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

Application of Pacific Gas and Electric  
Company for Approval of Regionalization  
Proposal. (U39M.)

Application 20-06-011

**ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

**1. Procedural Background**

In Decision (D.) 20-05-053, approving the reorganization plan of Pacific Gas and Electric Company (PG&E) and its holding company PG&E Corporation, the Commission ordered PG&E to file an application for regional restructuring. In compliance with that order, PG&E filed this application on June 30, 2020 (PG&E Application).

A telephonic prehearing conference (PHC) was held on August 20, 2020, to address the issues and procedural matters, including the need for hearings and the schedule for the proceeding. After considering the application, the filed responses and protests to the application and the discussion at the PHC, the issues and initial schedule are set forth below.

**2. Issues**

In D.20-05-053 and in the proceeding leading to that decision, the Commission addressed the potential benefits to PG&E and its customers of a

regional restructuring of PG&E. Regional restructuring of PG&E was one of the governance changes that the Commission ordered PG&E to implement, as the Commission found that regional restructuring had the potential to improve safety and responsiveness to local communities. (D.20-05-053 at 119, Finding of Fact 12.) The idea underlying regional restructuring is that it would bring PG&E closer to its customers, with the corresponding potential for PG&E to become more responsive and accountable to the needs and circumstances of its customers, and improve customer service and safety at the local level.

Consistent with the Commission's order to implement regional restructuring, PG&E filed this application which identifies a number of potential issues. Other parties identified additional issues in responsive pleadings and at the PHC. In its application, PG&E states:

The principal issues to be considered are whether:

1. PG&E should be authorized to implement its Regionalization Proposal, as modified in this proceeding;
2. PG&E's proposed five regional boundaries are reasonable;
3. PG&E's proposals for regional leadership and a regional organizational structure are consistent with the Commission's direction;
4. PG&E's proposed implementation timeline for regionalization is reasonable; and
5. PG&E's proposed Regional Plan Memorandum Account should be approved effective June 30, 2020. (PG&E Application at 17.)

PG&E's request to establish a Regional Plan Memorandum Account is to allow it "to record any incremental costs PG&E may incur in connection with development and implementation of regionalization." (PG&E Application at 14.) According to PG&E, "A memorandum account effective on the filing date is

appropriate because PG&E will be required to incur costs to implement certain aspects of its Regionalization Proposal while the Application is pending.” (*Id.*) PG&E states that it did not request costs for its regionalization in its 2020 General Rate Case (GRC), and recovery of costs recorded in the memorandum account would be requested in a future GRC or other proceeding, at which time other parties could contest PG&E’s request. (*Id.* at 15.)

The Utility Reform Network (TURN) and Marin Clean Energy (MCE) oppose PG&E’s request for a memorandum account, arguing that PG&E shareholders, not ratepayers, should pay for the costs of regionalization, particularly if regionalization is necessary for PG&E to provide safe and reliable service. (TURN Protest at 2, MCE Protest at 6.)

In addition to raising the question whether PG&E shareholders should be responsible for the costs of regionalization, TURN also argues that the Commission should consider whether PG&E’s regionalization proposal is reasonable, including its impact on safety and its cost effectiveness, and that: “The Commission should adopt metrics in order to measure whether PG&E’s regionalization efforts indeed results in improved performance.” (*Id.* at 2-3.) A number of parties also raise questions regarding the completeness of PG&E’s regionalization plan, or identify elements that they believe are missing from the plan.

Based on the filed pleadings and the discussion at the PHC, the scope of this proceeding includes the issues identified by PG&E, plus the broader issue of the reasonableness of PG&E’s proposal, including its impact on safety and its cost effectiveness. The parties noting that PG&E’s plan is incomplete are correct, but the structure of this proceeding, with workshops and party comments, is intended to facilitate the further development of PG&E’s plan. Accordingly, the

specific aspects or elements that may be missing from PG&E's plan are not identified here, as parties will have the opportunity to identify those items in workshops and advocate for PG&E to incorporate them in a revised plan. Our expectation is that the workshop and comment process will result in further development and refinement of PG&E's plan. The adequacy and completeness of PG&E's regionalization plan is an issue within the scope of this proceeding, and parties will have opportunities to address that issue.

Parties identified specific issues relating to PG&E's regionalization proposal, including the process and timeline for regionalization, the cost of regionalization, the criteria to be used for identifying and delineating regions, and the division of responsibilities and decision-making between PG&E's central office and its regional offices. These issues fall within the more general issues identified above, and are within the scope of the proceeding.

At this time it does not appear that attempting to develop regionalization-specific metrics in this proceeding would be a good use of the parties' or the Commission's time, particularly since safety and operational metrics will be addressed in another proceeding, and this proceeding should neither duplicate nor conflict with that proceeding. Accordingly, the development of regionalization-specific metrics is not in the current scope of this proceeding. If at a later stage of this proceeding it appears to be feasible and worthwhile to either develop regionalization-specific metrics or to consider such metrics developed in another proceeding, the scope of this proceeding may be modified to do so.

The question of whether PG&E ratepayers or shareholders should bear the cost of PG&E's regionalization is not appropriately resolved via this scoping memo, but rather should be addressed by the full Commission, based on a

developed record. In order to preserve that decision for the Commission, PG&E's request to establish a memorandum account to track the costs of regionalization is granted, effective June 30, 2020. While a specific request for cost recovery may occur in a separate proceeding, issues relating to potential cost recovery and the corresponding ratemaking treatment are within the scope of this proceeding.

The scope of this proceeding generally includes all issues relevant to the Commission's review and potential approval of PG&E's regionalization plan, consistent with the Commission's direction in D.20-05-053.<sup>1</sup> As discussed above, those issues include:

Whether PG&E should be authorized to implement its Regionalization Proposal, as modified in this proceeding;

Whether PG&E's proposed five regional boundaries are reasonable;

Whether PG&E's proposals for regional leadership and a regional organizational structure are consistent with the Commission's direction;

Whether PG&E's proposed implementation timeline for regionalization is reasonable;

Whether PG&E's regionalization proposal is reasonable, including its impact on safety and its cost effectiveness;

The adequacy and completeness of PG&E's regionalization plan;

The process and timeline for regionalization, the cost of regionalization, the criteria to be used for identifying and delineating regions, and the division of responsibilities and decision-making between PG&E's central office and its regional offices; and

Issues relating to potential cost recovery and the corresponding ratemaking treatment.

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<sup>1</sup> Regionalization is discussed at 50-57 of D.20-05-053.

Finally, the Commission will also consider the proposal's potential impacts on environmental and social justice communities, including the extent to which PG&E's regionalization may impact achievement of the goals of the Commission's Environmental and Social Justice Action Plan.

### **3. Need for Evidentiary Hearing**

The preliminary determination for this proceeding was that evidentiary hearings would be required. At the PHC, some parties expressed a desire for evidentiary hearings, but at this time it is not clear whether evidentiary hearings will be necessary. After workshops are held and comments submitted, we will revisit the question whether there is a need for evidentiary hearings. Since evidentiary hearings are a possibility, at this time the preliminary determination that evidentiary hearings are needed is affirmed.

### **4. Oral Argument**

Any motion for oral argument shall be made no later than the time for filing comments on the proposed decision.

### **5. Schedule**

There was general consensus at the PHC that workshops and comments would be a useful way to proceed in order to assist in the development of PG&E's regionalization process. Accordingly, those will be the first things scheduled. The primary focus of the first workshop and comments is for PG&E to get input and feedback from the parties that will help it further develop and refine its proposal. PG&E will then update its proposal, and the subsequent workshop and comments will address PG&E's updated proposal.

After the workshops and comments, we will evaluate the status of PG&E's regionalization plan and the proceeding, and make a determination of the next steps to take. Those steps could range from the Commission immediately

proceeding to prepare and issue a proposed decision, to requiring the service of testimony and the scheduling of evidentiary hearings and briefing leading to a proposed decision. It is premature to make that determination now, prior to the further development of PG&E’s regionalization plan.

There was significant discussion in the filed pleadings and at the PHC regarding how quickly this proceeding should move. On the one hand, the need for PG&E to expeditiously make changes to improve its safety record and its responsiveness to local communities, and ensuring that PG&E gets early feedback and recommendations from other parties would indicate the need for an expedited proceeding. On the other hand, we also need to consider the concerns of a number of parties, including the City of San Jose, that it will be difficult for them to fully participate in the proceeding during the current wildfire season, and accordingly request a more delayed start to the workshop and comment process.

Taking these considerations into account, and based on the filed pleadings and the discussion at the PHC, the following schedule is adopted:

EVENT	DATE
Workshop	Week of November 16, 2020 <sup>2</sup>
Comments <sup>3</sup>	December 16, 2020
Updated Proposal	January 14, 2021
Workshop	Week of January 25, 2021 <sup>4</sup>
Comments	February 24, 2021

<sup>2</sup> The Commission’s Energy Division will schedule, notice and calendar the workshop for one or more days during this week.

<sup>3</sup> All comments, reply comments and updated proposals are to be filed and served.

<sup>4</sup> The Commission’s Energy Division will schedule, notice and calendar the workshop for one or more days during this week.

EVENT	DATE
Reply Comments	March 5, 2021
Status Conference <sup>5</sup>	TBD

This schedule may be modified by the assigned Administrative Law Judge (ALJ) in order to promote the efficient and fair resolution of this proceeding. It is expected that this proceeding will be resolved within 18 months as required by Pub. Util. Code § 1701.5.

**6. Category of Proceeding and Ex Parte Restrictions**

This ruling confirms the Commission’s preliminary determination<sup>6</sup> that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules of Practice and Procedure.

**7. Public Outreach**

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission’s monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission’s website.

**8. Intervenor Compensation**

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by 30 days after the PHC.

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<sup>5</sup> The status conference may be conducted online, in person, or via written paper/electronic documents.

<sup>6</sup> Resolution ALJ-176-3465.



## **9. Response to Public Comments**

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

## **10. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TYT), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **11. Filing, Service, and Service List**

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m. on the date scheduled for service to occur. Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. When serving documents on Commissioners or their personal

advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at [process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

## **12. Assignment of Proceeding**

Commission President Marybel Batjer is the assigned Commissioner and Peter V. Allen is the assigned ALJ and presiding officer for the proceeding.

**IT IS RULED** that:

1. The scope of this proceeding is described above.
2. Pacific Gas and Electric Company is authorized to establish a memorandum account to track the costs of regionalization, effective June 30, 2020.
3. The schedule of this proceeding is set forth above.
4. Evidentiary hearings are needed.
5. The presiding officer is Administrative Law Judge Peter V. Allen.
6. The category of the proceeding is ratesetting.

This order is effective today.

Dated October 2, 2020, at San Francisco, California.

/s/ MARYBEL BATJER

Marybel Batjer  
Assigned Commissioner