FILED
6-13-16
04:59 PM

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 2015 – 2017 (U39G)	Application 13-12-012 (Filed December 19, 2013)
And Related Matter	Investigation 14-06-016 (Filed June 26, 2014)

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

Evelyn Kahl
Alcantar & Kahl LLP
345 California Street
Suite 2450
San Francisco CA 94104
415.421.4143
ek@a-klaw.com

Counsel to Indicated Shippers

Ronald Liebert
Ellison, Schneider & Harris
2600 Capitol Avenue Suite 400
Sacramento, CA 95816
(916) 447-2166
rl@eslawfirmm.com

Counsel to California Manufacturers and Technology Association

Thomas Long
The Utility Reform Network
785 Market Street
Suite 1400
San Francisco, CA 94103
(415) 929-8876
tlong@turn.org

Legal Director
The Utility Reform Network

June 13, 2016

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 2015 – 2017 (U39G)	Application 13-12-012 (Filed December 19, 2013)
And Related Matter	Investigation 14-06-016

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

I. SUMMARY OF MOTION

Pursuant to Rules 11.1 and 11.6 of the Commission's Rules of Practice and Procedure, the Indicated Shippers, The Utility Reform Network and the California Manufacturers and Technology Association (Joint Movants) submit this Motion to Strike certain rate tables introduced by Pacific Gas and Electric Company (PG&E) for the first time in its June 7, 2016 Supplemental Reply Comments. The new rate tables, attached to PG&E's reply comments as Attachment 1 and discussed in Section III of those comments, present PG&E's calculation of rate impacts if 100% of the $850 million penalty offset were applied to expense. By including these tables in reply comments for the first time, PG&E has deprived parties of an opportunity to comment on those tables and their relevance to the decisions facing the Commission in this case.

Accordingly, the Commission should strike the new tables and Section III of PG&E's comments from consideration at this time. As discussed below, the new tables are one, but certainly not the only, scenario that the Commission should consider before deciding the interrelated issues of how to allocate the $850 million penalty and the appropriate amortization period. Joint Movants recommend that the scenario addressed by PG&E's new tables be one of several scenarios that are subject to a comment process after issuance of an initial decision that resolves all of the other issues in this case.

II. BACKGROUND

PG&E's Application and the Proposed Decision (PD) contemplate unprecedented rate increases that would result in extreme rate shock for PG&E's customers. If the PD is adopted without modification, PG&E's rate tables show that by 2017, Industrial-Transmission customers will face a 118% increase in rates and Electric Generators, at Distribution/Transmission voltages, a 256% increase.[1] Core customers likewise will experience extreme impacts, with 97% increases in transportation rates. The potential for extreme rate shock requires extraordinary care to ensure that the Commission and all stakeholders have a clear understanding of the rates that will flow from the final decision.

---

1 Pacific Gas and Electric Company's (U 39 G) Revised Rate Appendices Pursuant to Assigned Commissioner's Ruling, Appendix G, Scenario A, Updated Table G-15A.

The initial rate tables appended to the PD were incomplete, failing to show 2017 rates and the rate effects of the amortization of 2015-2016 revenue undercollection. The May 23, 2016, Assigned Commissioner's Ruling directed PG&E to produce additional tables to illustrate 2017 rates and the effects of the amortization of the 2015-2016 revenue shortfall during the remaining 18 months of this GT&S rate period. In light of the extreme impacts shown by the PD and updated tables, Joint Movants recommended that the Commission consider rate mitigation measures, including (1) correcting errors in the PD that would result in reductions in specific program revenue requirements, (2) applying a higher proportion of the $850 million San Bruno Penalty to operating expenses rather than capital expenditures, and (3) extending the amortization of the 2015-16 revenue shortfall to a period longer than 18 months.

In its June 7, 2016, Supplemental Reply Comments, PG&E presented for the first time new tables showing PG&E's calculation of illustrative rates that would result from applying 100% of the $850 million San Bruno Penalty to operating expenses, using an 18-month amortization period. PG&E's supplemental reply comments state that PG&E applied the $850 million offset partially to 2015 expenses and the remainder to 2016 expenses. In addition, consistent with PG&E's advocacy position and contrary to the position of the ratepayer representatives, PG&E applied the 5-month delay disallowance for PG&E's ex parte violations *after* applying the offsetting expenses. PG&E does not provide any information about the dollar amount of the 5-month delay disallowance in the scenario that PG&E chose to reflect in the new rate tables.

III. THE NEW TABLES AND ASSOCIATED DISCUSSION IN PG&E'S SUPPLEMENTAL REPLY COMMENTS SHOULD BE STRICKEN FROM CONSIDERATION AT THIS TIME

While Joint Movants acknowledge PG&E's attempt to illuminate the effects of one alternative scenario for mitigating ratepayer impacts, presenting new rate calculations for the first time in Supplemental Reply Comments denies parties an opportunity to comment on the new calculations. The May 23rd Assigned Commissioner's Ruling provided for a fair process for parties to comment on the updated rate tables PG&E provided on May 26th. By introducing new rate calculations in its Supplemental Reply Comments, PG&E has undermined this process. Absent a meaningful opportunity for other parties to analyze and comment upon PG&E's new rate tables, the tables in Attachment 1 and the associated text in Section III should be stricken from consideration at this time.[2]

Joint Movants are not contending that information of the type presented by PG&E should <u>never</u> be considered in this case, <u>just not in a haphazard way that denies parties' due process rights</u>. The proper allocation of the $850 million offset between expense and capital and the proper amortization period are interrelated issues for which a variety of scenarios are possible. The different scenarios result from: (1) a range of options concerning the allocation of the $850M offset, ranging from the PD's 81/19% capital/expense split to a 0/100% allocation, and various allocations in between; and (2) a range of amortization periods between 18 to 48 months. Complicating the analysis of these scenarios are unusual tax considerations resulting

---

[2] As noted above, PG&E has not disclosed the size of the five-month delay disallowance under the scenario that PG&E chose to model, thus depriving other parties of necessary information to compare PG&E's approach with ratepayer representatives' recommended approach.

from recent tax law changes that could minimize or even negate short-term benefits to ratepayers from applying the offset to certain capital spending.

As Joint Movants have urged in their comments on the PD, these intertwined issues are best considered after the other issues in the case have been finally resolved and the final revenue requirement and rate impacts are known.[3] 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, just as the May 23, 2016 ACR afforded the parties with respect to the rate calculations ordered in that ACR. In 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. This analysis requires a fair process that allows parties an opportunity to make well-informed recommendations to the Commission.

IV. CONCLUSION

For the foregoing reasons, the Commission should strike Attachment 1 of PG&E's Supplemental Reply Comments and the associated discussion in Section III of those comments. Instead, a variety of scenarios for capital/expense allocation of the

[3] For example, TURN presented a detailed proposal for such a process in its opening comments on the PD, p. 21.

$850 million offset and amortization period should be modeled and subject to comment after the Commission has issued its decision on the other issues in this case.

Respectfully submitted,

June 13, 2016

/s/

Thomas J. Long

The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103
(415) 929-8876 x303
TLong@turn.org