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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
the Annual Revenue Requirement
Determination of the California Department
of Water Resources and Related Issues.

Rulemaking 15-02-012
(Filed February 12, 2015)

**SCOPING MEMO AND RULING REGARDING THE REQUEST OF THE
CALIFORNIA DEPARTMENT OF WATER RESOURCES TO ALLOCATE ITS
2017 REVENUE REQUIREMENT DETERMINATION AND RELATED ISSUES**

Summary

This scoping memo and ruling addresses the scope of issues covered by this rulemaking, and sets forth the procedural schedule that will be followed to address the California Department of Water Resources' (DWR) request that the Commission allocate DWR's 2017 revenue requirement determination to the electricity customers of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company.

1. Background

On August 4, 2016, the DWR submitted its "Notice of Determination of Revenue Requirements" (Notice), "Determination of Revenue Requirements for the Period January 1, 2017 through December 31, 2017" (2017 revenue requirement) to the Commission,¹ and its August 4, 2016 memorandum to Commission President, Michael Picker, from DWR's Acting Deputy Director of California Energy Resources Scheduling, John Pacheco. The memorandum

¹ Copies of the Notice and 2017 Determination may also be accessed at DWR's website at <http://www.cers.water.ca.gov>.

advises and notifies the Commission of DWR's 2017 revenue requirement, and requests that the Commission calculate, revise and impose Bond Charges in accordance with Article V of the Rate Agreement by and between DWR and the State of California Public Utilities Commission (Rate Agreement), sufficient to satisfy the Rate Covenant therein and to satisfy DWR's Retail Revenue Requirements as delineated in DWR's 2017 Retail Revenue Requirements document.² On the same day, DWR also electronically served the Notice, Memorandum, and 2017 revenue requirement on the service list in Rulemaking (R.) 15-02-012.

Prior to the submission of the 2017 revenue requirement, DWR issued a proposed determination of its 2017 revenue requirement on July 7, 2016. Consistent with its administrative procedures, DWR allowed interested entities to submit comments on its proposed 2017 revenue requirement. No comments were submitted to DWR.

Prehearing conference (PHC) statements were filed and served by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) on September 21, 2016. The PHC was held on September 28, 2016.

2. Scope of Issues

This rulemaking was initiated to address: 1) the future requests by DWR to allocate its annual revenue requirement determinations; 2) any issues concerning the servicing orders and operating orders between DWR and PG&E,

² Capitalized terms not defined herein are defined in the March 8, 2002 Rate Agreement between DWR and the Commission.

SDG&E, or SCE; and 3) any other issues relating to DWR's annual revenue requirement determination and any issues outstanding from the previous rulemaking concerning this matter, R.13-02-019.

The PHC was held to discuss the scope of issues that should be addressed in connection with the request for the Commission to allocate DWR's 2017 revenue requirement, and the schedule for processing the request. Based on DWR's 2017 revenue requirement, the PHC statements filed and served by PG&E, SCE and SDG&E, and discussions at the PHC, the following scope of issues shall be addressed in this proceeding:

1. Allocation of DWR's 2017 revenue requirement;
2. Whether the Commission should find that SDG&E should recover approximately \$6.1 million which it believes was incorrectly treated in the 2014 DWR Revenue Requirement proceeding as proceeds owing to SDG&E's customers, when those proceeds should have been treated as an offset to an accounts receivable due to SDG&E; and, if so, should the Commission authorize SDG&E's proposed correction to this item, *i.e.*, that the \$6.1 million be offset against any available Power Charge credits that would otherwise be provided to customers?
3. Whether any safety considerations are raised by the proceeding that affect the ability of PG&E, SCE, and SDG&E to comply with the safety requirements of Pub. Util. Code § 451, in its administration, management, and dispatch of fuel and purchased power.

3. Procedural Schedule

The schedule for processing DWR's request for the Commission to allocate the 2017 revenue requirement was discussed at the PHC.

First, the assigned Administrative Law Judge requested that SDG&E, in order to support its request for Commission authorization to recover monies it

is due in conjunction with the 2014 DWR revenue requirement proceeding, file and serve an updated version of the document that it prepared during the 2016 DWR revenue requirement proceeding, entitled “Response to the Request from Administrative Law Judge Wilson at the Prehearing Conference.” SDG&E shall file and serve this document no later than October 14, 2016.

Second, DWR anticipates that it will submit a revised 2017 Determination to the Commission on October 21, 2016. The Commission must then provide parties with an opportunity to comment on the revised 2017 Determination before the Commission acts on DWR’s request.

To accommodate these procedural necessities, the schedule for concluding this proceeding is as follows:

Event	Date
SDG&E files and serves update to September 10, 2015 “Response to the Request from Administrative Law Judge Wilson at the Prehearing Conference”	October 14, 2016
DWR issues Final Revised 2017 Revenue Requirement	October 21, 2016
Comments on DWR 2017 Final Revised Revenue Requirement may be filed and served	October 28, 2016
Projected Issuance of Proposed Decision	November 1, 2016
Projected Final Commission Decision	December 1, 2016

This schedule may be altered by the assigned Commissioner or ALJ. In any event, it is anticipated that this proceeding will conclude within 18 months of the date of this scoping memo.

Pursuant to Rule 13.13 the of Commission's Rules and Practice and Procedure (Rules), if a hearing is held regarding the issues in this proceeding, a party may request that a final oral argument be held before the Commission. In the current rulemaking, a party must make such request in its comments on the final revised 2017 revenue requirement, which are due by October 28, 2016. The proceeding will stand submitted for decision by the Commission as of the due date for these comments, unless oral argument is scheduled. In such case, the proceeding will stand submitted upon conclusion of oral argument. However, the ALJ may issue a ruling to change the submission date to a different date.

4. Intervenor Compensation

The PHC in this matter was held on September 28, 2016. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by October 28, 2016.

5. Presiding Officer

Pursuant to Rule 13.2, I designate ALJ Stephen C. Roscow as the Presiding Officer.

6. Discovery

If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the Presiding Officer, pursuant to Rule 11.3.

7. Categorization and *Ex Parte* Communications

This proceeding is categorized as ratesetting. Evidentiary hearings may be needed but are not scheduled at this time.

Since this scoping memo determines that hearings may be necessary, *ex parte* communications shall be permitted as provided for in Rules 8.2 through 8.5.

8. Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission's Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony, as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail.

Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is

required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: R.15-02-012 – California Department of Water Resources Proposed 2017 Revenue Requirement. In addition, the party sending the e-mail should briefly describe the attached communication; for example, Comments. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office.

Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The issues and schedule are as set forth in Sections 2 and 3 of this ruling, respectively, unless amended by a subsequent ruling of the assigned Commissioner or Presiding Officer.

2. San Diego Gas & Electric Company shall file and serve its update to its September 10, 2015 “Response to the Request from Administrative Law Judge Wilson at the Prehearing Conference” no later than October 14, 2016.

3. Pursuant to Rule 13.13 of the Commission’s Rules of Practice and Procedure, if evidentiary hearings are held requests for a final oral argument before the Commission must be filed and served by October 28, 2016.

4. The proceeding will stand submitted for decision by the Commission as of the due date for filing and service of comments on the California Department of Water Resources final revised 2017 revenue requirement, October 28, 2016, unless oral argument is scheduled. In such case, the proceeding will stand submitted upon conclusion of oral argument. However, the Administrative Law Judge may issue a ruling to change the submission date to a different date.

5. Administrative Law Judge Stephen C. Roscow is designated the Presiding Officer for this proceeding.

6. The category for this proceeding is ratesetting.

7. *Ex parte* communications are permitted as provided for by Rules 8.2 through 8.5.

Dated October 6, 2016, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner