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

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, 2014 (U39M).

Application 12-11-009  
(Filed November 15, 2012)

And Related Matter.

Investigation 13-03-007

**ASSIGNED COMMISSIONER'S RULING AND AMENDED SCOPING MEMO**

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure (Rules)<sup>1</sup> and following the prehearing conference (PHC) held on January 11, 2013, this ruling provides an Amended Scoping Memo for this proceeding.

A Scoping Memo was previously issued in this proceeding by ruling dated January 22, 2013, regarding the General Rate Case (GRC) Phase 1 application<sup>2</sup> of Pacific Gas and Electric Company (PG&E) for authority to increase its gas and electric distribution and electric generation base revenue requirements based on

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<sup>1</sup> All subsequent references to Rules are to the Commission's Rules of Practice and Procedure. The current version of the Rules is available on the Commission's website:

<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=89380172>.

<sup>2</sup> Phase 1 of the GRC addresses revenue requirements and related issues. Phase 2 addresses electric marginal cost, revenue allocation, and rate design matters.

a 2014 test year. As discussed in the January 2013 Scoping Memo, the scope of this proceeding expressly includes consideration of three consultant reports issued in this proceeding (Consultant Reports), identified as follows:

- 1) "Study of Risk Assessment and PG&E's GRC," prepared by the Liberty Consulting Group;
- 2) "Evaluation of PG&E's 2014 Gas Distribution Filing," prepared by Cycla Corporation; and
- 3) "Focused Financial Audit of Pacific Gas & Electric Company's Gas Distribution Operations," prepared by Overland Consulting.

Subsequent to the issuance of the January 2013 Scoping Memo, these three Consultant Reports were publicly released and made a part of the record in this proceeding by Administrative Law Judge (ALJ) rulings. The findings and conclusions in these Consultant Reports will be utilized, as relevant, for purposes of the Commission's determinations and adoption of revenue requirements for test year 2014 and for attrition years 2015 and 2016. As a separate matter apart from issues relating to the 2014-2016 revenue requirements, however, the Consultant Reports also present prospective recommendations regarding future actions that PG&E should take to improve its risk assessment and risk management practices and policies going forward to promote achievement of appropriate standards safety, security, and reliability.

The Scoping Memo issued in January 2013 anticipated that all issues raised in the Consultant Reports would be addressed concurrently with the Commission's decision adopting 2014-2016 GRC revenue requirements for PG&E. In the interests of expediting the issuance of the Commission's decision on the 2014-2016 GRC revenue requirements, however, it is appropriate to separately consider issues raised in the Consultant Reports that (a) relate only to

prospective recommendations, and (b) have no bearing on the Commission's determinations of 2014-2016 revenue requirements.

Accordingly, this Amended Scoping Memo is adopted to affirm that those issues in the Consultant Reports that relate only to prospective recommendations for PG&E actions and that do not affect the Commission's determination of 2014-2016 GRC revenue requirements will be addressed in a separate decision apart from the determination and adoption of PG&E's 2014-2016 GRC revenue requirements. By addressing these latter issues in a subsequent decision that is separate from the Commission's adoption of PG&E's 2014-2016 GRC revenue requirements, the schedule will be more efficient, allowing for more timely resolution of revenue requirements issues.

As an additional development since issuance of the original Scoping Memo, the Commission issued Rulemaking (R.) 13-11-006 to address whether and how the Commission should formalize rules to ensure effective use of a risk-based decision-making framework to evaluate safety and reliability improvements presented in GRC applications, develop necessary performance metrics and evaluation tools, and modify the Rate Case Plan documentation requirements for investor-owned energy utilities. Depending on the timing of R.13-11-006 in relation to this proceeding, consideration of issues in the Consultant Reports may be informed by developments in R.13-11-006.

It is anticipated that this proceeding will conclude within 18 months of the issuance of this Amended Scoping Memo, pursuant to Public Utilities Code Section 1701.5.

**IT IS RULED** that that pursuant to Rule 7.3(a) of the Commission's Rules, this Amended Scoping Memo is adopted. The schedule for the proceeding is modified to provide for separate consideration of issues in the Consultant

Reports prepared by Liberty Consulting Group, Cycla Corporation, and Overland Consulting, to the extent those issues (a) relate only to prospective recommendations for actions by Pacific Gas and Electric Company (PG&E) and (b) have no bearing on the Commission's determinations of 2014-2016 General Rate Case (GRC) revenue requirements. The aforementioned issues raised in these Consultant Reports will be addressed in a separate decision in this proceeding apart from the Commission's determination and adoption of PG&E's 2014-2016 GRC revenue requirements.

Dated June 9, 2014, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio  
Assigned Commissioner