

Decision 10-11-018 November 19, 2010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2011. (U 39-M)

Application 09-12-020
(Filed December 21, 2009)

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Pacific Gas and Electric Company.

Investigation 10-07-027
(Filed July 29, 2010)

**DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST FOR A JANUARY 1, 2011 FINAL DECISION EFFECTIVE DATE**

1. Summary

This decision grants Pacific Gas and Electric Company's unopposed motion to make its 2011 test year general rate case revenue requirement effective as of January 1, 2011, in the event the Commission issues a final decision on this matter after that date.

2. Background

In Application (A.) 09-12-020, Pacific Gas and Electric Company (PG&E) requests that the Commission adopt PG&E's requested General Rate Case (GRC) revenue requirement for 2011 and implement the revenue requirement on January 1, 2011. The Assigned Commissioner's Ruling and Scoping Memo, dated March 3, 2010, set a schedule that provided for the issuance of a

Commission decision in December 2010. This proceeding was on schedule when evidentiary hearings concluded on July 22, 2010.

On August 4, 2010, PG&E, Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), and Aglet Consumer Alliance (Aglet) advised the assigned Administrative Law Judge (ALJ) that they were currently engaged in settlement discussions and requested an extension in the briefing schedule to permit further discussions.¹ That request was granted on August 5, 2010.

In light of the schedule revision, it became apparent that there was a possibility that the Commission would not be able to issue a final decision establishing the 2011 test year revenue requirement by the end of 2010. Consequently, on August 6, 2010, PG&E filed a motion requesting that the Commission issue an interim decision that makes the PG&E GRC revenue requirement for the 2011 test year ultimately adopted by the Commission effective on January 1, 2011, in the event the Commission issues a final decision adopting PG&E's revenue requirement after that date. PG&E states that its request is consistent with prior decisions,² and would leave it and its customers indifferent to the timing of the final decision. There were no responses to PG&E's motion.³

Settlement negotiations continued through the middle of October 2010, during which time the briefing schedule was further delayed and eventually

¹ On August 5, 2010, PG&E indicated that any party to the proceeding that was interested in settlement would be included in that process.

² Similar requests were granted by D.02-12-073 in PG&E's test year 2003 GRC (A.02-11-017) and D.06-10-033 in PG&E's test year 2007 GRC (A.05-12-002).

³ PG&E states DRA, TURN and Aglet have authorized PG&E to state that they have no opposition to the relief requested.

suspended. A settlement conference was held on October 15, 2010. A motion for the adoption of a settlement agreement that resolved all but one issue was then filed on October 15, 2010.⁴ Opening briefs on the remaining issue were filed on October 29, 2010 and reply briefs were filed on November 15, 2010. Also, comments contesting all or part of the settlement agreement were due on November 15, 2010, however, none were filed.

3. Discussion

We have a long-standing policy of encouraging the settlement of disputes. This policy supports many worthwhile goals, including reducing the expense of litigation, conserving Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.

Here, the time consumed by the parties' good faith settlement efforts, as well as the time necessary for the Commission to consider the settlement agreement and to resolve the one remaining issue, have made it probable that a decision that determines PG&E's 2011 test year GRC revenue requirement will not be issued in time to implement the adopted revenue requirement on January 1, 2011, as requested by PG&E in A.09-12-020 and contemplated by the assigned Commissioner's Ruling and Scoping Memo.

⁴ The motion was filed by PG&E on behalf of itself; DRA; TURN; Aglet; California City-County Street Light Association; California Farm Bureau Federation; Coalition of California Utility Employees; Consumer Federation of California; Direct Access Customer Coalition; Disability Rights Advocates; Energy Producers and Users Coalition; Engineers and Scientists of California, Local 20; Merced Irrigation District; Modesto Irrigation District; South San Joaquin Irrigation District; Western Power Trading Forum; and Women's Energy Matters. Three other parties, Southern California Edison Company, Greenlining Institute, and City and County of San Francisco, were active in this proceeding but did not join in the settlement.

Given these circumstances, we conclude that it is reasonable to grant PG&E's unopposed motion to make its 2011 test-year GRC revenue requirement ultimately adopted by the Commission effective on January 1, 2011, in the event the Commission issues a final decision adopting the revenue requirement after that date.⁵ The revenue requirement ultimately adopted by the Commission should include interest, as necessary, to keep PG&E, and its ratepayers, indifferent to the timing of the Commission's final decision.

4. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

5. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and David K. Fukutome is the assigned ALJ in this proceeding.

Findings of Fact

1. The time consumed by the parties' good faith settlement efforts, as well as the time necessary for the Commission to consider the settlement agreement and to resolve the one remaining issue, have made it probable that a decision that adopts PG&E's 2011 test year GRC revenue requirement will not be issued prior to January 1, 2011.

2. PG&E's unopposed motion seeks a Commission decision prior to December 31, 2010, that makes PG&E's GRC revenue requirement for the 2011

⁵ Today's Decision does not prejudge the Commission's forthcoming decision on the settlement agreement and PG&E's GRC revenue requirement.

test year ultimately adopted by the Commission effective on January 1, 2011, in the event the Commission issues a decision adopting the 2011 test year GRC revenue requirement after that date.

Conclusions of Law

1. PG&E's motion is reasonable and should be granted.
2. PG&E's GRC revenue requirement for the 2011 test year should include interest, based on the three-month commercial paper rate, to the extent necessary to keep PG&E and its ratepayers indifferent to the timing of the final decision adopting the revenue requirement.

O R D E R

IT IS ORDERED that:

1. The motion filed by Pacific Gas and Electric Company that is described in the body of this decision is granted.
2. Pacific Gas and Electric Company's general rate case revenue requirement for the 2011 test year, as determined in this proceeding, shall be effective as of January 1, 2011, even if the Commission issues a final decision in this proceeding after that date. The adopted revenue requirement shall include interest, based on the three-month commercial paper rate, to the extent necessary to keep Pacific Gas and Electric Company and its ratepayers indifferent to the timing of the Commission's final decision.

3. Application 09-12-020 and Investigation 10-07-027 remain open.

This order is effective today.

Dated November 19, 2010, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

TIMOTHY ALAN SIMON

NANCY E. RYAN

Commissioners