

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA



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ADMINISTRATIVE LAW JUDGES JESSICA T. HECHT and ZHEN
ZHANG, co-presiding

Application of Southern California)	PREHEARING
Edison Company (U338-E) for)	CONFERENCE
Authority to Establish Its)	
Authorized Cost of Capital for)	Application
Utility Operations for 2022 and)	21-08-013
Reset the Annual Cost of Capital)	
Adjustment Mechanism.)	CONSOLIDATED
)	
)	Application
And Related Matters.)	21-08-014
)	
)	Application
)	
)	21-08-015

REPORTERS' TRANSCRIPT
Telephonic Proceeding
October 15, 2021
Pages 1 - 103
Volume 1

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PUBLIC UTILITIES COMMISSION, STATE OF CALIFORNIA
SAN FRANCISCO, CALIFORNIA

TELEPHONIC PROCEEDING

OCTOBER 15, 2021 - 10:04 A.M.

* * * * *

ADMINISTRATIVE LAW JUDGE ZHANG: Let's
go on the record.

I am Judge Zhang. I am co-assigned
with Judge Hecht. President Batjer is the
assigned Commissioner. The president could
not be here today, but her advisors are in
attendance.

This is the time and place for the
prehearing conference for the following
proceeding, and they have been consolidated:
A.21-08-013, Application of Southern
California Edison Company, (U338-E) for
Authority to Establish Its Authorized Cost of
Capital for Utility Operations for 2022 and
Reset the Annual Cost of Capital Adjustment
Mechanism;

A.21-08-014, Application of San
Diego Gas & Electric Company, (U902-M) for
Authority to Establish Its Authorized Cost of
Capital For Utility Operations for 2022 and
to Reset the Annual Cost of Capital
Mechanism;

A.21-08-015, Application of Pacific
Gas and Electric Company for Authority to
Establish Its Authorized Cost of Capital for

1 Utility Operations for 2022 and to Reset the
2 Cost of Capital Adjustment Mechanism or, in
3 the Alternative, for Suspension of Cost of
4 Capital Adjustment Mechanism for 2021.

5 Please note the following ground
6 rules: All counsel and parties agree to
7 adhere to all formal rules of decorum. All
8 counsel and parties will be muted when not
9 speaking. Also please mute yourself when
10 you're not speaking.

11 I will call on each party's
12 representative by name. Each representative
13 will have an opportunity to speak. Identify
14 yourself by your full name before you speak.

15 First, I will go over the items
16 discussed in the prehearing conference
17 statements. Afterwards I have a few
18 questions about the Utilities' request to
19 establish memo accounts.

20 The first topic from the prehearing
21 conference statements has to do with
22 evidentiary hearings. Cal Advocates stated
23 that evidentiary hearings are probably
24 unnecessary and issues can be resolved
25 through briefs. Other parties have
26 incorporated evidentiary hearings into their
27 schedule.

28 Before we take comments on this, I

1 just wanted to make sure that there isn't
2 anybody else on the line who intends to
3 become a party.

4 Is there anyone on the line who
5 intends to become a party?

6 (No response.)

7 ALJ ZHANG: I do not hear anyone
8 volunteering, so I will now take comments on
9 the topic of evidentiary hearings, and I will
10 call you by name.

11 Speaker Furman, do you have any
12 comments?

13 SPEAKER FURMAN: Yes. This is Rebecca
14 Furman. I think that Southern California
15 Edison does believe that there will be
16 hearings necessary.

17 As part of some of the intervenor's
18 comments, they've requested a two phase of
19 hearings, but we believe that one phase would
20 be sufficient in this proceeding, that we
21 really do not need to have hearings on the
22 issue of whether the utilities have met the
23 first step to establish that there has been
24 an extraordinary event.

25 And so then we think that's about
26 four to six days of hearings for a single
27 phase of the proceeding would be fine.

28 ALJ ZHANG: Okay.

1 SPEAKER FURMAN: That's all I have.

2 ALJ ZHANG: Thank you, Ms. Furman. You
3 will have another opportunity to discuss
4 whether two phase is appropriate.

5 Everyone else, let's just keep your
6 comments as to whether hearings are
7 necessary.

8 SPEAKER FURMAN: Sorry about that --
9 (Crosstalk.)

10 ALJ ZHANG: Go ahead, Speaker Furman.

11 SPEAKER FURMAN: Sorry about that.
12 Yes, we do think hearings will be necessary.

13 ALJ ZHANG: Thank you.

14 Speaker Fulton.

15 SPEAKER FULTON: Thank you, your Honor.
16 Ross Fulton for SDG&E.

17 We agree that we believe hearings
18 will be necessary and think that four to six
19 days is likely sufficient.

20 ALJ ZHANG: Thank you.

21 Speaker Goldman.

22 SPEAKER GOLDMAN: Seth Goldman for
23 PG&E. Yes, your Honor, we have the same view
24 as SCE and SDG&E. We think evidentiary
25 hearings will be necessary. We expect four
26 to six days would be sufficient.

27 ALJ ZHANG: Speaker Goldman, your voice
28 is coming through pretty quiet. Is there any

1 way you can increase your volume?

2 SPEAKER GOLDMAN: I can try or I can
3 just talk louder.

4 ALJ ZHANG: Oh, okay.

5 SPEAKER GOLDMAN: Seth Goldman for
6 PG&E. Is that better?

7 ALJ ZHANG: Yes, great.

8 SPEAKER GOLDMAN: Okay. We agree with
9 the other two utilities. We think
10 evidentiary hearings will be necessary, and
11 we think four to six days is sufficient.

12 ALJ ZHANG: Okay. Speaker Sheriff.

13 SPEAKER SHERIFF: Good morning, your
14 Honor. Nora Sheriff for EPUC and the
15 Indicated Shippers. EPUC and the Indicated
16 Shippers believe hearings will be necessary.

17 As indicated in the joint prehearing
18 conference statement, we believe fewer
19 hearings in the first phase would be
20 necessary, and then I think about six days of
21 hearings in the second phase, should the
22 Commission adopt a phased approach in terms
23 of the length of hearings, but we do think
24 hearings are necessary.

25 ALJ ZHANG: Okay. Speaker Finkelstein.

26 SPEAKER FINKELSTEIN: Thank you, your
27 Honor.

28 Much like Ms. Sheriff, our view is

1 that hearings would be necessary and the
2 Commission ought to estimate something
3 between six and eight days for the total
4 hearings.

5 Four to six days has been the length
6 of hearings the Commission has had in recent
7 cost of capital proceedings when there wasn't
8 this additional layer of issues associated
9 with whether or not the conditions around an
10 extraordinary event warrant these out-of-time
11 applications that we're dealing with here.

12 So four to six days might be
13 sufficient if we were just dealing with a
14 typical cost of capital application. With
15 the additional issues, we think there ought
16 to be an additional two days added to that.

17 ALJ ZHANG: Okay. Speaker Lopez.

18 SPEAKER LOPEZ: Thank you, your Honor.
19 Edward Lopez for UCAN.

20 We too believe hearings are required
21 and the joint prehearing conference statement
22 lays out the rationale for our belief that
23 upward of six to eight days may be required.

24 Thank you, your Honor.

25 ALJ ZHANG: Okay. Speaker Hodel.

26 SPEAKER HODEL: This is Drew Hodel on
27 behalf of Cal Advocates.

28 We continue to believe hearings are

1 not necessary. We believe there's already
2 sufficient evidence in the record to settle
3 all open issues. As I'm sure you're aware,
4 the regularly-scheduled cost of capital
5 applications are due in approximately six
6 months.

7 I think as most other parties said
8 in their prehearing conference statement,
9 they'd like your scoping memo to address, if
10 hearings are implemented, how we deal with
11 the overlap between this cost of capital
12 application and the regularly-scheduled
13 application in six months' time.

14 So Cal Advocates just believes
15 hearings are just going to drag this out and
16 lead to an inefficient use of resources.

17 Thank you.

18 ALJ ZHANG: Speaker Maurath Sommer.

19 SPEAKER MAURATH SOMMER: April Maurath
20 Sommer for the Wild Tree Foundation. We
21 agree with many of the other parties that
22 hearings are necessary.

23 There are certainly disputed issues
24 of material facts in regards to both the
25 questions of whether extraordinary
26 applications are permitted off schedule and
27 the general questions dealt with the changes
28 in the rates as adjudicated in the usual cost

1 of capital proceeding.

2 Thank you.

3 ALJ ZHANG: Speaker Kelly.

4 SPEAKER KELLY: Thank you, your Honor.
5 Elizabeth Kelly on behalf of Environmental
6 Defense Fund.

7 We concur with the vast majority of
8 other parties that evidentiary hearings will
9 be needed.

10 ALJ ZHANG: Speaker Severson.

11 SPEAKER SEVERSON: Yes, Julia Severson
12 with Protect Our Communities Foundation.

13 We also believe hearings will be
14 necessary. If there is a phased approach, we
15 recommend at least five days in the first
16 phase and estimate ten days of hearings for
17 the second phase.

18 ALJ ZHANG: Speaker Douglass.

19 SPEAKER DOUGLASS: Thank you, your
20 Honor. Dan Douglas from Walmart Inc.

21 As another party to the Joint
22 Intervenor's PHC statement, we also believe
23 that hearings will be necessary, that we
24 believe there should be two to three days of
25 evidentiary hearings through the first phase
26 addressing whether or not an extraordinary
27 application was justified and, further, up to
28 six days of evidentiary hearings in a second

1 phase dealing with the traditional cost of
2 capital issues.

3 ALJ ZHANG: Speaker Liotta.

4 SPEAKER LIOTTA: Yes. Thank you, your
5 Honor. Rita Liotta with the Federal
6 Executive Agencies.

7 FEA does believe that evidentiary
8 hearings are necessary.

9 ALJ ZHANG: Thank you.

10 We will talk about whether the
11 two-phase approach is appropriate. Next,
12 let's go on to the legal issues for this
13 proceeding. Based on the parties' prehearing
14 conference statements, I have created a list
15 of main scoping memo topics.

16 We will discuss separately whether
17 there should be phases, whether we should
18 look into the level of coordination among the
19 utilities, and whether we should look into
20 the blended return on equity question. I'm
21 going to go over the main issues right now.

22 No. 1, do the utilities have a right
23 to file a cost of capital application for
24 Test Year 2022 based on Decision 08-05-035?
25 Specifically, does the coronavirus pandemic
26 and the economic condition satisfy the
27 requirement for filing off-cycle cost of
28 capital applications?

1 Does the coronavirus pandemic and
2 the economic conditions impact the utilities
3 differently than that expected or experienced
4 in the overall financial markets?

5 No. 2, should the utilities' return
6 on equity stay at its current level?

7 No. 3, would the cost of capital
8 mechanism formula adjustment resulting in a
9 downward adjustment to the utilities' return
10 on equity deny the utilities the opportunity
11 to earn a just and reasonable return on
12 capital for Test Year 2022?

13 No. 4, what is the appropriate
14 capital structure for each utility for Test
15 Year 2022?

16 No. 5, what is the appropriate cost
17 of long-term debt for each utility for Test
18 Year 2022?

19 No. 6, what is the appropriate cost
20 of preferred stock for each utility for Test
21 Year 2022?

22 No. 7, what is the appropriate cost
23 of common equity for each utility for Test
24 Year 2022?

25 No. 8, what is the appropriate rate
26 of return on the utility ratebase for each
27 utility for Test Year 2022?

28 No. 9, Cal Advocates proposed issues

1 involving specific numbers for return on debt
2 and return on equity. The questions are:

3 Whether PG&E's return on debt for
4 2022 should be updated and set at 4.14
5 percent;

6 Whether SDG&E's return on debt for
7 2022 should be updated and set as
8 3.84 percent;

9 Whether Edison's return on debt for
10 2022 should be updated and set at
11 4.32 percent;

12 Whether Edison's return on preferred
13 equity for 2022 should be updated and set at
14 5.9 percent.

15 No. 10 is what factors, including
16 financial, business, and regulatory risks,
17 should be considered in setting the
18 utilities' authorized return on equity for
19 Test Year 2022?

20 No. 11, should the cost of capital
21 mechanism continue as established in
22 D.08-05-035?

23 No. 12, should the cost of capital
24 mechanism be modified as recommended by
25 SDG&E?

26 No. 13, should the Commission
27 authorize PG&E to collect a premium over the
28 three-month commercial paper rate applicable

1 to PG&E's balancing and memorandum account
2 based on PG&E's actual cost of short-term
3 debt?

4 No. 14, in the alternative, should
5 the Commission suspend the cost of capital
6 mechanism for 2022 and allow the utilities to
7 file an advice letter to revise their cost of
8 debt and preferred equity for 2022 and
9 require a regularly-scheduled application to
10 be filed in April of 2022 for Test Year 2023?

11 I will take comments on these main
12 issues and then we will talk about a couple
13 other additional items.

14 Speaker Furman.

15 SPEAKER FURMAN: Thank you, your Honor.

16 I don't think I have any comments to
17 the legal issues as you presented them.

18 ALJ ZHANG: Okay. Speaker Fulton.

19 SPEAKER FULTON: Thank you, your Honor.

20 I do not think that SDG&E at this
21 time has any comments as you read the issues.
22 Thank you.

23 ALJ ZHANG: Speaker Goldman.

24 SPEAKER GOLDMAN: Seth Goldman for
25 PG&E.

26 PG&E doesn't have any comments on
27 the issues as you stated them.

28 ALJ ZHANG: Speaker Sheriff.

1 SPEAKER SHERIFF: Good morning, your
2 Honor. I was typing as quickly as I could.
3 Could I ask you to repeat issue four?

4 ALJ ZHANG: Yes. What is the
5 appropriate capital structure for each
6 utility for Test Year 2022?

7 SPEAKER SHERIFF: Okay. Thank you,
8 your Honor.

9 The scope, as you have laid it out,
10 sounds appropriate, and I do hope we will be
11 able to talk about the phased issue because I
12 do think some of the ordering of the scoped
13 issues -- it might be more efficient to
14 reorder some of the issues, but we can save
15 that discussion for when you want to talk
16 about the phased approach.

17 ALJ ZHANG: Okay. Speaker Finkelstein.

18 SPEAKER FINKELSTEIN: Thank you, your
19 Honor.

20 I would agree with Ms. Sheriff's
21 comments about some of the specific issues
22 and the ordering will get implicated again as
23 we discuss phasing.

24 The only additional issue I would
25 suggest at this time is there would seem to
26 be a question about what the utilities should
27 be required to do with the advice letter that
28 is due today under the cost of capital

1 mechanism, you know, whether that should be
2 filed as originally scheduled or how we are
3 to go forward with that. Thank you.

4 ALJ ZHANG: We will discuss the advice
5 letter due today later on.

6 Speaker Lopez.

7 SPEAKER LOPEZ: Thank you, your Honor.
8 Edward Lopez for UCAN.

9 We too concur with the speakers that
10 the ordering -- or, rather, the listing of
11 the issues appears to be rather extensive.

12 We may also appreciate a discussion
13 as to the ordering and framing of the issues,
14 in particular, recognizing some of the
15 interrelationship and connection among the
16 issues.

17 And then we also would like to raise
18 the question of the consideration of the
19 advice letters.

20 Thank you, your Honor.

21 ALJ ZHANG: Speaker Hodel.

22 SPEAKER HODEL: Cal Advocates obviously
23 agrees with issue No. 9, which I think
24 restated some of the issues we delineated in
25 our protest, but we would also reiterate, as
26 we had in our protest, that we think all the
27 other issues can be truncated essentially
28 into one question, which is whether the IOUs'

1 return on equity for 2022 should be adjusted
2 pursuant to the automatic adjustment
3 mechanism, remain at its current level, or be
4 reduced to a level somewhere in between those
5 two.]

6 ALJ ZHANG: Speaker Maurath Sommer.

7 SPEAKER MAURATH SOMMER: April Maurath
8 Sommer for the Wild Tree Foundation.

9 We concur with the intervenors that
10 have spoken already. Generally, this seems
11 to be a comprehensive list of (inaudible) can
12 understand. It's a little hard to -- to
13 follow along on the phone. And I do hope
14 that we can have some discussion on the
15 advice letter issue and reordering and -- and
16 kind of where -- what buckets the different
17 scoping -- potential scoping issues would
18 fall into. Thank you.

19 ALJ ZHANG: Speaker Kelly.

20 SPEAKER KELLY: Thank you, your Honor.
21 Elizabeth Kelly for Environmental Defense
22 Fund.

23 We have no comments. Everything
24 else has been covered by other comments
25 before me.

26 ALJ ZHANG: Speaker Severson.

27 SPEAKER SEVERSON: Hi, Julia Severson.

28 PCF concurs with the other parties

1 that have spoken prior, and look forward to
2 discussing as to the ordering and framing of
3 the issues.

4 ALJ ZHANG: Speaker Douglass.

5 SPEAKER DOUGLASS: Thank you, your
6 Honor. Dan Douglass for Walmart.

7 Walmart concurs with remarks made
8 earlier by Ms. Sheriff, Mr. Finkelstein and
9 Ms. Maurath Sommer.

10 ALJ ZHANG: Speaker Liotta.

11 SPEAKER LIOTTA: Thank you, your Honor.
12 Rita Liotta with the Federal Executive
13 Agencies.

14 At this time, FEA has no comments on
15 the issues as you've presented.

16 ALJ ZHANG: Okay. Now we can talk
17 about a couple other issues. One is the
18 level of coordination among the utilities,
19 and then the blended rate on equity, and then
20 I'm going to wait to talk about the phased
21 issues right before we talk about our
22 schedule.

23 Does the level of coordination among
24 the utilities for these applications require
25 further inquiry, meaning is this something
26 that needs to be addressed in our scoping
27 memo?

28 Speaker Furman.

1 SPEAKER FURMAN: Thank you, your Honor.
2 Rebecca Furman for Southern California
3 Edison.

4 So it's not clear in the protests or
5 the -- you know, the responses what the
6 allegation is regarding the level of
7 coordination or what the allegation is that
8 we might have done wrong. It's clear that in
9 past cost of capital proceedings, the
10 Commission has expected the utilities to
11 coordinate on a -- on the same cycle, has
12 consolidated the proceedings, and frankly,
13 the issues that are facing the utilities,
14 which is the pandemic, the government
15 response and the impact that those two things
16 have had on the utilities versus the -- the
17 broader market, are -- have impacted all of
18 us the same. So it -- the coordination was
19 done so that we could present, you know, a --
20 an -- you know, applications at the same time
21 so that we could, you know, preserve the
22 Commission's time and effort. But, I don't
23 think that there has been any allegation
24 of -- of what we've done wrong, in terms of
25 the -- the coordination that we did in
26 advance of the filing. So I would say that
27 there's nothing that we would need to file
28 testimony or to put in a scoping memo about

1 the coordination. The Commission expects it,
2 and that's what we did. That's all. Thank
3 you.

4 ALJ ZHANG: Speaker Fulton.

5 SPEAKER FULTON: Thank you, your Honor.
6 Ross Fulton for SDG&E.

7 I agree with everything that
8 Ms. Furman said. I would just also note
9 that, you know, just to add to that, that as
10 Ms. Furman said, you know, utilities
11 coordinate in terms of -- of timing on
12 filing. I mean that's a regular feature of
13 cost of capital cases. And this is obviously
14 consolidated, as all the previous ones have
15 been. But, you know, each utility had their
16 own proposals. They had their own experts,
17 their own testimony. And, you know, I
18 would -- the only other thing I would add is
19 that, as we -- as SDG&E cited in its reply to
20 the protests, that the Noerr-Pennington
21 doctrine, as well as a legal matter, confirms
22 that, you know, parties are able to
23 coordinate in presenting positions to their
24 regulators. So I would just agree that I'm
25 not even sure what the scoping memo would
26 say, because I don't understand what the
27 allegation is or what -- what we would even
28 be defending against.

1 ALJ ZHANG: Speaker Goldman.

2 SPEAKER GOLDMAN: Thank you, your
3 Honor. Seth Goldman for PG&E.

4 We share the same views as SCE and
5 PG&E, and agree with what has been said and
6 what was said previously in the reply to
7 protests.

8 I would just note one other item,
9 that, you know -- two other items, really.

10 One, I think in terms of COC, all
11 the utilities have different experts, and
12 they've put in different kinds of information
13 and data. It is not the same.

14 And two, as to extraordinary event,
15 the -- the statement from the '08 decision
16 refers to utilities, plural. So I think,
17 given the question of whether or not there
18 should be an off-cycle cost of capital
19 proceeding, the way the -- the standard is
20 phrased necessarily requires some inquiry and
21 coordination among the utilities, because
22 that's the language used in the decision.

23 But, we don't think there's a need
24 for an additional scoping issue or further
25 inquiry. Thank you.

26 ALJ ZHANG: Speaker Sheriff.

27 SPEAKER SHERIFF: Nora Sheriff for EPUC
28 and Indicated Shippers.

1 I will defer to my fellow
2 intervenors on this issue.

3 ALJ ZHANG: Speaker Finkelstein --
4 Mr. Finkelstein, I do not know if I should
5 say, "Finkelstein." Can you please confirm?

6 SPEAKER FINKELSTEIN: Your Honor, it is
7 Finkelstein, but I've learned to respond to
8 anything. So Finkelstein's how I pronounce
9 it.

10 On this question of the Commission
11 inquiry into the level of coordination among
12 the utilities, that was an issue that TURN
13 had raised in our protest, and I would point
14 out a couple of things.

15 First, this notion that it's just
16 coordination like the Commission has
17 typically seen in prior cost of capital
18 proceedings, when the utilities submit their
19 other cost of capital applications, it's
20 pursuant to a deadline that's set in the rate
21 case plan, and is well-known to all the other
22 parties that there will be an application
23 from each of the utilities on very similar
24 issues requesting generally similar relief,
25 and they'll all arrive at the same time.
26 What we have here is out-of-cycle
27 applications that -- for TURN, at least, we
28 had no indication they were coming, and they

1 all arrived on the same day. There clearly
2 had been a level of coordination among the
3 utilities that was different than we see in
4 other cost of capital proceedings, at least
5 in terms of when they decided -- when they
6 must have decided that they ought to take
7 action and when they decided to present that
8 request to the Commission and -- and other
9 parties. If -- if the utilities had
10 forewarned the Commission that this was
11 coming -- well, let me -- let me put it this
12 way: TURN -- TURN is not aware that the
13 utilities forewarned anybody other than each
14 other that this was coming. Certainly, we
15 didn't know until August 23rd, when the
16 applications actually arrived.

17 In terms of whether or not the
18 Commission ought to make further inquiry into
19 this, I would merely note that, in my
20 personal experience, the Commission was very
21 concerned about how much the utilities are
22 permitted to coordinate in matters such as
23 this. It came up in proceedings, gosh, I
24 think 10 or 15 years ago. It had to do with
25 a hydrogen energy plant that the Commission
26 had directed the utilities to come up with a
27 commercial proposal for it, and the utilities
28 actually came back to the Commission and

1 said, "We need specific permission to be able
2 to coordinate at this level. It -- it could
3 potentially raise either antitrust or other
4 anticompetitive concerns." Therefore, the
5 utilities came to the Commission and said,
6 "We need you to give it specific blessing
7 before we're going to be comfortable going
8 forward with this." So that was what was --
9 informed TURN's position here of we hadn't
10 seen similar coordination like this since
11 then, in terms of an application or a set of
12 applications that came out of nowhere all at
13 the same time, and -- and sponsored by -- by
14 all three of the major electric utilities.

15 Frankly, I -- TURN does not have the
16 resources to pursue this ourselves much
17 further than -- than where it is now. So
18 I -- I think I would characterize it as an
19 issue that we've raised that we think
20 warrants further Commission attention and a
21 requirement of further explanation from the
22 utilities as to, at the very least, what was
23 the timeline, when did they first start
24 talking amongst each other about this
25 application, and how did it evolve from that
26 to the simultaneous presentation of the
27 applications in August. It -- it may go no
28 further than that, but I do think that the

1 Commission ought to call upon the utilities
2 to provide further information in that
3 regard. Thank you.

4 ALJ ZHANG: Mr. Finkelstein, is there a
5 type of harm or wrongdoing that your
6 allegations are trying to get at?

7 SPEAKER FINKELSTEIN: Well, there
8 are -- are a couple of, at -- at the very
9 least, concerns, your Honor. There is the
10 concern of we have proceedings that go forth
11 under a rate case plan, and that enables both
12 the Commission and parties to try to plan
13 their resources and figure out how they're
14 going to cover proceedings based on when
15 they -- they're expected to arise, and -- and
16 these August applications obviously blew that
17 all up. There's also the dollar impacts of
18 what the utilities are asking for. They've
19 put together proposals here that would both
20 obviate or eliminate the -- the prospect of
21 getting revenue requirement reductions from
22 the working of the cost of capital mechanism,
23 and instead, replace it with either, you
24 know, maintaining the status quo for the
25 return on equity or actually increasing the
26 return on equity. So there's a direct harm
27 to ratepayers, if this is allowed to go
28 forward. That's what I would cite, off the

1 top of my head, your Honor. Thank you.

2 ALJ ZHANG: Would TURN have the same
3 concerns if one utility filed in one month,
4 and then another utility filed in another
5 month?

6 SPEAKER FINKELSTEIN: I -- that would
7 address at least part of the concern. It
8 would offset some of the appearance of
9 obvious coordination, in terms of timing.
10 There might still be concerns about the
11 similarity of the requested relief. But, I
12 do -- I do think that would make a --
13 somewhat of a concern from TURN, yes.

14 ALJ ZHANG: Okay. Speaker Lopez.

15 SPEAKER LOPEZ: Thank you, your Honor.
16 Edward Lopez, again, for UCAN.

17 This is not an issue we raised in
18 our own protest, but UCAN would, at a
19 minimum, share the concerns as -- as voiced
20 by TURN, and at least the consideration that,
21 at a minimum, heed be paid attention to those
22 concerns for the moment and going forward.
23 Thank you, your Honor.

24 ALJ ZHANG: Speaker Hodel.

25 SPEAKER HODEL: Thank you, your Honor.
26 Cal Advocates -- Drew Hodel on behalf of Cal
27 Advocates.

28 Ultimately, we are agnostic on this

1 issue with respect to whether or not this
2 should be looked into further. However, I --
3 I feel compelled to point out when I hear the
4 utilities' counsel say that they regularly
5 coordinate these filings, just to reiterate
6 what Mr. Finkelstein said, these are -- this
7 filing was not a regularly-scheduled filing,
8 and I think in their replies and
9 applications, I noted utilities, in several
10 instances, attempting to equate this
11 off-cycle filing with regularly-scheduled
12 filings, and I think that's disingenuous
13 interpretation of the precedent that applies
14 here.

15 And as to your question regarding
16 harm, I mean to the extent there was
17 coordination, I think it does suggest that
18 the timing of these filings is strategically
19 done such that maybe they're not necessarily
20 tied to whether or not the underlying facts
21 of the catastrophic event have actually
22 applied, but rather, let's -- let's submit
23 these in time such that the prehearing
24 conference is held soon before or, as is the
25 case here, right on the date that the Tier 2
26 advice letters are -- are due.

27 But, again, just to sum up, Cal
28 Advocates is not of the opinion that this is

1 worth spending more time than this prehearing
2 conference on. Thank you.

3 ALJ ZHANG: Speaker Maurath Sommer.

4 SPEAKER MAURATH SOMMER: April Maurath
5 Sommer for the Wild Tree Foundation.

6 Yeah, you know, it's difficult at
7 this time -- this is not an issue that Wild
8 Tree has, in the past -- past few -- few
9 weeks, been able to research. But, there is
10 definitely enough here to warrant, at the
11 very least, a scoping issue to provide
12 intervenors and, you know, perhaps Commission
13 staff to further investigate this. You know,
14 the -- the first comment from -- I'm not sure
15 who it was, but one of the utilities, was
16 that "Oh, well, we're -- we're all here.
17 (Inaudible) all affected us the same."
18 SoCalGas isn't here. The water utilities
19 aren't here. This was a specific coordinated
20 effort between these, you know, three
21 specific utilities. The -- the -- the timing
22 and the -- the overlap between the -- the
23 actions here, which are unusual and
24 off-cycle, is something that should be looked
25 into, and, you know, is -- is potential
26 anticompetitive behavior. And again, I can't
27 speak sufficiently to the legal issues here
28 other to say that there's enough of potential

1 this is something that should be scoped and
2 something that there should be an opportunity
3 to look into further. Thank you.

4 ALJ ZHANG: Speaker Kelly.

5 SPEAKER KELLY: Yes, your Honor.
6 Elizabeth Kelly for Environmental Defense
7 Fund.

8 The issue that I see that is
9 troubling with the IOU coordination here is
10 what appears to be the intent of the
11 utilities to improperly circumvent the
12 ordinary operation of the CCM. In effect,
13 the utilities could have filed much earlier
14 in the year. There still was a pandemic
15 ongoing, but the utilities coordinated to
16 file late in the year. And -- and this --
17 this is troubling, because it jams the
18 Commission. Right? So in -- in EDF's view,
19 the CCM should be triggered, and that the
20 utilities have not taken the appropriate
21 steps to -- to effectuate some sort of
22 suspension of the CCM. The coordination that
23 EDF finds troubling is that this has led to a
24 timing issue of the utilities' own making
25 that jams the -- the Commission's
26 decision-making process. And so, you know,
27 we're able to discuss these issues in the
28 already existing elements of scope, but I did

1 want to highlight the -- why this is -- why
2 this is troubling. Thank you.

3 ALJ ZHANG: Speaker Kelly, you
4 mentioned that the utility could have taken
5 appropriate steps to suspend the CCM. What
6 do you think those appropriate steps are?

7 SPEAKER KELLY: Yeah. So this issue
8 was very well laid out by Ms. Sommer in one
9 of her earlier filings that, in the past, for
10 CCMs to be suspended, there's actually been
11 a -- a -- I believe it's a petition for
12 modification of a decision to effectuate that
13 suspension of the CCM; and here, that is not
14 the mechanism that was used. Instead, the
15 utilities have submitted an application
16 asserting that somehow the application
17 obviates the need for the -- the triggering
18 of the CCM without justification. So I --
19 I -- I would let Wild Tree speak more to this
20 issue, since they did a -- a very strong job
21 addressing and -- and building out this issue
22 for the Commission.]

23 ALJ ZHANG: Okay. Speaker Severson.

24 SPEAKER SEVERSON: Yes, Julia Severson.

25 PCS did not address this issue in
26 our prehearing conference statement but does
27 believe that it's worth looking into further.

28 Thank you.

1 ALJ ZHANG: Speaker Douglass.

2 SPEAKER DOUGLASS: Thank you, your
3 Honor. Dan Douglass from Walmart.

4 This was not an issue raised by
5 Walmart in our protest, yet we do share the
6 concerns expressed by Mr. Finkelstein,
7 Mr. Hodel, Ms. Maurath Sommer, and Ms. Kelly
8 that this constituted a significant burden on
9 parties that try to plan their regulatory
10 efforts in advance, and, as Ms. Kelly put it,
11 it jammed the Commission. The utilities have
12 not taken appropriate steps to suspend the
13 CCM.

14 At the very least, it would have
15 been a courtesy if the utilities would have
16 informed the Commission in advance so that
17 parties could have planned before having the
18 August 23rd applications all in their email
19 boxes the same afternoon.

20 At the same time, I would
21 acknowledge that the utility speaker who
22 mentioned the Noerr-Pennington doctrine has
23 some validity as well.

24 In general, to conclude, we think
25 there are bigger fish to fry in these
26 consolidated applications and that we should
27 focus on them.

28 ALJ ZHANG: Speaker Liotta.

1 SPEAKER LIOTTA: Yes. Thank you, your
2 Honor. Rita Liotta with the Federal
3 Executive Agencies.

4 This was not an issue raised by FEA,
5 and we do not have any specific comments on
6 this particular issue.

7 ALJ ZHANG: Okay. Thank you.

8 We will now move on to the issue of
9 whether there should be a blended rate on
10 equity within the scope of this proceeding.
11 Decision 19-12-056 states that there needs to
12 be a stronger record before authorizing a
13 blended return on equity for combined service
14 utility.

15 At the outset, if we are going to
16 consider this question, are there parties
17 that are missing from this proceeding?

18 We'll take comments from the parties
19 starting with Speaker Furman.

20 SPEAKER FURMAN: Rebecca Furman for
21 Southern California Edison. We're only an
22 electric utility so I'll let the other
23 parties speak to this.

24 Thank you.

25 ALJ ZHANG: Speaker Fulton.

26 SPEAKER FULTON: Thank you, your Honor.
27 Ross Fulton for SDG&E.

28 Your Honor, SDG&E imposes this being

1 included as a scoped issue because SDG&E
2 believes that it would be unconstitutional to
3 set two separate return on equities under
4 Hope and Bluefield.

5 Those cases require a just and
6 reasonable return that is set based on the
7 risk in corresponding businesses, and it in
8 no way talks about trying to separate out
9 different aspects of a business to consider
10 separately, nor does it have any relevance to
11 allow for state policies to incentivize or
12 disincentivize portions of a business.

13 When an investor invests in SDG&E,
14 they don't get to choose to invest in just
15 the gas operations or just the electric
16 operations. They invest in the company as a
17 whole.

18 Likewise, the risks cited in this
19 application such as, you know, the market
20 rise in Sempra, SDG&E's parent holding
21 company's data during the pandemic and the
22 like, are risks that go across the company.

23 So it would not be appropriate to
24 consider creating a blended rate essentially
25 to disincentivize gas service as that is not
26 provided for under the long-standing
27 constitutional standard that the Commission
28 applies.

1 Thank you.

2 ALJ ZHANG: Speaker Goldman.

3 SPEAKER GOLDMAN: Seth Goldman for
4 PG&E. We share the view of SDG&E for the
5 same reasons outlined by counsel for SDG&E.

6 ALJ ZHANG: Speaker Sheriff.

7 SPEAKER SHERIFF: Nora Sheriff for EPUC
8 and the Indicated Shippers.

9 Without taking a position on the
10 ultimate blended ROE, the Indicated Shippers
11 and EPUC do think that this should be
12 explored in legal briefing.

13 As a threshold question, if you
14 undertake a phased approach, this would be
15 addressed in Phase 1 in legal briefs, and it
16 would help inform what type of a record would
17 be needed to look more closely in a full cost
18 of capital application.

19 Thank you.

20 ALJ ZHANG: Speaker Finkelstein.

21 SPEAKER FINKELSTEIN: Thank you, your
22 Honor. Robert Finkelstein for TURN.

23 I would only add to what you just
24 heard from Ms. Sheriff that where the
25 Commission has said that an issue needs to
26 have a stronger record developed before the
27 Commission will address it on the merits,
28 it's incumbent on the Commission, we believe,

1 to make sure that when it comes up again in
2 the next appropriate proceeding, that the
3 Commission create a forum where the party
4 that's sponsoring the issue or is interested
5 in the issue has an opportunity to create
6 that stronger record.

7 There have been, in our experience,
8 times when issues have become orphaned, for
9 lack of a better word, because the Commission
10 said in the first proceeding "We don't have
11 enough of a record," and then in the next
12 proceeding, they said, "yeah, we're not going
13 to allow a record to be developed here."

14 That shouldn't happen on this issue.
15 It ought to be -- given the Commission's
16 recognition in D.19-12-056, we ought to use
17 this proceeding as a forum to create that
18 stronger record that the Commission said was
19 lacking in its previous decision.

20 Thank you.

21 ALJ ZHANG: Speaker Lopez.

22 SPEAKER LOPEZ: Edward Lopez with UCAN.

23 We would support the identification
24 and inclusion of this issue in the scoping
25 memorandum. We believe it warrants
26 additional consideration and the opportunity
27 for briefing.

28 We would also then acknowledge and

1 point to the joint PHC statement as to the
2 value to be served and realized through
3 the -- at least the tension in the record to
4 the consideration in issue, as well as any
5 placement in the current in any phased
6 approach in the subsequent proceeding.

7 Thank you, your Honor.

8 ALJ ZHANG: Speaker Hodel.

9 SPEAKER HODEL: Thank you, your Honor.
10 Drew Hodel on behalf of Cal Advocates.

11 We have no comments on this issue.

12 ALJ ZHANG: Speaker Maurath Sommer.

13 SPEAKER MAURATH SOMMER: April Maurath
14 Sommer for the Wild Tree Foundation.

15 We agree as well stated by
16 Ms. Sheriff that this is an issue that should
17 be included for consideration.

18 I would otherwise defer to Ms. Kelly
19 who can best speak to this issue as to why it
20 should be scoped and would be best addressed
21 as a foundational issue at the outset of the
22 proceeding.

23 Thank you.

24 ALJ ZHANG: Speaker Kelly.

25 SPEAKER KELLY: Thank you, your Honor.
26 Elizabeth Kelly on behalf of Environmental
27 Defense Fund.

28 Again, this is an issue that EDF had

1 presented in the last cost of capital
2 proceeding. As you noted, there wasn't clear
3 direction set forth in that decision as to
4 what the next steps are.

5 The Commission has a very unique
6 opportunity in this case insofar as usually
7 all of the major electric and gas utilities
8 filed their cost of capital applications, and
9 here SoCalGas is notably absent.

10 Also the risks are explicitly stated
11 as electric risks in two of the applications
12 as well, including full analysis of proxy
13 groups that compared proxy groups that are in
14 the gas function.

15 I don't want to get too deep into
16 sort of the factual elements of it, but
17 Mr. Fulton raised what he considers to be a
18 constitutional question. I believe that we
19 would be able to address that through
20 briefing, preferably if there's a phased
21 approach in Phase 1, so that we get direction
22 for the future filings and record
23 development.

24 I'm happy to answer any further
25 questions you may have.

26 ALJ ZHANG: What do you think about
27 having briefing on just the specific issue
28 because it does seem to be an issue that the

1 parties are interested in; however, it could
2 take up time away from the main issues of
3 this proceeding, which is more pressing?

4 SPEAKER KELLY: Yeah, a separate
5 briefing, I think, is fine. A stand-alone
6 briefing is a perfectly fine way to
7 incorporate it into the schedule.

8 ALJ ZHANG: Speaker Douglass.

9 SPEAKER DOUGLASS: Thank you, your
10 Honor. Dan Douglass for Walmart.

11 No comments.

12 ALJ ZHANG: Speaker Liotta.

13 SPEAKER LIOTTA: Yes. Thank you, your
14 Honor. Rita Liotta with the Federal
15 Executive Agencies.

16 We have no comments on this specific
17 issue.

18 ALJ ZHANG: Okay. We're moving on to
19 whether there are motions. The motion for
20 consolidation was granted. We are
21 considering the motion to authorize memo
22 accounts. There are no other motions at this
23 time that I'm aware of.

24 I will take comments from the
25 parties.

26 Speaker Furman.

27 SPEAKER FURMAN: Thank you, your Honor.

28 That's correct, no other motions.

1 Just want to point out if now is the time to
2 talk about the memo account motion and if I
3 could say some things about that?

4 ALJ ZHANG: I saved the questions for
5 the memo accounts for the end so you will
6 have an opportunity. It will just be later.

7 SPEAKER FURMAN: Thank you.

8 ALJ ZHANG: Speaker Fulton.

9 SPEAKER FULTON: Thank you, your Honor.

10 No further motions from SDG&E as
11 well at this time -- thank you --
12 particularly if we will address the memo
13 account later.

14 ALJ ZHANG: Speaker Goldman.

15 SPEAKER GOLDMAN: Seth Goldman for
16 PG&E.

17 No further anticipated motions at
18 this time.

19 ALJ ZHANG: Speaker Sheriff.

20 SPEAKER SHERIFF: Nora Sheriff for EPUC
21 and Indicated Shippers. EPUC and Indicated
22 Shippers do not have any pending motions or
23 intention to submit pending motions at this
24 time.

25 ALJ ZHANG: Speaker Finkelstein.

26 SPEAKER FINKELSTEIN: Thank you, your
27 Honor. Robert Finkelstein for TURN.

28 We don't have any motions

1 anticipated at this time.

2 Thank you.

3 ALJ ZHANG: Speaker Lopez.

4 SPEAKER LOPEZ: Edward Lopez, UCAN.

5 I do not anticipate submitting
6 motions at this time.

7 Thank you, your Honor.

8 ALJ ZHANG: Speaker Hodel.

9 SPEAKER HODEL: Thank you, your Honor,
10 Drew Hodel on behalf of Cal Advocates.

11 We have no anticipated motions.

12 Thank you.

13 ALJ ZHANG: Speaker Maurath Sommer.

14 SPEAKER MAURATH SOMMER: April Maurath
15 Sommer for the Wild Tree Foundation.

16 We do not have any contemplated
17 motions at this time.

18 Thank you.

19 ALJ ZHANG: Speaker Kelly.

20 SPEAKER KELLY: Thank you, your Honor.
21 This is Elizabeth Kelly, counsel to
22 Environmental Defense Fund.

23 We do not intend to file any motions
24 at this time. We do have an informal request
25 of the Commission, which is related to the
26 last cost of capital proceeding.

27 We note that EDF's intervenor
28 compensation claim from that proceeding still

1 hasn't been processed. I understand that's
2 beyond the scope of what we're discussing
3 here, but EDF just puts this in as an
4 informal request that the Commission act upon
5 it since we're now in the next cost of
6 capital proceeding.

7 Thank you.

8 ALJ ZHANG: Speaker Severson.

9 SPEAKER SEVERSON: Julia Severson for
10 the Protect Our Communities Foundation.

11 PCF does not have an opinion on what
12 future motions we will submit at this time.

13 ALJ ZHANG: Speaker Douglass.

14 SPEAKER DOUGLASS: Thank you, your
15 Honor. Dan Douglass for Walmart.

16 We have no anticipated motions
17 planned.

18 ALJ ZHANG: Speaker Liotta.

19 SPEAKER LIOTTA: Thank you, your Honor.
20 Rita Liotta with the Federal Executive
21 Agencies.

22 FEA has no further motions at this
23 time.

24 ALJ ZHANG: Okay. The next topic is
25 discovery. Based on the prehearing
26 conference statements, there will be
27 discovery. The utilities have said that they
28 will make a good faith effort to respond to

1 discovery within ten working days. I don't
2 believe there's any other items regarding
3 discovery, but I will take comments.

4 Speaker Furman.

5 SPEAKER FURMAN: Nothing, your Honor.

6 ALJ ZHANG: Speaker Fulton.

7 SPEAKER FULTON: Nothing further, your
8 Honor. Thank you.

9 ALJ ZHANG: Speaker Goldman.

10 SPEAKER GOLDMAN: Seth Goldman for
11 PG&E.

12 Nothing to add to that, your Honor,
13 other than, you know, it would go both ways.
14 To the extent the utilities serve discovery,
15 we would expect other parties to work
16 reasonably cooperatively to provide responses
17 in ten business days.

18 ALJ ZHANG: Speaker Sheriff.

19 SPEAKER SHERIFF: Nora Sheriff for EPUC
20 and Indicated Shippers.

21 No comment on discovery. Thank you.

22 ALJ ZHANG: Speaker Finkelstein.

23 SPEAKER FINKELSTEIN: Robert
24 Finkelstein for TURN.

25 Nothing to add at this time.

26 ALJ ZHANG: Speaker Lopez.

27 SPEAKER LOPEZ: Edward Lopez, UCAN.

28 I have no additional comments.

1 Thank you, your Honor.

2 ALJ ZHANG: Speaker Maurath Sommer.

3 SPEAKER MAURATH SOMMER: April Maurath
4 Sommer for the Wild Tree Foundation.

5 No comments. Thank you.

6 ALJ ZHANG: Speaker Kelly.

7 SPEAKER KELLY: Elizabeth Kelly, EDF.

8 No comment. Thank you.

9 ALJ ZHANG: Speaker Severson.

10 SPEAKER SEVERSON: Julia Severson,
11 Protect Our Communities foundation.

12 No additional comments at this time.

13 ALJ ZHANG: Speaker Douglass.

14 SPEAKER DOUGLASS: Thank you, your
15 Honor. Dan Douglass for Walmart.

16 No further comments.

17 ALJ ZHANG: Speaker Liotta.

18 SPEAKER LIOTTA: Rita Liotta with the
19 Federal Executive Agencies.

20 FEA has nothing further to add on
21 discovery. Thank you, your Honor.

22 ALJ ZHANG: Okay. The next topic has
23 to do with --

24 UNIDENTIFIED SPEAKER: Your Honor?

25 ALJ ZHANG: Yes? Who is speaking?

26 SPEAKER HODEL: Your Honor, if I may,
27 this is Drew Hodel on behalf of Cal
28 Advocates.

1 I believe we did not get an
2 opportunity to comment. If I may, I'd just
3 like to say that Cal Advocates has no further
4 comments. Thank you.

5 ALJ ZHANG: Okay. The next topic has
6 to do with companion cases underlying or
7 related cases. There were a couple questions
8 about what that means.

9 The parties can cite to other
10 proceedings that they believe are related to
11 this case in presenting their positions, but
12 this question mainly had to do with whether
13 the cases need further coordination with
14 other cases or on the specific question of
15 consolidation.

16 Since the three applications have
17 been consolidated, I can take comments
18 regarding other types of cases that the
19 parties believe require coordination on the
20 part of the Commission or involve similar
21 issues with fact and law.

22 Speaker Furman.]

23 SPEAKER FURMAN: Rebecca Furman from
24 Southern California Edison.

25 We don't believe there are any
26 related cases right now.

27 ALJ ZHANG: Speaker Fulton.

28 SPEAKER FULTON: Ross Fulton from

1 SDG&E.

2 We agree that we do not believe
3 there are any related cases.

4 ALJ ZHANG: Speaker Goldman.

5 SPEAKER GOLDMAN: Seth Goldman for
6 PG&E.

7 We agree, other than the three
8 proceedings that have now been consolidated,
9 there's no related cases.

10 ALJ ZHANG: Speaker Sheriff.

11 SPEAKER SHERIFF: Nora Sheriff for EPUC
12 and Indicated Shippers.

13 As stated in the joint prehearing
14 conference statements by the joint
15 intervenors, there may be referrals to
16 Commission actions in response to the
17 COVID-19 pandemic, the investigation
18 regarding PG&E's voluntary bankruptcy, and
19 others may come up as the proceeding
20 develops. Thank you.

21 ALJ ZHANG: Okay. Speaker Finkelstein.

22 SPEAKER FINKELSTEIN: Robert
23 Finkelstein for TURN.

24 At this time, TURN's not aware of
25 any other proceedings that would warrant
26 treatment as companion cases or be the
27 subject of further coordination with the
28 direct issues here. Thank you.

1 ALJ ZHANG: Speaker Lopez.

2 SPEAKER LOPEZ: Edward Lopez for UCAN.

3 No comment. Thank you, your Honor.

4 ALJ ZHANG: Speaker Hodel.

5 SPEAKER HODEL: Drew Hodel on behalf of
6 Cal Advocates.

7 Cal Advocates at this time sees no
8 other related cases. Thank you, your Honors.

9 ALJ ZHANG: Speaker Maurath Sommer.

10 SPEAKER MAURATH SOMMER: April Maurath
11 Sommer from the Wild Tree Foundation.

12 No comment. Thank you.

13 ALJ ZHANG: Speaker Kelly.

14 SPEAKER KELLY: Thank you, your Honor.
15 Elizabeth Kelly, Environmental Defense Fund.

16 EDF just notes that we will be
17 drawing from the record in the past cost of
18 capital cases, but there's no need for
19 coordination, as those ones are complete. I
20 will note that, at some point, SoCalGas is
21 going to be submitting their cost of capital
22 application, and that -- that will have to be
23 somehow rolled in or addressed at that time.

24 ALJ ZHANG: Speaker Severson.

25 SPEAKER SEVERSON: Julia Severson,
26 Protect Our Communities Foundation.

27 PCF does not have an opinion on this
28 matter at this time.

1 ALJ ZHANG: Speaker Douglass.

2 SPEAKER DOUGLASS: Dan Douglass for
3 Walmart, your Honor.

4 No further comments. Thank you.

5 ALJ ZHANG: Speaker Liotta.

6 SPEAKER LIOTTA: Rita Liotta with the
7 Federal Executive Agencies.

8 No comments, your Honor. Thank you.

9 ALJ ZHANG: Okay. The next topic is
10 alternative dispute resolution referral or
11 settlement considerations. No parties have
12 asked for alternative dispute resolution.
13 (Inaudible) indicates that they are amenable
14 to settlement discussions. The Commission's
15 Rules of Practice and Procedure Rule 12.1
16 allows settlements any time after the first
17 prehearing conference, and within 30 days
18 after the last day of hearing.

19 I don't believe I need to refer this
20 to our alternative dispute resolution
21 program. If there is a request in the
22 future, we can consider that later. I can
23 take comments now.

24 Speaker Furman.

25 SPEAKER FURMAN: Rebecca Furman for
26 SCE.

27 No additional comments to that.
28 Thank you.

1 ALJ ZHANG: Speaker Fulton.

2 SPEAKER FULTON: Ross Fulton for SDG&E.

3 We agree, your Honor, that there is
4 no need to refer this to alternative dispute
5 resolution at this time. I have nothing
6 further to add to our prehearing statement on
7 it. Thank you.

8 ALJ ZHANG: Speaker Goldman.

9 SPEAKER GOLDMAN: Seth Goldman for
10 PG&E.

11 PG&E has no further comment.

12 ALJ ZHANG: Speaker Sheriff.

13 SPEAKER SHERIFF: Nora Sheriff for EPUC
14 and the Indicated Shippers.

15 No further comment. Thank you.

16 ALJ ZHANG: Speaker Finkelstein.

17 SPEAKER FINKELSTEIN: Robert
18 Finkelstein for TURN.

19 No further comments at this time.
20 Thank you.

21 ALJ ZHANG: Speaker Lopez.

22 SPEAKER LOPEZ: Edward Lopez, UCAN.
23 Excuse me. Edward Lopez, UCAN.

24 We have no additional comment.
25 Thank you, your Honor.

26 ALJ ZHANG: Speaker Hodel.

27 SPEAKER HODEL: Drew -- Drew Hodel, Cal
28 Advocates.

1 No comments. Thank you.

2 ALJ ZHANG: Speaker Maurath Sommer.

3 SPEAKER MAURATH SOMMER: April Maurath
4 Sommer for the Wild Tree Foundation.

5 No comments. Thank you.

6 ALJ ZHANG: Speaker Kelly.

7 SPEAKER KELLY: Elizabeth Kelly,
8 Environmental Defense Fund.

9 No comment.

10 ALJ ZHANG: Speaker Severson.

11 SPEAKER SEVERSON: Julia Severson,
12 Protect Our Communities Foundation.

13 No additional comments at this time.

14 ALJ ZHANG: Speaker Douglass.

15 SPEAKER DOUGLASS: Dan Douglass for
16 Walmart, your Honor.

17 No comments. Thank you.

18 ALJ ZHANG: Speaker Liotta.

19 SPEAKER LIOTTA: Rita Liotta with the
20 Federal Executive Agencies.

21 No additional comments, your Honor.
22 Thank you.

23 ALJ ZHANG: Okay. Now we will discuss
24 the two-phased approach.

25 Protect Our Communities Foundation,
26 TURN, Wild Tree Foundation, Energy Producers
27 and Users Coalition, the Environmental
28 Defense Fund, Indicated Shippers, Utility

1 Consumers' Action Network and Walmart
2 submitted a joint prehearing conference
3 statement. The statement highlights the
4 preliminary question of whether the
5 applications meet the extraordinary event
6 standard.

7 There is this preliminary question,
8 however. The main questions of the phased
9 proceedings still center around appropriate
10 cost of capital and return on equity. Even
11 if we find that the applications do not meet
12 the extraordinary event standard, it will
13 probably be 2022 by that time, and the April
14 applications would be eminent. I think it
15 makes sense to look at everything together,
16 and use our time to focus on the appropriate
17 cost of capital and return on equity.

18 I will take comments, starting with
19 Speaker Furman.

20 SPEAKER FURMAN: Rebecca Furman,
21 Southern California Edison. Thank you, your
22 Honor.

23 We agree that it makes the most
24 sense to focus on the ultimate ROE in the
25 cost of capital proceeding, and that the
26 scheduling constraints will likely lead us
27 into 2022 and the -- the regular on-cycle
28 application. So appreciate that. No further

1 comments. Thank you.

2 ALJ ZHANG: Speaker Fulton.

3 SPEAKER FULTON: Thank you, your Honor.
4 Ross Fulton for SDG&E.

5 We, likewise, agree with your Honor
6 that the focus appropriately should be on
7 the -- the ultimate -- the cost of capital
8 and (inaudible) and (inaudible) that. Thank
9 you.

10 ALJ ZHANG: Speaker Goldman.

11 SPEAKER GOLDMAN: Seth Goldman for
12 PG&E.

13 We likewise agree with the approach
14 your Honor outlined of a single phase.

15 ALJ ZHANG: Speaker Sheriff.

16 SPEAKER SHERIFF: Nora Sheriff for EPUC
17 and the Indicated Shippers.

18 Your Honor, respectfully, we
19 disagree. We think it would be more
20 efficient for parties now to explore the
21 first three issues that you listed in your 14
22 distinct issues for the scope of this
23 proceeding, as well as possibly issue 11,
24 should the cost of capital mechanism
25 continue, including the question of whether
26 the utilities should be required to file the
27 advice letter filing, as ordered in the 2008
28 decision. There's been no petition for

1 modification filed to change that ordering
2 paragraph. There's been no vote by the five
3 commissioners to revise that ordering
4 paragraph and issue number 14. So I think,
5 in a phased approach, you could take the 14
6 issues, deal with five of them first, on an
7 expedited basis, and then, should you come to
8 a decision after that first phase that the
9 deeper review is warranted, then that deeper
10 review can be undertaken. I think there are
11 material issues of disputed fact around the
12 first issues, and it would be a waste of
13 parties' time and effort -- particularly if
14 you grant the, you know, memorandum account
15 treatment, it would be a waste of parties'
16 time and effort to explore everything on this
17 off-cycle unscheduled cost of capital
18 application. I think it would be far more
19 efficient to undertake the phased approach,
20 and I would expect my fellow intervenors to
21 expand. Thank you.

22 ALJ ZHANG: Speaker Finkelstein.

23 SPEAKER FINKELSTEIN: Thank you, your
24 Honor. Robert Finkelstein for TURN.

25 Ms. Sheriff summarized the position
26 that TURN takes quite well, so I -- I would
27 sign on to her earlier comments.

28 I would just emphasize that this --

1 what's been proposed as the overriding Phase
2 1 question, that is, do the current
3 conditions warrant the utilities having
4 submitted these separate applications such
5 that we ought to do the auto -- out-of-cycle
6 cost of capital that they're asking for, that
7 really is something that ought to be decided
8 first so that if the Commission says, "No,
9 there -- those conditions haven't been met,"
10 then we're done, and the trigger mechanism
11 can go into effect, as the Commission
12 intended in its earlier decisions. And it's
13 only if -- if the Commission answers "Yes,
14 those conditions have been met here" that we
15 would need to go into the further analysis
16 associated with the general development of
17 unauthorized return on equity, authorized
18 cost of debt, and the other elements that you
19 had, you know, identified in your list of
20 issues.

21 TURN acknowledges that the timing
22 will be challenging, given that the -- would
23 likely be a Phase 1 decision sometime in
24 relatively early 2022, and it might pancake
25 somewhat with the required applications for a
26 Test Year 2023 cost of capital the utilities
27 would be needing to file in April of 2022.
28 But, I don't -- I don't think the Commission

1 ought to decide on that basis, because that's
2 not a fault of the phasing proposal. That's
3 an upshot of the utilities having waited
4 until August to submit their application
5 here. If they had submitted earlier, they
6 might have been able to avoid such pancaking.
7 But, given their choice to submit the
8 applications when they did, the potential
9 for app -- for pancaking is there, and rather
10 than decide the phasing issue in order to
11 avoid the pancaking, I think TURN would very
12 much urge the Commission to decide the
13 pancake -- I'm sorry, decide a phasing issue
14 on the merits of trying to save time for the
15 intervenors, if Phase 1 is all that it turns
16 out that we need in this proceeding, and we
17 can figure out other ratemaking steps,
18 ratemaking devices, to permit, perhaps, a
19 slightly later submission of the Test Year
20 2023 cost of capital applications, and still
21 achieve either a timely decision or a
22 decision that would be able to go into effect
23 retroactively, if necessary. Thank you.

24 ALJ ZHANG: Speaker Lopez.

25 SPEAKER LOPEZ: Edward Lopez for UCAN.

26 UCAN concurs and supports with the
27 comments offered by Energy Producers and
28 TURN. We would redirect your Honors'

1 attention, as well as this conversation, back
2 to the joint PHC statement by the intervenors
3 that signed on. There was, I believe, very
4 informative and pointed inclusion of this
5 issue. Again, we believe that at least the
6 threshold issues that have been raised and
7 described, as well as the consideration of
8 the CCM, interplay, and triggering are
9 warranted to preliminary determination in
10 either a separate Phase 1 or an earlier
11 phasing as to an overall scheduling. And
12 again, the intervenors, at least that have
13 commented so far and also signed on to the
14 prehearing conference statement, recognize
15 there could be whatever you'd like to
16 describe it as jamming or pancaking; but,
17 the -- we believe there's some flexibility
18 that could be found. Perhaps a meet and
19 confer can be held among the parties to
20 address that, in particular; but, we believe
21 it's possible. The -- the consideration of
22 how this impacts ultimately perhaps an
23 April 2022 filing, again, is not of the
24 making -- or rather, that the making, we
25 believe, of the utilities' approach to this
26 overall request for proceeding. Thank you,
27 your Honor.

28 ALJ ZHANG: Speaker Hodel.

1 SPEAKER HODEL: Drew Hodel on behalf of
2 Cal Advocates.

3 Setting aside our opinion on the
4 relative importance of any open issues, we
5 agree that all open issues, including all of
6 the threshold issues, can be addressed in one
7 phase, and we would -- we would add that we
8 believe that all such issues can be resolved
9 even more efficiently by briefs alone. Thank
10 you.

11 ALJ ZHANG: Speaker Maurath Sommer.

12 SPEAKER MAURATH SOMMER: April Maurath
13 Sommer for the Wild Tree Foundation.

14 We strongly believe that the --
15 addressing all issues in one proceeding
16 would -- would serve an injustice on
17 ratepayers, and this -- the issue of whether
18 or not extraordinary applications can be
19 brought is an issue of first impression that
20 requires a fact-based inquiry, and these are
21 questions that need to be answered before
22 time and resources of the Commission and
23 intervenors are wasted in -- in addressing
24 the specifics of the applications.

25 The IOUs have, you know, taken the
26 position here that the cost of capital
27 mechanism is broken, and that they have the
28 ability, through the filing of an application

1 at any random date, to not comply with, you
2 know, cost of capital mechanism requirements.
3 And, you know, it would not only be
4 inefficient, but it -- it would potentially,
5 you know, create a -- a dangerous precedent
6 going forward, and that the utilities are
7 able to manipulate the timing and -- and
8 utilize the extraordinary application in --
9 in -- exception in a way that's
10 inappropriate.

11 So we strongly encourage you to
12 reconsider the position that this can all
13 appropriately be handled in one phase, and
14 consider the proposal that has been well
15 fleshed out by intervenors in our prehearing
16 conference statements for a two phase --
17 phase proceeding that addresses the
18 foundational issues, both questions of fact
19 and legal questions of first impression.
20 Thank you.

21 ALJ ZHANG: As I'm hearing the
22 comments, I -- I want to point out that just
23 because there isn't a formal phasing, it
24 doesn't mean that there wouldn't be
25 supplemental testimony, depending on what
26 issues we decide on. It doesn't mean that we
27 won't have status conferences, and it doesn't
28 mean that the parties can't contest specific

1 issues of material fact. When a proceeding
2 is open, it's open, and closing one phase
3 doesn't always mean that it's more efficient.

4 Speaker Kelly.]

5 SPEAKER KELLY: Thank you. Elizabeth
6 Kelly for Environmental Defense Fund.

7 We support the phased approach. We
8 think it is going to end up being a simpler
9 way to adjudicate this case.

10 We do acknowledge that there is
11 going to be supplemental testimony that's
12 needed, including the sort of late raised
13 issue by the utilities that the CCM would
14 somehow result in unjust and unreasonable
15 rates when the utilities have failed to
16 present what the actual impact of the
17 operation of the CCM would look like, other
18 than, I believe, SCE should place it in a
19 footnote. So those are all my comments at
20 this time.

21 ALJ ZHANG: Speaker Severson.

22 SPEAKER SEVERSON: Julia Severson, the
23 Protect Our Communities Foundation.

24 PCF generally supports the Joint
25 Intervenors' proposed two-phased schedule, as
26 laid out in their joint PHC statement. So I
27 recommend two tweaks to that schedule.

28 First, that the deadline for the

1 initial testimony in what would be the first
2 phase be extended by one week so that the
3 initial testimony does not fall on the day
4 after Thanksgiving.

5 Second, PCF also recommends the
6 deadline for reply briefs to be extended by
7 one week so that parties have more than seven
8 days to evaluate and reply to opening briefs.

9 ALJ ZHANG: Speaker Douglass.

10 SPEAKER DOUGLASS: Thank you, your
11 Honor. Dan Douglass for Walmart.

12 Walmart totally agrees with the
13 statement of Ms. Maurath Sommer that there is
14 a fundamental threshold issue here as to
15 whether or not the out-of-cycle applications
16 were justified.

17 Considering the applications in a
18 single phase would cause this issue to simply
19 get lost in the shuffle, it would set an
20 inappropriate precedent.

21 Going through consideration of all
22 the issues, if in fact the utilities have not
23 justified their extraordinary filing, would
24 be wildly inefficient. In all likelihood, it
25 would mean that this issue would simply get
26 dismissed without adequate consideration,
27 which we believe would be totally
28 inappropriate.

1 Walmart strongly supports the
2 phasing that was described in the joint
3 parties' prehearing conference statement.

4 ALJ ZHANG: Speaker Liotta.

5 SPEAKER LIOTTA: Your Honor, Rita
6 Liotta with the Federal Executive Agencies.

7 FEA does not have any comments at
8 this point on the phased approach.

9 ALJ ZHANG: Okay. Thank you.

10 I've reviewed the prehearing
11 conference statements regarding the schedule,
12 and I'm just going to summarize them here.
13 Cal Advocates proposed a schedule with no
14 evidentiary hearings, briefs in January, and
15 a proposed decision in April of 2022.

16 If there is a phased approach, the
17 first phase would end in April of 2022 and
18 the second phase would conclude by the end of
19 2022.

20 The utilities proposed the following
21 schedule: October 25th would have a scoping
22 memo issue; November 2nd, Public Advocates
23 and Intervenor testimony due, with the
24 utilities filing updated testimony if
25 necessary.

26 December 20, 2021, rebuttal
27 testimony due. Late January 2022 would have
28 hearings between two to six days, and then

1 early March the opening briefs would be due.
2 In late March, the reply briefs would be due,
3 and then the proposed decision in April.

4 It's usually a good idea to set the
5 dates for an evidentiary hearing, even if we
6 might not need them in the future.

7 Let's go off the record to discuss
8 the schedule.

9 (Off the record.)

10 ALJ ZHANG: Let's go back on the
11 record.

12 Madam Court Reporter?

13 THE REPORTER: Ready, your Honor.

14 ALJ ZHANG: Thank you. While we were
15 off the record, we discussed several dates
16 and unavailability of some of the parties,
17 but we could not commit to any specific
18 schedule.

19 The Commission and President Batjer
20 will evaluate this prehearing conference to
21 determine whether a two-phased approach is
22 appropriate, and then we will have the
23 parties meet and confer regarding another
24 schedule that would work for everybody.

25 While we were off the record, the
26 parties mentioned the need for supplemental
27 testimony. This goes to the question of
28 whether the October 15, 2021, advice letter

1 is still required. Obviously nothing will be
2 filed today, and we will clarify something in
3 the spirit of the advice letter would be in
4 the record.

5 It is clear that the parties are
6 interested in updated figures, which are the
7 results of information that only the
8 utilities have.

9 While we were off the record, Cal
10 Advocates wanted to clarify that in their
11 proposed schedule, the decision would come
12 out not in April of 2022, but prior to
13 April of 2022, which is the first quarter of
14 2022.

15 I can take comments from the parties
16 now regarding the new financial information
17 that would be the result of applying the cost
18 of capital mechanism.

19 Speaker Furman.

20 SPEAKER FURMAN: This is Rebecca Furman
21 for SCE. I'm sorry, your Honor, can you
22 repeat what you're taking comments on.

23 ALJ ZHANG: The position of the
24 different parties that supplemental testimony
25 is necessary, which would reflect the
26 application of the cost of capital mechanism.

27 SPEAKER FURMAN: Thank you. I
28 apologize for that.

1 ALJ ZHANG: I believe there is some
2 assertions that the application of the cost
3 of capital mechanism information would be in
4 the October 15, 2021, advice letter, but I
5 did hear some disagreements from the
6 utilities that was the intervenors are
7 referring to might not be in what they would
8 have filed in the October 15, 2021, advice
9 letter.

10 Speaker Furman.

11 SPEAKER FURMAN: Thank you, your Honor.
12 Rebecca Furman for Southern California
13 Edison.

14 The advice letter that would have
15 been filed on October 15th as a result of the
16 trigger would indicate the new debt rates and
17 the ROE as a result of the trigger. I do
18 believe that our advice letter would indicate
19 the amount of the reduction as a result of
20 that trigger.

21 But as we discussed and I mentioned
22 when we were off the record, we are willing
23 to provide that information to intervenors
24 through data requests and do not believe that
25 supplemental testimony would be required on
26 that on the behalf of the utilities.

27 It would just slow things down and
28 we could do it through the normal discovery

1 process, and then they could use that
2 information as evidence as they want
3 throughout the proceeding. Thank you.

4 ALJ ZHANG: Speaker Fulton.

5 SPEAKER FULTON: Thank you, your Honor,
6 Ross Fulton for SDG&E.

7 To add to Ms. Furman's points, our
8 reading of the requirements -- if the CCM's
9 adjustment mechanism is applied and the
10 resulting advice letter is that it does not
11 include the overall revenue requirement
12 change, it just includes the change to the
13 inputs essentially, you know the ROE, cost of
14 debt, preferred equity, et cetera.

15 But that being said, we are, you
16 know -- as Ms. Furman, I think, also said,
17 we're happy to provide that information,
18 including the revenue requirement change, be
19 it through, you know, if your Honor orders
20 supplemental testimony or, you know, we think
21 it could be most efficiently handled as well
22 through discovery, and then the intervenor is
23 introducing it as evidence or using it
24 however they so choose.

25 But we think either approach is more
26 appropriate than the advice letter because
27 the advice letter is tied to the application
28 of the adjustment mechanism.

1 And since under the CCM SDG&E has
2 exercised its right to file, given the
3 circumstances of the pandemic and the
4 response to the pandemic, that that path, so
5 to speak, is not applicable.

6 And so the cost of capital will be
7 set through the Commission's full
8 adjudication of the application rather than
9 essentially just using interest rates as a
10 proxy and then, you know, notifying what that
11 result is through the advice letter process.

12 Thank you, your Honor.

13 ALJ ZHANG: Speaker Goldman.

14 SPEAKER GOLDMAN: Seth Goldman on
15 behalf of PG&E. Thank you, your Honor.

16 Yeah, PG&E agrees with what's been
17 said. If I'm hearing the question from your
18 Honor, it seems to me that PG&E would be
19 happy to provide the change to the cost of
20 capital if the adjustment mechanism were
21 applied and to calculate the revenue
22 requirement.

23 We're happy to do that in lieu of
24 the October 15 advice letter in supplemental
25 testimony if that's the question. We think
26 it could be done by discovery, but if it
27 would make people happier to do that in
28 supplemental testimony, we're happy to do

1 that, particularly if that's in lieu of the
2 advice letter that people have asked to be
3 filed.

4 We don't think it applies because we
5 have a pending application to set the cost of
6 capital for Test Year 2022, and filing the
7 advice letter for Test Year 2022 would not
8 make sense under those circumstances.

9 We think this is actually completely
10 contemplated within the CCM process the
11 Commission established, but this is not
12 inappropriate. The purpose of the process is
13 to set the COC at a level that is fair and
14 reasonable. In lieu of doing it every year,
15 we can do it either through this application
16 or through the adjustment mechanism.

17 But under these circumstances, which
18 we don't view as temporary, it ought to be
19 set on a full proceeding, which is why we
20 filed the application. We filed it when we
21 did, you know, because if we could avoid
22 filing this, we would have been happy to.

23 But as the year went on, we could
24 see that the rates, the interest rates, were
25 not going to move back up and that some of
26 the changes we saw were continuing and not
27 temporary and so we filed this application.

28 ALJ ZHANG: Speaker Sheriff.

1 SPEAKER SHERIFF: Thank you, your
2 Honor. Nora Sheriff for the Energy Producers
3 and Users Coalition and Indicated Shippers.

4 As we have articulated in writing in
5 the joint prehearing conference statement and
6 previously during this prehearing conference
7 statement, we believe that the utilities'
8 position on the requirement of filing the
9 advice letters is seeking to inappropriately
10 answer the threshold question in a manner
11 favorable to the utility shareholders.

12 The utilities should have filed a
13 petition for modification of the Commission's
14 order to enable them to not meet the
15 requirements of that ordering paragraph and
16 file the advice letters as required and have
17 the cost of capital mechanism go forward as
18 required and as contemplated.

19 They put the time into preparing the
20 applications. They could have and should
21 have concurrently put in a petition for
22 modification of the Commission order as has
23 been done with the two prior cancellations or
24 suspensions of the cost of capital mechanism.

25 I think it is entirely appropriate
26 at a minimum for the utilities who bear the
27 burden in this proceeding to put in
28 supplemental testimony on November 1st on

1 what that cost of capital mechanism impact
2 would be.

3 Again, rough calculations are
4 revenue requirement reductions in the
5 hundreds of millions of dollars. I think it
6 is also entirely appropriate for the
7 Commission to remind the utilities of their
8 obligation to file, perhaps late at this
9 juncture, those advice letter filings and
10 ensure that on January 1, 2022, the cost of
11 capital mechanism is implemented as it was
12 designed to be implemented.

13 With an operation of memorandum
14 account treatment, the Commission's ultimate
15 decision in this proceeding can be given
16 effect back to January 1, 2022, but the
17 ratepayers should get the benefit of the
18 standing existing Commission decisions that
19 have not been changed.

20 Thank you.]

21 ALJ ZHANG: Speaker Finkelstein.

22 SPEAKER FINKELSTEIN: Thank you, your
23 Honor. Robert Finkelstein for TURN.

24 First, I would join the other
25 intervenors that you've heard from so far in
26 calling for the Commission to require the
27 utilities to submit the trigger advice
28 letters what I think to be late, but to still

1 trigger them. It -- the Commission cannot
2 permit the utilities to have the complete
3 discretion as to whether or not they submit
4 such advice letters simply by filing an
5 application under these circumstances. It's
6 a matter for the Commission to decide whether
7 or not these advice letters should be filed.
8 It can't be just the utilities, by filing an
9 application, have rendered the requirement
10 from a prior Commission decision either moot
11 or no longer needed to be satisfied by the --
12 by the -- the utilities. Whether or not it's
13 true, the trigger advice letter or in some
14 form of supplemental testimony, TURN thinks
15 it is very very important for the Commission
16 to require the utilities to present their
17 best current estimate of the revenue
18 requirement impacts of -- that we would see
19 if the trigger advice letter were allowed
20 to -- to go into effect as of January 1st,
21 2022. You know, I've said earlier that
22 it's -- it's important information to the
23 Commission's decision. It's really something
24 that should have been addressed by the
25 utilities in order to make their initial
26 direct showing. And if it's something that
27 typically would not be included in the
28 trigger advice letter, as I heard at least

1 one of the counsel for the utilities suggest,
2 then the Commission needs to make clear that
3 it needs to be this time, that we will have
4 revenue requirement estimates for each of the
5 utilities that give the Commission the
6 information about what would happen if they
7 let the existing mechanism go into effect on
8 January 1st of 2022.

9 My final comment is on the
10 suggestion I've heard a couple of times that
11 somehow the supplemental testimony would slow
12 things down as compared to intervenors just
13 asking for the information in discovery.
14 If -- if the utilities want to submit the
15 supplemental testimony tomorrow, that would
16 be fine with TURN. There's no need for this
17 to slow anything down. If the utilities have
18 the information, they ought to provide it as
19 soon as they have it. If they don't have it
20 yet, they ought to set about making those
21 calculations and putting it out there just as
22 soon as they can. This -- the Commission
23 shouldn't hear any argument about when
24 approach will slow things down as to -- as
25 compared to another for this particular type
26 of information. It's in the utilities'
27 control. The utilities can figure it out,
28 and the utilities can make the information

1 available in a timely way, whether it's
2 through an advice letter, through
3 supplemental testimony, or some other
4 mechanism. Thank you.

5 ALJ ZHANG: Speaker Lopez.

6 SPEAKER LOPEZ: Edward Lopez for UCAN.

7 Simply put, your Honor, the IOUs
8 have an obligation to comply with applicable
9 Commission rules until and otherwise there's
10 a determination made that they need not. It
11 is not in their discretion to determine for
12 themselves whether they can or cannot comply.
13 And our arguments have been put forth are --
14 are the -- the joint intervenors, excuse me,
15 in the prehearing conference statement, and
16 again, I would redirect your attention, your
17 Honor, respectfully, and as well as this
18 conversation, back to the arguments therein.
19 But, it would seem, again, this is of the
20 IOUs' making. Their concerns, their
21 apprehensions, their worries about the
22 overall efficacy and proceeding of the
23 schedule, it all harkens back to their --
24 their deliberations, perhaps, as well as
25 their specific steps to arrive at this point.
26 Simply put, again, the CCM triggering process
27 should be honored, and the advice letters
28 need be filed. That is, I think, as other

1 parties have referenced and described,
2 actually a separate issue, and a singular
3 issue. UCAN supports that recognition. It
4 is unclear to UCAN exactly what information
5 would be contained in an advice letter,
6 particularly given some of the -- the recent
7 comments of the representatives of the IOU.
8 But, as I believe some of the representatives
9 indicated, if there is sufficient and
10 adequate information, then that could be
11 folded and incorporated into supplemental
12 testimony, and therefore, it should not
13 create that much more of a negative impact.
14 If it's not there, then it's obviously even
15 more important to have that information
16 brought forth, and it is -- we would concur
17 with our fellow intervenors who have
18 expressed so, should be on the burden of the
19 IOUs in this proceeding to bring forth this
20 information. Thank you, your Honor.

21 ALJ ZHANG: Speaker Hodel.

22 SPEAKER HODEL: Drew Hodel on behalf of
23 Cal Advocates.

24 As other intervenors have stated,
25 your Honor, there are -- there's disclosure
26 issues around a hun- -- hundreds of millions
27 of dollars at stake here as to whether or not
28 these October 15th advice letters are filed.

1 From Cal Advocates' perspective, this is an
2 absolutely key issue to be decided here at
3 this prehearing conference. And to
4 reiterate, the October 15th advice letters
5 are -- are -- it's a completely distinct and
6 wholly separate issue from whether or not the
7 filing of these applications was actually
8 justified. In other words, even if there
9 were a catastrophic event exception, which
10 obviously Cal Advocates protests or objects
11 to, these October 15th advice letters are
12 still required by outstanding precedent. I
13 point you to the decision that created the
14 cost of capital mechanism at play here. I'd
15 remind everyone that in its reply, Pacific
16 Gas and Electric said that the plain language
17 of the provision should be the starting point
18 for its construction. So I -- I quote here
19 from the decision, D.08-05-035, which created
20 the current cost of capital mechanism, that
21 in any year where the difference between the
22 current 12 months, October through September,
23 average Moody's utility bond rates and the
24 benchmark exceeds a hundred basis point
25 trigger, an automatic adjustment to the
26 utility's returns on equity shall be made by
27 an October 15th advice letter to become
28 effective on January 1st of the next year.

1 And that's the plain language, and there are
2 several other decisions which reiterate that
3 being the case.

4 I'd also like to point out that, in
5 the past, the IOUs have filed a petition for
6 modification to suspend the operation of the
7 automatic adjustment trigger, and that when
8 they did, they still nonetheless filed their
9 Tier 2 advice letters that year, because
10 filing your Tier 2 advice letters, as I just
11 stated, when the interest rate deviates, as
12 it has, is a requirement.

13 I'd -- I'd end with just two points.
14 In their pleadings, I think the IOUs suggest
15 that the catastrophic event exception is a
16 continuation or an offshoot of what was once
17 called the off-ramp provision under an older
18 cost of capital mechanism called, I think,
19 the MICAM, and the IOU suggests that the
20 MICAM -- when the off-ramp position --
21 provision was triggered, it suspended the
22 operation of the MICAM's automatic adjustment
23 mechanism. But, in reality, what happened
24 under the MICAM was when the off-ramp
25 provision was triggered, the October 15th
26 Tier 2 advice letters still needed to be
27 filed, and the utilities were required to
28 submit a cost of capital application, but in

1 the following year, and it was at that point
2 up to the Commission to decide whether or
3 not -- not to suspend the automatic
4 adjustment mechanism, but whether or not to
5 abate it.

6 And I think the final point I'd make
7 is that, you know, here, we have the
8 suggestion that, you know, motions for
9 memorandum accounts have been set up, and I'd
10 point out that I think this would protect the
11 IOUs to the extent they have to file Tier 2
12 advice letters.

13 And I'm sorry, one final point that
14 just came to me. Cal Advocates does not
15 believe that supplemental -- I mean based off
16 of everything I've just said, supplemental
17 testimony is a -- is a sufficient workaround
18 here. It's just -- it sets the -- it sets
19 improper precedent that a catastrophic event
20 application, on it -- on its own, suspends
21 the required October 15th advice letters. So
22 we -- we'd say that these advice letters need
23 to be filed, and to the extent that
24 information, such as revenue requirement
25 information, is not required by the
26 October 15th advice letters, such a -- such
27 information could just be provided by a
28 supplemental testimony. Thank you, your

1 Honor.

2 ALJ ZHANG: Speaker Maurath Sommer.

3 SPEAKER MAURATH SOMMER: April Maurath
4 Sommer for the Wild Tree Foundation.

5 It's -- to echo a little bit of --
6 of the previous speaker, I think the
7 opportunity for the utilities to file
8 supplemental testimony would be generous
9 here. There's so many things wrong with this
10 application that Wild Tree, and I think some
11 of the other intervenors and -- are -- are
12 still figuring out all the problems. One of
13 them is that this information that's -- would
14 be in the supplemental testimony is
15 information that should have been required --
16 should have been filed with the application,
17 and the application that -- the proper
18 appropriate response is the application
19 should be denied as incomplete. The basic
20 in -- information is not provided for the
21 Commission to be able to make a -- a decision
22 on these applications. That said, the filing
23 of separate supplemental testimony
24 absolutely, by no means, as the speaker from
25 PG&E said, is not in lieu of the advice
26 letters. The advice letters are required.
27 They're -- it's very strong precedent that
28 they are required. The utilities do not get

1 to ignore Commission decisions at whim. And
2 those -- those advice letters need to happen.
3 So the -- I think it's important that there
4 is not a blending of those -- those -- those
5 two issues. Supplemental testimony should be
6 filed, if the applications are not outright
7 denied as incomplete, and the advice letters
8 need to be filed, and that if -- if the
9 utilities elect to ignore the Commission's
10 directive, then -- then that needs to be
11 dealt with separately. I think the
12 suggestion that somehow it is the onerous --
13 to put this information on the record is on
14 the intervenors is completely ludicrous. The
15 burden of proof here is on the utilities. It
16 is not the intervenors' responsibility to do
17 all this extra work, file data requests,
18 prepare exhibits, and have this information
19 put in at that time. That also puts this --
20 this information into the record far too late
21 in the proceeding. That -- that needs to be
22 on the record now. Thank you.

23 ALJ ZHANG: Speaker Kelly.

24 SPEAKER KELLY: Thank you, your Honor.
25 Elizabeth Kelly, Environmental Defense Fund.

26 I agree with the other intervenors.
27 It is -- it is clear that the utilities need
28 to file the -- the required advice letter

1 under Commission precedent.

2 And separately, there is a need for
3 supplemental testimony. And I will just say
4 that I echo all of what has been previously
5 said, and further want to bring to the
6 Commission's attention that the utilities
7 have argued and are arguing here that
8 triggering the CCM somehow violates
9 constitutional protections under Bluefield
10 and Hope. But, they don't want to show you
11 the work. They don't want to show you the
12 data. They aren't providing you with the
13 information that would actually be able to
14 substantiate that claim, which we believe we
15 were able to demonstrate is entirely
16 incorrect. So it -- to -- to say that
17 somehow the utilities should not have to file
18 supplemental testimony here while they're
19 concurrently raising this idea that somehow
20 this is a constitutional taking in violation
21 of Bluefield and Hope is honestly offensive.
22 I am trying to keep my cool here, but I -- I
23 am presenting other intervenors feel very
24 strongly on this point. Furthermore, the
25 utilities have requested memorandum accounts,
26 so upon filing the advice letter, as we go
27 through this proceeding, there is repeated
28 opportunity to say exactly what the -- if the

1 applications were appropriately filed, which
2 I will not grant at this time, what that ROE
3 should be. Right? And that's what
4 protections the -- the memorandum account
5 provides. But, they are separate, distinct
6 and necessary to provide both the advice
7 letter and the supplemental testimony. To
8 the extent that the utilities want to request
9 a -- a brief extension for -- for filing the
10 advice letter, say, to no later than
11 November 1st, which again is generous, I
12 don't see -- I see that as reasonable, and I
13 see that potentially obviating the need for
14 utility sanction over failure to provide
15 those advice letters. I -- I do not reach a
16 conclusion as to whether or not the decision
17 to not file an advice letter -- no. I -- I
18 withdraw my last sentence. I don't want to
19 overstep. That is all for EDF. Thank you.

20 ALJ ZHANG: Speaker Severson.

21 SPEAKER SEVERSON: Julia Severson, the
22 Protect Our Communities Foundation.

23 PCF supports the comments of the
24 prior intervenors, and agrees that the
25 utilities need to file the trigger advice
26 letters as soon as possible, and PCF also
27 agrees that supplemental testimony is
28 absolutely necessary, and for the joint

1 intervenors' statements that the utilities
2 ought to provide its best estimate of the
3 revenue requirement impacts that would occur
4 if the 2022 cost of capital mechanism were
5 given the full effect. Thank you.

6 MR. GOLDMAN: Your Honor, it's Seth
7 Goldman for PG&E. I just wonder if I could
8 be heard for a moment.

9 ALJ ZHANG: Speaker Goldman, can you
10 hang on while I give Speaker Douglass and
11 Speaker Douglass their turn.

12 SPEAKER GOLDMAN: I apologize.

13 ALJ ZHANG: Speaker Douglass and
14 Speaker Liotta. We're not finished yet.

15 SPEAKER GOLDMAN: Yes. Sorry.

16 ALJ ZHANG: So hang on.
17 Speaker Douglass.

18 SPEAKER DOUGLASS: Thank you, your
19 Honor. Dan Douglass for Walmart.

20 As Mr. Hodel for Cal Advocates
21 pointed out quite clearly, the utilities have
22 neither complied with their obligations under
23 the 2008 decision or even observed their own
24 past practice of filing a petition for
25 modification while concurrently filing their
26 October 15 trigger advice letters. We
27 strongly believe the utilities should be
28 required to file both their advice letters,

1 and also submit supplemental testimony on the
2 rate impacts that would occur if the CCM went
3 into effect, as in our belief should, in
4 fact, occur. Thank you.

5 ALJ ZHANG: Speaker Liotta.

6 SPEAKER LIOTTA: Yes, your Honor. Rita
7 Liotta with the Federal Executive Agencies.

8 FEA definitely concurs with the
9 other intervenors that the utilities need to
10 file the required advice letters, and that
11 supplemental testimony is necessary. Thank
12 you, your Honor.

13 ALJ ZHANG: Speaker Goldman.

14 SPEAKER GOLDMAN: Thank you, your
15 Honor. Seth Goldman -- Seth Goldman for
16 PG&E.

17 I -- I'll try to be as brief as
18 possible. I just did want to address a
19 couple of points that were made, if I may.

20 One, in our view, the applications
21 that were filed are complete. They contain
22 the revenue requirement for the COC that's
23 been requested in the application.

24 Two, we do think this is consistent
25 with prior precedent, what we've proposed.
26 There was a PFM after The Great Recession.
27 That's true. But, a PFM is different than an
28 application. The PFM asked to simply suspend

1 the adjustment mechanism. It did not ask to
2 set a cost of capital for the coming year.
3 So that's why that's different, and not
4 binding in this situation. Here, because we
5 do think this is not a temporary situation
6 that we're witnessing in the market, that the
7 better course is to actually set the cost of
8 capital for Test Year 2022. That's why we
9 did not do a PFM.

10 Three, when you have an application
11 pending for a test year, you can't set the
12 test year cost of capital in two different
13 mechanisms. So we have an application
14 pending for Test Year 2022 now, and that will
15 set the cost of capital. If we file the
16 advice letter, it would also try to set the
17 cost of capital for 2022, which doesn't make
18 any sense. And, in fact, when this happened
19 before, in Test Year 2013, the applications
20 were filed in 2012 for Test Year 2013, the
21 interest rates had moved far enough to
22 trigger would have otherwise applied, but
23 nothing was done, because there was a pending
24 application to set the cost of capital for
25 the coming test year. So there was no need
26 to use the adjustment mechanism.

27 And three, that's why we think this
28 is completely consistent with existing

1 precedent, including the 2008 decision.

2 Thank you.]

3 ALJ ZHANG: Okay. This concludes the
4 topic from the prehearing conferences
5 statements. I do have a few questions about
6 the motions to establish memo accounts.

7 Edison's and SDG&E's motions request
8 new memorandum accounts, while PG&E requests
9 using existing accounts with modifications.
10 Why would one prefer an existing account over
11 a new account?

12 I will start with PG&E.

13 Speaker Goldman.

14 SPEAKER GOLDMAN: Seth Goldman for
15 PG&E, your Honor. Thank you.

16 We could do new accounts. We had
17 existing accounts and it was more efficient
18 from an operational perspective to modify the
19 existing accounts to track it than to create
20 new accounts, but if the preference is to set
21 up new accounts, we'll set up new accounts.

22 ALJ ZHANG: Speaker Goldman, so when
23 you are describing modifying an existing
24 account, is that existing account just there?
25 How did that existing account -- how was that
26 existing account created and, if it was no
27 longer used, why wasn't it, I guess, closed?

28 SPEAKER GOLDMAN: Seth Goldman for

1 PG&E, your Honor.

2 There are some existing accounts
3 because of other rate cases, GRCs, and things
4 of that nature. So we would set up
5 subaccounts under the existing accounts. So
6 we would modify the tariff slightly to create
7 the subaccount that would track the revenue
8 requirements for this specific application.

9 As I say, the preference was
10 operationally that's more efficient to have a
11 subaccount for this specific application than
12 to create a whole new memorandum account and
13 file a new tariff for that, but we will do
14 that if that's the preference in granting the
15 motion.

16 ALJ ZHANG: Speaker Furman, do you have
17 any comments?

18 SPEAKER FURMAN: Rebecca Furman for
19 SCE.

20 No comments, your Honor.

21 ALJ ZHANG: Speaker Fulton, do you have
22 any comments?

23 SPEAKER FULTON: Thank you, your Honor.

24 I would just add -- I mean we,
25 likewise, will defer to the Commission. I
26 don't think we at SDG&E identified any
27 existing account that would apply so we
28 proposed a new account.

1 But we defer to the Commission's and
2 your Honors' preference. I think, you know,
3 either way, establishing the memorandum
4 accounts addresses a lot of the concerns that
5 have been raised in terms of when the
6 Commission reaches a decision no matter what
7 that decision is whether to believe that the,
8 you know, adjustment mechanism should apply
9 or it sets a new cost of capital. Either
10 way, that can then be put into effect back to
11 January 21, 2022.

12 Whereas, it doesn't make much sense
13 to make a change that would, for instance, by
14 putting the adjustment mechanism into place
15 and then to have that changed again by a
16 subsequent decision and then having that
17 change have to be implemented in the
18 memorandum account.

19 I don't think that yo-yo effect
20 benefits ratepayers or utilities and so
21 that's why we proposed putting this
22 memorandum account in place to maintain that
23 status quo while the Commission can consider
24 this decision on their, you know, under our
25 long-standing rate to bring these
26 applications. Thank you.

27 ALJ ZHANG: Okay. Speaker Sheriff, do
28 you have any comments?

1 SPEAKER SHERIFF: Thank you, your
2 Honor. Nora Sheriff for the Energy Producers
3 and Users Coalition and the Indicated
4 Shippers.

5 We had supported the proposed
6 memorandum account treatment in previous
7 filings. I disagree with my colleague from
8 the utility that there would be a yo-yo
9 effect.

10 I think that presumes an outcome
11 here and that outcome should be left to the
12 Commission once it has a chance to review the
13 record and the materially disputed issues of
14 fact and the issues of the law.

15 I think that the status quo actually
16 would be operation of the cost of capital
17 mechanism with the corresponding reduction in
18 revenue requirements being implemented on
19 January 1, 2022. I will leave my comments at
20 that. Thank you.

21 ALJ ZHANG: Speaker Finkelstein.

22 SPEAKER FINKELSTEIN: Thank you, your
23 Honor. Robert Finkelstein for TURN.

24 I would join the comments just made
25 by Ms. Sheriff. The only comment I have on
26 the question of establishing new memorandum
27 accounts or relying on existing memorandum
28 accounts with new subaccounts, you know, TURN

1 had flagged this as a difference between the
2 applications and, frankly, we're indifferent
3 to how the Commission does it so long as we
4 achieved an outcome that would ensure that
5 there is sufficient transparency as to what's
6 gone into those accounts.

7 Frankly, my inclination is that it's
8 a little bit easier to track things when it's
9 in a separate designated memorandum account,
10 but, you know, if it's possible to achieve
11 the same level of transparency through a
12 subaccount of an existing account, we'd be
13 fine with that. The main thing is to achieve
14 that transparency. Thank you.

15 ALJ ZHANG: Speaker Lopez.

16 SPEAKER LOPEZ: Edward Lopez with UCAN.

17 Again, we had previously offered
18 some comment in and around the consideration
19 of our belief in the contention that
20 ultimately the memorandum account
21 considerations and questions and issues are
22 part and parcel of the broader, bigger issue
23 of whether the CCM adjustment process is
24 suspended or not or rather to be determined
25 and ruled accordingly as such.

26 UCAN has no specific comments as to
27 whether existing accounts, subaccounts, or
28 what have you, preferred or not, UCAN at this

1 point would defer to other intervenors and
2 parties who perhaps have briefed and
3 articulated more substantially the specific
4 considerations around the memorandum account
5 questions.

6 Thank you, your Honor.

7 ALJ ZHANG: Speaker Hodel.

8 SPEAKER HODEL: Thank you, your Honor.
9 Drew Hodel on behalf of Cal Advocates.

10 We have no additional comments to
11 add on this. Thank you.

12 ALJ ZHANG: Speaker Maurath Sommer.

13 SPEAKER MAURATH SOMMER: April Maurath
14 Sommer for the Wild Tree Foundation. No
15 further comments at this time. Thank you.

16 ALJ ZHANG: Speaker Kelly.

17 SPEAKER KELLY: Thank you, your Honor,
18 Elizabeth Kelly, Environmental Defense Fund.

19 Just an observation on the question
20 of the memorandum accounts and the operation
21 of CCM is the utilities have triggered this
22 application noting the incredibly dire
23 impacts that the pandemic has had on
24 Californians and beyond.

25 The ordinary operation of things is
26 for the CCM to be triggered and that would
27 reflect rate relief, much needed rate relief,
28 for Californians. The memorandum accounts

1 protect the utilities from -- say the CCM
2 ends up not being the final figure that the
3 Commission arrives at, but during the
4 interim, we believe it is certainly a
5 reasonable outcome of this proceeding and the
6 rate relief is needed by Californians now.

7 Thank you.

8 ALJ ZHANG: Speaker Severson.

9 SPEAKER SEVERSON: Julia Severson, the
10 Protect Our Communities Foundation.

11 PCF does not have an opinion on this
12 matter at this time. Thank you.

13 ALJ ZHANG: Speaker Douglass.

14 SPEAKER DOUGLASS: Dan Douglass for
15 Walmart.

16 No comments on this topic.

17 ALJ ZHANG: Speaker Liotta.

18 SPEAKER LIOTTA: Thank you, your Honor.
19 Rita Liotta with the Federal Executive
20 Agencies.

21 FEA has no comments on the
22 memorandum accounts at this time.

23 ALJ ZHANG: The next question involved
24 Tier 1 advice letters versus Tier 2 advice
25 letters. SDG&E and PG&E proposed filing
26 Tier 2 advice letters, while Edison proposes
27 Tier 1 advice letters. Why does Edison
28 prefer a Tier 1 advice letter?

1 I will start with Speaker Furman.

2 Speaker Furman.

3 SPEAKER FURMAN: Thank you, your Honor.

4 I think we would be fine with a
5 Tier 2 if that's what the Commission orders.
6 That's all.

7 ALJ ZHANG: Okay. Speaker Fulton.

8 SPEAKER FULTON: Thank you, your Honor.
9 Ross Fulton for SDG&E.

10 I don't think we have any additional
11 comments at this time. We are fine with
12 Tier 2 as we proposed if the Commission
13 ordered us to use an advice letter to
14 demonstrate what the triggering results would
15 have been. Thank you.

16 ALJ ZHANG: Speaker Goldman.

17 SPEAKER GOLDMAN: Seth Goldman for
18 PG&E. Your Honor, no comments on Tier 1
19 versus Tier 2 to set up the memorandum
20 accounts.

21 ALJ ZHANG: Speaker Sheriff.

22 SPEAKER SHERIFF: Nora Sheriff for the
23 Energy Producers and Users Coalition and the
24 Indicated Shippers.

25 No comments. Thank you.

26 ALJ ZHANG: Speaker Finkelstein.

27 SPEAKER FINKELSTEIN: Robert
28 Finkelstein for TURN. We think it ought to

1 be a Tier 2 advice letter for purposes of
2 setting up the memorandum account. We're
3 glad to hear Edison say that they'd be okay
4 with that if the Commission so directs them.

5 Thank you.

6 ALJ ZHANG: Speaker Lopez.

7 SPEAKER LOPEZ: Edward Lopez for UCAN.

8 No additional comments. Thank you,
9 your Honor.

10 ALJ ZHANG: Speaker Hodel.

11 SPEAKER HODEL: Drew Hodel on behalf of
12 Cal Advocates.

13 We would echo precisely what
14 Mr. Finkelstein said on behalf of TURN.
15 Thank you.

16 ALJ ZHANG: Speaker Maurath Sommer.

17 SPEAKER MAURATH SOMMER: April Maurath
18 Sommer for the Wild Tree Foundation.

19 No comments at this time. Thank
20 you.

21 ALJ ZHANG: Speaker Kelly.

22 SPEAKER KELLY: Elizabeth Kelly,
23 Environmental Defense Fund.

24 No comment.

25 ALJ ZHANG: Speaker Severson.

26 SPEAKER SEVERSON: Julia Severson, the
27 Protect Our Communities Foundation.

28 No additional comments at this time.

1 ALJ ZHANG: Speaker Douglass.

2 SPEAKER DOUGLASS: Thank you, your
3 Honor. Dan Douglass for Walmart. We believe
4 a Tier 2 advice letter would be appropriate
5 and appreciate SCE's willingness to do so.
6 No further comment.

7 ALJ ZHANG: Speaker Liotta.

8 SPEAKER LIOTTA: Yes, your Honor. Rita
9 Liotta with the Federal Executive Agencies.

10 FEA has no comment.

11 ALJ ZHANG: Okay. I have a question
12 for Wild Tree Foundation.

13 Given that TURN, Energy Producers
14 and Users Coalition, and others jointly
15 support the creation of a memorandum account
16 due to its built-in customer protections,
17 does Wild Tree Foundation still oppose the
18 memorandum account?

19 SPEAKER MAURATH SOMMER: April Maurath
20 Sommer for the Wild Tree Foundation. We do
21 still oppose it on the grounds that it's
22 necessary only based upon the filing of and
23 extraordinary application that is not
24 justified and the fact that the utilities are
25 refusing to comply with the requirements to
26 move forward with the CCM adjustment.

27 Do have -- having read the reason
28 for the discussions, have a better

1 understanding of the positions of the
2 intervenors of the role that the memorandum
3 account can play, but we do still take the
4 position that this is something that's
5 necessary only because the utilities have
6 brought applications that are not permitted
7 and are attempting to not have the CCM
8 adjustment take place.

9 Thank you.

10 ALJ ZHANG: Okay. This concludes all
11 the topics that I want to cover. I will run
12 down the list of speakers just to give them
13 an opportunity before we close. If you have
14 anything else to say, this is your chance.

15 Speaker Furman.

16 SPEAKER FURMAN: Rebecca Furman for
17 Southern California Edison.

18 Thank you, your Honor. Appreciate
19 your time, Judge Hecht's time, and advisor to
20 the Commissioner for being available for this
21 really important conference today.

22 We do think that an issuance of the
23 ruling on the memo account is vitally
24 important and that that is going to protect
25 ratepayers regardless of the outcome of this
26 proceeding, whether the Commission ultimately
27 decides that we didn't meet the threshold and
28 that the trigger should happen or whether the

1 Commission accepts that there has been an
2 extraordinary event and reviews what the new
3 return on equities should be.

4 Furthermore, we do think that
5 phasing is not necessary and that a complete
6 review of the entire record is warranted in
7 this proceeding and appreciate your time.

8 That's all. Thank you very much.

9 ALJ ZHANG: Speaker Fulton.

10 SPEAKER FULTON: Thank you, your Honor.
11 Ross Fulton for SDG&E.

12 SDG&E supports the comments of
13 Ms. Furman for Southern California Edison.
14 We do not have anything further to add at
15 this time.

16 Thank you for your time.

17 ALJ ZHANG: Speaker Goldman.

18 SPEAKER GOLDMAN: Seth Goldman on
19 behalf of PG&E. Thank you, your Honor. We
20 echo the gratitude of SCE and SDG&E to your
21 Honor and to ALJ Hecht and to all the staff
22 and Commission.

23 I just want to note two things. On
24 the memo account motion, as proposed, the
25 status quo, so to speak, would be the current
26 COC, which is the most recently determined
27 COC on a full proceeding.

28 We think it would be the better

1 course and most appropriate to have that be
2 the status quo and not the revenue
3 requirement resulting from the formula
4 adjustment mechanism calculation, which we
5 think there's been plenty of evidence put in
6 that there is something wrong with that and
7 for purposes of rate stability and really in
8 the interest of ratepayers.

9 Until there's a determination as to
10 what to do by the Commission, we do think the
11 status quo ought to be the current rate.]

12 And then I'll just, if I could, note
13 one other item. We had asked in our
14 prehearing statement if the scoping memo
15 could possibly address the interaction of
16 Test Year '23 applications with this
17 application in the event that the Commission
18 were to determine not to proceed with the
19 Test Year 2022 application. That's -- that's
20 all I have.

21 ALJ ZHANG: Speaker Sheriff.

22 SPEAKER SHERIFF: Thank you, your
23 Honor, and thank you, Judge Hecht, and thank
24 you to the others at the Commission who have
25 been listening to this lengthy telephonic
26 prehearing conference. Nora Sheriff on
27 behalf of the Energy Producers and Users
28 Coalition and the Indicated Shippers.

1 As I previously indicated, we
2 believe the status quo should be the required
3 implementation of the cost of capital
4 mechanism adjustment. So I respectfully
5 disagree with my colleagues from the
6 utilities.

7 We also strongly urge consideration
8 of a phased approach, which would take the
9 separately-identified issues that your Honor
10 listed previously, issues one, two, three, 11
11 and 14, in the first phase, deal with those
12 discreet issues in the first phase, and
13 perhaps obviate the need for a second phase
14 on an expedited basis. We think that would
15 be the most efficient use of parties' time,
16 and then we could address the next
17 regularly-scheduled cost of capital
18 applications, as we've discussed in our joint
19 prehearing conference statement. Thank you.

20 ALJ ZHANG: Speaker Finkelstein.

21 SPEAKER FINKELSTEIN: Thank you, your
22 Honor. Robert Finkelstein for TURN.

23 I'll add our thanks to everybody on
24 the Commission side that has made it through
25 this prehearing conference this morning. We
26 very much appreciate the effort that's gone
27 into it.

28 I would just echo what Ms. Sheriff

1 just said about the status quo ought to be a
2 continuation of the ratemaking mechanisms
3 that the Commission has previously adopted,
4 and that should still be in effect. So it
5 really ought to be cost of capital mechanism
6 triggering a change as of January 1st, rather
7 than leaving the currently existing return on
8 equity in place.

9 And I also very much support the
10 notion of phasing, as we discussed earlier.
11 TURN thinks that would be potentially a far
12 more efficient way for everybody to go
13 forward in this proceeding to potentially
14 save a lot of wasted time, a time that might
15 otherwise be wasted. Thank you very much.

16 ALJ ZHANG: Speaker Lopez.

17 SPEAKER LOPEZ: Edward Lopez for UCAN.

18 UCAN stands by and still supports
19 the contentions and arguments put forth by
20 the joint intervenors in the joint prehearing
21 conference statement.

22 Additionally, we wholeheartedly --
23 wholeheartedly agree with our fellow
24 intervenors and parties, particularly with
25 the comments and discussion as it relates,
26 one, to the need and determination that the
27 CCM adjustment process should be complied
28 with, including the October 15th advice

1 letters, and two, for greater efficacy in
2 this proceeding, and for a better, more
3 robust development of the record, a phased
4 approach is best served, particularly
5 reflecting, again, some of the comments and
6 the ordering of the issues in this
7 multi-phase approach -- approach.

8 UCAN sincerely appreciates the
9 opportunity to participate in this conference
10 and proceeding. Thank you, your Honor.

11 ALJ ZHANG: Speaker Hodel.

12 SPEAKER HODEL: Drew Hodel on behalf of
13 Cal Advocates.

14 First, thanks to everyone on the
15 call, especially those on the Commission's
16 side.

17 And then second, to reiterate, I
18 think that the most important points, as seen
19 from Cal Advocates' perspective, here, we
20 have a coordinated filing of applications by
21 the IOUs and an improper attempt to suspend
22 what is currently required by precedent, and
23 that is the October 15th filing of the Tier 2
24 advice letters, which would give ratepayers
25 in California, who, as we all know, have been
26 suffering as a consequence of the pandemic,
27 much-needed relief. So we disagree with the
28 framing of the idea of a memo account, should

1 you, your Honor, decide to include one. If
2 it's included, it's not being set up to
3 protect ratepayers. If -- if a memo --
4 memorandum account is set up, it's being set
5 up to protect IOUs, because the Tier 2 advice
6 letters are absolutely required.

7 And just to end, I'd reiterate our
8 point on how to most efficiently deal with
9 the open issues. We believe that if a Tier 2
10 advice letter is filed together with some
11 supplemental testimony on the required
12 revenue account amounts that all these open
13 issues can be addressed most efficiently by a
14 brief, and this could all be concluded in the
15 first quarter of 2022. Thank you, your
16 Honor.

17 ALJ ZHANG: Speaker Maurath Sommer.

18 SPEAKER MAURATH SOMMER: April Maurath
19 Sommer for the Wild Tree Foundation.

20 I very much appreciate the
21 thoroughness which -- with which this
22 prehearing conference has been undertaken,
23 and hope that the Commission continues to put
24 forth such effort into the adjudication of
25 these applications.

26 The most thorough, efficient and
27 legally appropriate approach would be
28 requiring -- require -- excuse me, requiring

1 the IOUs to file the advice letters and
2 phasing this proceeding to deal with the
3 foundational issues of if these applications
4 can even be brought, in the first place.

5 Thank you very much. Bye-bye.

6 ALJ ZHANG: Speaker Kelly.

7 SPEAKER KELLY: Thank you, your Honor.
8 Elizabeth Kelly for Environmental Defense
9 Fund.

10 I support the comments that have
11 been made already about the -- the need for
12 the CCM advice letter to be filed and the --
13 the value and the importance of phasing. The
14 only issue that I would advise be in the
15 first phase is the blended ROE briefing
16 question. That will -- that will allow --
17 allow there to be clarity for all parties
18 going forward.

19 Thank you very much, your Honor,
20 and -- and to the Commission staff.

21 ALJ ZHANG: Speaker Severson.

22 SPEAKER SEVERSON: Julia Severson with
23 the Protect Our Communities Foundation.

24 PCF appreciates your time here
25 today, your Honor, and we echo the other
26 parties in supporting a phased approach and
27 schedule with PCF's proposed changes, and
28 emphasizes the need for the timely filing of

1 the October 15th advice letters, as well as
2 the need for supplemental testimony. Thank
3 you.

4 ALJ ZHANG: Speaker Douglass.

5 SPEAKER DOUGLASS: Thank you, your
6 Honor. First, my thanks to you, Judge Hecht,
7 Commission staff, and all the parties on this
8 call for the careful and efficient discussion
9 that has occurred here.

10 Similarly, we should seek efficiency
11 in our consideration of the applications, and
12 that can best be done by phasing the
13 proceeding to determine, first, if, in fact,
14 the utilities have adequately justified their
15 out-of-cycle extraordinary applications. By
16 doing so, we avoid digging into all of the
17 other issues that are exigent to the
18 proceeding, if, in fact, utilities weren't
19 justified, in the first place, to file these
20 applications. We agree with the other
21 members of the joint parties that it's highly
22 important that the utilities be required to
23 file supplemental testimony to include the
24 information that would have been included in
25 the CCM advice letters that were required to
26 have been filed today.

27 And again, our thanks to all parties
28 on the call.

1 ALJ ZHANG: Speaker Liotta.

2 SPEAKER LIOTTA: Rita Liotta with the
3 Federal Executive Agencies.

4 FEA thanks your Honor and the other
5 members of the Commission for your time
6 today, and FEA notes nothing further to add,
7 your Honor. Thank you.

8 ALJ ZHANG: We will carefully consider
9 everyone's comments. Nothing has been
10 decided today. President Batjer will issue
11 the scoping memo. Please email
12 reporting@cpuc.ca.gov to order a transcript.
13 This prehearing conference is adjourned.
14 Thank you.

15 We are off the record.

16 (Whereupon, at the hour of 1:01
17 p.m., this matter having concluded,
the Commission then adjourned.)]

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

CERTIFICATION OF TRANSCRIPT OF PROCEEDING

I, ANDREA L. ROSS, CERTIFIED SHORTHAND REPORTER
NO. 7896, IN AND FOR THE STATE OF CALIFORNIA, DO
HEREBY CERTIFY THAT THE PAGES OF THIS TRANSCRIPT
PREPARED BY ME COMPRISE A FULL, TRUE, AND CORRECT
TRANSCRIPT OF THE TESTIMONY AND PROCEEDINGS HELD IN
THIS MATTER ON OCTOBER 15, 2021.

I FURTHER CERTIFY THAT I HAVE NO INTEREST IN THE
EVENTS OF THE MATTER OR THE OUTCOME OF THE PROCEEDING.

EXECUTED THIS OCTOBER 19, 2021.

A handwritten signature in black ink, reading "Andrea L. Ross". The signature is written in a cursive style with a large, looped "R".

ANDREA L. ROSS
CSR NO. 7896


BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

CERTIFICATION OF TRANSCRIPT OF PROCEEDING

I, REBEKAH L. DE ROSA, CERTIFIED SHORTHAND
REPORTER NO. 8708, IN AND FOR THE STATE OF CALIFORNIA,
DO HEREBY CERTIFY THAT THE PAGES OF THIS TRANSCRIPT
PREPARED BY ME COMPRISE A FULL, TRUE, AND CORRECT
TRANSCRIPT OF THE TESTIMONY AND PROCEEDINGS HELD IN
THIS MATTER ON OCTOBER 15, 2021.

I FURTHER CERTIFY THAT I HAVE NO INTEREST IN THE
EVENTS OF THE MATTER OR THE OUTCOME OF THE PROCEEDING.

EXECUTED THIS OCTOBER 19, 2021.


REBEKAH L. DE ROSA
CSR NO. 8708

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