

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



**FILED**

01-25-10  
03:52 PM

Application of Pacific Gas and Electric  
Company for Authority, Among Other Things,  
to Increase Rates and Charges for Electric and  
Gas Service Effective on January 1, 2011.

Application 09-12-020  
(Filed December 21, 2009)

**PROTEST OF THE UTILITY REFORM NETWORK**

January 25, 2010

Hayley Goodson  
Staff Attorney

**The Utility Reform Network**  
115 Sansome Street, Suite 900  
San Francisco, CA 94104  
Phone: (415) 929-8876  
Fax: (415) 929-1132  
E-mail: [hayley@turn.org](mailto:hayley@turn.org)

## PROTEST OF THE UTILITY REFORM NETWORK

### I. Introduction

On December 21, 2009, Pacific Gas and Electric Company (PG&E) filed the instant application, seeking to increase its gas and electric distribution and generation base revenue requirements by startling amount. Amidst still staggering unemployment in California – 12.4%<sup>1</sup> – and the worst economic conditions since the Great Depression, PG&E requests an increase of more than **\$1 billion in 2011**, as compared to currently projected and authorized 2011 revenue requirements, which is an increase of nearly 20% in base revenue requirement amounts.<sup>2</sup> PG&E also proposes an attrition adjustment mechanism which, according to PG&E’s current estimate, would result in revenue requirement increases in each of the attrition years, 2012 and 2013, in the amounts of \$275 million and \$343 million, respectively.<sup>3</sup> Taken together, PG&E asks that its ratepayers pay **\$4.2 billion** more over the three-year rate case cycle for gas and electric service than ratepayers would pay if 2011 currently authorized base revenue requirements were to remain unchanged.<sup>4</sup>

PG&E seeks a higher test year revenue requirement increase than ever requested by a utility from this Commission, to TURN’s memory. Yet at the same time, PG&E’s customers are living amidst the highest unemployment rate in 25 years, an epidemic of home foreclosures, the slow down or shutdown of many businesses, lower state and local

---

<sup>1</sup> California Employment Development Department, News Release 10-01, January 22, 2010, available online at [http://www.edd.ca.gov/About\\_EDD/pdf/urate201001.pdf](http://www.edd.ca.gov/About_EDD/pdf/urate201001.pdf).

<sup>2</sup> PG&E Application, pp. 1, 3. PG&E seeks an increase of \$1.048 billion over 2011 projected revenue requirements (or 18.6%) and \$1.101 billion over 2011 authorized revenue requirements (or 19.7%).

<sup>3</sup> PG&E Application, p. 4.

<sup>4</sup> Calculation:  $(\$1.101 \text{ billion}) \times 3 + (\$275 \text{ million}) \times 2 + (\$343) = \$4.2 \text{ billion}$ .

government revenue for basic services, and a state budget crisis threatening to dismantle basic social services, as well as many other essential state government functions.<sup>5</sup> Even PG&E acknowledges that its “request is substantial, and that it will fall on customers already buffeted by the economic downturn.”<sup>6</sup>

Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, The Utility Reform Network (TURN) submits this protest to PG&E’s brazen application. Rule 2.6 requires that protests be filed within 30 days of the date the notice of the filing of the application first appeared in the Commission’s Daily Calendar. Notice of the instant application first appeared on Dec. 24, 2009. As the 30<sup>th</sup> day fell on Saturday, Jan. 23, 2010, pursuant to Rule 1.15, protests are due Monday, Jan. 25, 2010. TURN’s protest is thus timely filed.

## **II. Grounds for Protest**

The Commission must ensure that the rates charged by PG&E are just and reasonable. As the Commission explained in D.01-10-031:

We have a regulatory responsibility to ensure PG&E provides adequate service at just and reasonable rates, and we must view the facts accordingly. Our legislative mandate encompasses promoting the “safety, health, comfort, and convenience of [PG&E’s] patrons, employees, and the public.” *See* §451.<sup>7</sup>

TURN protests PG&E’s request for authorization to increase its revenue

---

<sup>5</sup> *See, i.e., California Labor Market Review, December 2009*, available online at <http://www.calmis.ca.gov/file/1fmonth/calmr.pdf> (showing unemployment rates in December 2009 (not seasonally adjusted) in PG&E’s service territory ranging from a low of 7.8% in Marin County to a high of 25.9% in Colusa County, with a number of counties above 15%). *See also* California Foreclosure Prevention Act, AB 7 (Lieu), chaptered February 20, 2009, California Stats 2009 ch 5, Sec. 2(a)., “The Legislature finds and declares all of the following: ... California is facing an unprecedented threat to its state and local economies due to skyrocketing residential property foreclosure rates in California.”

<sup>6</sup> PG&E Exhibit PG&E-1, p. 1-2.

<sup>7</sup> D.01-10-031, *Order Granting Rehearing of and Modifying Decision 00-02-046*, p. 5.

requirement as presented in this application, as PG&E's request is without sufficient support, and all things considered, is shockingly excessive. As the applicant, PG&E bears the burden of proving that it is entitled to the revenue requirement it seeks here and must affirmatively establish the reasonableness of each and every proposal within its application.<sup>8</sup> Moreover, the starting point for the Commission's analysis must be that existing rates are reasonable unless a party meets its burden of proving that they are not.<sup>9</sup>

While TURN is still in the preliminary stage of our investigation, we expect to present evidence in our prepared testimony and through evidentiary hearings showing that PG&E has failed to meet its burden of demonstrating the reasonableness of many aspects of its showing, including but not limited to certain proposals regarding electric and gas distribution costs, customer service costs, electric generation costs, administrative and general expenses, shared services and other support costs, and rate base. TURN may additionally address some or all of the following aspects of PG&E's showing:

- The intersection between PG&E's GRC and its Advanced Metering Infrastructure (AMI) program, plus related programs, including demand response and Critical Peak Pricing (named Peak Day Pricing by PG&E);
- The inclusion of certain A&G-related Energy Efficiency and Demand Response program costs in the GRC, rather than in their respective program applications, which could have the effect of artificially increasing the cost-effectiveness calculations for those programs, as well as impacting the allocation among customer classes of these program costs;
- The relationship between PG&E's failed "Business Transformation" (a cornerstone of its test year 2007 GRC) and costs included in this rate case;

---

<sup>8</sup> See, *i.e.*, D.09-03-025, p. 8 (discussing SCE's burden of proof in its Test Year 2009 General Rate Case, A.07-11-011).

<sup>9</sup> "[The utility] has the burden of proving that its current authorized revenues are unreasonable and should be adjusted." D.00-02-046, Conclusion of Law 3.

- An examination of why PG&E’s ratepayers should pay \$100 million per year for approximately \$1 billion in rate base, as a result of PG&E’s proposals regarding fleet, fuel inventory, and customer deposits, when SCE’s customers do not pay these costs;
- PG&E’s apparent practice of doing more with less in 2009 and 2010 by cutting its budget in various program areas, only to forecast a restored budget in 2011, just in time for the GRC, often with little or no explanation;
- PG&E’s suggestion that 2009 costs are irrelevant, while publicly available news sources have reported facts tending to indicate the contrary, such as news that PG&E management laid off hundreds of people in 2009, many of whom are in positions that are unlikely to be filled in the 2011 test year.

### **III. Effect of the Application on the Protestant**

TURN is a non-profit consumer advocacy organization, and has a long history of representing the interests of residential and small commercial customers of California's utility companies before this Commission. TURN's articles of incorporation specifically authorize our representation of the interests of residential customers. The instant application harms the interests of PG&E’s residential and small commercial ratepayers, whose interests TURN represents, by seeking authorization to collect from ratepayers charges that are unjust and unreasonable for the provision of electric and natural gas utility service by PG&E during the years 2011, 2012 and 2013.

### **IV. Need for Evidentiary Hearings**

In Resolution ALJ 176-3247 (Jan. 21, 2010), the Commission preliminarily determined that this proceeding should be categorized at “ratesetting” and that evidentiary hearings will be necessary. TURN concurs with this assessment. PG&E has requested a substantial rate increase, and the Commission’s disposition of PG&E’s application will require the resolution of numerous disputed issues of material fact, including the reasonableness of PG&E’s forecasts of test year costs throughout its



CERTIFICATE OF SERVICE

I, Larry Wong, certify under penalty of perjury under the laws of the State of California that the following is true and correct:

On January 25, 2010 I served the attached:

**PROTEST OF THE UTILITY REFORM NETWORK**

on all eligible parties on the attached lists **A.09-12-020, A.05-12-002 and I.06-03-003** by sending said document by electronic mail to each of the parties via electronic mail, as reflected on the attached Service List.

Executed this January 25, 2010, at San Francisco, California.

/S/  
Larry Wong

**Service List for A.09-12-020, A.05-12-002 and I.06-03-003**

a2mx@pge.com  
annadel.almendras@doj.ca.gov  
asteinberg@semprautilities.com  
atrowbridge@daycartermurphy.com  
attys@wellingtonlaw.com  
ayk@cpuc.ca.gov  
bcragg@gmssr.com  
ben@cpuc.ca.gov  
BermanEconomics@gmail.com  
bevin\_hong@transcanada.com  
bfinkelstein@turn.org  
bpf2@pge.com  
bruce.foster@sce.com  
case.admin@sce.com  
cem@newsdata.com  
ckt@cpuc.ca.gov  
clarence.binninger@doj.ca.gov  
clyde.murley@comcast.net  
cmkehrein@ems-ca.com  
david\_white@transcanada.com  
dbeyer@ebmud.com  
deb@a-klaw.com  
delette.olberg@asm.ca.gov  
dforkel@deltawetlands.com  
dgeis@dolphingroup.org  
dhuard@manatt.com  
dietrichlaw2@earthlink.net  
dlf@cpuc.ca.gov  
dmarcus2@sbcglobal.net  
dss8@pge.com  
edwardoneill@dwt.com  
filings@a-klaw.com  
francis.mcnulty@sce.com  
gayatri@jbsenergy.com  
glw@eslawfirm.com  
gxgw@pge.com  
gxh@cpuc.ca.gov  
hayley@turn.org  
HEmmrich@semprautilities.com  
jackplynch@sbcglobal.net  
james.lehrer@sce.com  
jbattey@stewardshipcouncil.org  
jeffgray@dwt.com  
jimross@r-c-s-inc.com  
johnredding@earthlink.net  
joyw@mid.org  
jpong@sempra.com  
jsqueri@gmssr.com  
judypau@dwt.com  
julien.dumoulin-smith@ubs.com  
jweil@aglet.org

K1Ch@pge.com  
karen@klindh.com  
keith.mccrea@sablaw.com  
kenechukwuo@greenlining.org  
kjsimonsen@ems-ca.com  
KMelville@sempra.com  
kris.vyas@sce.com  
lawcpuccases@pge.com  
ljt@cpuc.ca.gov  
lls@cpuc.ca.gov  
lmh@eslawfirm.com  
lra@cpuc.ca.gov  
marcel@turn.org  
mdjoseph@adamsbroadwell.com  
mk@utilitycostmanagement.com  
mmattes@nossaman.com  
mrafferty805@charter.net  
mramirez@sflower.org  
mrw@mrwassoc.com  
mshames@ucan.org  
nes@a-klaw.com  
nil@cpuc.ca.gov  
norman.furuta@navy.mil  
nwhang@manatt.com  
pfa@cpuc.ca.gov  
pgg4@pge.com  
phanschen@mofo.com  
pjk@eslawfirm.com  
pk@utilitycostmanagement.com  
ppv1@pge.com  
pucservice@dralegal.org  
raj.pankhania@ci.hercules.ca.us  
regrelcpuccases@pge.com  
rhd@cpuc.ca.gov  
rkeen@manatt.com  
rliebert@cfbf.com  
rmccann@umich.edu  
rmp@cpuc.ca.gov  
rob@clfp.com  
robertg@greenlining.org  
rochelle@a4nr.org  
rogerl47@aol.com  
rschmidt@bartlewells.com  
russell.worden@sce.com  
rwetherall@energy.state.ca.us  
sberlin@mccarthylaw.com  
Service@spurr.org  
tim@cpuc.ca.gov  
tomk@mid.org  
txb@cpuc.ca.gov  
wendy@econinsights.com