what ratios or amounts have triggered such exceptional cases in the past?

Response: By their nature, “exceptional cases” pose different issues from the cases the rules customarily cover and from each other. These issues range from the costs to the applicant exceeding the applicant’s resources to instances where system reinforcements would add to the costs borne by other customers. There is no rule of thumb or metric that all exceptional cases follow. However, PG&E’s experience is that exceptional cases can be triggered when the applicant’s costs exceed the allowances by \$2 million or more.