

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Southern California Edison Company (U 338-E) for Authority to, Among Other Things, Increase Its Authorized Revenues for Electric Service in 2012, And to Reflect that Increase in Rates.

Application 10-11-015
(Filed November 23, 2010)

**PREHEARING CONFERENCE STATEMENT OF
DIVISION OF RATEPAYER ADVOCATES, THE UTILITY REFORM
NETWORK, THE GREENLINING INSTITUTE, EASTERN SIERRA
RATEPAYER ASSOCIATION, WESTERN POWER TRADING FORUM,
WOMEN'S ENERGY MATTERS, AND
THE ENERGY PRODUCERS AND USERS COALITION
ON PROPOSED SCHEDULE AND RELATED COORDINATION ISSUES**

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January 26, 2011

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January 26, 2011

**PREHEARING CONFERENCE STATEMENT
ON PROPOSED SCHEDULE AND RELATED COORDINATION ISSUES**

I. Introduction

Pursuant to Rule 7.2 of the Commission’s Rules of Practice and Procedure, and consistent with the *Administrative Law Judge’s Ruling On The Motion to Consolidate and Setting a Prehearing Conference*, issued January 7, 2011 in the Sempra Utilities’ GRC (A.10-12-005/006), the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), the Greenlining Institute, Eastern Sierra Ratepayer Association, Western Power Trading Forum (WPTF), Women’s Energy Matters (WEM), and Energy Producers and Users Coalition (EPUC) (“Joint SCE Intervenors”) submit this prehearing conference statement addressing scheduling issues.

As described in the ALJ’s Ruling in A.10-12-005/006, three of California’s major energy utilities (Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas)¹) recently filed general rate case (GRC) applications, each of which seeks very substantial revenue requirement increases to go into effect January 1, 2012. The ALJ Ruling recognizes that this confluence will present unusual challenges for the non-utility parties in each proceeding:

Due to the three GRC applications and their overlapping schedules, it is expected that the Division of Ratepayer Advocates and other parties will face resource and time constraints while participating in these three proceedings.²

¹ SDG&E and SoCalGas are referred to collectively as the “Sempra Utilities” in the remainder of this prehearing conference statement.

² ALJ Ruling in A.10-12-005/006, p. 2.

The ruling goes on to recognize and embrace the goal of staging the processing of the SCE application so that it does not conflict or interfere with the processing of the consolidated applications of SDG&E and SoCalGas.³

This prehearing conference statement proposes a schedule for each of the two proceedings covering the three GRC applications. The proposed schedules are premised on two key principles. First, the schedule needs to provide the time necessary to permit DRA to perform the level of review and analysis called for under the circumstances here. As noted in DRA's protest of the SCE application, May 11, 2011 would be the earliest due date that would permit the staff to effectively represent consumer interests in that proceeding given its resource constraints. Second, the schedule needs to minimize the anticipated overlap between the two proceedings. In the proposed schedules, September 1, 2011 is the due date for DRA in the Sempra Utilities' GRCs, a date selected to ensure that the overlap between the two proceedings is manageable for those parties who will be active in both. The proposed schedules would anticipate a final decision in the SCE GRC in March 2012, and a final decision in the Sempra Utilities GRC in July 2012.

The proposed schedules reflect the input and collective judgment of attorneys and analysts with decades of experience in CPUC proceedings and with numerous previous GRCs for major energy utilities under their belts. The schedules also anticipate creation of memorandum accounts to permit the adopted revenue requirement to be put into effect as of January 1, 2012, even though the final decisions will issue some months later. As the Commission has previously recognized, such memorandum accounts largely mitigate (if not

³ *Id.* p. 3. Joint SCE Intervenors assume that the reverse is true as well, that is, the processing of the Sempra Utilities' applications should not conflict or interfere with the processing of the SCE application.

eliminate) any material impact on the utility from a schedule that does not permit a decision prior to the start of the test year.

DRA and TURN initiated the effort to develop the schedules, as the non-utility parties likely to be the most active and addressing the broadest array of issues in each of the proceedings. We then consulted with other intervenors who had been active participants in past GRCs for Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), or Southern California Gas Company (SoCalGas).⁴

II. Proposed Schedules

Event	SCE Schedule	Sempra Schedule
DRA Serves Testimony	5/11/11	9/1/11
Intervenors Testimony	6/1/11	9/22/11
Rebuttal Testimony	7/3/11	10/24/11
Evidentiary Hearings begin	7/25/11	11/30/11
Evidentiary Hearings end	8/19/11	12/23/11
Opening Briefs	9/19/11	1/23/12
Reply Briefs	10/10/11	2/13/12
Update Material Served	12/6/11	4/9/12
Update Hearings	12/19/11	4/23/12
PD Issued	2/8/12	6/12/12
Comments on PD	2/28/12	7/2/12
Reply Comments on PD	3/5/12	7/9/12
Final Decision	March 2012	July 2012

⁴ SDG&E and SoCalGas are referred to collectively as the “Sempra Utilities” in the remainder of this prehearing conference statement.

III. The Commission Should Adopt The Proposed Schedule In Order To Provide The Time Necessary To Permit DRA and Other Intervenors To Perform Their Critical Role In the GRC Process.

DRA faces a unique challenge with regard to these overlapping GRCs. Alone among the intervenors, the staff will strive to review and address the full array of issues raised in each GRC application. And alone among the parties, DRA will be attempting to perform that review for three utilities in two separate proceedings.⁵ In a decision issued last month, the Commission acknowledged the challenge and its own responsibility to ensure the staff had what it needed in order to perform its job:

It is incumbent upon the Commission to ensure that DRA has the staffing and funding to thoroughly and competently represent public utility ratepayers in each of the three scheduled GRCs. (§ 309.5(c).)⁶

Unfortunately, the timing of this decision (issued after the SCE GRC application had been filed and just a few days before the Sempra Utilities GRC application arrived) meant there was no meaningful opportunity to achieve the Commission's end goal by supplementing DRA's staffing and funding. Therefore, the Commission should seek to achieve the goal of ensuring that DRA can "thoroughly and competently represent public utility ratepayers" by adopting procedural schedules that permit the staff to do its job even within its existing constraints. Rather than establish procedural schedules driven by a year-end decision goal that the Commission has not met for large energy utilities in at least a decade, the procedural schedules should be set based on the enormity of the task that faces DRA and the reality of its resource constraints.

⁵ While each utility will address the full range of issues raised in its own application and supporting testimony, SCE plays a relatively limited role in the Sempra Utilities GRC, and the Sempra Utilities play a limited role in the SCE GRC.

⁶ D.10-12-018 (issued in A.06-12-009, the Sempra Utilities 2008 GRC), p. 8.

In the decision addressing DRA's request that the Commission reschedule the Sempra GRCs, the Commission stated its preference for an "in-house" resolution:

We now believe that the matter should be resolved in-house. Crucial to the resolution is the determination as to whether or not the Commission has adequately staffed the DRA "at a level sufficient to ensure that customer and subscriber interests are effectively represented in all significant proceedings." (§309.5(c).) If the matter cannot be resolved in-house, the DRA should petition to the Commission and propose a solution for the staffing issue, which can include a revisit on the issue of the scheduling of the three GRCs in Test Year 2012.⁷

Consistent with that language, DRA set forth its proposed resolution to the staffing problem in its Protests to the SCE GRC Application and to the Applications of the Sempra Utilities. In both of those Protests, and in the attached Declaration of Harvey Morris, DRA has set forth some of the resource constraints facing both DRA's staff and its lawyers in trying to process three large energy utility rate cases at the same time, and proposed a staggering of the rate case schedules to address those constraints.

Of course, other intervenors share DRA's predicament to the extent those intervenors intend to actively participate in both GRC proceedings. And given the Commission's longstanding and ongoing recognition of the important role that intervenors play in the GRC process, similar logic supports taking steps to ensure that intervenors can thoroughly and competently perform that role in the instant proceedings. The Joint SCE Intervenors' proposed schedule seeks to achieve that outcome.

As one example, TURN regularly uses the expert witness services of JBS Energy for a range of revenue requirement and other issues in GRC proceedings. At present JBS Energy employs a staff of seven, four of whom regularly perform analysis or sponsor

⁷ D.10-12-018, p. 9.

expert testimony in Commission proceedings. It would be impossible for JBS Energy to provide its usual high quality expert witness services to TURN (to the benefit of each utility's ratepayers) if the first due date for DRA's testimony is set any earlier than May 11, 2011, or if there is any substantial overlap between the two proceedings. From TURN's perspective, the Joint SCE Intervenors' proposed schedule would be challenging, but appears achievable based on what is known today.

TURN also faces internal staffing constraints that have only recently emerged. With the recent selection of Mike Florio, TURN's Senior Attorney, as a member of the Commission, Governor Brown has simultaneously made an inspired choice and created a huge hole in TURN's work plan for 2011. While Mr. Florio would likely have played only a limited role in these GRCs, he was primarily or solely responsible for TURN's work in several major proceedings that seem likely to be very active at least through the first half of 2011. Consequently several of the TURN attorneys originally assigned to these GRCs will face additional and unanticipated work trying to fill in the substantial gaps that result from this development. TURN will pursue reasonable and practicable alternatives to mitigate the impact this will have on our participation in Commission proceedings in 2011. Even so, the staff resources available to devote to these GRC proceedings in at least the first half of 2011 are substantially reduced.

IV. Conclusion

SCE, SDG&E and SoCalGas each proposed procedural schedules driven by achieving a final decision in their GRC proceedings before the end of 2011. In doing so, the utilities ask the Commission to assume that such an outcome is feasible, without addressing why such an assumption is reasonable under present circumstances. For

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Application of Southern California Edison Company for Authority to, Among Other Things, Increase Its Authorized Revenues for Electric Service In 2012, And to Reflect that Increase in Rates.

Application 10-11-015
(Filed November 23, 2010)

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things to Increase Rates and Charges for Electric and Gas Service effective on January 1, 2012.

A.10-12-005
(Filed December 15, 2010)

Application of Southern California Gas Company (U904G) for authority to update its gas revenue requirement and base rates effective on January 1, 2012.

A.10-12-006
(Filed December 15, 2010)

DECLARATION OF HARVEY Y. MORRIS

I, Harvey Y. Morris, declare under penalty of perjury that the following is true to the best of my knowledge and belief:

1. I am Assistant General Counsel in charge of the Energy Transmission Section of the Commission's Legal Division and, among my other duties, I supervise attorneys who represent the Division of Ratepayer Advocates (DRA) in General Rate Cases (GRCs) involving electric and gas transmission and distribution matters, and associated Orders Instituting Investigation (OII) relating to the rates, operations, practices, services and facilities of energy utilities.

2. During the past year, the Commission's Legal Division has lost eight attorneys who have either retired or left the Commission to work at law firms. The loss of eight attorney positions has significantly limited the attorneys available in the Legal Division.

3. In light of the financial problems facing the State, the Commission's budget and each of the Division's budgets are smaller than in previous years.

4. Much of the Commission staff has just started one-day-a-month personal leave. Based upon statements by Governor Brown, it is anticipated that, in 2011, one-day-a-month personal leave day will be mandatory on all Commission staff, including DRA engineers and lawyers,, resulting in a loss of almost 5% of work days.

5. Some of the Legal Division staff currently assigned to these three GRCs have other responsibilities as well, including litigation on behalf of the Commission at the Federal Energy Regulatory Commission (FERC).

6. In previous large energy GRCs, such as Southern California Edison Company's (SCE) previous GRC, I assigned at least three experienced, full-time attorneys to the case, as well as a part-time, less experienced attorney. This was much less than the number of attorneys, which SCE assigned to the previous case or has assigned to its present case. For example, SCE has seven attorneys on its pleadings in the present GRC (but is not limited to using only those seven attorneys) and has approximately 90 witnesses listed in the present GRC. Likewise, the GRCs more recently filed by Southern California Gas Company and San Diego Gas & Electric Company (collectively the "Sempra utilities") have many more attorneys and witnesses assigned to their cases than DRA has assigned to these cases.

7. As directed by D.10-12-018, and in conjunction with TURN and UCAN, DRA proposes the schedules in this Pre-Hearing Conference Statement to resolve "in-house" the problems created by having three overlapping large energy utility GRCs in the same year. For all of these reasons, the proposed schedule staggers the dates for DRA's testimony and the hearings by at least four to six months and, in light of current circumstances, represents the most expedited schedules possible. For all of these reasons, this year is very different than previous years, and I do not believe it is possible to have shorter deadlines for DRA's testimony or the hearing dates without significantly sacrificing the interests of the ratepayers.

I declare under penalty of perjury that the foregoing is true and correct. Executed on January 24, 2011, at San Francisco, California.

/s/ HARVEY Y. MORRIS

Harvey Y. Morris

CERTIFICATE OF SERVICE

I, Larry Wong, certify under penalty of perjury under the laws of the State of California that the following is true and correct:

On January 26, 2011, I served the attached:

**PREHEARING CONFERENCE STATEMENT OF
DIVISION OF RATEPAYER ADVOCATES, THE UTILITY REFORM NETWORK,
THE GREENLINING INSTITUTE, EASTERN SIERRA RATEPAYER ASSOCIATION,
WESTERN POWER TRADING FORUM, WOMEN'S ENERGY MATTERS, AND
THE ENERGY PRODUCERS AND USERS COALITION
ON PROPOSED SCHEDULE AND RELATED COORDINATION ISSUES**

on all eligible parties on the attached list **A10-11-015** by sending said document by electronic mail to each of the parties via electronic mail, as reflected on the attached Service List.

Executed this January 26, 2011, at San Francisco, California.

/S/
Larry Wong

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