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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Revise its Electric Marginal Costs, Revenue Allocation and Rate Design. (U39M)	Application 16-06-013 (Filed June 30, 2016)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE

Summary

This Scoping Memo and Ruling sets forth the category, issues, need for hearing, schedule, and other matters necessary to scope this proceeding pursuant to Public Utilities Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure[1].

1. Background

On June 30, 2016, Pacific Gas and Electric Company (PG&E) filed an Application to revise its electric marginal costs, revenue allocation, and rate design. Protests were filed by the Office of Ratepayer Advocates (ORA); The Utility Reform Network (TURN); South San Joaquin Irrigation District; jointly by Merced Irrigation District and Modesto Irrigation District; jointly by Agricultural Energy Consumers Association and California Farm Bureau Federation; Solar Energy Industries Association; The Alliance for Solar Choice; California Independent Petroleum Association; and the Western Manufactured Housing

[1] California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

Communities Association. A number of other parties filed motions for party status. A prehearing conference (PHC) was set by a ruling dated September 1, 2016 and the parties were invited to file PHC statements.

PG&E, ORA, California Solar Energy Industries Association, California Independent Petroleum Association; and the Western Manufactured Housing Communities Association filed PHC statements on September 9, 2016. On September 12, 2016, the PHC was held to determine parties, discuss the scope, the schedule, and other procedural matters. All parties that filed motions for party status or appeared at the PHC requesting party status were granted party status. By ruling, the assigned Administrative Law Judge set a workshop on residential fixed charges for October 13, 2016.

2. Scope

At the PHC, there was substantial discussion about the approach and structure of a series of workshops ordered by Decision (D.) 15-07-001 to discuss residential fixed charges. The workshops' purpose is to examine four issues: first, categories of fixed costs that could be appropriate to collect through a fixed charge; second, whether proposed fixed charges should differ between small and large customers; third, the appropriate timing of new or increased fixed charges in residential rates; and four, the plan for marketing, education and outreach for fixed charges in light of the extensive marketing, education and outreach planned for other residential rate changes. These issues are relevant for all three large investor-owned utilities (PG&E, San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE)). D.15-07-001 found that holding workshops in a general rate case phase 2 would be the most efficient way to address these issues. Consequently, D.15-07-001 ordered that these workshops would apply to PG&E, SCE, and SDG&E, but would be hosted by the

utility with the next scheduled general rate case phase 2 (PG&E). At the PHC (and subsequently confirmed by ruling), SCE and SDG&E were directed to file their proposed methodologies and calculations for fixed costs and fixed charges in a format comparable to PG&E's Exhibit F. All three utilities were to include information linking proposed fixed cost and fixed charge calculation to general rate case phase 1 testimony or other applicable proceeding.

Based on the issues proposed in the application and discussion at the PHC, the following issues are within the scope of this proceeding:

1. Are PG&E's marginal cost proposals reasonable and should they be adopted?
2. Are PG&E's proposed updated service fees for Direct Access (DA) and Community Choice Aggregation (CCA) customers, filed in compliance with D.13-04-020, reasonable and should they be adopted?
3. Is PG&E's proposed methodology for a potential future residential fixed charge reasonable, and should it be adopted?
4. Is PG&E's proposed Revenue Requirement increase of approximately $510,000 for recovery of certain costs incurred to develop a real time pricing proposal (as CPUC Decision 08-07-045 required PG&E to include in a rate proceeding) reasonable, and should it be adopted?
5. Are the Time-of-Use hours proposed for non-residential customers reasonable and should they be adopted?
6. Is PG&E's proposal for a 4-month summer season and an eight-month winter season reasonable and should it be adopted?
7. Are PG&E's revenue allocation proposals reasonable and should they be adopted?
8. Are PG&E's rate design proposals reasonable and should they be adopted?

9. Are the proposed gas and electric baseline amounts reasonable and should they be adopted?
10. For PG&E, SCE and SDG&E, what fixed costs would be appropriate for recovery through a residential fixed charge? What additional steps should be taken to ensure that any residential fixed charge treats small and large customers fairly? What additional marketing, education and outreach plans are necessary and appropriate for fixed charges?

Safety remains an important focus of Commission proceedings. Although safe and reliable service is addressed in the Phase 1 General Rate Case, safety concerns are also within the scope of this proceeding.

3. Schedule

The parties proposed a schedule following the required meet and confer. After additional discussion at the PHC, the adopted schedule is divided into two parts: Fixed Charge Phase and the Non-Fixed Cost Phase. The schedule below shows the two phases separately.

a. Fixed Charge Phase

The Residential Fixed Charge Workshops are intended to address the cost basis and methodology for setting a residential fixed charge, if such a charge is proposed in the future. Three workshops are currently planned, but the schedule may change to accommodate information and party positions developed in the early workshops. The schedule below provides two alternative schedules in the event that a motion for testimony and evidentiary hearings is received and granted prior to December 6, 2016. Because findings regarding residential fixed costs and charges will be applicable to customers of all three investor-owned utilities, a second PHC is scheduled for November 2, 2016 to provide parties an on the record opportunity to discuss the next procedural steps.

Procedural Schedule A for Residential Fixed Charge

EVENT	DATE
Appendix F, served and filed by SDG&E and SCE Workshop materials, served and filed by IOUs	October 6, 2016
Workshop #1 at Commission, held	October 13, 2016
Alternative proposals served and filed	October 26, 2016
Prehearing Conference #2 (addressing fixed charge workshop schedule)	November 2, 2016 1:00 p.m.
Workshop #2 at Commission	November 2, 2016 1:30 p.m.
Deadline for Motion to convert schedule fixed charge Alternative schedule B	November 10, 2016
Workshop #3 (if necessary) at Commission	December 2, 2016
Deadline for Motion to convert schedule to allow testimony and evidentiary hearings instead of comment format Alternative Schedule C	December 6, 2016
Opening comments on IOU reports	December 19, 2016
Reply comments	January 19, 2017
Proposed Decision on fixed charge methodology issues	Mid-May 2017 (target)
Comments on Proposed Decision on fixed charge methodology issues	Within 20 Days of Service of the Proposed Decision
Replies on Proposed Decision on fixed charge methodology issues	Within 5 Days of Service of Comments
Commission Decision on fixed cost charge methodology	July 2017 (target)

Alternative Schedule B (motion filed no later than November 10, 2016)

EVENT	DATE
Deadline for Motion to convert schedule fixed charge Alternative schedule B	November 10, 2016
Opening Testimony (all parties except PG&E)	December 19, 2016
Reply Testimony (all parties)	January 19, 2017
Rebuttal Testimony	January 31, 2017
Evidentiary Hearings	February 22 – 24, 2017

Alternative Schedule C (motion filed no later than December 6, 2016)

EVENT	DATE
Deadline for Motion to convert schedule fixed charge Alternative schedule C	December 6, 2016
Opening Testimony (all parties except PG&E)	TBD
Reply Testimony (all parties)	TBD
Rebuttal Testimony	TBD
Evidentiary Hearings	TBD

b. Non-Fixed Cost Phase

The remainder of the procedural schedule will address the issues raised by PG&E's application other than the residential fixed charge. As discussed at the PHC, the procedural schedule will include a workshop at which PG&E will present on the following issues and respond to questions: (1) proposed time-of-use periods, and (2) PG&E's demand charge study. As of the PHC, PG&E had not completed the demand charge study. PG&E is directed to work with Energy Division to schedule this workshop once the demand charge study is complete. The schedule will also include one or more public participation hearings. The exact number of public participation hearings and their location and timing will be determined at a later date.

EVENT	DATE
Prehearing Conference	September 12, 2016
PG&E serves corrected GRC 2 Testimony and Workpapers, as necessary	September 30, 2016
PG&E serves required update to exhibits (mostly to reflect updated sales forecast)	December 2, 2016
PG&E hosts workshop to present demand charge study and time-of-use rate period proposal	TBD
ORA serves non-fixed cost testimony	February 15, 2017
Public Participation Hearing	Date and location(s) to be determined
Intervenors serve non-fixed cost testimony	March 15, 2017
Settlement Conference 1	3rd week of March 2017
Mandatory Settlement Conference	3rd week of April 2017
Rebuttal Testimony	Late April 2017
Second PHC	Early May 2017
Evidentiary Hearings on Non-Fixed Cost Issues (if needed)	Late May 2017/early June 2017
Opening Briefs filed	Early July 2017
Reply Briefs filed/ Record Submitted	3rd week of July 2017
Request for Final Oral Argument	Concurrent with Reply Briefs
Proposed Decision on Non-Fixed Cost Issues	Mid-October 2017 (target)
Comments on Proposed Decision	Within 20 Days of Service of the Proposed Decision
Replies on Proposed Decision	Within 5 Days of Service of Comments
Anticipated Commission Meeting/Decision	30 Days after but no later than 60 days after the Proposed Decision (target late Nov/Dec 2017)

c. Matinee Pricing Tariff

On February 4, 2016, in Rulemaking (R.) 13-12-011, PG&E filed a proposal for a "matinee pricing" pilot. Matinee pricing refers to rate structures designed

to increase energy usage at times when energy supply is readily available. This rate structure is also sometimes called "reverse demand response." PG&E has also proposed a matinee pricing structure in the instant application. As of the date of this ruling, the Commission has not issued a final decision on matinee pricing in R.13-12-011. In R.13-12-011, PG&E advised the Commission that there is significant operational lead time required before implementing any matinee rate pricing tariff.

R.13-12-011 has found that spring is the optimal time to implement a matinee rate tariff. In order to not further delay matinee pricing for PG&E customers, it would be necessary to issue a decision on PG&E's matinee pricing proposal no later than summer 2017. Therefore, notwithstanding the schedule above, a proposed decision on issues related to matinee pricing may be issued no later than July 2017. If necessary, this may entail an expedited procedural schedule and separate decision. The details of this schedule will be addressed at a later date, preferably after issuance of a final decision on matinee pricing pilots in R.13-12-011.

d. Submission

The proceeding will be submitted upon the filing of reply briefs, unless the assigned Commissioner or the ALJ directs further evidence or argument. The assigned Commissioner or assigned ALJ may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

It is the Commission's intent to complete this proceeding within 18 months of the date this Scoping Memo is filed. This deadline may be extended by order of the Commission. (Public Utilities Code § 1701.5(a).)

If there are any workshops in this proceeding, notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a

decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

4. Categorization

The Commission in Resolution ALJ 176-3381 issued on July 14, 2016, preliminarily determined that the category of the proceeding is ratesetting. This scoping memo confirms the categorization. Anyone who disagrees with this categorization must file an appeal of the categorization no later than ten days after the date of this scoping ruling. (*See* Rule 7.6.)

5. Need for Hearing

The Commission in Resolution ALJ 176-3381 also preliminarily determined that hearings are required. This scoping memo confirms that hearings are necessary.

6. *Ex Parte* Communications

In a ratesetting proceeding such as this one, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors and the ALJ are only permitted as described at Public Utilities Code § 1701.3(c) and Article 8 of the Rules. An *ex parte* communication is a written or oral communication that (1) concerns any substantive issue in a formal proceeding, (2) takes place between an interested person and a decisionmaker, and (3) does not occur in a public hearing, workshop or other public forum noticed by ruling or order in the proceeding, or on the record of the proceeding. Communications regarding the schedule, location, or format for hearings, filing dates, identity of parties, and other such nonsubstantive information are procedural inquiries, not ex parte communications (Procedural Communications).

7. Intervenor Compensation

Pursuant to Public Utilities 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 30 days after the PHC.

8. Assigned Commissioner, Presiding Officer

Carla J. Peterman is the assigned Commissioner and Jeanne M. McKinney is the assigned Administrative Law Judge (ALJ). Pursuant to Public Utilities Code § 1701.3 and Rule 13.2 of the Commission's Rules of Practice and Procedure (Rule or Rules), ALJ McKinney is designated as the Presiding Officer.

9. 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 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: A.16-06-013. In addition, the party sending the e-mail should briefly describe the attached communication; for example, Opening Brief.

Both an electronic and a hard copy of all filed and served documents 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.

10. Electronic Submission and Format of Supporting Documents

The Commission's web site now allows electronic submittal of supporting documents (such as testimony). Parties are directed to submit their testimony in this proceeding through the Commission's electronic filing system.[2] This

[2] These instructions are for submitting supporting documents such as testimony and work papers in formal proceedings through the Commission's electronic filing system. Parties must follow all other rules regarding serving testimony. Any document that needs to be formally filed such as motions, briefs, comments, etc., should be submitted using Tabs 1 through 4 in the electronic filing screen.

submission does NOT replace service of testimony, but allows parties and non-parties to more efficiently locate testimony that has already been served.

Parties must adhere to the following naming convention:

- The Instructions for Using the "Supporting Documents" Feature, (http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=158653546) and
- The Naming Convention for Electronic Submission of Supporting Documents
  Proceeding number (without punctuation)
  Party (acronyms are acceptable; the shorter the better because docs will have long titles)
  (Proposed Exhibit Number) Note that this is intentionally in parentheses.
  Subject
  Witness last name (if more than one witness, use last name of witness appearing first in the written testimony and add et al. to signify multiple witnesses.

  Example of file name:

  A1707015 - CWS - (1) General Report – Duncan
- Documents containing confidential information must not be submitted to the Supporting Document feature.
- The Supporting Document feature does not change or replace the Commission's Rules of Practice and Procedure. Parties must continue to adhere to all rules and guidelines in the Commission's Rules of Practice and Procedures including but not limited to rules for participating in a formal proceeding, filing and serving formal documents and rules for written and oral communications with Commissioners and advisors (i.e. "*ex parte* communications") or other matters related to a proceeding.
- The Supporting Document feature is intended to be solely for the purpose of parties submitting electronic public copies of testimony (unless instructed otherwise

by the Administrative Law Judge), and does not replace the requirement to serve documents to other parties in a proceeding.

- Unauthorized or improper use of the Supporting Document feature will result in the removal of the submitted document by the Commission.
- Supporting Documents should not be construed as the formal files of the proceeding. The documents submitted through the Supporting Document feature are for information only and are not part of the formal file (i.e. "record") unless accepted into the record by the Administrative Law Judge.

All documents submitted through the "Supporting Documents" Feature shall be in PDF/A format. The reasons for requiring PDF/A format are:

- Security – PDF/A prohibits the use of programming or links to external executable files. Therefore, it does not allow malicious codes in the document.
- Retention – The Commission is required by Resolution L-204, dated September 20, 1978, to retain documents in formal proceedings for 30 years. PDF/A is an independent standard and the Commission staff anticipates that programs will remain available in 30 years to read PDF/A.
- Accessibility – PDF/A requires text behind the PDF graphics so the files can be read by devices designed for those with limited sight. PDF/A is also searchable.

Currently, the "Supporting Documents" do not appear on the "Docket Card." In order to find the supporting documents that are submitted electronically, go to:

- Online documents, choose: "E-filed Documents, "
- Select "Supporting Document" as the document type, (do not choose testimony),
- Type in the proceeding number and hit search.

Please refer all technical questions regarding submitting supporting documents to:

- Kale Williams (kale.williams@cpuc.ca.gov)
  (415) 703- 3251 and
- Ryan Cayabyab (ryan.cayabyab@cpuc.ca.gov)
  (415) 703-5999.

11. Discovery

Discovery may be conducted by the parties consistent with Article 10 of the Commission's Rules. Any party issuing or responding to a discovery request shall serve a copy of the request or response simultaneously on all parties. Electronic service under Rule 1.10 is sufficient, except Rule 1.10(e) does not apply to the service of discovery and discovery shall not be served on the Administrative Law Judge. Deadlines for responses may be determined by the parties. Motions to compel or limit discovery shall comply with Rule 11.3. Pursuant to Rule 11.3, parties should meet and confer and attempt to resolve any discovery disputes before contacting the ALJ.

12. Public Advisor

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 is encouraged to obtain more information at http://consumers.cpuc.ca.gov/pao or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

13. Settlement and Alternative Dispute Resolution

While the schedule does not include specific dates for settlement conferences it does not preclude parties from meeting at other times provided notice is given consistent with our Rules.

Regarding the possibility of settlement, parties are reminded that, pursuant to Rule 12.1(d) of the Commission's Rules of Practice and Procedure, the Commission will not approve a settlement, whether contested or uncontested, unless it is found to be reasonable in light of the whole record, consistent with law, and in the public interest. To assist the Commission in evaluating any settlement, parties are directed to make certain additional filings and testify in support of the proposed settlement. With respect to any settlements in this proceeding, any settlement filing should include a comparison exhibit that, for each settled issue, shows PG&E's current policy, PG&E's proposal in this proceeding, the position of each party on the issue, and the final positions and/or numbers in the settlement.

For issues that are not settled, each party shall provide a Statement of Contested Facts to be resolved at the evidentiary hearings, if such hearings are required. The Statements shall include a list and a description of each disputed issue.

The Commission offers Alternative Dispute Resolution (ADR) services consisting of mediation, facilitation, or early neutral evaluation. Use of ADR services is voluntary, confidential, and at no cost to the parties. Trained ALJs serve as neutrals. The parties are encouraged to visit the Commission's ADR webpage at http://www.cpuc.ca.gov/adr/, for more information.

If requested, the assigned ALJ will refer this proceeding, or a portion of it, to the Commission's ADR Coordinator. Alternatively, the parties may contact the ADR Coordinator directly at adr_program@cpuc.ca.gov. The parties will be notified as soon as a neutral has been assigned; thereafter, the neutral will contact the parties to make pertinent scheduling and process arrangements.

Alternatively, and at their own expense, the parties may agree to use outside ADR services.

14. Final Oral Argument

A party in a ratesetting proceeding in which a hearing is held has the right to make a Final Oral Argument before the Commission, if the argument is requested within the Closing Brief. (Rule 13.13.)

IT IS RULED that:

1. The category of this proceeding is ratesetting. Appeals as to category, if any, must be filed and served within ten days from the date of this scoping memo.
2. Administrative Law Judge Jeanne M. McKinney is designated as the Presiding Officer.
3. The scope of the issues for this proceeding is as stated in "Section 2. Scope" of this ruling.
4. The schedule for the proceeding is set in "Section 3. Schedule" of this ruling. The assigned Commissioner or Presiding Officer may adjust this schedule as necessary for efficient management and fair resolution of this proceeding.
5. Pacific Gas and Electric Company shall work with Energy Division to schedule this workshop once the demand charge study is complete.
6. Hearings are necessary.
7. With limited exceptions that are subject to reporting requirements, *ex parte* communications are prohibited. (*See* Public Utilities Code § 1701.3(c); Article 8 of the Commission's Rules of Practice and Procedure.)

8. A party shall submit request for Final Oral Argument in its opening briefs, but the right to Final Oral Argument ceases to exist if hearing is not needed.

Dated October 19, 2016, at San Francisco, California.

/s/ CARLA J. PETERMAN	/s/ JEANNE M. MCKINNEY
Carla J. Peterman	Jeanne M. Mckinney
Assigned Commissioner	Administrative Law Judge