

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**12/27/17
10:26 AM

December 27, 2017

Agenda ID #16150
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 13-12-012, INVESTIGATION 14-06-016

This is the proposed decision of Administrative Law Judge Allen. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's February 8, 2018 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Upon the request of any Commissioner, a Ratesetting Deliberative Meeting (RDM) may be held. If that occurs, the Commission will prepare and publish an agenda for the RDM 10 days beforehand. When the RDM is held, there is a related ex parte communications prohibition period. (See Rule 8.3(c)(4).)

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ ERIC WILDGRUBE for
Anne E. Simon
Acting Chief Administrative Law Judge

AES:ek4
Attachment

Decision **PROPOSED DECISION OF ALJ ALLEN** (Mailed on 12/27/2017)**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
And Related Matter.	Investigation 14-06-016

DECISION DENYING THE PETITION FOR MODIFICATION OF THE NORTHERN CALIFORNIA GENERATION COALITION**Summary**

This decision denies a petition for modification of Decision 16-06-056 filed by the Northern California Generation Coalition. This proceeding remains open.

1. Background

Northern California Generation Coalition (NCGC) filed a petition for modification of Decision (D.) 16-06-056 on June 23, 2017.¹ That decision resolved PG&E's 2015 gas transmission and storage (GT&S) rate case. NCGC requests that the Commission's decision be modified because the gas transmission rates approved in that decision had an effect upon the dispatch of certain gas-fired electric generation facilities. More specifically, NCGC argues:

¹ A petition to modify D.16-06-056 was also filed by Pacific Gas and Electric Company (PG&E). That petition will be addressed in a separate decision.

Since adoption of D.16-06-056 and implementation of the associated rate increases effective August 1, 2016, many electric generators located within the California Independent System Operator (CAISO) balancing authority in PG&E's EG-LT/AOC rate class have experienced a significant decrease in amount of time those plants are dispatched, and therefore, a significant decrease in the gas throughput to these generators. (NCGC Petition at 2.)

Responses to NCGC's petition were filed on July 24, 2017 by PG&E, Calpine Corporation (Calpine), Sacramento Municipal Utility District (SMUD), The Utility Reform Network (TURN), and Dynegy Inc. (Dynegy). PG&E, Calpine and SMUD opposed NCGC's petition; TURN and Dynegy supported the petition in part. NCGC was granted permission to file a reply to the responses, which it filed on August 4, 2017.

Discussion

PG&E, Calpine and SMUD argue that NCGC is trying to re-litigate an issue that was raised and litigated in the proceeding leading to D.16-06-056.

(PG&E Response at 3-5; Calpine Response at 8-14; SMUD Response at 6-8.)

PG&E quotes D.16-06-056:

Dynegy and NCGC claim that PG&E's rate proposals will adversely impact the cost of electric generation from their units and thus reduce the competitiveness of these plants, eventually driving existing electric generators served by the local transmission system out of business. ... More immediately, if EG customers served by the local transmission system are required to pay more than EG customers connected to the backbone system, backbone-level units will be dispatched more often than comparable (or more efficient) units on the local transmission system. (PG&E Response at 4, quoting D.16-06-056 at 323.)

PG&E, Calpine and SMUD are correct. This issue was litigated and addressed in D.16-06-056. NCGC attempts to argue that circumstances have

changed since that time, in that the generators are in fact now experiencing what was predicted to occur. (NCGC Petition at 6-7.) This may be a distinction without a difference; but even assuming that NCGC is correct, it is not clear that modifying D.16-06-056 is the best approach to address this issue.

As PG&E points out: "PG&E will be filing its next GT&S rate case later this year. These same issues can be raised in the 2019 GT&S rate case." (PG&E Response at 6, fn. omitted.) Calpine, albeit more reluctantly, makes a similar point:

Moreover, PG&E comes before the Commission every few years with another gas transmission and storage rate case and is in fact obligated to file its next such case by the end of 2017. To the extent that the Commission decides to grant NCGC a forum to rehash the issues concluded in the Decision (notwithstanding the substantial evidence in the record supporting the Decision), a future rate case would be a more appropriate forum for doing so. (Calpine Response at 29, fn. omitted.)

Accordingly, it would be more appropriate to address the issue raised by NCGC in the upcoming 2019 GT&S proceeding, particularly since NCGC is making factual arguments that would be more appropriately addressed in a new proceeding.

NCGC's petition to modify is denied.

Comments on Proposed Decision

The proposed decision of Administrative Law Judge Allen was mailed to the parties in accordance with Section 311 of the Public Utilities Code, and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____ by _____. Reply comments were filed on _____ by _____.

Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Peter V. Allen is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The issue raised by NCGC's petition for modification was litigated and addressed in D.16-06-056.
2. PG&E has recently filed a new GT&S rate case.

Conclusions of Law

1. D.16-06-056 does not need to be modified.
2. NCGC can more appropriately address its issue in the pending PG&E GT&S rate case.

O R D E R

IT IS ORDERED that:

1. Northern California Generation Coalition's Petition for Modification of Decision 16-06-056 is denied.
2. This proceeding remains open.

This order is effective today.

Dated _____, at San Francisco, California.