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

AMENDED JOINT COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M), SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND OFFICE OF RATEPAYER ADVOCATES ON PROPOSED DECISION OF COMMISSIONER FLORIO ADDRESSING PETITION FOR MODIFICATION OF GENERAL RATE CASE CYCLE LENGTH IN DECISION 14-12-025

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May 24, 2016

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Pursuant to Rules 14.3 and 1.12[1] of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), San Diego Gas & Electric Company ("SDG&E"), Southern California Gas Company ("SoCalGas") and Office of Ratepayer Advocates ("ORA") (collectively, "Petitioners " or "moving parties") herein provide their amended comments on the Proposed Decision ("PD") of Commissioner Florio[2] dated April 29, 2016. On October 22, 2015, [3] SDG&E, SoCalGas, and ORA filed a joint petition for modification ("PFM") of Decision ("D.") 14-12-025. The PFM asked the Commission to modify the GRC cycle length contained in D.14-12-025. The PD denies the PFM based on reasoning the Petitioners believe is erroneous. The PD should be corrected and the PFM should be granted, as set forth below.

In D.14-12-025, the Commission retained a three-year GRC cycle, but recognized that implementing these new procedures would place an additional burden on litigating parties and that the three-year cycle is dependent on following the Rate Case Plan ("RCP") schedule:

> On the three- or four-year GRC cycle, we will retain the three-year cycle. The

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[1] *<u>These comments (originally filed on May 19, 2016) have been amended by the addition of this footnote,the addition of one new sentence on p. 4, and small revisions to proposed conclusions of law 2 and 3. The amendments are in text that has been underlined and italicized. Moving parties do not believe that any party is prejudiced by these amendments, but have no objection to additional time being provided for reply comments.</u>*

[2] *Decision Addressing the Petition for Modification of Decision 14-12-025 Regarding Adding an Additional Attrition Year* (April 29, 2016).

[3] The PD on p. 3 incorrectly lists this date as September 11, 2015, which is the date of a different joint motion regarding GRC settlements.

> three year cycle will minimize overlapping GRCs <u>so long as the RCP schedule is followed.</u>[4]

D.14-12-025 unfortunately contained little discussion of the rationale for this three-year cycle and in fact contains no findings of fact or conclusions of law regarding this choice. The PD argues that:

> Second, the moving parties have not presented any new reasons as to why we should change the GRC cycle from three to four years.[5]

This argument is incorrect both in its premise and in its conclusion.

First, there is no requirement that a petitioner must show changed or new circumstances before a petition for modification may be granted.[6] . In determining whether to grant a petition for modification, the Commission looks to the reasonableness of the reason underlying the petition.[7]

Second, the PFM demonstrated that there are scheduling conflicts between the S-MAP[8], RAMP[9], and GRC proceedings. This problem is even worse today than it was when the PFM was filed. For example, SDG&E and SoCalGas are in the second quarter of 2016 and there is no Proposed Decision, much less a final decision, regarding their Test Year ("TY") 2016 GRC, for which rates should have taken effect on January 1, 2016 under the RCP. The lack of approval for projects and programs in the TY 2016 GRC makes the preparation of the upcoming SDG&E/SoCalGas RAMP filings much more difficult.[10] SDG&E and SoCalGas are faced with forecasting the cost of safety-related mitigations they will propose in the TY 2019 GRC without yet knowing what funding they may (or may not) receive in the TY 2016 GRC – which will set the 2016 base year activities that any future mitigations must be compared against. And, while the Commission rejected the arguments about a four-year cycle in D.14-12-025, it did so under the assumption that Rate Case Plan schedules would be followed. This has not happened.

Pacific Gas and Electric Company's ("PG&E") Gas Transmission and Storage ("GT&S")

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[4] D.14-12-025 at 40 (emphasis added).
[5] PD at 5.
[6] See D.05-07-047 at 4 (*In re Application of Southern California Edison Co.*); see also, D.09-02-032 at 9 (*In re Application of the Exposition Metro Line Construction Authority*).
[7] See D.15-06-002 at 9-11; see also, D.07-01-034 at 2.
[8] Safety Model Assessment Proceeding.
[9] Risk Assessment Mitigation Phase.
[10] SDG&E and SoCalGas will ask for Orders Instituting Investigation to be opened in September 2016 and then will each file their RAMP on November 30, 2016.

proceeding is behind schedule, with proposed and alternate proposed decisions ("APD") recently issued on its 2015 Test Year. The PD and APD determine that five months of the delay were caused by PG&E, but even discounting for that, the final decision will be over a year delayed from the schedule set forth in the scoping ruling.[11] Southern California Edison Company's ("SCE") TY 2015 GRC was resolved in the eight months since the PFM was filed, but not until 11 months into Edison's Test Year, in D.15-11-021. SCE's GRC proceeding took 723 days to resolve, compared to the Rate Case Plan's expected 384-day proceeding schedule. Lengthening the GRC cycle to 4 years will help the Commission reduce delays and the problems caused by those delays. Such problems include uncertainty, which affects the utilities' ability to efficiently run utility operations, and execute on planned investments; hindering a utilities' ability to deploy new technologies; and shifting schedules that can impact safe operations.

The PFM also presented the Commission with ORA's proposal to undertake additional audits in order to maintain compliance with Public Utilities Code Section 314.5:

> If the Commission grants this PFM and adopts a four-year GRC cycle, ORA will conduct an additional audit as needed and serve it to parties in the GRC proceeding.[12]

This additional audit supports the move to a four-year cycle that was not previously reviewed or rejected in D.14-12-025.

The Commission should carefully consider its current GRC/risk schedule for the latter half of 2016. SCE will file its next GRC in the third quarter of 2016. PG&E's GRC is being litigated at this same time and will be in hearings and the briefing phase. PG&E's 2015 GT&S proceeding should be concluded, but PG&E will be preparing its 2018 GT&S proceeding to be filed in the fourth quarter of 2016. The S-MAP phase one should be concluded, but parties will be preparing for phase two, and SDG&E and SoCalGas will both be preparing their RAMP filings for November, 2016. Commission staff (including ORA, the Safety and Enforcement Division ("SED"), and the Energy Division) will need to be engaged in all these proceedings simultaneously, including the implementation, evaluation, discovery, hearing, and report writing phases. There are GRC and/or related risk proceedings for all the major energy utilities, each overlapping with the next.

The PD also states:

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[11] A.13-12-012, *Ruling of the Assigned Commissioner and Administrative Law Judge Amending Scoping Memo and Schedule* (November 13, 2014) at 6.
[12] PFM at 4.

> Extending the GRC cycle by an additional year will delay the time for the Commission and interested parties to incorporate the RAMP process in future GRC filings of the energy utilities, and to learn from the early RAMP filings[13].

Since the RAMP will be a recurring process for all the utilities, adopting the PFM should simply alter which utility would first file with their RAMP. To address the concern that the SDG&E and SoCalGas RAMP would be delayed with a 4-year GRC cycle, SDG&E and SoCalGas are preparing to move forward with their RAMP filings in November 2016, regardless of the disposition of this PFM. If a four-year cycle is adopted, this will allow the Commission time to fine tune its RAMP process, which potentially would be very useful, in that the RAMP has never been undertaken before. *The Moving Parties also submit that the PFM could be approved so as to adopt a four-year cycle for SDG&E and SoCalGas, leaving the fourth year for PG&E and SCE as an option the Commission can address independently.*

The PD also rejects the PFM using the following erroneous rationale:

> The Commission also stated in D.14-12-025 at 40 that "Should the S-MAP, RAMP, and GRC processes pose scheduling conflicts, we may need to revisit the need for a four-year rate cycle." Since the S-MAP applications have not yet been resolved, and the first RAMP has not yet been filed, it is premature "to revisit the need for a four-year rate cycle.[14]

The Commission will address and resolve the first four S-MAP applications soon; a proposed decision should be issued in a few months. Based on the record of the consolidated S-MAP, it is apparent that there will likely need to be a second phase of the first S-MAP docket before the second round of S-MAP applications are filed. All parties will need to dedicate additional resources to this second phase of the first S-MAP. This is in addition to the scheduling and resource conflicts already noted with regard to GRC delay. Accordingly, it is not premature to revisit the need for a four-year GRC cycle now. Allowing an extra attrition year will help the Commission, its staff, and all parties manage the increased workload and minimize delays in GRC decisions.

[13] PD at 5.
[14] Id. (emphasis added).

For the reasons set forth above, SDG&E, SoCalGas and ORA respectfully request that the Commission revise the Proposed Decision to grant this Joint Petition to modify D.14-12-025. Implementing the four-year GRC cycle time will allow better use of both utility and Commission resources, and facilitate the timely completion of S-MAP, RAMP, and GRC proceedings. Counsel for SDG&E and SoCalGas has been authorized to sign this pleading on ORA's behalf.

Respectfully submitted,

By: /s/ *Laura Tudisco*	By: */s/ Keith W. Melville* Keith W. Melville

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PROPOSED FINDINGS OF FACT

6. Extending the GRC cycle by an additional year will <u>not</u> delay the time to incorporate the RAMP process in future GRC filing of the energy utilities <u>if we order SDG&E and SoCalGas to maintain the current filing schedule for their RAMP of November 30, 2016.</u> <u>The Commission should be able to learn from the early RAMP filings regardless of which utility goes first.</u>

7. The moving parties have ~~not~~ presented ~~any~~ ~~new~~ <u>several</u> reasons as to why the GRC cycle should be changed from three to four years.

PROPOSED CONCLUSIONS OF LAW

1. In D.14-12-025, the Commission considered and rejected the arguments <u>before it at that time</u> for a four-year GRC cycle, instead of a three-year cycle.

2. Since the S-MAP applications <u>are well underway</u> ~~have not yet been resolved~~, and the first RAMP has not yet been filed <u>but we are ordering SDG&E and SoCalGas to maintain their current filing schedule</u>, it is <u>not</u> premature to revisit the need for a four-year rate cycle <u>*for SDG&E and SoCalGas*</u>.

3. The joint petition to modify D.14-12-025 should be <u>approved</u> <u>*as specified herein*</u> ~~denied~~.