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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Bear Valley Electric Service, Inc. (U913E) for Authority to, Among Other Things, Increase Rates and Charges, and Authorized Revenues, for Electric Service Effective January 1, 2023.

Application 22-08-010

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

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

1. Procedural Background

On August 30, 2022, Bear Valley Electric Service, Inc. (Bear Valley) filed this general rate case (GRC) Application to request, among other things, authority to increase general rates and energy supply charges, authority to implement additional programs and capital improvements, approval of an appropriate overall rate of return (which includes return on common equity, cost of debt, and capital structure), and authority to recover or implement revenue adjustments pertaining to memorandum and balancing accounts.

BVES is requesting \$50.28 million in revenue requirement for test year 2023, which represents a year-over-year increase of approximately \$10.5 million or 26.5% over the 2022 revenue requirement. In addition, BVES is requesting an annual increase in revenue requirement of \$2.2 million (or 4.5%) in 2024,

\$1.9 million (or 3.5%) in 2025, and \$2.9 million (or 5.4%) in 2026.

On October 3, 2022, the Public Advocates Office (Cal Advocates) filed a timely protest to the Application.

On October 11, 2022, BVES filed an amended application to additionally request that the Commission approve its proposed marginal cost analysis, proposed revenue allocation, and proposed electric rates.

On October 13, 2022, Snow Summit, LLC (Snow Summit) filed a protest to the amended application, concurrent with a motion to late-file protest. Snow Summit's motion to late-file protest was granted by the assigned Administrative Law Judge (ALJ) via an e-mail ruling issued on October 14, 2022.

A prehearing conference (PHC) was held on December 16, 2022 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.

On January 13, 2023, the assigned ALJ issued a ruling via e-mail directing BVES and Snow Summit to respond to additional questions regarding the scope of the proceeding. On January 20, 2023, BVES and Snow Summit filed responses to address the ALJ's questions.

After considering the Application, protests, reply to protests, discussion at the prehearing conference, and responses to the ALJ's questions, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

I have also determined that no environmental and social justice issues have been raised at this time.

2. Issues

The issues within the scope of this proceeding are:

1. Whether the proposed revenue requirements, including all operating and capital costs, for Test Year 2023, Test Year 2024, Test Year 2025 and Test Year 2026 are just and reasonable, and the Commission should authorize BVES to reflect those adopted revenue requirements in rates.
2. Whether the costs booked into the Fire Hazard Prevention Memorandum Account, the Fire Risk Mitigation Memorandum Account and the Wildfire Mitigation Plan Memorandum Account are just and reasonable; Whether the Commission should authorize BVES to recover those costs in the requested single, bundled wildfire surcharge of \$0.02294/kWh over a thirty-month period as being just and reasonable.
3. Whether the disposition of the memorandum and balancing accounts requested by BVES are just and reasonable and should be authorized by the Commission.
4. Whether the recovery through a Tier 1 advice letter of the forecasted cost of \$6,200,347 for replacement of the Radford Line is just and reasonable and should be authorized by the Commission.
5. Whether the amount of \$58,460,805 of costs and \$53,837,040 of revenues booked into the Supply Adjustment Account are valid and reasonable and the ending balance in the Supply Adjustment Account as of December 31, 2021 is an under-collection amount of \$1,399,094.
6. Whether the approval of the requested cost of capital mechanism for BVES is just and reasonable and should be authorized by the Commission.
7. Whether a rate of return of 9.05% based on a return on equity of 11.25%, a cost of debt of 5.51%, a long-term debt weight of 38.2% and a common equity weight of 61.8% are just and reasonable and should be authorized by the Commission.
8. Whether recovery of wildfire mitigation costs from April 1, 2022 through the effective date of new GRC rates

through a Tier 2 advice letter filing is just and reasonable and should be authorized by the Commission.

9. Whether the cost allocation and rate design for the test year and attrition post-test years are just and reasonable and should be authorized by the Commission.

3. Snow Summit's Request to Include Additional Issues

Snow Summit requests to include the following issues into the scope of the proceeding:¹

- a. Whether the proposal to distribute additional revenues resulting from "supplemental service" to all customers is just and reasonable.
- b. Whether the proposal to use the Base Revenue Requirement Adjustment Mechanism to distribute the revenues resulting from "supplemental service" is just and reasonable."
- c. Should the Post-Test Year ratemaking reflect revised revenues at marginal cost and revenue allocation as a result of increased sales from "supplemental service?"

Snow Summit requests that the rates on Schedule A5-TOU Primary reflect the increased sales and changes in BVES's marginal and average costs when the substation servicing Snow Summit begins operation, so that the A5-TOU Primary rate does not exceed BVES's costs of providing service on A5-TOU Primary.² Snow Summit is currently the only customer taking service on Schedule A5-TOU Primary.³

¹ Report of Results of Meet and Confer Regarding Schedule and Scope of Issues in GRC Proceeding at 3.

² Response of Snow Summit to ALJ Questions at 3-8.

³ Bear Valley Response to Questions Regarding Additional Issues Snow Summit Requests Be Included in Scope of Issues at 14.

BVES objects to the inclusion of these issues, stating that these issues were thoroughly litigated in BVES's previous 2018 GRC, Application 17-05-004, and were resolved in the final Decision (D.) 19-08-027. BVES argues that it is improper for Snow Summit to challenge the Commission's previous ruling on these issues in this application, particularly since there have been no changes in material facts or circumstances on these issues since the last GRC proceeding.⁴

It is appropriate for the Commission to consider whether the A5-TOU Primary rates reflect BVES's marginal costs and average costs during the test year and the post-test attrition years. In every GRC filing, the Commission reviews whether revenue allocation and rate design align with the Commission's ratemaking principles set forth in D.14-06-029. One of these ratemaking principles is to set rates based on marginal cost and cost causation principles.

Snow Summit's request for the Commission to consider whether A5-TOU Primary rates align with BVES's cost of service is subsumed in Issue #9 above, which is whether the cost allocation and rate design for the test year and attrition post-test years are just and reasonable and should be authorized by the Commission. As such, the issues that Snow Summit requests to be added are already in the scope of issues listed above.

4. Need for Evidentiary Hearing

The issues considered in this proceeding are potentially contested material issues of fact. Parties should be afforded an opportunity to present evidence on these issues. Accordingly, an evidentiary hearing is needed and scheduled as set forth in the proceeding schedule below.

⁴ Bear Valley Response to Questions Regarding Additional Issues Snow Summit Requests Be Included in Scope of Issues at 18-22.

5. Proceeding Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the application:

Event	Date
Public Participation Hearing (PPH)	May 9, 2023 at 5pm
Intervenors' prepared direct testimony served	May 26, 2023
Prepared rebuttal testimony served	June 16, 2023
List of Stipulated and Disputed Issues; Report of Meet and Confer	July 7, 2023
Evidentiary hearing	July 25-27, 2023 (via WebEx) 9:30am – 4:30pm
Opening briefs	August 18, 2023
Reply briefs [<i>matter submitted</i>]	September 8, 2023
Proposed decision	4 th Quarter of 2023

During the PHC, Cal Advocates states that, because of staffing constraints, it will not be able to effectively intervene and participate in this proceeding unless the service of intervenor direct testimony is delayed until May 26, 2023. Cal Advocates is the independent consumer advocate office at the California Public Utilities Commission, representing the interests of public utility customers.⁵ Cal Advocates' participation is crucial in ensuring that the interests of Bear Valley ratepayers are adequately represented in this proceeding. It is therefore reasonable to set the proceeding schedule in a manner that allows Cal Advocates to fully participate.

⁵ California Public Utilities Code Section 309.5

Snow Summit requests to serve testimony after Cal Advocates serve testimony. Because of the delay in the proceeding schedule, however, we cannot accommodate Snow Summit's request in this instance. Snow Summit, however, can provide comments to Cal Advocates' testimony in rebuttal testimony.

Pursuant to Rule 13.9, the parties shall meet and confer no later than 10 calendar days after the submission of rebuttal testimony. The purpose of the meet and confer is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or whether an evidentiary hearing is still needed. After the meet and confer, BVES, on behalf of the parties, shall file and serve a Report of the Meet and Confer to indicate whether an evidentiary hearing is still needed and include with the Report a list of issues that parties stipulate to or dispute.

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities (Pub. Util) Code Section 1701.5.

6. Public Participation Hearing (PPH)

The Commission will hold a one-day virtual public participation hearing (PPH) in May. Details, including log-in information and instructions for the members of public to comment, will be confirmed in a ruling to be issued later.

7. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (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 of Practice and Procedure and shall be served in writing.⁷ 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.

8. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination⁸ that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

9. 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.

10. 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

⁶ See D.07-05-062, Appendix A, § IV.O.

⁷ Henceforth, rules refer to the Commission's Rules of Practice and Procedure, unless indicated otherwise.

⁸ Resolution ALJ 176-3514 at 2.

compensation by January 16, 2023, the first business day since 30 days after the prehearing conference.

11. 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.

12. Public Advisor

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

13. 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 1.4.⁹

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

⁹ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

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.

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

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov 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.

14. 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.

15. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Elaine Lau 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. An evidentiary hearing is needed and scheduled in the Proceeding Schedule as set forth above.
4. The presiding officer is Administrative Law Judge Elaine Lau.
5. The category of the proceeding is ratesetting.

This order is effective today.

Dated February 8, 2023, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner