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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Recover Costs Recorded in the Catastrophic Event Memorandum Account Pursuant to Public Utilities Code Section 454.9 Associated with Certain Declared Disasters Between August 2009 and March 2011 (U39E).

Application 11-09-014
(Filed September 21, 2011)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure (Rules), following a prehearing conference (PHC) held on January 31, 2012, this scoping memo sets the procedural schedule, assigns the Presiding Officer, and addresses the scope of this proceeding.¹

1. Background

On September 21, 2011, the Pacific Gas and Electric Company (PG&E) filed an application under its Catastrophic Event Memorandum Account (CEMA) for authorization to recover incremental disaster-related electrical costs incurred in responding to seven events scattered throughout California. Specifically, PG&E

¹ All subsequent references to Rules are to the Commission's Rules of Practice and Procedure, Chapter 1, Division 1 of Title 20 of the California Code of Regulations. The current version of the Rules is available on the Commission's website: www.cpuc.ca.gov.

requests authorization to recover \$32.4 million in electric revenue requirements that are associated with an alleged \$48.9 million in CEMA-eligible incremental costs stemming from:

- 1) Four fires that occurred between August 20th and 30th of 2009 in northern and central California;
- 2) Storms that occurred between October 12th and 14th of 2009 in Santa Cruz County;
- 3) A January 9, 2010 earthquake the originated in Ferndale, California;
- 4) A series of storms that impacted Los Angeles, Orange, Riverside, San Francisco, and Siskiyou Counties between January 17th and 20th of 2010;
- 5) A series of storms that impacted Calaveras and Tuolumne Counties between November 20th and December 9th of 2010;
- 6) A series of storms that impacted Inyo, Kern, Kings, Los Angeles, Madera, Mariposa, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Tulare Counties between December 18th of 2010 and January 4th of 2011; and
- 7) A series of storms that impacted Alameda, Amador, Butte, Contra Costa, Del Norte, Humboldt, Madera, Mariposa, Mendocino, Monterey, San Luis Obispo, Santa Barbara, Santa Cruz, Sierra, Stanislaus, Sutter, Trinity, Tuolumne, and Ventura Counties between March 15th and 27th of 2011.

The Division of Ratepayer Advocates of the California Public Utilities Commission (DRA) and The Utility Reform Network (TURN) filed protests to PG&E's application on October 31, 2011. In its protest, TURN notes that the vast majority of the \$48.9 million in costs for which PG&E requests recovery, are classified as electrical distribution expenditures, and that over \$30 million of the "CEMA-eligible costs" are due to a single storm. TURN then questions whether:

- 1) PG&E's allocation of special orders to eligible counties for purposes of

calculating “CEMA-eligible” costs is reasonable; 2) PG&E’s calculation of “incremental” costs beyond those included in rates is reasonable; 3) The declarations of disaster relied upon by PG&E meet the legal standards; and 4) PG&E’s allocation of insurance proceeds to affected counties is reasonable.

For its part, DRA questions whether there was an official disaster declaration for each event; whether PG&E complied with CEMA claim requirements; whether the costs at issue were proximately caused by the events PG&E identifies; whether the accounting methods used, the proposed recovery methods, and the total CEMA-eligible costs are reasonable and justified.

2. Categorization of Proceeding

Resolution ALJ 176-3282 preliminarily categorized this proceeding as ratesetting and determined that hearings will be necessary. This scoping memo confirms these preliminary determinations. As set forth in Rule 7.6, the determination as to category is subject to appeal.

3. Scope

The purpose of this proceeding is primarily to assess the reasonableness of PG&E’s CEMA claims. We will determine whether:

- 1) PG&E’s allocation of special orders to eligible counties for purposes of calculating CEMA-eligible costs is reasonable;
- 2) PG&E’s calculation of “incremental” costs beyond those included in rates is reasonable;
- 3) The declarations of disaster relied upon by PG&E are consistent with the relevant law;
- 4) PG&E’s allocation of insurance proceeds to affected counties is reasonable;
- 5) There was an official disaster declaration for each event;
- 6) PG&E complied with all CEMA claim requirements;

- 7) The costs at issue were proximately caused by the events PG&E identifies;
- 8) The accounting methods used, the proposed recovery methods, and the total CEMA-eligible costs are reasonable and justified.

4. Discovery

The parties report that they have commenced discovery and, as of the PHC, there were no discovery disputes. Should disputes arise, or if parties anticipate that they will not be able to conclude discovery in time to comply with the schedule, they should raise the issue with the Commission pursuant to Rule 11.3.

5. Status Reports

Periodically and at times to be determined, the assigned Administrative Law Judge (ALJ) may ask parties to provide status reports on various topics, including settlement efforts and efforts by the parties to coordinate the presentation of issues.

6. Settlement and Alternative Dispute Resolution

While the schedule does not include specific dates for settlement conferences, it does not preclude such efforts. If a settlement conference is held, PG&E is directed to apprise the ALJ the next business day. The notice must also be served on the entire service list via electronic mail.

7. Schedule

Pursuant to Pub. Util Code § 1701.5, the Commission must resolve this application within 18 months of the issuance of this scoping memo. The Commission's compliance with this mandate is reflected in the schedule set forth below:

DRA Opening Testimony Served	June 1, 2012
TURN Opening Testimony Served	June 15, 2012
PG&E Rebuttal Testimony Served	July 11, 2012
Hearings	July 25 & 26, 2012 at 10:00 a.m. Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Opening Briefs Filed	August 16, 2012
Reply Briefs Filed	August 30, 2012
Proposed Decision	November 20, 2012
Targeted Commission Meeting to Consider Proposed Decision	December 20, 2012

8. Service and Service List

The official service list is maintained on the Commission's website. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m. on the date scheduled for service to occur. Parties are reminded that, when serving copies of documents, the document format must be consistent with the requirements set forth in Rule 1.10(a).

Rules 1.9 and 1.10 govern service of documents only and do not change the Rules regarding the tendering of documents for filing. Parties can find information about electronic filing of documents at the Commission's Docket

