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)

SECOND ROUND
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

I. INTRODUCTION & SUMMARY OF RECOMMENDATIONS

Pursuant to the Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge issued May 15, 2014, the Office of Ratepayer Advocates (ORA) submits these Comments to address proposed changes to the Rate Case Plan (RCP) for the large energy utilities.

II. DISCUSSION

The Order Instituting Rulemaking (OIR) issued in November 2013 and subsequent Rulings issued since then have asked various questions about the timing of General Rate Case (GRC) applications and how to streamline the process.[1] ORA and other parties have offered suggestions in their Opening and Reply Comments submitted in January, May, and June 2014. Below, ORA provides a summary of some of the recommendations ORA and others have asked the Commission to adopt. These include the following:

[1] OIR, p. 1.

- Establish a 4-year GRC cycle for Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE) and the Sempra utilities: San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas). A 4-year cycle would eliminate overlapping GRCs for the large energy utilities. The year in which there is no PG&E, SCE or Sempra GRC can be for the PG&E Gas Transmission & Storage (GT&S) proceeding or for GRCs for the smaller energy utilities.[2] A 4-year GRC cycle has the additional advantage that the base year numbers are not the test year numbers from a utility's prior GRC. With a 3-year GRC cycle, test years of the initial case serve as base years for the following rate case, which presents a problem because recorded test year costs may not be representative of future costs, as the utilities are often initiating new programs during its test year and initial costs may not reflect a more stable or steady-state level of expenses or expenditures. In fact, the utilities' comments regarding how recent test year spending patterns have been impacted by delays in GRC decisions support going to a 4-year cycle.

- Retain the Notice of Intent (NOI) for large energy utilities. The NOI provides ORA, and other interested parties, with a chance to review the utility's proposed Application for deficiencies which may save time for all parties, and the Commission, later if the NOI material is incomplete or out of compliance with other Commission directives. Small and mid-sized energy utilities do not need to tender an NOI.[3] The NOI period also allows ORA an opportunity to begin reviewing and verifying a utility's complex Results of Operations (RO) computer model. During the NOI phase of the PG&E 2011 GRC, ORA (then DRA) identified various deficiencies and limitations regarding the functionality of PG&E's model, and did not accept the version of the model submitted with PG&E's NOI. PG&E was required to revise its RO model by providing additional functionality and flexibility, and to comply with the statutory requirements (Public Utilities Code Section 1822(a)) and Commission requirements (page A-31 of Decision 07-07-004, and Decision 00-07-050) applicable to computer models, before ORA was willing to accept the NOI so that PG&E could file its GRC application.

- Shorten the time between when ORA accepts NOI and when the large energy utility files its GRC application. The current Rate Case Plan requires a minimum of 60 days; the time period can be reduced to 30 days or fewer if utility is ready to file.

- Assign two ALJs to large energy utility GRCs whenever possible,[4] and additional Energy Division staff to support the ALJ(s).

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[2] ORA Opening Comments, January 15, 2014, p. 6.

[3] ORA Opening Comments, January 15, 2014, p. 7, ORA Opening Comments, May 23, 2014, pp. 3-4.

[4] See PG&E Comments, January 15, 2014, p. 9.

- Encourage parties to stipulate to smaller issues if they cannot reach a comprehensive settlement, thereby leaving fewer issues to litigation.
- Require the utilities to provide recorded expense and capital data for the post base year in a timely manner, and in the same format in which they have provided their recorded data and forecast years. This would assist parties and the Commission in comparing what the utilities have forecast with what they have actually spent on specific programs and projects in Base Year +1.

ORA may make additional recommendations after it has an opportunity to review the proposals of other parties.

III. CONCLUSION

ORA recommends that the Commission adopt the proposals listed above and in ORA's other submissions in this Rulemaking to streamline the GRC process for energy utilities.

Respectfully submitted,

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