

**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)

**SECOND ROUND COMMENTS OF UTILITY CONSUMERS' ACTION NETWORK  
(UCAN) TO REVISE GENERAL RATE CASE PLANS FOR ENERGY UTILITIES**

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**INTRODUCTION**

In accordance with the Assigned Commissioner's Scoping memo issued on May 15, 2014, the Utility Consumers' Action Network (UCAN) hereby submits our second round comments on promoting more efficient and effective management of the overall General Rate Case (GRC) process.

The California Public Utilities Commission (Commission) initiated this Rulemaking to determine whether and how to ensure the effective use of a risk-based decision-making framework to evaluate safety and reliability improvements presented in General Rate Case (GRC) applications, develop necessary performance metrics and evaluation tools, and modify the Rate Case Plan for the investor owned energy utilities (IOUs). In the OIR the Commission noted the following about the Rate Case Plan:

“The Rate Case Plan (RCP) is the guiding document which provides a timeline and minimum filing requirements (list of documentation supporting a Notice of Intent (NOI) and supporting staff and other parties' exhibits and testimony) that should accompany an NOI to file a General Rate Case (GRC), thereby ensuring

coordination and consistency among GRCs. .”<sup>1</sup>

UCAN believes, however, that to achieve the goal of ensuring coordination and consistency among GRC’s that the Commission should modify the RCP to require all the Investor Owned Utilities (IOUs) to provide information from all common aspects of their operations in a standardized way, and provide costing data across utility operations that are common to all each utility. Doing so will help both the Commission and the parties by allowing for more efficient cost comparisons, and evaluation of the provided information. At present, each IOU provides information on similar cost categories, but because information is not presented in a standardized way, comparing one IOU’s filing to another is time consuming and difficult.

UCAN would prefer that the Commission use this rulemaking to develop a consistent frame-work in the RCP for evaluating all tasks and operations of each IOU, across the entirety of an IOU’s operations. A uniform standard for all functions and projects common to each of the IOUs operations will ease understanding and make comparisons easy. Line safety, regulatory compliance, amounts of insurance coverage, personnel needed to do specific tasks, cyber security, substation, transmission and distribution reliability and many others could be evaluated on an apples-to-apples basis if the RCP required each IOU to tell us, through a standardized filing, what it costs for specific tasks, equipment and projects.

UCAN is also asking that, as with the Commission process to evaluate prioritizing safety, that to improve the efficiency of the GRC process this round 2 be expanded to include a workshop, a staff report on the issues raised at the workshop and allow the parties to comment on the report. All the parties to this rulemaking have ideas on improvements that would help with the processing of electric utility GRC applications. UCAN urges the Commission to take this opportunity to fully explore the ideas of staff, the IOUs and the intervenors.

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<sup>1</sup> OIR at pg 2

## **I. THE COMMISSION SHOULD REQUIRE THE IOUS TO PROVIDE DATA IN A STANDARDIZED WAY**

As it stands at present, every time there is a GRC filing, each intervener is required to sift through the information provided by the GRC applicant and have it examined by their own experts to determine if what is proposed is both necessary and cost effective. In addition, cost comparisons between utilities are made more difficult because the IOUs use different terminology and calculate costs differently; wildfire prevention funding for example.

Wildfire prevention funds are requested in the current Pacific Gas and Electric (PG&E) and San Diego Gas and Electric (SDG&E) GRC applications. The current PG&E general rate case application A.12-11-009 forecasts the cost to address wildfire risk and presents the cost estimates for the work in Electric Distribution Maintenance, Vegetation Management, and Distribution Automation and System Protection.<sup>2</sup> The current SDG&E general rate case application is A.10-12-005 and the relevant testimony<sup>3</sup> requests funding for brush and tree management to reduce wildfire risks (page SPF-50). SDG&E's pole brush program is described in detail while the PG&E application doesn't use the term "pole brush".

Both the PG&E and SDG&E applications do not use the same terminology so any comparison depends on the intervener's understanding of the service to be provided for the requested funds. An intervener can conduct discovery and review discovery of the other parties but generally, a discovery request to one IOU requesting a comparison with another IOU's application is denied with the explanation that the IOU receiving the discovery cannot provide information about a different IOU's GRC application. Moreover, if an intervenor is seeking specific cost information on a particular aspect of an IOU's operations, given the way the data is recorded, often finding the information requires hiring an expert witness to sort through a filing to find what they are looking for.

UCAN's request to require the IOUs to provide standardized costing data common to all IOU's will save both time and expense for the Commission and the parties. Presently sorting

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<sup>2</sup> PACIFIC GAS AND ELECTRIC COMPANY 2014 GENERAL RATE CASE PREPARED TESTIMONY EXHIBIT (PG&E-4) ELECTRIC DISTRIBUTION, Page 1-6 lines 11-14.

<sup>3</sup> PREPARED DIRECT TESTIMONY OF SCOTT P. FURGERSON (SDG&E-05) ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY (ELECTRIC DISTRIBUTION – O&M). The summary of the request is on page SPF-6, in Table SPF-2.

through the data provided to discover the costing data for common operations for each IOU program or service, given the disparate way the information is recorded makes comparisons overly burdensome. Pole replacement is a good example.

#### **A. March Workshop Examined Issue of Requiring Costing Data for Similar IOU Operations Such As Pole Replacement**

In UCAN's comments on the OIR filed in January we noted that to obtain a cost of unit price for pole replacement for each IOU, each intervenor can calculate the rough unit price by using the amounts each utility records in certain FERC accounts and dividing that number by the number of units. If an intervenor examines the FERC accounts to find the total that's recorded for pole replacement activities, and through either the data provided or a data request get the number of poles replaced, we can calculate the cost per pole. This is a time consuming process and the problem could easily be eliminated if the Commission simply required the IOUs to provide costing data in a common format for all common utility operations.

With costing data provided by each IOU that is standardized, an apples-to-apples comparison can be made, and should there be a significant cost differential the parties can ask why. For example, in pole replacement, if it were determined that PG&E paid \$10,000 to replace a pole and SDG&E only paid \$7,500 questions could be asked about why there is this cost differential. UCAN is not saying that if there is a cost differential that something is wrong. UCAN understands that labor costs, terrain, overhead, and timing issues can all have an impact on the cost of a service or product provided by an IOU. However, once the Commission is aware of the cost differential, the information does provide the basis for inquiry, and the opportunity for the IOU to explain why.

In the March workshop there was a panel discussion that examined if the intervenors would find this suggestion helpful. Both ORA and TURN, to varying degrees, thought that this information would help intervenors. UCAN ask the Commission to adopt this recommendation.

## **II. A FULL RATE CASE PLAN REVIEW WITH WORKSHOPS AND STAFF REPORT ARE NEEDED TO REEVALUATE THE RATE CASE PLAN**

As noted by the Commission in the OIR:

“We last comprehensively revised the RCP governing energy utilities in 1989 in Decision (D.) 89-01-040. Although the Commission has made several piecemeal revisions in the intervening years, it has become apparent that a comprehensive reconsideration is needed to address the prioritization of safety and reliability issues in GRCs.”<sup>4</sup>

Twenty five years since the last comprehensive review of the RCP is a very long time. In the first round of this proceeding to develop a way to prioritize safety, the Commission held 3 days of workshops, prepared and submitted to the parties a staff proposal, accepted redlined comments from the parties and accepted initial and reply comments to the refined staff straw proposal’s final draft. The process was thorough, informed and well thought out. However, for the second part of this OIR, addressing the overall efficiency and effectiveness of the rate case process, the Commission will be considering only second round comments. UCAN asks that the Commission reconsider and allow for a process similar to that used to evaluate safety issues.

The Commission should authorize a workshop to allow the parties the opportunity to discuss the shortcomings of the present GRC process and talk through the issues. In addition, the Commission should have a staff report prepared that could address the issues of concern and allow comments and reply comments on the final staff report. This process will allow for thorough consideration by the Commission of the issues including the airing of views and suggestions that will help make the process more efficient.

At the beginning of this rulemaking several parties noted problems with the present GRC process and offered their thoughts and ideas for the Commission to consider in the hope that the GRC process could be improved. TURN for example, in their comments on the OIR stated several goals they hope will come from this rulemaking. These goals include:

1. To simplify the rate case and reduce the need for resource-intensive evaluation on routine matters;
2. To reduce disputes around the accuracy of forecasting;

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<sup>4</sup> OIR at pg 2

3. To make the rate case more transparent for evaluators;
4. To reduce potential for gaming and asymmetry of information that benefits utilities;
5. To make it easier to process a case on time, while still providing more time for examining key policy issues such as safety and reliability;
6. To provide clarity on the meaning of the utility's burden of proof as to the reasonableness of its forecast and past expenditures;
7. To make utilities more accountable for their performance relative to their forecasts – particularly related to safety and reliability.<sup>5</sup>

UCAN agrees with the goals outlined above. UCAN, like TURN, is very concerned about the ability of intervenors to assess and sift through the voluminous amount of information provided in GRC filings. By just considering round 2 comments, the Commission is missing the opportunity for a full airing of suggestions that have the potential to significantly improve the GRC process.

Perhaps the best reason, however, for the Commission to expand the coverage of issues through a workshop and a staff report is to find a way to satisfy the goal advanced by another party - Keith Melville from SDG&E. Mr. Melville, at the March workshop, noted one of the main goals of this rulemaking should be to find ways to encourage more GRC settlements. UCAN agrees. Given the complexity of GRC cases, and the time and expense of litigation exploring ways to encourage settlements should be examined.

### **CONCLUSION**

For all the reasons stated here, UCAN asks that the Commission address the concerns UCAN raises in this filing.

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<sup>5</sup> TURN's OIR comments at pg 27

Respectfully submitted,

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