

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Pacific Gas and Electric Company for Recovery of Costs of Natural Gas Supplier Compliance with AB 32 (U39G).

Application 13-09-015
(September 30, 2013)

DECISION DISMISSING APPLICATION**1. Summary**

Today's decision dismisses the above-captioned application, and closes this proceeding. The reason for dismissing this application is because the issues and relief that Pacific Gas and Electric Company is requesting are being addressed by the Commission in Order Instituting Rulemaking 14-03-003 for all of the natural gas utilities impacted by the greenhouse gas regulations that were imposed as a result of Assembly Bill 32.

2. Background

Pacific Gas and Electric Company (PG&E) filed the above-captioned application on September 30, 2013. In the application, PG&E requests that it be allowed to increase its natural gas rates and charges in order to collect the revenue requirement necessary to recover its cost of complying with the greenhouse gas (GHG) Cap-and-Trade regulations imposed by the California Air Resources Board (CARB) as a result of the California Global Warming Solutions Act of 2006 in Assembly Bill 32, which became law in Chapter 488 of the Statutes of 2006. The CARB regulations are contained in Title 17 of the California Code of

Regulations (Title 17). Pursuant to Sections 95840, 95851(b), and 95852(c) of Title 17, the natural gas utilities must comply with the Cap-and-Trade regulations beginning January 1, 2015.

A Prehearing Conference (PHC) was held on January 9, 2014. At the PHC, the question was raised of whether PG&E's GHG procurement and revenue issues should be addressed in Rulemaking (R.) 11-03-012, or in a similar proceeding, so that the Cap-and-Trade compliance obligations common to all the natural gas utilities can be resolved in a single proceeding.

After the January 9, 2014 PHC, the California Public Utilities Commission (Commission) initiated Order Instituting Rulemaking (OIR or R.) 14-03-003 on March 13, 2014. The OIR's focus is to "establish the policy, programs, rules and tariffs necessary for natural gas investor-owned utilities" to comply with the CARB's GHG Cap-and-Trade regulations. (OIR at 2.)

In the April 7, 2014 Scoping Memo and Ruling (Scoping Ruling) in this proceeding, it was noted that "the issues that PG&E seeks to have resolved in this application are being comprehensively addressed in R.14-03-003 for all the natural gas utilities," and "in order to minimize duplication, and to maximize the resources of the Commission, the natural gas utilities, and other interested parties, all of PG&E's GHG compliance issues that it raised in this application should be addressed in R.14-03-003." (Scoping Ruling at 5.) Since R.14-03-003 is addressing the same issues for all the natural gas utilities that PG&E raises in this application, the Scoping Ruling stated that "it is more efficient to proceed in this application by issuing a proposed decision dismissing and closing this application, and to have all of the issues raised by PG&E in this application addressed in R.14-03-003." (Scoping Ruling at 5.)

As discussed in the next section, this decision dismisses and closes PG&E's application.

3. Discussion

In the January 9, 2014 PHC, it was recognized that the issues and relief that PG&E is seeking in this application could be addressed in another proceeding where the same kinds of issues and relief for all the natural gas utilities subject to the CARB's Cap-and-Trade regulations might be raised.

Subsequently, the Commission opened R.14-03-003. As noted in the Scoping Ruling, R.14-03-003 states that the primary focus of the rulemaking will be on the following issues:

... the treatment of GHG Cap-and-Trade compliance costs that natural gas corporations may incur if they are found to have a compliance obligation under the Cap-and-Trade regulation; rules to govern utility procurement of Cap-and-Trade compliance instruments; special considerations facing natural gas end-use customers that also have a compliance obligation under [C]ARB's Cap-and-Trade regulation; the use of revenues that natural gas corporations may receive if [C]ARB allocates allowances to utilities for ratepayer benefit; and policies concerning the treatment of emissions-intensive and trade-exposed entities that are customers of natural gas corporations. This rulemaking will also consider natural gas corporations' forecasts of GHG Cap-and-Trade-related costs expected to be incurred in 2015, and it will consider the potential need, scope and administrative structure of outreach and education activities targeted to natural gas customers about state efforts to mitigate climate change and Commission policy on any Cap-and-Trade-related costs and revenues. (OIR at 2-3.)

After reviewing PG&E's application, and the issues to be resolved in R.14-03-003, we find that it is more efficient to dismiss and close PG&E's application. Since the issues and relief that PG&E is requesting be resolved are

being addressed in R.14-03-003 for all the natural gas utilities who have a compliance obligation under the GHG Cap-and-Trade-program, it is more efficient and reasonable to address all of PG&E's issues and relief in R.14-03-003.

Accordingly, PG&E's above-captioned application should be dismissed, and this proceeding closed.

4. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner, and John S. Wong is the assigned Administrative Law Judge (ALJ) in this proceeding.

5. Comments on Proposed Decision

The proposed decision of the ALJ in this matter 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. No comments were filed.

Findings of Fact

1. The January 9, 2014 PHC recognized that the issues and relief that PG&E is seeking in this application could be addressed in another proceeding where the same kinds of issues and relief for all the natural gas utilities subject to the CARB's Cap-and-Trade regulations might be raised.

2. The Commission initiated R.14-03-003 to address, among other things, "the treatment of GHG Cap-and-Trade compliance costs that natural gas corporations may incur if they are found to have a compliance obligation under the Cap-and-Trade regulation," and "rules to govern utility procurement of Cap-and-Trade regulation...."

3. It is more efficient and reasonable for the Commission to dismiss and close PG&E's application, and to have PG&E's issues and relief addressed in R.14-03-003.

4. The issues and relief sought by PG&E in this application are being addressed for all the natural gas utilities in R.14-03-003.

Conclusion of Law

1. PG&E's application should be dismissed, and this proceeding closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) Application 13-09-015 is dismissed, since the issues and relief sought by PG&E are being addressed for all the natural gas utilities in Order Instituting Rulemaking 14-03-003.
2. Application 13-09-015 is closed.

This order is effective today.

Dated _____, at San Francisco, California.