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

Application of Pacific Gas and Electric
Company Proposing Cost of Service and Rates
for Gas Transmission and Storage Services for
the period of 2015-2017.

(U 39 G)

Application 13-12-012
(Filed December 19, 2013)

And Related Matter

Investigation 14-06-016

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39G)
RESPONSE TO MOTION OF THE INDICATED
SHIPPERS, THE UTILITY REFORM NETWORK, AND
THE CALIFORNIA MANUFACTURERS AND
TECHNOLOGY ASSOCIATION TO STRIKE NEW RATE
CALCULATIONS IN PG&E'S SUPPLEMENTAL REPLY
COMMENTS**

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Dated: June 15, 2016

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Pursuant to Rule 11.1(e) of the Commission’s Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) responds to the Motion of the Indicated Shippers, The Utility Reform Network, and the California Manufacturers and Technology Association (Joint Movants) to strike Attachment 1 and Section III of PG&E’s June 7, 2016 Supplemental Reply Comments.

PG&E submitted Attachment 1 to its June 7 supplemental reply comments to provide an illustration of the rate impacts of Indicated Shippers’ suggestion that 100 percent of the \$850 million San Bruno penalty be allocated to expense. PG&E provided the information in the event that the Commission decided to reconsider the allocation between capital and expense of the San Bruno penalty that was determined in D.15-04-024. The fact that PG&E performed some calculations to further illustrate the impacts of another party’s proposal does not violate any party’s “due process rights,” as Joint Movants suggest.^{1/} Because it was not PG&E’s proposal (in fact, PG&E did not take a position), PG&E is indifferent regarding whether the Commission

^{1/} Motion to Strike New Rate Calculations, p. 5.

considers the illustrative rate tables in Attachment 1.

Joint Movants use this motion to strike as a vehicle to reargue the point made in comments on the Proposed Decision that the Commission must decide this case in a phased manner. Joint Movants suggest that:

Once this first decision is issued, the Commission should bring the parties together to determine a reasonable number of representative scenarios that should be modeled for resolving the \$850 million and amortization period issues. After the results of the various scenarios have been modeled and made available to the parties, the parties should then have a fair opportunity to comment on those scenarios.^{2/}

Joint Movants' proposed procedure has no basis in the scoping memos issued in this case. In particular, this iterative comment process was not contemplated by the Second Amended Scoping Memo. The sole purpose of the phased approach suggested by the Second Amended Scoping Memo was to determine which safety-related programs and projects would be subject to the \$850 million disallowance ordered in D.15-04-024.^{3/} As the PD correctly points out, the basis for the concern that led to the phased approach was "to have a discrete list of disallowances for capital projects to ensure that disallowed projects did not get rolled into rate base."^{4/} The PD and APD obviated the need for a second decision by including a discrete list of disallowed capital projects.

The list of projects and programs that qualify as safety-related was the only issue contemplated for a potential second decision. The Second Amended Scoping Memo discusses neither other issues regarding the \$850 million penalty, nor various amortization scenarios for the undercollection that has accrued in the memorandum account. Joint Movants' suggestion that, "[i]n their analysis of the various scenarios, parties and the Commission will need to consider and weigh trade-offs between maximizing long-term net present value benefits to ratepayers and mitigating short-term rate shock," finds no support in the Second Amended

^{2/} Motion to Strike New Rate Calculations, p. 6.

^{3/} Ruling of Assigned Commissioner and Administrative Law Judge Amending Scope to Consider Remedies and Disallowances Adopted in Decision 15-04-024, p. 5.

^{4/} Proposed Decision, p. 382.

Scoping Memo.

Furthermore, adoption of Joint Movants' proposed approach will only further delay resolution of this case. There are myriad scenarios the Commission could consider for amortizing the undercollection that has accrued in the memorandum account. The parties have had many opportunities to provide their views on the proposed decisions as well as on recommended amortization periods. The Commission has the authority and ability to model any scenario it wishes to come to a reasonable and expeditious resolution of this case, without the need for another round of comments from parties.

Respectfully Submitted,

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