



COM/DH7/mef 1/5/2022

FILED
01/05/22
10:47 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of its 2023 Gas Cost Allocation and Rate Design Proposals for its Gas Transmission and Storage System (U39G).

Application 21-09-018

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

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

1. Procedural Background

On September 30, 2021, Pacific Gas and Electric Company (PG&E) filed Application (A.) 21-09-018 (Application) for approval of its Gas Transmission and Storage (GT&S) Cost Allocation and Rate Design (CARD) proposals for the years 2023 through 2026. PG&E proposes to implement CARD methodologies concurrent with the GT&S revenue requirements and capacity forecasts proposed in PG&E's general rate case (GRC) A.21-06-021 filed on June 30, 2021.¹

¹ PG&E Application at 1.

Four parties filed responses (Responses) to the Application.² Nine parties filed protests (Protests) to the Application.³ On November 22, 2021, PG&E filed a reply (Reply) to the Responses and Protests.

On November 22, 2021, a ruling of the assigned Administrative Law Judge (ALJ) set a prehearing conference (PHC) and ordered the parties to meet and confer regarding the issues to be discussed at the PHC. On December 10, 2021, PG&E filed a report (Report) reflecting the results of the meet and confer process.

The PHC was held on December 15, 2021 to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. At the PHC, the ALJ granted motions for party status by Sacramento Municipal Utility District, Moss Landing Power Company, Calpine Corporation, and Enchanted Rock.

After considering the Application, Responses, Protests, Reply, Report, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be as set forth in this Scoping Memo.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether PG&E's proposed rates for GT&S services for 2023, 2024, 2025, and 2026 are just and reasonable;
2. Whether PG&E's CARD proposals are just and reasonable;
3. Whether PG&E's future CARD applications may be filed within 90 days of PG&E's future GRC applications to

² Small Business Utility Advocates, Shell Energy North America (US), L.P., Southern California Generation Coalition, and City of Palo Alto.

³ The Utility Reform Network, Lodi Gas Storage, L.L.C., Wild Goose Storage, LLC, Central Valley Gas Storage, LLC, Citadel Energy Marketing, LLC, Tourmaline Oil Marketing Corp., Indicated Shippers, Northern California Generation Coalition, and the Public Advocates Office.

- continue the simultaneous implementation of GT&S rates and revenues;
4. Whether PG&E's throughput and demand forecasts described in Chapter 2A of PG&E's prepared testimony are reasonable and should be adopted;
 5. Whether PG&E complied with Decision (D.) 19-09-025, Ordering Paragraph (OP) 86 in including a forecast of electric generation gas demand using a 1 in 35 cold year scenario;
 6. Whether PG&E's throughput and demand forecasts described in Chapter 2B of PG&E's prepared testimony are reasonable and should be adopted;
 7. Whether PG&E's backbone load factors, backbone throughput adjustments, and backbone rate inputs described in Chapter 3 of PG&E's prepared testimony are reasonable and should be adopted;
 8. Whether a Baja-Redwood rate differential set at 50 percent of the rate differential that would otherwise result from the traditional cost allocation and described in Chapter 3 of PG&E's prepared testimony is reasonable and should be adopted;
 9. With regard to local transmission cost allocation, whether PG&E complied with D.19-09-025, OP 96 in holding a workshop, selecting a methodology from the workshop, and submitting status reports as described in D.19-09-025.
 10. Whether allocating local transmission costs based on an abnormal peak day is reasonable;
 11. With regard to electric generation local transmission (G-EG LT) rate design, whether PG&E complied with D.19-09-025, page 319, Conclusion of Law 124 in participating in workshops to evaluate proposals to revise G-EG LT rate design;
 12. With regard to G-EG LT rate design, (a) whether PG&E's analysis that implementation of a new G-EG LT rate design is inconclusive and therefore no changes should be made is

- reasonable; (b) whether PG&E's G-EG LT evaluation and analysis of a revised rate design is reasonable taking into account relevant factors that would impact net electric generation gas throughput; and (c) whether an alternate rate design is warranted;
13. Whether PG&E's backbone cost allocation to the various backbone paths is reasonable and should be adopted;
 14. Whether the following local transmission rate design proposals are reasonable and should be adopted:
 - (a) adjustments to local transmission cost allocation and rate design will account for forecast local transmission rate discounts; (b) the single average local transmission rate design for all core classes and a single average local transmission rate for all noncore and wholesale customer classes will continue; and (c) local transmission rates will continue to be non-bypassable for all customers not qualifying for backbone-level end-user service;
 15. Whether PG&E's storage cost allocation and rate design described in Chapter 6 of PG&E's prepared testimony is just and reasonable, including the following proposals:
 - (a) moving the recovery of Inventory Management from its unbundled backbone transmission rates to its end-use transportation rates where it can differentiate cost recovery by customer class in a manner reflective of cost causation and utilization of the service; (b) returning in 2023 end-use rates approximately \$51.9 million in excess depreciation revenues as calculated in A.21-06-021 and \$51.9 million in decommissioning revenues previously collected in end-use rates for the Los Medanos storage field; (c) returning the Natural Gas Storage Strategy revenues identified in the Application using the allocation methodology found in D.19-09-025 to be just and reasonable; (d) continuing to blend the resulting storage revenue requirements in backbone transmission and bundled core end user rates to create annual average backbone transmission and bundled core end-user rates; and (e) changing core storage rates recovered in PG&E's gas procurement rates beginning

- April 1 of each year until the completion of the Core Transport Agent Core Storage Step Down;
16. Whether scaling the currently adopted customer access charges (CACs) multiplied by the forecast of customers by tier such that the resulting revenues match the CAC revenue requirement proposed in A.21-06-021 is reasonable and should be adopted;
 17. Whether updating the billing determinants to calculate the CAC charges under the current structure and submitting a proposal for all commercial/noncore customer charges and rate design in PG&E's 2024 Gas Cost Allocation Proceeding is reasonable and should be adopted;
 18. Whether PG&E's Core Gas Supply's proposals related to pipeline and storage portfolio changes, storage policy changes, and other policy changes are reasonable and should be adopted;
 19. As described in Chapter 8 of PG&E's prepared testimony, whether changes to create more inclusive and modernized PG&E gas tariffs G-NGV1 and G-NGV4 are reasonable and should be adopted;
 20. Whether there should be collaboration with the Commission's Energy Division to develop an implementation plan should a final decision in A.21-06-021 not be issued within the Rate Case Plan timeframe;
 21. Whether core vintage Redwood treatment is reasonable and should be adopted;
 22. Whether the operational use and accounting treatment of PG&E's 51.1 billion cubic feet of working gas in storage that has been transferred to cushion gas status is reasonable and should be adopted;
 23. Whether PG&E's cost allocation related to Core Gas Supply Firm Storage proposals is reasonable and should be adopted;

24. Whether PG&E's Core Gas Supply Firm Storage proposals are consistent with the state's climate goals, including those goals reflected in SB 100 and SB 350;
25. How to mitigate any identified impacts of the Application on environmental and social justice communities, including the extent to which the Application impacts the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan;⁴ and
26. Whether the Application presents any safety issues and, if so, how to mitigate any identified safety considerations associated with the Application.

3. Need for Evidentiary Hearing

At the PHC, all parties agreed that evidentiary hearings are necessary. The parties' pleadings, the Report, and the discussion at the PHC support the conclusion that there are material disputed issues of fact. Therefore, I find that evidentiary hearings are necessary.

4. Schedule

The resolution of PG&E's GT&S CARD proposals in this proceeding depends upon the resolution of PG&E's GT&S revenue requirements and capacity forecasts proposals in PG&E's GRC A.21-06-021. As a result, the schedule in this proceeding must take into account and harmonize with the schedule already adopted in the GRC. The Scoping Memo in A.21-06-021, referencing the complexity of that proceeding with a vast amount of presented information and the need for multiple tracks, found that the proceeding may not be resolved within 18 months as set forth in Pub. Util. Code Section 1701.5 and

⁴ The Commission's Environmental and Social Justice Action Plan is available at <https://www.cpuc.ca.gov/news-and-updates/newsroom/environmental-and-social-justice-action-plan>.

therefore extended the statutory deadline to 24 months.⁵ Because the sequence of events in this proceeding must follow the schedule implemented in the GRC, I find that this proceeding may not be resolved within 18 months as provided in Pub. Util. Code Section 1701.5. Therefore, I extend the statutory deadline to September 30, 2023, 24 months after the initiation of this proceeding.

The following schedule is adopted and may be modified by the assigned Commissioner or the ALJ as required to promote the efficient and fair resolution of the Application:

Event	Date
Informal workshop to be conducted by PG&E with workshop notice to be served to all parties on proceeding service list by PG&E. Notice shall indicate that a Commissioner and/or their advisors may attend.	January 12, 2022
CARD supplemental testimony if needed and CARD update for GRC 1 Update and 2022 annual gas true-up present rates	March 18, 2022
Intervenor testimony and deadline to file motion for evidentiary hearings	May 20, 2022
Public participation hearings	June-August 2022 (dates to be determined)
Concurrent rebuttal testimony	July 29, 2022
Meet and confer pursuant to Rule 13.9	August 8, 2022
Evidentiary hearings and workshops if needed and discovery cutoff	September 2022 (dates to be determined)
Concurrent opening briefs	October 28, 2022
Concurrent reply briefs	December 9, 2022
Proposed Decision	3 rd Quarter 2023

⁵ A.21-06-021, *Assigned Commissioner's Scoping Memo and Ruling* at 12-13.

Final Decision	3 rd Quarter 2023
Implementation Advice Letters	To be determined
Rates Effective	To be determined

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁶

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

At the PHC, all parties agreed with the Commission's preliminary determination that this is a ratesetting proceeding. Therefore, the Commission's preliminary determination that this is a ratesetting proceeding is affirmed. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

⁶ <https://www.cpuc.ca.gov/proceedings-and-rulemaking/alternative-dispute-resolution>.

7. Public Outreach

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

8. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by January 14, 2022, 30 days after the PHC.

9. Response to Public Comments

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

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 1-866-849-8390 or 1-866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

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

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

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. However, due to the continuing impacts of COVID-19 and the fact that many individuals continue to work remotely, parties are directed to not provide a paper copy of documents on the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties shall serve all testimony on the assigned Commissioner's office. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

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

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents, and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

13. Assignment of Proceeding

Commissioner Darcie L. Houck is the assigned Commissioner and Peter Wercinski is the assigned ALJ and Presiding Officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is needed.
4. The Presiding Officer is Administrative Law Judge Peter Wercinski.
5. The category of the proceeding is ratesetting.

This order is effective today.

Dated January 5, 2022, at San Francisco, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck
Assigned Commissioner