

**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.

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Rulemaking 13-11-006  
(Filed November 14, 2013)

**REPLY COMMENTS OF THE CALIFORNIA FARM BUREAU FEDERATION  
ON REVISIONS TO THE RATE CASE PLAN**

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## **I. INTRODUCTION**

Pursuant to the schedule established by the May 15 Scoping Memo, the California Farm Bureau Federation (“Farm Bureau”)<sup>1</sup> submits these reply comments responsive to parties’ opening comments on the second round of comments addressing consideration of revisions to the Rate Case Plan “to promote more efficient and effective management of the overall rate case process.”<sup>2</sup> In responding to the opening comments, Farm Bureau again maintains the importance of structuring timing and procedures to account for impacts to the customer, how to facilitate timely action on rate cases, and the need to coordinate Phase 1 considerations with Phase 2 of the GRC. The issues encompassed by regulatory proceedings have changed significantly since the last review of the Rate Case Plan, giving rise to a heightened need for assessment as to how changing regulatory proceedings affect general rate cases, which provides an important opportunity to effect beneficial changes.

## **II. EFFICIENT AND TIMELY ACTION ON GRC APPLICATIONS**

Several parties commented on the need to revise the Rate Case Plan in a manner that leads to more timely action on Phase 1 proceedings.<sup>3</sup> It has become abundantly clear from the comments submitted since the institution of this proceeding that more timely decisions would benefit all affected parties, including the ratepayers. The question, of course, is how the goal can be achieved. Simply strengthening or

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<sup>1</sup> The California Farm Bureau Federation is California’s largest farm organization with approximately 78,000 agricultural and associate members in 53 county Farm Bureaus. California farmers and ranchers sell \$44.7 billion in agricultural products annually, accounting for hundreds of thousands of jobs in California. Farm Bureau’s members expect to pay in excess of \$850 million for their electric service.

<sup>2</sup> Scoping Memo, May 15, 2014, page 6.

<sup>3</sup> See Opening Comments of PG&E, page 1; SDG&E, page 1 and Edison, page 2.

reinforcing deadlines may be addressing the symptoms only and not, in fact, remedying the underlying problems that have led to the delays in the decisions.

One of the solutions offered for better management is the extension of the cycle by a year to a four year cycle. ORA presented pragmatic reasons why such an extension may be an effective solution.<sup>4</sup> Certainly the period between applications should not be shortened and the extension may be a realistic approach to resolving some of the many challenges that have been identified with the proceedings.

More importantly, finding the right solutions for the GRCs should not be attempted without regard to the other proceedings, which the Commission and the parties must contend with. Although the GRCs continue to be pivotal proceedings for overall rate structures and energy service to California ratepayers, the consequence of other proceedings both in the short-term and long-term to ratepayers cannot be underestimated. The pressure from those proceedings on parties litigating the GRCs, as well as the Commission's resources, has to have a direct effect on the ability to move the cases through on a timely basis. That PG&E identified a 1996 GRC as the last one for which a final decision was issued on time should not be surprising,<sup>5</sup> since that date coincides with restructuring of the electric industry and the multitude of proceedings that arose out of that effort, as well as other changes in the management of energy service.

Moving forward with any solution requires consideration of the complexity of the Commission's responsibilities in oversight of the wide-scope of the proceedings that must be administered. Not only have the GRCs become more complex in terms of how the issues are dealt with and the parties that participate, the number and complexity of

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<sup>4</sup> ORA Opening Comments, page 2.

<sup>5</sup> PG&E Opening Comments, page 1.

other proceedings which must be accounted for in processing GRCs must be considered as well. The effect of other proceedings on GRCs has likely contributed to the fact that "...GRCs are more narrow in scope than GRCs in most states, but there is a pattern of lengthy delays."<sup>6</sup> The difficulty for parties to manage other proceedings in the midst of the General Rate cases, while other proceedings with more discrete impacts with more condensed schedules move forward, may contribute to the pressure on the schedules.

It is not clear that the Rate Case Plan can be effectively managed without recognition of the impact of other proceedings. Whether other proceedings can or should be folded into the Rate Case Plan should be considered, as the question of whether to maintain a three year cycle or extend the cycle to four years is resolved.

### **III. OVERARCHING NEED TO MAINTAIN FOCUS ON IMPACT TO CUSTOMERS**

Many of the changes proposed by parties submitting comments will ease the burden faced in moving a GRC efficiently from beginning to end for the participants in the proceedings. However, just as important for consideration are the implications to the ratepayers from any changes made. An overarching consideration in review and analysis of the changes to be made must be that revisions will prove beneficial to the people who bear the cost of the processes.

Improvements to the process in general can work to the benefit of the ratepayers, but the changes should translate into more predictability and transparency about how they pay for the costs of energy service. How the Phase 1 process interacts with Phase 2 of the GRCs must be an important consideration in the impacts to customers.

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<sup>6</sup> Edison Opening Comments, page 2.

#### **IV. PHASE 1 AND PHASE 2 OF THE GRC SHOULD BE MORE CLOSELY ALIGNED**

There has been far less input on how realignment of the Rate Case Plan will impact Phase 2 of the proceeding than on Phase 1. Without diminishing the importance of changing the management of Phase 1, the proceeding provides an important opportunity to assess how the issues requiring remedies to Phase 1 processes have impacted Phase 2 and the resulting negative consequences to customers. Phase 1 and Phase 2 were in the past more capable of being treated as a cohesive unit, and an effort should be made to return to that pattern. Farm Bureau supports the change proposed by EPUC to alter the schedule in a manner that enhances the opportunity for the release of a Phase 1 Decision before efforts begin on a Phase 2.<sup>7</sup>

A concern raised by Farm Bureau in earlier comments in this proceeding might be ameliorated by the timing proposal of EPUC. That is, the concern over the relatively unpredictable timing of rate changes which makes it difficult for customers to plan effectively in responding appropriately to rate changes. A more predictable coordination between the two phases of the case would be beneficial to customers' planning efforts. The planning implications for customers are operational in nature as well as financial. The focus of the organized communications to customers about GRC changes is based on the elements for Phase 1, such as public participation hearings, yet it is the Phase 2 results and determinations that provide the delivery mechanism of the rate changes. Under the current approach, the Phase 2 changes, which can prove significant in resulting rates and bills to customers, at times become an after-thought. As noted in Farm Bureau's earlier comments, the Commission has often not required any customer

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<sup>7</sup> EPUC Opening Comments, page 6.

notice regarding changes that result from Phase 2 of the proceeding. How the timing of appropriate communications affects the Rate Case Plan should be considered in any revisions to a general schedule.

With the complexity of rates and the input from elements of the revenue requirements into rate components, a better opportunity for Phase 1 results to inform the Phase 2 process may allow customers to more effectively anticipate how rate increases will influence their operations. As the Commission institutes policies which require an increasing level of responsiveness by customers to how, when and at what price electricity is delivered, the procedures and information to customers about the delivery must match the expectations.

## **V. CONCLUSION**

The Rulemaking provides an excellent opportunity to examine the extensive changes that have taken place in utility ratemaking when the Rate Case Plan was last reviewed in 1989. Significant policy changes since 1989 have affected how rates are developed and delivered to customers. Processes for setting the rates and informing customers should be assessed to better align current practices with the needs of customers.

Dated: August 22, 2014

Respectfully submitted,



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