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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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P2107012

Petition of the City and County of San Francisco for a Valuation of Certain Pacific Gas & Electric Company Property Pursuant to Public Utilities Code Sections 1401-1421.

Petition 21-07-012

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling (Scoping Memo) sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Background

On July 27, 2021, the City and County of San Francisco (San Francisco) filed this Petition pursuant to Public Utilities Code Sections 1401-1421¹ requesting valuation of property owned by Pacific Gas and Electric Company (PG&E) that are used to provide electric service to customers in San Francisco. San Francisco expressed intent to acquire said property pursuant to § 1403.

¹ Sections 1401-1421 entitled "Determination of Just Compensation for Acquisition of Utility Properties," are contained in Chapter 8, Part 1, Division 1 of the Public Utilities Code (hereafter referred to as the "Just Compensation Statute"). All statutes referred to herein are from the Public Utilities Code unless otherwise noted.

On September 2, 2021, a motion for party status was filed by the Public Advocates Office (Cal Advocates). The motion was granted on September 7, 2021.

On September 14, 2021, PG&E filed a motion for the Commission to exercise discretion to decline to entertain the Petition. San Francisco filed a Response on October 1, 2021, opposing PG&E's motion while the Coalition of California Utility Employees (CUE) filed a Response on the same day supporting PG&E's motion. PG&E filed a Reply on October 11, 2021. PG&E's motion is currently pending review.

On September 29, 2021, CUE filed a motion for party status. This motion was granted on the same day.

On October 28, 2021, the Commission issued an Order to Show Cause pursuant to § 1405 directing PG&E to appear before the Commission and to show cause, if it has any, why the Commission should not proceed to hear the petition.

Prehearing conference (PHC) statements were filed by PG&E and San Francisco on December 7, 2021.

On December 14, 2021, a PHC via WebEx was held to gather information about the scope, schedule, and other procedural matters. PG&E's presence at the PHC and participation in discussions of proposed issues constitutes compliance with the October 28, 2021, Order to Show Cause. At the PHC, discussions were also made concerning costs relating to this proceeding that the Commission may incur pursuant to § 1409.

2. Scope

During the PHC, PG&E proposed to include public interest issues relating to the acquisition of its assets (Section 851 Review), prior to the consideration of

just compensation. However, after review and careful consideration, this ruling finds that the scope of this proceeding should only consider the specific issues included relating to a Section 851 review. In addition, resolution of the Section 851 review need not occur prior to resolution of the valuation issues. The Petition only requests valuation of the assets and only an intent to acquire pursuant to § 1403 was expressed by San Francisco. Therefore, based on the application, PHC statements, and discussions during the PHC, the scope of issues to be addressed are as follows:

1. The amount of just compensation that San Francisco should pay to acquire the assets of PG&E that are used to provide electric service to San Francisco customers;
2. The list of assets that should be acquired;
3. The valuation method that should be used to determine the amount of just compensation;
4. Additional costs, if any, that the city should pay other than asset costs;^{2,3}

² We note that PG&E's PHC Statement, on page 4, lists the following costs, some of which may be non-asset costs, some of which may be severance damages and some of which may be within the scope of a future Section 851 review, " • The valuation of PG&E's assets identified in the Petition. • The valuation of other related assets not identified in the Petition that CCSF would be acquiring. • The increased costs to PG&E's gas customers due to the loss of synergies between gas and electric service. • The costs PG&E would incur to develop assets and systems outside San Francisco to replace assets within the city that are currently used to support load outside the city. • The loss of value of PG&E assets outside San Francisco that are used to support load within the city. • Costs of separating the assets CCSF would acquire from remaining PG&E assets. • Departing load charges." Departing load charges, we observe, may include existing departing charges that CCSF customers are paying today and other costs that may need to be levied prospectively via new departing load charges.

³ We note that PG&E's PHC statement on page 3 also lists the following issues, some of which may be non-asset costs, some of which may be severance damages, and some of which may be within the scope of a future Section 851 review: " • The inefficiency and operational impacts of separating PG&E's gas and electric assets and services within San Francisco. • The negative impact on customers outside San Francisco resulting from the inability to spread wildfire mitigation costs throughout PG&E's service territory. • The diversion of PG&E's resources

Footnote continued on next page.

5. Whether severance damages should be paid pursuant to Pub. Util. Code § 1411⁴ and the amount therefore;
6. The scope of Commission review required by Pub. Util. Code § 851, including:
 - a. Whether the Commission has jurisdiction to require a § 851 application in the event of CCSF's successful condemnation of PG&E's electric service assets in San Francisco;
 - b. The appropriate timing and process to complete the Commission's § 851(b) review if CCSF proceeds to seek condemnation of PG&E's electric service assets in San Francisco; and
 - c. Whether such review includes review of wildfire mitigation costs, or other additional costs.⁵
7. Whether the Petition aligns with or impacts the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan; and
8. Other related matters.

The Commission intends to retain a third-party consultant(s), to assist in assessing proposed valuation amounts and developing a final just compensation

from a focus on public and workforce safety. •The risks to electric customers within San Francisco arising from CCSF's lack of experience in operating a large electric transmission and distribution system, particularly to the extent CCSF is unable to attract and retain sufficient numbers of qualified employees and managers. • The costs and risks to electric customers within San Francisco arising from CCSF's smaller scale, such as reduced ability to mitigate operational risks and to respond to emergencies. •The impact on integrated resource planning (including capacity, local reliability, and distributed energy resources), the enforcement of the State's renewable energy goals, and the achievement of other policy goals, given that the acquisition would divest the Commission of its jurisdiction over the provision of electrical service in San Francisco. • CCSF's projected operating costs and the resulting impact on rates charged to San Francisco customers, including low-income customers. •The reduction in state and local tax revenues, including income and property taxes."

⁴ Section 1411 states, "If the commission finds that severance damages should be paid, the just compensation for such damages shall be found and stated separately."

⁵ See footnotes 2 and 3 *supra*.

sum, and, if applicable, severance damages sum. Pursuant to Pub. Util. Code § 1409, San Francisco shall pay the costs incurred by the Commission for the services of such consultant(s). San Francisco should contact the Commission's Energy Division to get a better understanding of the costs that the Commission will likely incur which San Francisco must eventually be responsible for.

3. Schedule

The following schedule is adopted but may be modified by the assigned Commissioner or assigned Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of these proceedings.

The schedule includes the filing of briefs that will provide necessary information regarding the § 851 issues (referred to as "Section 851 Brief"). Parties shall file briefs as scheduled below and discuss the scope of Commission review required by Pub. Util. Code § 851 in relation to a condemnation of PG&E's electric service assets in San Francisco. The briefs shall also discuss the timing, process, and other related matters associated with a § 851 review.

Event	Date
Section 851 Brief (Issue 6)	July 2022
Replies to Section 851 Brief (Issue 6)	August 2022
City Opening Testimony	November 14, 2022
PG&E Opening Testimony	January 17, 2023
City Rebuttal Testimony	February 17, 2023
Hearings	March 20-31, 2023
Opening Briefs	April 24, 2023
Reply Briefs	May 15, 2023
Proposed Decision issuing Draft Valuation	August 15, 2023
Comments	September 15, 2023
Reply Comments	September 22, 2023
Final decision	4 th Quarter 2023

The proceeding will stand submitted upon the filing of Reply briefs. The assigned Commissioner or ALJ may adjust the above proceeding schedule and may require further evidence or argument, if necessary.

4. Category of Proceeding, Hearings, and *Ex-Parte* Restrictions

This ruling confirms the Commission’s determination that this proceeding shall be categorized as ratesetting.

Ratesetting proceedings have an 18-month statutory deadline pursuant to § 1701.5(a), except as specified in § 1701.5(b). Pursuant to § 1701.5(b) this proceeding will extend beyond 18 months due to the complexity of issues presented and the need to retain consultants

For this proceeding, *ex parte* communication rules are restricted and must be reported under Article 8 of the Commission’s Rules.

The need for evidentiary hearings was discussed during the PHC and parties agree that evidentiary hearings shall be necessary and are included in the schedule.

5. Public Outreach

Pursuant to Pub. Util. Code § 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. The newsletter is served on communities and businesses that subscribe to it and is posted on the Commission's website.

6. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), an intervenor who intends to seek an award of compensation must have filed and served a notice of intent to claim compensation within 30 days after the PHC.

7. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. (*See* Pub. Util Code § 1701.1(g).) Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the docket card for the proceeding.

8. 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 1-415-703-2074 or 1-866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

9. 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.

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.

10. 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 e-mails 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.

11. Assignment of Proceeding

Commissioner John Reynolds is the assigned Commissioner and Rafael Lirag is the assigned ALJ for the proceeding.

IT IS ORDERED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of the proceeding is set forth above and is adopted.
3. Evidentiary hearings are tentatively scheduled as described above and shall be formally scheduled in a subsequent ruling.
4. The category of the proceeding shall be ratesetting.
5. *Ex-Parte* rules as set forth in Rules 8.1-8.5 of the Commission’s Rules of Practice and Procedure, and Public Utilities Code § 1701.3(c) shall apply.
6. Within sixty days from the date of this ruling, parties shall file briefs not exceeding 50 pages in length, that discuss Issue 6, *i.e.*, the scope of Commission review required by Public Utilities Code § 851 in relation to a condemnation of Pacific Gas and Electric Company’s electric service assets in San Francisco, as well as the timing, process and other matters associated with such review.

Replies not exceeding 25 pages in length shall be due within three weeks after the filing of the briefs.

7. The assigned Commissioner or assigned Administrative Law Judge may modify the schedule, as required to promote the efficient and fair resolution of the proceedings.

This order is effective today.

Dated June 24, 2022, at San Francisco, California.

/s/ JOHN R.D. REYNOLDS
John R.D. Reynolds
Assigned Commissioner