WORKSHOP: GENERAL RATE CASE CYCLE

Chuck Manzuk

January 11, 2017

Workshop: General Rate Case Cycle

Panel Topic

Challenges to the timely processing of GRCs within the current rate case plan.

Panel Question 1
SDG&E/SoCalGas

1) Does the current Rate Case Plan schedule allow sufficient time for the utilities, all intervening parties, and Commission staff to process GRC proceedings in a timely manner? If not, why not?

- » While the RCP, prior to RAMP, allowed 384 days from application to decision, in practice this has not been achieved for many years.
- » SMAP & RAMP – adds even more complexity for all parties, the extent of which is not yet fully known.
- » Adding more complexity to GRCs within the current rate case plan – almost guarantees delays.
- » Further, not all parties focus on adhering to the RCP schedule and often argue for delays (for various reasons) even in the initial Prehearing Conference phase of the proceeding. More time is almost always requested.
- » A 4 year cycle should allow more time to coordinate between SMAP, RAMP, and GRCs.

Timeline Example

Current 3 Year Cycle – Test Years										
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SEU	PG&E	SCE	**SEU**	PG&E	SCE	**SEU**	PG&E	SCE	**SEU**	PG&E

Illustrative 4 Year Cycle – Test Years										
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SEU	PG&E	SCE	--	**SEU**	PG&E	SCE	--	**SEU**	PG&E	SCE

Panel Question 2
SDG&E/SoCalGas

2) Are there ways to reduce the complexity of GRC proceedings and streamline GRC filings? What are they?

- Consider statewide resolution of broad issues rather than serial litigation in multiple GRCs.
- More efficient discovery, including use of the Master Data Request (MDR) – by all parties.

Panel Question 3
SDG&E/SoCalGas

3) What are other areas needing improvement within the current Rate Case Plan?

» There is not enough time to incorporate significant SED RAMP report findings (May-August) into the GRC applications (by September 1).

» Could require supplemental testimony or a delay beyond the September 1 filing date.

Panel Question 4
SDG&E/SoCalGas

4) Are there things the utilities or parties can do to assist the Commission to review GRC filings more efficiently? If so, what are they?

- » Utility hosted overview workshops on their filings. This seemed to be helpful to the Commission and parties in recent GRCs and RAMP filings.
- » Strongly encourage early settlement discussions.
- » Consistent use of the end of hearings comparison exhibit.

Workshop: General Rate Case Cycle

Panel Topic

Exploring the pros and cons of a 3-year vs 4-year GRC cycle.

Panel Question 1
SDG&E/SoCalGas

1) Does a 4-year GRC cycle relieve constrained resources issues? What resources would be freed up with the 4-year cycle that is currently constrained by the 3-year GRC cycle?

- Yes. 4-year GRC cycles provide relief for all constrained resources. Any overlaps in major GRC proceedings are particularly burdensome for parties who participate in ratemaking for more than one utility.

- For example, CPUC staff (including ORA, SED, the new Office of Safety Advocates, ALJ Division and the Energy Division) need to be engaged in all IOU GRC (including PG&E's GT&S) proceedings simultaneously, including the implementation, evaluation, discovery, hearing, and report writing phases.

- Utility resources are also freed up from needing to litigate a GRC every three years; maintain focus on operational and customer responsibilities.

- Even without adding the new safety reviews (SMAP & RAMP) into the GRC process, utilities' GRC filings have already become complex and voluminous – and subject to extended delays. More time is needed between GRCs to adequately address the new risk informed safety requirements.

Timeline Example

Current 3 Year Cycle – Test Years										
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SEU	PG&E	SCE	**SEU**	PG&E	SCE	**SEU**	PG&E	SCE	**SEU**	PG&E

Illustrative 4 Year Cycle – Test Years										
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SEU	PG&E	SCE	--	**SEU**	PG&E	SCE	--	**SEU**	PG&E	SCE

Panel Question 2

SDG&E/SoCalGas

2) What processes and/or procedures are improved with a 4-year GRC cycle? What other benefits does a 4-year GRC cycle bring?

» The 4 year cycle, on the whole, gives both the CPUC and the utilities more flexibility to prepare, review and implement the linked S-MAP, RAMP and GRC proceedings. This is new for everybody.

» Longer cycle means utilities are incented to pursue efficiencies with a 4 year payback, all of which are captured by ratepayers in historical baseline for future rates.

» A longer GRC cycle provides added certainty for the utilities and improves the utilities' ability to efficiently run utility operations, and execute on planned spending and investments.

Panel Question 3
SDG&E/SoCalGas

3) What issues does a 4-year cycle create that would not occur in a 3-year cycle?

Issue: It has been argued that 3 year cycles provide Commission with a more **regular review** of the IOUs risk based spending and decision making.

However, the new SMAP & RAMP accountability **reporting requirements are already in place** (mandatory reporting on actual vs. authorized and on risk reduction). Increased reporting demands by the Commission requires the utilities to do what they say they are going to do, or explain why not.

Issue: There is a minor mismatch of the Commission 3 year audit requirements and the GRC process.

ORA has already committed to the option to conduct utility audits, in the years between GRCs – in the event 4 year GRCs are adopted.

Panel Question 4
SDG&E/SoCalGas

4) Why should the Commission pursue or not pursue a 4-year GRC cycle? What assurances are there that a 4-year cycle wouldn't suffer the same delays as the 3-year cycle currently experience?

» While the Commission rejected the arguments about a four-year cycle, it did so under the assumption that Rate Case Plan schedules would be followed. This has not happened.

» The Commission must seriously consider its own budget, its own resource constraints, and its own docketing delays.

» Lengthening the GRC cycle to 4 years will help the Commission reduce delays and the problems caused by those delays.

» Such problems include uncertainty, which affects the utilities' ability to efficiently run utility operations, and execute on planned investments; hindering a utilities' ability to deploy new technologies; and shifting schedules that can impact safe operations.

» Longer cycle means utilities are incented to pursue efficiencies with a 4-year payback, all of which are captured by ratepayers in historical baseline for future rates.

» A 4 year cycle will avoid both overlaps and down years, recognizing the need to schedule the PG&E GT&S proceeding as well as PG&E GRC, SCE GRC, Sempra joint GRCs.