

Decision 14-03-008 March 13, 2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012.

Application 10-12-005
(Filed December 15, 2010)

And Related Matter.

Application 10-12-006

**DECISION GRANTING MOTION TO ELIMINATE TOTAL FACTOR
PRODUCTIVITY STUDY FROM FUTURE GENERAL RATE CASE
PROCEEDINGS**

1. Summary

On January 22, 2014, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) filed a motion requesting the “elimination or waiver of the requirement to file a total factor productivity study as part of their general rate case (GRC) proceeding.” The two utilities request that the study be waived or eliminated because the studies that were prepared for these two consolidated proceedings were not a factor in these proceedings, and because the Commission has eliminated such studies for Southern California Edison Company, and Pacific Gas & Electric Company.

Today’s decision grants the motion to eliminate the requirement that the GRC application showings of SDG&E and SoCalGas include the total factor productivity studies.

2. Background

The motion of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) requests that the Commission eliminate or waive the requirement that total factor productivity (TFP) studies be included as supporting documentation in their next general rate case (GRC) proceeding, and in future GRCs. SDG&E and SoCalGas expect to file their Test Year 2016 GRC Notice of Intent in mid-2014, and request that their motion be granted in an expeditious manner.

SDG&E and SoCalGas contend that the TFP studies were not a factor in their Test Year 2012 GRC in Decision (D.) 13-05-010, and that D.13-05-010 did not discuss or even mention the TFP studies. They also contend that in the recent GRC proceedings for Southern California Edison Company (SCE) and Pacific Gas & Electric Company (PG&E) “the Commission found it reasonable to eliminate the TFP study requirement for those two utilities.” (Motion at 1.)

The TFP studies for SDG&E and SoCalGas have been included in their respective GRC proceedings since the late 1980s. According to SDG&E and SoCalGas, these TFP studies were included in their GRC showings as a result of the direction provided in D.85-12-108 (20 CPUC2d 115, 200), and D.86-12-095 (23 CPUC2d 149, 177-178, Conclusion of Law 15 at 276).

SDG&E and SoCalGas assert that “in recent years the Commission has recognized that these TFP studies are no longer useful or necessary and has removed the requirement to file them.” They cite to D.11-05-018¹ and to D.12-11-051 in which the Commission eliminated the TFP filing requirement for

¹ The motion of SDG&E and SoCalGas erroneously refers to D.11-05-016, instead of the correct citation of D.11-05-018.

PG&E, and SCE, respectively. SDG&E and SoCalGas contend that there are three reasons for eliminating or waiving the TFP studies from future GRC proceedings. The first reason is because the most recent GRC decision for SDG&E and SoCalGas, D.13-05-010, “did not discuss or even mention” the TFP study results. (Motion at 3.) Second, the Commission “has recognized that these TFP studies are no longer useful or necessary and has removed the requirement to file them” for PG&E and SCE in D.11-05-018 and D.12-11-051, respectively. (Motion at 2.) And third, SDG&E and SoCalGas contend that the “TFP study filing requirement is not a statutory requirement but is based on Commission precedent, [and] therefore it is well within the Commission’s discretion to waive or eliminate it.” (Motion at 3.) SDG&E and SoCalGas further contend that if there is a need for future TFP studies, that a party could raise this in any future GRC proceeding.

No one filed a response to the motion of SDG&E and SoCalGas.

3. Discussion

The TFP studies for SDG&E and SoCalGas, and the related work papers, were admitted into evidence in this proceeding as Exhibits 446 to 449. However, in the GRC decision for SDG&E and SoCalGas, D.13-05-010, the Commission did not reference or use any of these exhibits for its analyses of the issues in that decision.

The Commission has also eliminated the requirement that PG&E and SCE include TFP studies in their future GRC applications. For PG&E, the Commission adopted a settlement in D.11-05-018 which eliminated “the requirement in D.86-12-095 that requires PG&E to prepare total factor productivity studies....” (D.11-05-018, Attachment 1 at 19.) Similarly, the Commission also eliminated the requirement that “SCE submit a corporate productivity study with its GRC applications.” (D.12-11-051 at 610.)

In reviewing the TFP studies that were presented for SDG&E and SoCalGas in this proceeding, and our elimination of similar studies for PG&E and SCE, we agree with SDG&E and SoCalGas that their motion to eliminate the TFP studies from future GRC applications should be granted. Including the TFP studies in future GRC applications does not appear to promote any useful purpose since they are not tied to any kind of productivity adjustment that the Commission could impose on SDG&E and SoCalGas. Granting the motion to eliminate the TFP studies will also streamline the GRC application process for SDG&E and SoCalGas, and promote administrative efficiency by eliminating the inclusion of such studies as part of the utilities' GRC showings.

Accordingly, the January 22, 2014 motion of SDG&E and SoCalGas to eliminate or waive the requirement of filing a TFP study as part of their future GRC proceedings should be granted. Parties are free, however, to raise the argument that TFP studies should be included as part of the showings of SDG&E and SoCalGas in future GRC proceedings.²

4. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

² If a party seeks to include a TFP study as part of the GRC showing of SDG&E and SoCalGas, the party should explain how such a study could be used to affect or measure the issue(s) being litigated in the GRC.

5. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and John S. Wong is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. On January 22, 2014, SDG&E and SoCalGas filed a motion to eliminate or waive the requirement that a total factor productivity study be included as part of their general rate case proceedings.

2. In D.13-05-010, the Commission did not reference or use any of the TFP exhibits for its analyses of the issues in the GRC decision for SDG&E and SoCalGas.

3. The Commission eliminated the requirement that productivity studies be included as part of the GRC showings of PG&E and SCE in D.11-05-018 and D.12-11-051, respectively.

Conclusions of Law

1. Requiring SDG&E and SoCalGas to continue to include TFP studies in their future GRC applications does not appear to promote any useful purpose because they are not tied to any kind of productivity adjustment that the Commission could impose on SDG&E and SoCalGas.

2. Granting the motion to eliminate the TFP studies will streamline the GRC application process for SDG&E and SoCalGas, and promote administrative efficiency.

3. The January 22, 2014 motion of SDG&E and SoCalGas to eliminate or waive the requirement to include TFP studies as part of their GRC applications should be granted.

O R D E R

IT IS ORDERED that:

1. The January 22, 2014 motion of San Diego Gas & Electric Company and Southern California Gas Company for the elimination or waiver of the requirement to file total factor productivity studies as part of their general rate case proceedings, is granted.

2. Total factor productivity studies are no longer required as part of the general rate case showings of San Diego Gas & Electric Company and Southern California Gas Company.

3. Parties are free to raise the argument that total factor productivity studies should be included in future general rate case proceedings of San Diego Gas & Electric Company and Southern California Gas Company.

4. Application (A.) 10-12-005 and A.10-12-006 remains open.

This order is effective today.

Dated March 13, 2014, at San Francisco, California.

MICHAEL R. PEEVEY

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

MICHAEL PICKER

Commissioners