

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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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.

R.13-11-006
(Filed November 14, 2013)

SECOND ROUND
REPLY COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES
REGARDING A RISK-BASED DECISION-MAKING FRAMEWORK
TO EVALUATE SAFETY AND RELIABILITY IMPROVEMENTS AND
REVISE THE GENERAL RATE CASE PLAN FOR ENERGY UTILITIES

I. INTRODUCTION & SUMMARY OF RECOMMENDATIONS

Pursuant to the Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge issued May 15, 2014, the Office of Ratepayer Advocates (ORA) submits these Reply Comments to address proposed changes to the Rate Case Plan (RCP) for the large energy utilities.

II. DISCUSSION

The Order Instituting Rulemaking (OIR) issued in November 2013 and subsequent Rulings issued since then have asked various questions about the timing of General Rate Case (GRC) applications and how to streamline the process.¹ ORA and other parties have offered suggestions in their Opening and Reply Comments submitted in January, May, and June 2014. ORA and other parties also offered suggestions in their Second Round of Opening Comments submitted July 25, 2014.

¹ OIR, p. 1.

Below, ORA responds to Opening Comments of various parties. Silence on any Comment of any other party not specifically addressed should not be interpreted as agreement or disagreement.

Communities for a Better Environment

ORA supports the Communities for a Better Environment recommendation that intervenors have the same access to data as all other parties to the GRC process, and that utilities respond to all discovery requests during the GRC process.

Utility Consumers' Action Network

ORA supports the Utility Consumers' Action Network (UCAN) recommendation that IOUs be required to provide information from all common aspects of their operations in a standardized way.

Energy Producers and Users Coalition

ORA does not oppose the Energy Producer and Users Coalition (EPUC) recommendation that the Rate Case Plan (RCP) be amended to delay the filing of Rate Design and Cost Allocation (Phase 2) testimony. In this regard, ORA recommends that the utilities file a separate application for cost allocation and rate design. ORA supports EPUC's recommendation that each utility hold a workshop after its GRC application is filed.

The Utility Reform Network

ORA agrees with The Utility Reform Network (TURN) that:

- the forecasting methods employed by the utilities in the development of their future test year forecasts are overly granular, data-intensive, and resource-intensive to evaluate
- utilities should present capital spending with and without overheads for the base year and four prior years, as well as for the years between the base year and test year, with explanations for significant variations in overheads
- the last full year of recorded data (base year + 1) be provided as soon as it is available, and in the same format as the utility's forecasts are presented

- rebuttal testimony is not intended to provide the utility an opportunity to add information that should have been included in its direct showing, nor an opportunity to provide new information that should have been provided in response to discovery requests

ORA disagrees with TURN that ORA's testimony should be due 150 or 165 days after the filing of a utility's GRC application. The timeline indicated in the refined straw proposal is more appropriate. For example, in the PG&E 2015 Gas Transmission & Storage (GT&S) rate case, the utility filed its application on December 19, 2013, and ORA submitted testimony on August 11, 2014, almost eight months after the application was filed. In the GT&S rate case, PG&E requested a 2015 revenue requirement of \$1.3 billion.

In PG&E's 2014 GRC, the requested test year revenue requirement was \$7.8 billion, or six times that requested in the GT&S case. To shorten the time ORA has to review and analyze the multitude of complex issues raised in a GRC with their far greater financial impact is unreasonable. As it is, the timeline in the refined straw proposal does not even provide ORA with the eight months in the PG&E 2015 GT&S case.

Sempra Energy Utilities

ORA generally agrees with the Sempra Energy Utilities (SEU) that if the NOI phase in the GRC is retained, that the GRC application should be filed as soon as possible after the NOI has been deemed acceptable. Currently the RCP requires that the GRC application not be filed less than 60 days after the NOI is accepted. In earlier comments, ORA recommended that the time frame be reduced to 30 days. ORA would not oppose a further reduction in time between NOI acceptance and filing of a GRC application.

For the large energy utilities, ORA supports SEU's recommendation that the adopted revenue requirement's effective date should be January 1 of the test year, or that upon filing of the GRC application, a memorandum account is authorized to be established to achieve the same effective result.

ORA supports SEU's recommendation that the Commission should reach a decision on the Phase I Risk Framework issues before implementing Phase II changes.

Pacific Gas and Electric

ORA opposes the Pacific Gas and Electric Company (PG&E) recommendation that, if a party wishes to file on alternative dates to a set schedule, it should seek leave to do so from the Commission's Executive Director. Currently parties make such requests to the presiding officer, and ORA recommends that this process be retained.

ORA agrees with PG&E that two ALJs should be assigned to larger GRCs.

ORA agrees that the standard of proof should be clarified, but that utilities need to meet the "clear and convincing" standard rather than merely the "preponderance of evidence" standard. PG&E appears to interpret "preponderance of evidence" to mean the volume of information which the utility provides, as opposed to the quality of the information provided. Just as throwing more money at a problem does not necessarily solve it, throwing more paper at the Commission and intervenors does not necessarily support PG&E's requests. The "clear and convincing" standard ensures that the utility provides quality evidence and meets its true burden of proof. This OIR should lay this issue to rest and establish clear and convincing evidence as the applicable standard in GRCs

ORA supports PG&E's recommendation that utilities and parties focus their testimony and workpapers on the issues of greatest cost and importance. However, as the utilities are the first to submit direct testimony, it is their responsibility to focus their testimony and workpapers on the issues of greatest cost and importance.

ORA and other intervenors respond to the utilities' showings. If the utilities wish to avoid "death by a thousand cuts," then they should not be submitting testimony and workpapers requesting a thousand + forecasted increases. The utilities need to make the first move to streamline this process.

ORA opposes PG&E's proposed GRC schedule which has utilities filing its GRC application on September 1 and ORA serving all exhibits and workpapers on January 15 of the following year. That is simply not enough time for ORA to conduct a thorough

review and analysis to meet the goal established by the Legislature in Public Utilities Code Section 309.5 of advocating for “the lowest possible rate for service consistent with reliable and safe service levels.”² See also ORA’s comments above in response to TURN’s proposed schedule.

Southern California Edison

The stated concern of Southern California Edison Company (SCE) about a test year shortfall supports ORA’s recommendation for 4-year GRC cycles for SCE, PG&E, and SEU. That way, the utilities’ test year does not wind up being its base year in the next GRC.

ORA opposes SCE’s recommendation that the NOI be eliminated. SCE asserts that eliminating the NOI and filing the GRC earlier will allow more parties to engage in discovery earlier in the process. There is nothing that says parties cannot engage in discovery during the NOI process; ORA routinely issues discovery requests during the NOI period.

ORA agrees with SCE that if the NOI process is retained, the 60-day waiting period should be eliminated and a shorter waiting period be established. ORA opposes SCE’s recommendation that utilities not be required to first “cure deficiencies” identified by ORA before filing their GRC application; that is illogical since it would lengthen, rather than streamline, the orderly processing of the GRC application.

ORA does not oppose SCE’s recommendation that utilities hold meetings or workshops to make pre-discovery presentations to interested parties within the first two weeks following the filing of their GRC application.

ORA opposes SCE’s recommendation that the Commission establish discovery deadlines. ORA’s discovery rights, and those of other Commission staff, are established by statute. For example, ORA may “... compel the production of disclosure of any

² Public Utilities Code §309.5.

information it deems necessary to perform its duties from any entity regulated by the Commission....”³

ORA opposes SCE’s recommendation that a portion of the evidentiary hearings be held in the utility’s service territory. Although it is currently done on a limited basis, expanding it would result in a logistical nightmare for the Commission and the intervenors, resulting in increased costs to ratepayers.

ORA generally supports SCE’s recommendation for four weeks of hearings in GRC proceedings.

ORA opposes SCE’s recommendation to eliminate paper copies of the application, testimony, workpapers, and data request responses. Paper copies of materials such as those are commonly and regularly used during evidentiary hearings. Utilities have the resources to print paper copies, and they are able to recover the cost of printing in their revenue requirement.

ORA generally supports SCE’s recommendation to simplify the Results of Operations model to be consistent with the requirements of Public Utilities Code Sections 1821 and 1822 for Computer Models.

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³ Public Utilities Code §309.5e.

III. CONCLUSION

ORA recommends that the Commission adopt the proposals listed above and in ORA's other submissions in this Rulemaking to streamline the GRC process for energy utilities.

Respectfully submitted,

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