



CPUC Public Agenda 3390

Thursday, December 15, 2016 9:30 a.m.

San Francisco, CA



Commissioners:
Michael Picker, President
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Liane M. Randolph

www.cpuc.ca.gov





The Pledge of Allegiance



“I pledge allegiance to the Flag of the
United States of America,
and to the Republic for which it stands,
one nation under God,
indivisible,
with liberty and justice for all.”





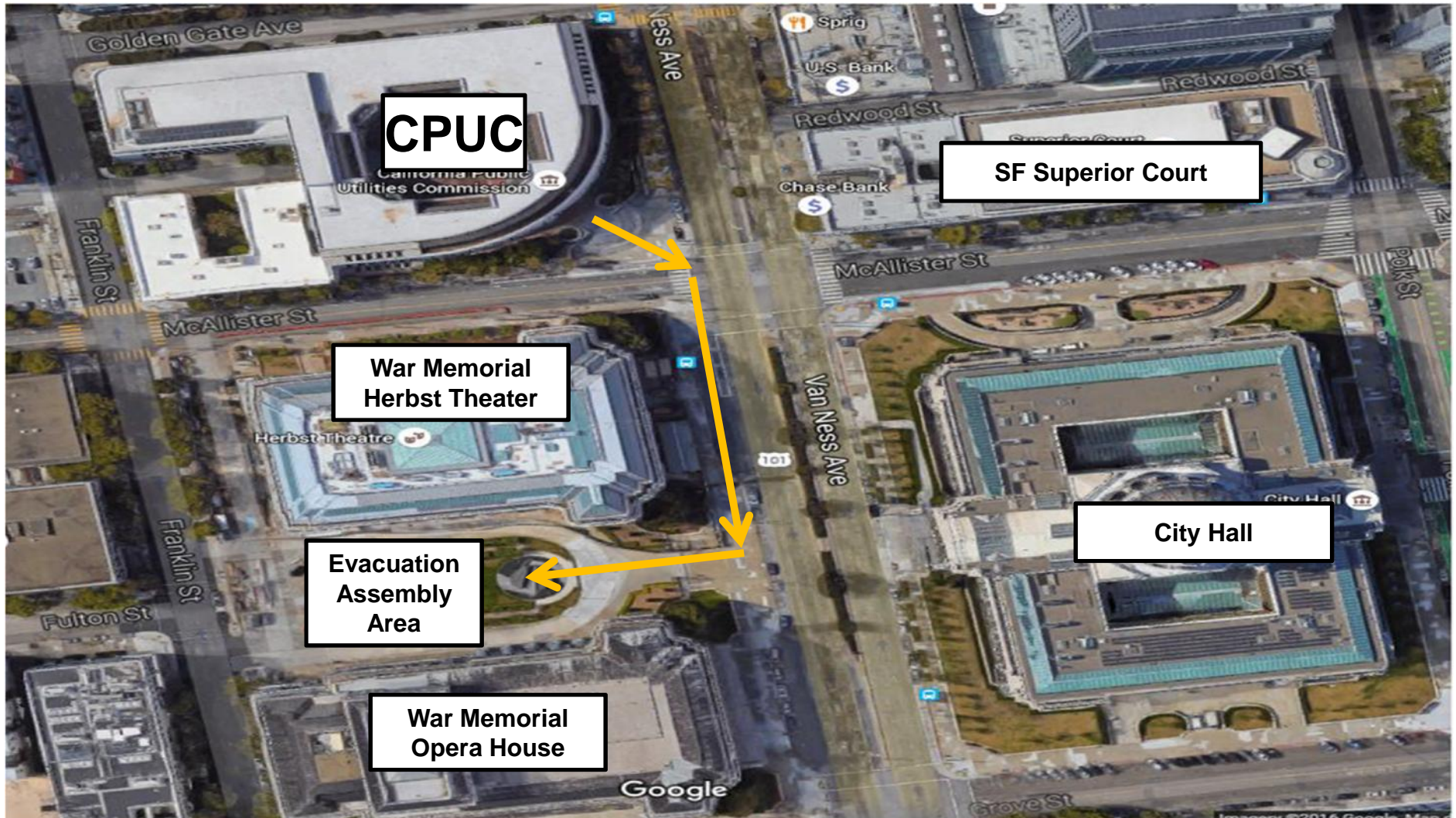
Emergency Evacuation

Safety is our number one priority:

Please listen to the emergency evacuation instructions for this location.



Evacuation Assembly Location





CPUC Mission

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services.





CPUC Core Values

Accountability
Excellence
Integrity
Open Communication
Stewardship





Commissioner Code of Conduct

- **I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.**
- **II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.**
- **III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.**
- **IV. Commissioners are public officials who should uphold the integrity of their office at all times.**





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

Public Comment is not permitted on the following items:

- **41, 63.**
- All items on the Closed Session Agenda





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- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
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Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are: 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 40, 41, 42, 43, 44, 45, 47, 48, 50, 51, 52, 53, 54.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- Item 59 from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- Items 10 and 22 have been moved to the Regular Agenda.
- Item 65 has been withdrawn.
- The following items have been held to future Commission Meetings:
Held to 1/19/17: 21, 22, 39, 46 and 49.





Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda – Energy Orders

Item # 10 [15332] – Competitive Solicitation Framework Working Group Report and Proposed Regulatory Utility Incentive Mechanism Pilot

R14-10-003

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning and Evaluation of Integrated Distributed Energy Resources.

Ratesetting

Comr Florio - Judge Hymes

PROPOSED OUTCOME :

- Adopts consensus recommendations from Competitive Solicitation Framework Working Group Report.
- Approves a regulatory utility incentive mechanism pilot.
- Adopts a 4 percent pre-tax incentive applied to the annual payment for distributed energy resources.

SAFETY CONSIDERATIONS :

- There is no direct safety impact.

ESTIMATED COST :

- Unknown at this time.





Regular Agenda – Communication Resolutions

Item # 22 [15357] – Performs a True-Up of Kerman’s Interim Rate Relief, and Orders the Company to Refund \$561,573.78 to California High Cost Fund-A

Res T-17531, Advice Letter 407 filed August 1, 2016 - Related matters.

PROPOSED OUTCOME :

- Adopts Kerman Telephone Company’s Advice Letter 407 and performs a true-up of interim rate relief, ordering the company to refund \$561,573.78 to the California High Cost Fund-A (CHCF-A) fund, in compliance with Decisions 16-02-022 and 16-06-053.

SAFETY CONSIDERATIONS :

- There are no safety considerations with this Resolution.

ESTIMATED COST :

- None; however \$561,573.78 will be refunded to the CHCF-A fund.





Resolution T-17531



Eric Van Wambeke
Acting Program Manager

California Public Utilities Commission

December 15, 2016





True-up Filing

- Decisions 16-02-022 and 16-06-053 respectively granted Kerman interim rate relief, “subject to true up and possible refund” and required Kerman to file a Tier 3 Advice Letter.
- This Resolution performs the true-up of Kerman Telephone Company’s interim rate relief, and orders the company to refund \$556,629.29 to the California High Cost Fund-A, in compliance with the above decisions.





Interim Relief Calculation

- In D.16-02-022, the Commission calculated the interim rate relief amount of \$1,112,373 by subtracting Kerman's 2008 revenue requirement of \$8,801,394, adopted in Resolution T-17081, from Kerman's proposed 2016 revenue requirement of \$9,913,767.

Kerman Telephone Company Interim Rate Relief True-up Calculation Interim Rate Relief Calculation		
Authorized	Test Year	Total Operating Revenue
Kerman Projected	2016	\$ 9,913,767.00
Res. T-17081	2008	\$ 8,801,394.00
Interim Rate Relief		\$ 1,112,373.00





Interim Payments

- Kerman received \$556,629.29 in interim relief from February through July 2016.

Calculation of Interim Rate Relief Kerman owes CHCF-A

Interim Rate Relief Decision 16-02-022: \$ 1,112,373.00
 Implementation date for Test Year 2016 Rates: 8/1/2016

Payments	Received Interim Rate Relief	Monthly Interim Rate Relief Payments
February	3/31/2016	\$ 92,697.75
March	4/27/2016	\$ 92,697.75
April	6/23/2016	\$ 92,697.75
May	6/28/2016	\$ 92,697.75
June	7/8/2016	\$ 92,697.75
July	7/30/2016	\$ 92,697.75
Total		\$ 556,186.50





True-up Tests

The Commission has prescribed two tests to determine if the interim rate relief received by Kerman is to be refunded to the CHCF-A.

- The first test is a comparison of the total revenue requirement.
- The second a comparison of the CHCF-A draw.
- In both instances, the tests result in the full refund of interim rate relief.





Revenue Requirement Comparison

Step 1--D.16-06-053, Ordering Paragraph 2:

“true-up the difference between interim rates, including 2016 California High Cost Fund-A support and interim rate relief”

Kerman Telephone Company Interim Rate Relief True-up Calculation Revenue Requirement		
Authorized	Test Year	Total Operating Revenue
D.16-06-053	2016	\$ 8,795,090.00
Res. T-17081	2008	\$ 8,801,394.00
Increase/(Decrease)		\$ (6,304.00)





CHCF-A Comparison

Step 2-- D.16-02-022, Ordering Paragraph 4:

“if the ultimate draw at the conclusion of the proceeding is larger than the interim draw, additional CHCF-A shall be available to make up the difference”

Kerman Telephone Company Interim Rate Relief True-up Calculation CHCF-A		
Authorized	2016	CHCF-A Draw
D.16-06-053	Ultimate	\$ 4,177,111
D.16-02-022	Interim	\$ 4,652,098
Increase/(Decrease)		\$ (474,987)





Kerman Methodology 1

Kerman Telephone Company Interim Rate Relief True up Calculation

	Payments (a)	True Up Amounts (b)	Interest (c)
1 Interim Relief Granted - (Total payments for six months)		\$ 556,187	\$ 5,319.61
2 CHCF-A increase granted (annual):			
Kerman Test Year 2016 D.16-06-053	\$ 4,177,111		
CHCF-A CY 2016 Resolution T-17505	\$ 3,539,724		
	<u>\$ 637,387</u>		
3 Local Service rate increases granted (annual)	<u>\$ 289,795</u>		
4 Total GRC change (annual) Line 2 + Line 3	\$ 927,182		
Monthly	\$ 77,265		
5 Total for Six Months (Line 4 monthly X six months)		\$ 463,591	\$ 7,645.39
6 True up amount (Column b => line 1 - line 5)		\$ 92,596	
7 Interest Rate adjustment (Column c => line 1 - line 5)		\$ (2,326)	
8 ARC true up from Company forbearance of amount > \$30		<u>\$ (76,335)</u>	
9 Net True up amount Due CPUC		<u>\$ 13,935</u>	





Kerman Methodology 2

	T-17505	D.16-02-022	D.16-06-053				
Annual	\$ 3,539,725	\$ 1,112,373	\$ 4,177,111				
Monthly	\$ 294,977.05	\$ 92,697.75	\$ 348,092.58				
	T-17505	D.16-02-022	D.16-06-053	Total Payment			
January	\$ 294,977.05			\$ 294,977.05			
February	\$ 294,977.05	\$ 92,697.75		\$ 387,674.80	\$ 348,092.58		
March	\$ 294,977.05	\$ 92,697.75		\$ 387,674.80	\$ 348,092.58		
April	\$ 294,977.05	\$ 92,697.75		\$ 387,674.80	\$ 348,092.58		
May	\$ 294,977.05	\$ 92,697.75		\$ 387,674.80	\$ 348,092.58		
June	\$ 294,977.05	\$ 92,697.75		\$ 387,674.80	\$ 348,092.58		
July	\$ 294,977.05	\$ 92,697.75		\$ 387,674.80	\$ 2,326,048.80	\$ 348,092.58	\$ 2,088,555.48
August *			\$ 348,092.58	\$ 348,092.58			
September			\$ 348,092.58	\$ 348,092.58			
October			\$ 348,092.58	\$ 348,092.58			\$ 2,326,048.80
November			\$ 348,092.58	\$ 348,092.58			\$ 2,088,555.48
December			\$ 348,092.58	\$ 348,092.58			\$ 237,493.32
	\$ 2,064,839.35	\$ 556,186.50	\$ 1,740,462.90	\$ 4,361,488.75			
				\$ 1,740,462.90			





Regular Agenda – Resolution

Item # 22 [15357] – Performs a True-Up of Kerman’s Interim Rate Relief, and Orders the Company to Refund \$561,573.78 to California High Cost Fund-A

Res T-17531, Advice Letter 407 filed August 1, 2016 - Related matters.

PROPOSED OUTCOME :

- Adopts Kerman Telephone Company’s Advice Letter 407 and performs a true-up of interim rate relief, ordering the company to refund \$561,573.78 to the California High Cost Fund-A (CHCF-A) fund, in compliance with Decisions 16-02-022 and 16-06-053.

SAFETY CONSIDERATIONS :

- There are no safety considerations with this Resolution.

ESTIMATED COST :

- None; however \$561,573.78 will be refunded to the CHCF-A fund.





Regular Agenda – Energy Orders (Continued)

Item # 55 [15153] – Application to Recover Pipeline Safety Costs

A14-12-016

Application of San Diego Gas & Electric Company and Southern California Gas Company to Recover Costs Recorded in their Pipeline Safety and Reliability Memorandum Accounts.

Ratesetting

Comr Peterman - Judge Mason

PROPOSED OUTCOME :

- Grants application from Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) to recover costs in pipeline safety and reliability memorandum accounts.
- Closes the proceeding.

SAFETY CONSIDERATIONS :

- SoCalGas and SDG&E's actions are consistent with the Commission's safety enhancement orders.

ESTIMATED COST :

- The cost associated with this application is \$33,586,780.





Regular Agenda – Energy Orders (Continued)

Item # 55a [15316] – COMMISSIONER FLORIO’S ALTERNATE TO ITEM 15153

A14-12-016

Application of San Diego Gas & Electric Company and Southern California Gas Company to Recover Costs Recorded in their Pipeline Safety and Reliability Memorandum Accounts.

Ratesetting

Comr Florio

PROPOSED OUTCOME :

- Conclusion of Law (COL) 4 in the Proposed Decision (PD) (now numbered as 2 in the Alternate) has been reworded to avoid the implication that competitive bidding is the only factor that is relevant to determining the reasonableness of costs.
- COL 22 in the PD has been removed because the Performance Partnership Program was not used for any of the projects included in this application.
- COL 27 in the PD (24 in the Alternate) has been modified so as to allocate PSEP costs functionalized as high pressure distribution by the marginal demand measures for high pressure distribution, and conforming changes were made to the associated text.

SAFETY CONSIDERATIONS :

- Southern California Gas Company and San Diego Gas & Electric Company’s actions are consistent with the Commission’s safety enhancement orders.

ESTIMATED COST :

- The cost associated with this application is \$33,586,780.





Regular Agenda – Energy Orders (Continued)

Item # 56 [15184]– Certificate of Public Convenience and Necessity Application Related to South Orange County Reliability Enhancement Project

A12-05-020

In the Matter of the Application of San Diego Gas & Electric Company for a Certificate of Public Convenience and Necessity for the South Orange County Reliability Enhancement Project.

Ratesetting

Comr Picker - Judge Farrar

PROPOSED OUTCOME :

- Denies application for requested project, grants Certificate of Public Convenience and Necessity for California Environmental Quality Act-approved alternative project.
- Closes the proceeding.

SAFETY CONSIDERATIONS :

- Approved project will ensure safe and reliable service to South Orange County.

ESTIMATED COST :

- Approximately \$91 million for construction of approved project.





Regular Agenda – Energy Orders (Continued)

Item # 56a [15185] – PRESIDENT PICKER'S ALTERNATE TO ITEM 15184

A12-05-020

In the Matter of the Application of San Diego Gas & Electric Company for a Certificate of Public Convenience and Necessity for the South Orange County Reliability Enhancement Project.

Ratesetting

Comr Picker

PROPOSED OUTCOME :

- Grants application for requested project.

SAFETY CONSIDERATIONS :

- Approved project will ensure safe and reliable service to South Orange County.

ESTIMATED COST :

- Maximum cost cap set at \$318 million for construction of approved project.





Regular Agenda – Energy Orders (Continued)

Item # 57 [15334] – Directing Pacific Gas and Electric Company to Establish an Electric Vehicle Infrastructure and Education Program

A15-02-009

In the Matter of the Application of Pacific Gas and Electric Company for Approval of its Electric Vehicle Infrastructure and Education Program.

Ratesetting

Comr Peterman - Judge Farrar

PROPOSED OUTCOME :

- Provides guidance and direction to Pacific Gas and Electric Company for its Electric Vehicle infrastructure and education program.
- Closes the Proceeding.

SAFETY CONSIDERATIONS :

- Program terms ensure the construction, installation and operation of electric vehicles sites. Complies with all applicable safety regulations and codes.

ESTIMATED COST :

- \$130 Million program cost recovered from ratepayers.





Regular Agenda – Communication Orders

Item # 58 [15370] – Decision on Rural Call Completion Issues, Other Call Completion Issues and Call Initiation Issues Including Lack of 911 Access and Dial Tone

I14-05-012

Order Instituting Investigation to Address Intrastate Rural Call Completion Issues.

Quasi-Legislative

Comr Sandoval - Judge Mason

PROPOSED OUTCOME :

- Orders carriers to engage in further investigative, program, and reporting efforts to promote service quality, telephone access, route diversity, and more efficient emergency services.
- Orders a Phase II to explore whether the Commission should order Carrier of Last Resort to report outages.
- Orders Consumer Protection and Enforcement Division to determine if an adjudicatory Order Instituting Investigation should be brought.

SAFETY CONSIDERATIONS :

- Updated investigative, program, and reporting efforts will promote greater public safety in the event of power outages or telephone accessibility issues.

ESTIMATED COST :

- Costs are unknown at this point.





Regular Agenda – Communication Resolutions and Reports

Item # 60 [15330] – General Rate Case Application of Golden State Water Company for 2016 to 2018 Period

A14-07-006

In the matter of the Application of the Golden State Water Company for an order authorizing it to decrease rates for water service by \$1,615,400 or -0.50% in 2016, to increase by \$10,280,800 or 3.21% in 2017; and increase by \$10,303,200 or 3.12% in 2018.

Ratesetting

Comr Picker - Judge Lirag

PROPOSED OUTCOME :

- Authorizes a \$296.547 million revenue requirement to Golden State Water Company (Golden State) for test year 2016, to operate and maintain its water systems. The authorized revenue requirement is \$22.755 million lower than Golden State request of \$319.302 million.
- Approves the partial settlement agreement between Golden State and the Office of Ratepayer Advocates.
- Closes the proceeding.

SAFETY CONSIDERATIONS :

- Provides the necessary funds for Golden State to maintain, replace, and improve its aging infrastructure, to continue to implement its pipeline management program, and to operate its water systems in a manner which provides safe and reliable service to its customers.

ESTIMATED COST :

- An decrease of \$26 million over the most current rates on record.





Regular Agenda – Order Extending Statutory Deadline

Item # 61 [15377] – Order Extending Statutory Deadline.

A12-05-020

In the Matter of the Application of San Diego Gas & Electric Company for a Certificate of Public Convenience and Necessity for the South Orange County Reliability Enhancement Project.

Ratesetting

Comr Picker - Judge Farrar

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until February 19, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Regular Agenda - Orders Extending Statutory Deadline (continued)

Item # 62 [15392] – Order Extending Statutory Deadline

I14-05-012

Order Instituting Investigation to Address Intrastate Rural Call Completion Issues.

Quasi-Legislative

Comr Sandoval - Judge Mason

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until March 6, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Regular Agenda - Orders Extending Statutory Deadline (continued)

Item # 63 [15395] – Order Extending Statutory Deadline

115-06-018

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Mesa-Crest Water Company with Respect to a Series of Financial Transactions, and Possible Threats to the Health and Safety of its Ratepayers.

Adjudicatory

Comr Sandoval - Judge Colbert

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until February 22, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Regular Agenda - Orders Extending Statutory Deadline (continued)

Item # 64 [15396] – Order Extending Statutory Deadline

A15-02-023

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Electric Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Retained Generation Fuel Procurement, and Other Activities for the Period January 1 through December 31, 2014.

Ratesetting

Comr Florio - Judge Roscow

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until February 23, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item # 66 [15322]

Management Report on Administrative Activities





Employee Recognition of CPUC Employees



Ryan Dulin

Deputy Executive Director

California Public Utilities Commission

December 15, 2016



Retirement

Danilo Sanchez - ORA Program Manager





Regular Agenda – Management Reports and Resolutions

Item # 66 [15322]

Management Report on Administrative Activities





Management Reports





The CPUC Thanks You For Attending Today's Meeting

**The Public Meeting is adjourned.
The next Public Meeting will be:**

**January 19, 2017 at 9:30 a.m.
in San Francisco, CA**

