

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
8-29-16
04:59 PM

Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley and Analyze Economically Feasible Options to Increase Access to Affordable Energy in Those Disadvantaged Communities.

Rulemaking No. 15-03-010
(Filed March 26, 2015)

**REPORT OF THE DATA WORKING GROUP
IN ADVANCE OF WORKSHOP
(PUBLIC VERSION)**

Pursuant to the *Administrative Law Judge's Ruling Setting Workshop and Requiring Pre-Workshop Statements* issued on August 23, 2016 ("Ruling"), the Data Working Group¹ provides the following report on the activities of the Data Working Group to date and the information requested in the Ruling, to the extent that the information is available.

A. Data Working Group Background and Update

The Data Working Group was formed at the February 24, 2016 pre-hearing conference with a mandate to provide the following information for the communities identified in this proceeding: (1) total number of households served by gas divided by the total number of census households; and (2) total number of households served by electric service divided by the total number of census households.² PG&E offered to lead the working group. PG&E also agreed to arrange a meeting of the working group to explain the information, if necessary, and determine what other information parties may

¹ The Data Working Group consists of the Commission's Energy Division staff, Pacific Gas and Electric Company ("PG&E"), Southern California Gas Company ("SoCalGas"), Southern California Edison Company ("SCE"), the Office of Ratepayer Advocates ("ORA"), and other interested parties.

² See Transcript, p. 58, lines 9-15.

need.³ PG&E was directed to report back in two weeks as to the progress of the working group.⁴

On or about March 7, 2016, PG&E, SoCalGas, and SCE (the investor-owned utilities or “IOUs”) provided the information identified at the February 24th pre-hearing conference to parties in the proceeding. PG&E also notified Administrative Law Judges (“ALJ”) Tsen and McKinney by e-mail on March 7, 2016 that this information had been provided. PG&E scheduled a follow-up conference call for the Data Working Group on March 25, 2016. In a March 28th e-mail to ALJs Tsen and McKinney, PG&E explained that a number of parties were able to participate in the call, and that these parties were able to ask clarifying questions regarding the information provided by the utilities. PG&E also noted that ORA had some follow-up questions that it would be propounding in discovery. At the April 25th workshop in this proceeding, PG&E reported on the Data Working Group. ORA was the only party that indicated that it needed additional information. ORA also indicated that it had not yet had a chance to prepare any follow-up discovery, but that it would work with PG&E, SoCalGas, and SCE to address ORA’s remaining questions.

The Data Working Group has made substantial progress since the April 25th workshop. The members of the Data Working Groups have worked collaboratively to develop a common, comprehensive data set. The IOUs in the Data Working Group have shared extensive amounts of information with the initial goal of meeting the requirements of Section 783.5 of the Public Utilities Code. After initial information was shared, several data challenges became apparent, including: 1) Collecting a complete and discrepancy-free set of data regarding the disadvantaged communities identified in PG&E’s, SoCalGas’s and SCE’s information filings dated May 4, 2015; and 2) Gathering data about these disadvantaged communities in a consistent fashion from each of the three IOUs participating in the Data Working Group. The Data Working Group met

³ *Id.*, p. 79, lines 8-15.

⁴ *Id.*, p. 77, line 24 to p. 78, line 2.

several times and is working to update the initial data set to address these challenges as much as practicable. ORA has taken on the responsibility of leading the Data Working Group and filing this report.

ORA has sent the IOUs discovery requests intended to address outstanding issues regarding the list of communities eligible under Section 783.5, and is nearing completion of entering data regarding the communities on that list. The Data Working Group anticipate a final version to be ready for submission in the proceeding in the next four to eight weeks.

Each of the next three sections in this report responds to Ruling Questions 1, 2, and 3 in the same order they are asked. The fourth section provides additional information concerning the status of the data gathering efforts by the Data Working Group.

B. Data Set for Identified Communities (ORA)

The Ruling provided as follows:

Specific to the Data Working Group, we direct for the following information to be included in Microsoft EXCEL and PDF format:

1. *A single data set for the identified communities, an explanation of the methodology used in compiling the data, and the following information for each community: (to be completed by the Office of Ratepayer Advocates):*
 - a. *Community name;*
 - b. *Population;*
 - c. *Distance to the nearest natural gas distribution system and/or transmission system, whichever is closer;*
 - d. *Whether or not the Community is “partially served” with natural gas (Y/N);*
 - e. *Whether or not the Community receives gas or electric service from both an investor-owned utility and a publicly-owned utility (Y/N, Gas/Electric); and*
 - f. *Existing low income energy program eligibility/participation rates.*

ORA Responds to each part of Question 1 as follows:

As Attachment 1 to this Report, ORA provides a summary slide deck, which aggregates the information requested above to the extent possible. Attachment 2 consists of a confidential spreadsheet,⁵ including one version excel and another in pdf, that includes a comprehensive data set for the eligible communities, pending further revisions due to ongoing discovery and analysis of the comprehensive data set. Both the excel and pdf versions of this spreadsheet are being served. Because of system requirements, only the pdf version is being filed. The IOUs have informed ORA that some of the data in Attachment 2 is confidential.

ORA received final redacted versions from each utility as of this morning. As of now, ORA has compiled and sent to the IOUs a master version of the proposed public file and is awaiting confirmation as to the accuracy of the proposed redactions. ORA will file a public version of the spreadsheet as soon as possible after confirming these proposed redactions are accurate.

If ORA is unable to file and serve a public version of the spreadsheet tomorrow, August 30, 2016, then ORA will serve a structure of the spreadsheet with column headings and community names only by that time. ORA proposes using what it serves tomorrow for purposes of receiving feedback from workshop participants. In compliance with the Ruling, both Attachments 1 and 2 are served in excel and pdf format. Further answers to the questions are provided below:

- a) Community names are available in Column B.
- b) Although population was used to determine community eligibility as required by Cal. Pub. Util. Code §783.5, household count was used in place of population to provide more accurate data that could be compared across utilities, and to be consistent with the Pre-Hearing Conference instructions to provide: 1) the total number of households

⁵ A confidential version of this spreadsheet will be served on recipients who are eligible to receive confidential information.

served by gas divided by the total number of census households; and 2) the total number of households served by electric service divided by the total number of census households.⁶ Household count is available in Column C.

- c) Distance to the nearest gas distribution or transmission system is available in Column D. This information was revised on 06/30/2016 following discussions at the April 25, 2016 workshop.
- d) The information identifying the percentage of a community that is served by gas is available in Column S. ORA does not have a position at this time regarding what level(s) in this column should be deemed “unserved,” “partially served,” or “fully served” and therefore cannot determine which communities are or are not partially served. Presumably communities with 0.00% gas service level would be considered unserved and communities with 100.00% gas service level would be considered fully served. As discussed below in detail, the Commission may wish to determine the threshold service level that constitutes partial service of a community with natural gas.
- e) Because the IOUs only have access to IOU customer data, ORA is unable to definitively confirm which communities contain households that are served by non-IOU entities. However, ORA’s preliminary analysis of the data received by the IOUs suggests that 14 communities are likely to be partially or fully served by publicly owned utilities. These 14 communities (as indicated by cyan highlighting of the community name in Column B) are: ATWATER CITY, BEAR CREEK CDP⁷, DENAIR CDP, FRANKLIN CDP, LATHROP CITY, LE GRAND CDP, LIVINGSTON CITY, LODI CITY, MERCED CITY, OAKDALE CITY, PLANADA CDP, RIVERBANK CITY, STOCKTON CITY and WINTON CDP.

⁶ See Transcript, p. 58, lines 9-15.

⁷ Here and elsewhere, “CDP” designates a Census-Designated Place, an unincorporated area for which census data is available at the community level.

f) All 170 communities on the list meet Section 783.5 requirements for 25% CARE eligibility. The Data Working Group has not examined low-income program eligibility further, although the IOUs may be able to provide some of this data.

C. Cost Estimates for Gas Extensions (PG&E and SoCal Gas)

1. For SoCalGas’s cost estimate information, please see Attachment 3.

2. PG&E Cost Estimates

Given the timing for this Report, PG&E was only able to prepare limited cost data regarding actual extension projects that would be relevant in this proceeding. After the workshop, PG&E will be able to provide additional information as necessary.

One relevant example is an estimate for installation of three miles of gas transmission line and distribution lines to serve 3,200 customers to replace the customers’ use of propane. At a high-level, the estimate for this project was:

Service to 3200 residences		
Category	Length (ft)	Cost
Transmission Extension	16,000	\$12,700,000
Distribution Main and Services	181,300	\$94,817,500
Total		\$107,517,500

Actual costs for a specific project will vary, but this estimate provides some sense of the costs involved in extending transmission and distribution lines.

Actual distribution pipe installation costs for 2014 from PG&E’s 2017 General Rate Case (“GRC”) are \$453/ft. on a system average basis. This excludes a transmission to distribution regulator station, which may be needed. The actual costs for the regulator station is \$1.6 million/station. Included on the next page are two excerpts from PG&E’s 2017 GRC workpapers providing further detail regarding these costs. Extending new service may also require transmission extensions, if projected loads are high enough. Transmission line installation costs tend to be much higher than distribution costs, in the range of two to five million dollars per mile, or higher, depending on conditions, as illustrated by the example above. Actual costs may vary significantly. For example, the

\$453/ft. cost is based on actual project costs that include, for example, existing streets and urban areas. The costs in San Joaquin valley may differ because installation does not require trenching in existing roadways or urban areas.

///

///

///

Pacific Gas and Electric Company
 2017 General Rate Case
 Workpapers Supporting Exhibit (PG&E-3) - Gas Distribution
 Chapter 7 - Gas System Operations
 Gas Distribution Capacity Capital, New Distribution Pipe Cost, MWC 47, MAT 47B
 (Thousands of Nominal Dollars)

Ref.	Year	Description	Value	Reference - From	Reference - To
A	2014	New Distribution Pipe Cost	\$ 19,215	WP7, Line	WP7, Line
B	2014	Number of Units	42,392	WP7, Line	WP7, Line
C	2014	Unit Cost	\$ 0.453	(A*1000) / B	WP7, Line

Pacific Gas and Electric Company
 2017 General Rate Case
 Workpapers Supporting Exhibit (PG&E-3) - Gas Distribution
 Chapter 7 - Gas System Operations
 Gas Distribution Capacity Capital, Regulator Station Cost, MWC 47, MAT 47C
 (Thousands of Nominal Dollars)

Ref.	Year	Description	Value	Reference - From	Reference - To
A	2014	Regulator Station Cost	\$ 6,666	WP7, Line	WP7, Line
B	2014	Number of Units	4	WP7, Line	WP7, Line
C	2014	Unit Cost	\$ 1,666	A / B	WP7, Line

D. Suggested Options for the Grouping of Identified Communities (All)

ORA has performed some analysis of service levels and customer counts within those levels. ORA has also raised the question with the Data Working Group of what threshold service level of a community constitutes partial service of that community with natural gas. However, the Data Working Group has not addressed this question, or examined appropriate or effective groupings of communities as part of the data gathering phase. In order to effectively address this question, the Data Working Group suggests a round of party comments to determine options for grouping identified communities. ORA recommends that parties be invited to provide formal written comments answering the following questions:

1. Based upon the information provided regarding natural gas service levels in response to question 1d of the Ruling, what service level threshold should apply to define an “unserved”, “partially served”, or “fully served” community?
2. Should communities deemed “fully served” be excluded or deprioritized when evaluating affordable energy options?
3. Should some or all communities deemed “partially served” be excluded or deprioritized when evaluating affordable energy options?
4. If the answer to questions 2 or 3 is yes, at what service level should this exclusion/deprioritization occur?

E. Additional Information Concerning Data Gathering Efforts (ORA)

Attachment 1 contains the summary slide deck for ORA’s presentation at the August 31 workshop, which was prepared prior to the revised agenda sent by Energy Division on August 25. This slide deck should facilitate discussion of the various topics identified in the revised agenda and ORA requests that it be allowed to work from the slide summary to present its information. Attachment 1 is also used to respond to the questions below.

1. What percentage and number of households in identified disadvantaged communities currently do not have gas service?

Out of approximately 891,000 households in the San Joaquin Valley, approximately 862,000 (97%) have gas service and 29,000 do not.

2. What are the underlying assumptions for the data set thus far?

All **170** communities in the San Joaquin Valley meet the criteria in Section 783.5, and represent the complete list provided by the utilities.

Due to possible census data statistical errors, households receiving electric service were used as the baseline of comparison to households receiving gas service to determine the gas service level.

As an exception, 14 communities within PG&E's service boundaries that are electrically served by municipalities or irrigation districts had the census household count used as the baseline of comparison rather than households receiving electrical service.

3. What are the data gathering challenges and limitations to date?

As noted in Slide 6 of ORA's attached slide presentation, ORA's primary challenges in the data-gathering phase were getting consistent data across geographic divisions, customer bases, utility service territories, etc. Given the variety of data sources, the requirements of Section 783.5, and the Data Working Group's desire to present useful and organized information to the proceeding, the data gathering phase has required multiple iterations and continuous updating of the data.

Demonstrating significant progress in addressing these challenges, the latest confidential data set now uses consistent definitions, data sources, and dates. In particular, the Data Working Group has now identified one common data source for utility information, the 2015-16 Annual Low Income Program Demographic Eligibility Estimation prepared by Athens Research. Although the Ruling instructs ORA to provide

the population of each community, Athens Research generally collects and reports data at the household level instead.

Discovery is still ongoing. One pending data request within the Data Working Group asks about discrepancies between certain electric household counts and gas household counts. ORA intends to follow up and clarify distances of certain select communities from the nearest gas pipeline.

4. How did ORA categorize the 170 communities for purposes of analysis?

Question 3 of the Ruling asks about suggested options for grouping the identified communities. ORA offers its analysis to date that may inform decisionmaking about grouping in the future, but has not made any recommendations as to how the communities should be categorized.

Slides 8-14 of Attachment 1 show ORA's preliminary analysis of the provided data.

ORA's analysis is based on categorizing the communities based upon gas service level. Specifically, there are eight categories of gas service level, several of which have different percentage ranges from the others. For example, one category of communities has a five percent service level range from 95% to 100% of their total households with gas service; a second category of communities also has a five percent service level range from 90 to 95% of total households receiving gas service; and a third category of communities has a 10 percent service level range of 80 to 90% of total households receiving gas service.

Also, ORA categorized the communities into five different groups based upon the number of households. For example, one category shows communities with 100 households or less; a second category shows communities containing between 1,001 and 10,000 households; and a third category shows communities containing over 100,000 households.

Using a matrix of these two categorization criteria, ORA's attached slide deck presents the number of communities (see slide 12); number of households without gas

service (see slide 13); and average number of households without gas service (see slide 14).

Respectfully submitted,

/s/ DARRYL GRUEN

DARRYL GRUEN
Attorney for

OFFICE OF RATEPAYER ADVOCATES
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: 415-703-1973
Email: darryl.gruen@cpuc.ca.gov

/s/ KIM HASSAN

KIM HASSAN
Attorney for

SOUTHERN CALIFORNIA GAS
COMPANY
555 West Fifth Street, GT14E7
Los Angeles, CA 90013
Telephone: (619) 890-4851
Email: KHassan@SempraUtilities.com

/s/ CHARLES MIDDLEKAUF

CHARLES MIDDLEKAUF
Attorney for

PACIFIC GAS & ELECTRIC COMPANY
Law Department
P. O. Box 7442, MC-B30A-2475
San Francisco, CA 94120
Telephone: 415-973-6971
Email: crmd@pge.com

/s/ ANDREA TOZER

ANDREA TOZER
Sr. Attorney for

SOUTHERN CALIFORNIA EDISON
COMPANY
2244 Walnut Grove Ave./PO Box 800
Rosemead, CA 91770
Telephone: (626) 302-6713
Email: Andrea.Tozer@sce.com

August 29, 2016