BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters.

R.17-05-010
(Filed May 11, 2017)

PACIFIC GAS AND ELECTRIC COMPANY’S OPENING COMMENTS

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Dated: July 18, 2017
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I. INTRODUCTION


With the exception of the requests for modifications discussed below, PG&E does not object to the preliminary categorization, need for hearings at this time, schedule, and scope as set forth in the OIR. PG&E does not have any additional questions or issues to add at this time, yet given the number of issues and potential participating parties, additional issues and a need for hearings may arise and PG&E reserves the right to bring forth such recommendations and request hearings at a later date in this proceeding.

In accordance with Ordering Paragraph 9 of the OIR, these comments evaluate the appropriateness of the wording of the questions and the validity of the data sources identified in Section 5.2.\(^1\)

The OIR’s initial direction is to “create a common baseline on the relevant issues identified in this rulemaking” using preliminary data and information from electric utilities.\(^2\) PG&E generally agrees with this approach. However, in order for PG&E and the other electric

\(^1\) OIR, p. 32, Ordering Paragraphs (OP) 9.
\(^2\) OIR, p. 17.
utilities to provide reliable data and consistent information, PG&E recommends the timeframe for data be limited to 2012 – 2016 and seeks modifications on specific questions as discussed in more detail below.

Similarly, as discussed in Section II.B, PG&E does not object to a programmatic and financial audit, but it is unclear, among other things, how the audit in this proceeding would overlap with the audit required in PG&E’s 2017 General Rate Case decision, D.17-05-013. To avoid duplicative and costly efforts, PG&E requests that the two Rule 20A audits be combined and performed by one auditor.

II. THE REQUIREMENTS SET FORTH IN SECTION 5.2 OF THE OIR NEED MODIFICATION

Section 5.2 of the OIR requests electric utilities to provide initial information and data that the Commission is seeking to support the rulemaking. PG&E does not object to the list of initial scoping questions provided in Section 5.2.4 of the OIR and makes no additional suggestions at this time. However, in order for PG&E to provide the requested data, answers to the initial scoping questions, and a proposal for an audit scope, PG&E requests the Commission modify its directives as described below.

A. Data For 2005 – 2016 Calendar Years

Section 5.2.1 of the OIR directs each electric utility to file and serve certain data for the 2005 – 2016 calendar years. PG&E recommends that the Commission limit the data to a five year timeframe, 2012-2016, which is the most consistent and reliable data illustrative of the current Rule 20A programs. PG&E believes that data beyond the five year period would unnecessarily affect comparability and cause delay in building the common baseline of the issues identified in the OIR. Specifically, too much data can often bog down progress and impede

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5/ OIR, p. 16.
6/ OIR, p. 16.
meaningful analysis. Reviewing and comparing 11 years’ worth of data for all electric utilities would be onerous and drawing common conclusions from such a large data set would be difficult and time-consuming. The focus on the last five years will provide the Commission with a recent picture of each utility’s Rule 20A program without being overly burdensome.

In addition, PG&E provides the following comments to the requested data:

1. **Definition of “urban,” “suburban,” “rural,” and “disadvantaged community”**

   The OIR states that the data provided should “denote whether these projects are in urban, suburban, or rural locations or if the project is located in a disadvantaged community.”

   PG&E’s systems do not provide a breakdown of Rule 20A project locations broken down by these categories. Therefore, PG&E will have to make individual assessments of each project in order to make this determination. Specifically, to distinguishing between “urban,” “suburban,” and “rural,” PG&E’s determination would be based on whether the project is in a commercial or residential location. In addition, depending on the point in time from when a Rule 20A resolution or ordinance was passed until project completion, in some circumstances, the designation of “urban,” “suburban,” and “rural” could have changed. PG&E recommends the Commission modify “urban,” “suburban,” and “rural,” to “commercial” or “residential” and indicate whether the determination should be made at the time the Rule 20A resolution or ordinance was passed or when the project was completed.

   In D.17-05-014, the Commission adopted a methodology and definition used to identify “disadvantaged communities” pursuant to the requirements of the Public Utilities Code Section 783.5, which defined a disadvantaged community as:

   one that is located within the counties of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, or Tulare; has a population of at least 100; with at least

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7/ OIR, p. 17.
25 percent of residential households enrolled in CARE; and has geographic boundary no further than seven miles from the nearest natural gas pipeline.\textsuperscript{8/}

To ensure consistency, among the electric utilities, PG&E recommends using the definition and the final public list of 170 identified disadvantaged communities adopted by the Commission in D.17-05-014.\textsuperscript{9/}

2. **Data for meters that were “exempt” and “not exempt”**

Another component of the requested data is “the number of meters installed each year using new electric lines that were granted an exemption from the requirement to underground and the number of meters installed using new electric lines that were not exempt from requirement to underground.”\textsuperscript{10/} PG&E interprets this request to be related to petitions for Commission approval for exemptions to the standard provisions of Electric Tariff Rules 15 and 16, which require that electric facilities installed to serve new subdivision be installed underground.\textsuperscript{11/} As a result, PG&E has only located one Advice Letter requesting an exemption to Rule 15 to allow an overhead line extension to serve the community of Scotia in Humboldt County.\textsuperscript{12/} Even so, the Advice Letter does not contain specific data on the number of meters installed. PG&E does not have records or track the numbers of meters that were installed through an exemption to underground or the number of meters that were installed that were not granted an exemption. As such, PG&E recommends that this item be removed from the list or the Commission provides further clarification.

**B. Audit of Rule 20A Programs**

The OIR mandates each utility perform a programmatic and financial audit of the administration of its Rule 20A program conducted by an independent firm in consultation with

\textsuperscript{8/} D.17-05-014, *Decision Adopting Methodology For Identification of Communities Eligible Under Section 783.5 and Providing Guidance on Economic Feasibility Study to Be Completed in Phase II*, pp.7-11.

\textsuperscript{9/} D.17-05-014, Attachment A.

\textsuperscript{10/} OIR, p. 18.

\textsuperscript{11/} D.01-12-009, p.4.

\textsuperscript{12/} Advice Letter 2938-E filed on November 28, 2006.
the Commission’s Utility Audit Finance & Compliance Branch and Energy Division.\textsuperscript{13/} Specifically, the audit will review compliance with prior Commission decisions and the proper financial oversight of the use of Rule 20A ratepayer funds.\textsuperscript{14/} Each utility is directed to propose an audit scope to the Director of Energy Division and the manager of the Utility Audit Finance & Compliance Branch within 60 days of the OIR’s order.\textsuperscript{15/} The deadline for the audit will be 180 days after the Pre-Hearing conference unless otherwise revised.\textsuperscript{16/} The OIR is silent on the funding source for the audit.

PG&E’s 2017 GRC Decision mandates a Rule 20A audit to ensure that PG&E fully accounted for annual Rule 20A budgeted amounts, and that governmental entities are receiving the benefits of the Rule 20A funds.\textsuperscript{17/} In addition, the GRC audit will review PG&E processes to perform Rule 20A conversions and verify eligibility of projects and reliability of project cost estimates.\textsuperscript{18/} PG&E shall pay for the audit with part of its 2017 authorized Rule 20A budget.\textsuperscript{19/} PG&E and the City of Hayward, filed a Joint Proposal for the audit scope and funding estimate on July 10, 2017.

PG&E recognizes that the two audits may not be identical in scope and does not attempt to pre-judge the scope in either proceeding. However, these two orders will have overlapping issues, as well as require significant commitments from PG&E and Commission resources. Although the OIR does not indicate a funding source for the audit in this proceeding, PG&E’s 2017 GRC Decision directs that the 2017 Rule 20A budget be used to fund that audit. Given the overlapping issues, PG&E requests that the Commission allow PG&E to hire one independent firm or auditor to perform one audit, which will cover the scope required under both PG&E’s 2017 GRC decision and this proceeding. Not only will this approach be the most cost effective

\begin{footnotesize}
\textsuperscript{13/} OIR, p. 18.
\textsuperscript{14/} OIR, p. 18
\textsuperscript{15/} OIR, p. 18 and 31, OP 4. The OIR’s effective date is listed as May 11, 2017 on the preliminary schedule in Section 5.4 of the OIR; therefore, the audit scope is due on July 10, 2017.
\textsuperscript{16/} OIR, p. 19 and 31, OP 4.
\textsuperscript{17/} D.17-05-013, p. 75.
\textsuperscript{18/} D.17-05-013, p. 76.
\end{footnotesize}
use of ratepayer funds, it will also avoid duplication of efforts from PG&E and Commission. Further the approach will prevent ineffective use of time for two separate auditors to be selected, engaged, and become familiar with the Rule 20A program. Likewise, PG&E believes that it would be most efficient and effective if the audits for the other electric utilities were conducted by the same individual firm or auditor that performs PG&E’s audit. This consistency is needed to achieve the Commission’s desire to create a common baseline of information across all electric utilities.

In the alternative, if the Commission requires PG&E to perform two separate Rule 20A audits, PG&E intends to work with the other electric utilities to propose a consistent audit scope for this proceeding and recommends the use of the same individual firm or auditor for all electric utilities.

With respect to funding source, PG&E requests the Commission allow the same funding source ordered in PG&E’s 2017 GRC decision to be used for the audit in this proceeding. Alternatively, if two separate audits are required, PG&E requests to recover the audit costs in this proceeding through PG&E’s existing Distribution Rate Adjustment Mechanism (DRAM) balancing account.

Lastly, PG&E also requests that the Commission allow the recovery of incremental costs, not currently included in rates, associated with participating in and complying with the OIR.

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III. CONCLUSION

PG&E appreciates the opportunity to participate collaboratively in this proceeding, which will not only improve the undergrounding program by addressing important Rule 20A implementation issues, but also provide an opportunity to enhance the fair and efficient allocation of ratepayer funds to communities.

Respectfully Submitted,

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By: ______________________ /s/ ______________________
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