

CPUC Public Agenda 3420 Thursday, July 26, 2018 9:30 a.m. Sacramento, CA



Commissioners: Michael Picker, President Carla J. Peterman Liane M. Randolph Martha Guzman Aceves Clifford Rechtschaffen

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.





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:

- <u>4, 27, 29, 33, and 34</u>
- 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.
- 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.

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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: <u>1, 2, 5, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23.</u>
- 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.
- **<u>No Item</u>** 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.
- **<u>No Item</u>** has been moved to the Regular Agenda.
- **<u>No Item</u>** has been withdrawn.
- The following items have been held to future Commission Meetings:

Held to 8/9/18: 3, 4, 6, 8, 26, 26A, 27, 35, 36, 37, 38, 39, and 40.





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: <u>www.cpuc.ca.gov</u>.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda- Energy Orders

Item # 24 [16628] – Settlement Agreement on Cost Recovery Issues Associated with the Premature Closure of the San Onofre Nuclear Generating Station Units 2 and 3

I12-10-013, A.13-01-016, A.13-03-005, A.13-03-013, and A.13-03-014 - Related matters. Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas and Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3. Consolidated applications include Southern California Edison Company.

Ratesetting

Comr Picker – Judge Houck

PROPOSED OUTCOME :

• Adopts a modified settlement agreement among parties that resolves all outstanding issues regarding the cost recovery for the premature closure of San Onofre Nuclear Generating Station (SONGS) Units 2 and 3.

SAFETY CONSIDERATIONS :

• There are no safety considerations associated with this decision.

ESTIMATED COST :

 Shifts cost recovery for premature closure of SONGS in favor of Southern California Edison Company and San Diego Gas & Electric Company Ratepayers; creates a cost savings for ratepayers of roughly \$750 million excluding any loss of offset to ratepayers for future sale of nuclear fuel that will be retained by Southern California Edison.



Regular Agenda- Energy Resolutions and Written Reports

Item # 25 [16303] – Approval of a Materially Modified Combined-Heat-and-Power Purchase Tolling Agreement Between Southern California Edison Company and Atlantic Midway Ventures, LLC

Res E-4916, Advice Letter 3700-E filed November 20, 2017 - Related matters.

PROPOSED OUTCOME :

• Approves an Agreement between Southern California Edison Company (SCE) and Atlantic Midway Ventures, LLC (AMV).

SAFETY CONSIDERATIONS :

• The terms of the Agreement state AMV must operate and maintain the facility within the terms of prudent electrical practices.

ESTIMATED COST :

• The cost of the Agreement is confidential.





Resolution E-4916 Agreement between Southern California Edison (SCE) and Atlantic Midway Ventures, LLC

Ed Randolph

Energy Division

July 26, 2018





Summary of Resolution E-4916

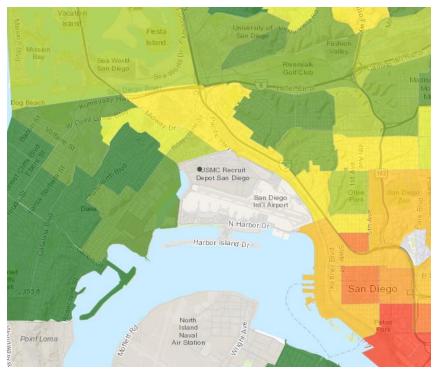
- SCE filed AL 3700-E to satisfy the GHG reduction targets (0.0291 MMT GHG credits), established in the CHP Settlement (D.10-12-035).
- The CHP Settlement mandates both megawatt procurement and GHG emissions reduction targets.
- The Resolution approves Advice Letter 3700-E, which seeks approval of an agreement for the purchase of energy, capacity, and all related products between SCE and Atlantic Midway Ventures, LLC.





Summary of AMV Agreement

- AMV is negotiating a traditional land-lease agreement with the Department of Defense to secure the Marine Corps Recruit Depot (MCRD) facility.
- The MCRD is a 24.7 gas turbine facility that originally provided steam and heat services to the Marine Corps.
- Opened in 1989, it will convert from baseload to a Utility Prescheduled Facility and will receive GHG reduction credits as a result of reduced run time.







Summary of SCE's Progress towards CHP Settlement Targets

- SCE has already met MW targets for the CHP Settlement program, and thus only seeks GHG reduction credits toward its target under the Agreement with AMV.
- Approval of the AMV Agreement will bring SCE's total approved GHG reductions to 0.83 MMT out of the 1.23 MMT target.





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• The terms of the Agreement state AMV must operate and maintain the facility within the terms of prudent electrical practices.

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Regular Agenda- Water/Sewer Resolutions and Reports Item # 26 [16577] – OPTION A - San Gabriel Valley Water Company to Amortize the Under-Collected Balances Contained in its Drought Lost Revenue and Drought Surcharge Revenue Memorandum Accounts for Los Angeles and Fontana Divisions Res W-5169, Advice Letter (AL) 507-W and AL 508-W filed December 8, 2017

PROPOSED OUTCOME :

- Approves San Gabriel Valley Water Company's (San Gabriel) Advice Letter (AL) 507-W and AL 508-W.
- San Gabriel shall, within five days of the effective date of this resolution, supplement AL 507-W and AL 508-W, incorporating the revised rate schedules attached to this Resolution as Appendix A and Appendix B.
- Authorizes San Gabriel's Los Angeles Division to recover the net under collection balance of \$3,532,149, and Fontana Division's net under collection balance of \$3,586,304, the net of the Drought Lost Revenue Memorandum Account and the Drought Surcharge-Revenue Memorandum Account balances as of November 30, 2017.
- Closes San Gabriel's Drought Lost Revenue Memorandum Account and Drought Surcharge Revenue Memorandum Account.

SAFETY CONSIDERATIONS :

• The resolution provides adequate revenues to the utility so that it can provide safe and reliable water service to its customers and meet all applicable water quality standards set forth by the State Water Resources Control Board.

ESTIMATED COST :

- \$3,532,149 or a surcharge of \$0.2946 per Ccf for a period of 12-months for the Los Angeles Division.
- \$3,586,304 or a surcharge of \$0.1254 per Ccf for a period of 24-months for the Fontana Division.





Regular Agenda- Water/Sewer Resolutions and Reports

Item # 26A [16636] – OPTION B - Order Denying San Gabriel Valley Water Company's Request to Amortize the Under-Collected Balances Contained in its Drought Lost Revenue Memorandum Account and in its Drought Surcharge Revenue Memorandum Accounts for its Los Angeles and Fontana Divisions

Res W-5169, Advice Letter (AL) 507-W and AL 508-W filed December 8, 2017

PROPOSED OUTCOME :

- Denies San Gabriel Valley Water Company's (San Gabriel) requests in Advice Letter (AL) 507-W and AL 508-W.
- Rejects AL 507-W and AL 508-W without prejudice.
- San Gabriel shall report on the balances in its Drought Lost Revenue Memorandum Accounts and the Drought Surcharge-Revenue Memorandum Accounts for its Fontana and Los Angeles Divisions in the Company's forthcoming general rate case proceeding scheduled to be filed January 1, 2019.
- San Gabriel shall also propose adjustment to its rates for the reported balances in the context of its general rate case proceeding.

SAFETY CONSIDERATIONS :

• The resolution provides adequate revenues to the utility so that it can provide safe and reliable water service to its customers and meet all applicable water quality standards set forth by the State Water Resources Control Board.

ESTIMATED COST :

• Not applicable.





Resolution W-5169 San Gabriel Valley Water Company Drought Lost Revenue Memorandum Account

Option

В

- Under-collection Balance
 - Los Angeles: **\$3,532,149** or 4.9%
 - Fontana: \$3,586,304 or 5.1%

Option

A

Authorizes Recovery

Effective July 2018

Surcharges (per ccf)

- LA: \$0.2946 for 12 mo.
- Fontana: \$0.1254 for 24 mo.

Avg Monthly Bill Impacts

- LA: \$4.12
- Fontana: \$2.38

Additional rate adjustment in between GRCs

Defers Recovery

Comprehensive review in 2019 GRC

Effective TY 2020

Interest Build-Up of 2 Years

- Balances will increase by about \$10,000 each

Larger rate impact from GRC





Resolution W-5169 San Gabriel Valley Water Company Drought Lost Revenue Memorandum Account

- Rate Adjustments since last GRC (TY 2017)
 - Los Angeles: **5**
 - 3 Increases & 2 Decreases
 - Total net increase of typical customer's monthly bill: **\$6.39**
 - Fontana: 8
 - 5 Increases & 3 Decreases
 - Total net increase of typical customer's monthly bill: \$8.62
- Standard Practice U-40-W Drought Procedures
 - Allows for recovery outside of GRC
 - Ultimately as directed or authorized by Commission





Regular Agenda- Water/Sewer Resolutions and Reports Item # 26 [16577] – OPTION A - San Gabriel Valley Water Company to Amortize the Under-Collected Balances Contained in its Drought Lost Revenue and Drought Surcharge Revenue Memorandum Accounts for Los Angeles and Fontana Divisions Res W-5169, Advice Letter (AL) 507-W and AL 508-W filed December 8, 2017

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Regular Agenda- Water/Sewer Resolutions and Reports

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SAFETY CONSIDERATIONS :

• The resolution provides adequate revenues to the utility so that it can provide safe and reliable water service to its customers and meet all applicable water quality standards set forth by the State Water Resources Control Board.

ESTIMATED COST :

• Not applicable.





Regular Agenda- Orders Extending Statutory Deadline Item # 28 [16665] – Order Extending Statutory Deadline

A.17-01-023

Joint Application of Nextera Energy Transmission West, LLC and Pacific Gas and Electric Company for Permits to Construct the Estrella Substation and Paso Robles Area Reinforcement Project.

Ratesetting

Comr Rechtschaffen - Judge Ayoade

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until August 31, 2020.

SAFETY CONSIDERATIONS :

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

ESTIMATED COST :





Regular Agenda- Orders Extending Statutory Deadline (Continued)Item # 29 [16679] – Order Extending Statutory DeadlineC.17-08-002Joseph Figeras and Tammy Figeras vs. Pacific Gas and Electric Company.AdjudicatoryComr Rechtschaffen - Judge Miles

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until March 8, 2019.

SAFETY CONSIDERATIONS :

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

ESTIMATED COST :





Regular Agenda- Orders Extending Statutory Deadline (Continued) Item # 30 [16681] – Order Extending Statutory Deadline

R.15-02-020

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Ratesetting Comr Rechtschaffen - Judge Atamturk - Judge Mason

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until February 4, 2019.

SAFETY CONSIDERATIONS :

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

ESTIMATED COST :





Regular Agenda- Orders Extending Statutory Deadline (Continued) Item # 31 [16682] – Order Extending Statutory Deadline

A.17-02-001

In The Matter of the Application of Southern California Edison Company for Authority to Lease Certain Fiber Optic Cables to Cello Partnership D/B/A Verizon Wireless under the Master Dark Fiber Lease Agreement Pursuant to Public Utilities Code Section 851.

Ratesetting

Comr Rechtschaffen - Judge Yacknin

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until November 3, 2018.

SAFETY CONSIDERATIONS :

• There are no safety considerations associated with this decision.

ESTIMATED COST :

• There are no costs associated with this decision.





Regular Agenda- Orders Extending Statutory Deadline (Continued) Item # 32 [16684] – Order Extending Statutory Deadline

A.16-10-020 Application of San Pablo Bay Pipeline Company LLC for authority, pursuant to Public Utilities Code Section 455.3, to increase its rates for pipeline transportation services within California. Ratesetting Comr Rechtschaffen - Judge Bemesderfer

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until February 8, 2019.

SAFETY CONSIDERATIONS :

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

ESTIMATED COST :





Regular Agenda- Orders Extending Statutory Deadline (Continued)Item # 33 [16688] – Order Extending Statutory DeadlineC.17-08-007Radiant BMT, LLC, vs. Southern California Edison CompanyAdjudicatoryComr Peterman - Judge DeAngelis

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until August 8, 2019.

SAFETY CONSIDERATIONS :

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

ESTIMATED COST :





Regular Agenda- Orders Extending Statutory Deadline (Continued) Item # 34 [16691] – Order Extending Statutory Deadline

C.17-08-003, C.18-01-005 - Related matters.

Pacific Bell Telephone Co. d/b/a AT&T California vs. TruConnect Communications, Inc. f/k/a Telscape Communications, Inc. and Blue Casa Telephone, LLC.

Adjudicatory

Comr Rechtschaffen - Judge Haga

PROPOSED OUTCOME :

• Extends the statutory deadline for completion of this proceeding until April 4, 2019.

SAFETY CONSIDERATIONS :

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

ESTIMATED COST :





Commissioners' Reports















Management Reports







Regular Agenda – Management Reports and Resolutions

Item # 41 [16671]

Report and Discussion on Recent Consumer Protection and Safety Activities





GSRB Safety Assurance – Pipeline Construction Inspections



Ha Nguyen Construction Process Owner Gas Safety Branch Safety and Enforcement Division California Public Utilities Commission





GSRB Mission

"To ensure that intrastate natural gas and liquefied petroleum gas (LPG) pipeline systems are designed, constructed, operated, and maintained according to safety standards set by the CPUC and the federal government"





Construction Process Owner Roles and Responsibilities

- Oversight of Gas Pipeline Construction Projects
- Develop/Implement Inspection Procedures
- Schedule Field Inspections
- Conduct Safety Assurance Inspections
- Oversight of GSRB Inspections, Reports, Corrective Actions and Enforcement





Statewide Design and Construction of Gas Pipelines:

- PG&E Pacific Gas and Electric
- SEMPRA
 - SCG Southern California Gas
 - SDG&E San Diego Gas and Electric
- SWG Southwest Gas





Pipeline Safety Enhancement Program (PSEP)

- Hydrostatic Test: 1115 pipeline miles
 - Failures: 12 Ruptures & 18 Leaks
- Replacement: 270 pipeline miles
- Valves Automation: 298





PG&E

- 2017 General Transmission Construction and Pipeline Integrity
 Capital and O&M (operation and maintenance)
 - Hydrostatic Test: 252.9 pipeline miles
 - Failures: 2 ruptures & 1 leak
 - Replacement: 43.3 pipeline miles
 - In Line Inspection (ILI): 308.8 pipeline miles





Jurisdictional Metrics SEMPRA

- Pipeline Safety Enhancement Program (PSEP)
 - Hydrostatic Test: 93.4 pipeline miles
 - Replacement: 89.3 pipeline miles
 - > Remaining:
 - Phase 1A: 22.7 miles (Test: 19.9; Replace: 2.75)
 - Phase 1B: 178.1 miles (Test: 2.6; Replace: 175.5)
 - Phase 2A: 700 miles approximately





SEMPRA

- ✤ 2017 O&M and Pipeline Integrity
 - > ILI (In Line Inspection):
 - SCG: 177 pipeline miles
 - SDG&E: 30 pipeline miles





SOUTHWEST GAS (SWG)

PSEP – Pipeline Safety Enhancement Program

- Hydrostatic Test: N/A
- Replacement: 7.1 miles
- > PSEP completed on December 30, 2015

SWG's transmission pipeline was replaced with approximately 7.3 miles of newly installed high pressure distribution pipeline.





Construction Inspection Goals

- Weekly Inspection Assure all steps of construction and testing meet safety standards and regulations
 - Procedures
 - Hydrotest
 - □ Welding
 - □ Non Destructive Exam (NDE)
 - Qualifications of Testers/Welders/Welding Inspectors/NDE technicians
 - Material Management
 - Transportation
 - Storage
 - Handling
 - Material Traceability





GSRB Inspection Metrics

- Average field inspections:
 - General Pipeline Construction:
 - Three (3) Transmission Construction Jobs and Three (3) Distribution Construction Jobs weekly
 - Hydrotest/Dig/Replacement under TIMP/DIMP (Transmission/Distribution Integrity Management Plan):
 - Three (3) TIMP and (3) DIMP monthly





- SED mandated each Operator to establish detail QA/QC Plan in addition to its written Gas Pipeline Construction Standards and Procedures for all PSEP projects
 - QA: verify scope of work, design, schematic issued for construction are followed throughout construction processes, from conceptual design to manufacturing of the Line pipe
 - QC: independent field compliance inspections by GSRB's Engineers and the Gas Operators' personnel during construction
- GSRB inspects the Gas Operators' QA/QC Plans, Construction Records and performs field verification



Operators' QA/QC Program Inspections

- Inspected Sempra's QA/QC Program in 2017 and 2018
- Scheduled to inspect PG&E's QA/QC Program on Dec 2018
- Planned to inspect SWG on 2019







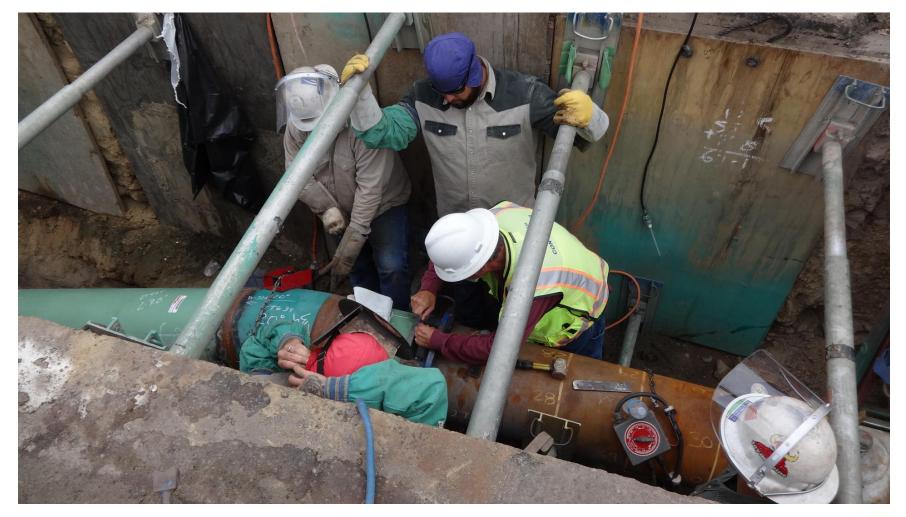


















































Regular Agenda – Management Reports and Resolutions

Item # 41 [16671]

Report and Discussion on Recent Consumer Protection and Safety Activities





Management Reports







The CPUC Thanks You For Attending Today's Meeting

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

August 9, 2018 at 9:30 a.m. in San Francisco, CA



