

160 FERC ¶ 61,135  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Cheryl A. LaFleur, and Robert F. Powelson.

Pacific Gas and Electric Company

Docket Nos. ER17-2181-000  
ER17-1509-000

ORDER ACCEPTING AND SUSPENDING FILING, ESTABLISHING HEARING  
AND SETTLEMENT JUDGE PROCEDURES, AND CONSOLIDATING  
PROCEEDINGS

(Issued September 28, 2017)

1. On July 31, 2017, Pacific Gas and Electric Company (PG&E) filed, pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> proposed revisions to Service Agreement No. 275 with the City and County of San Francisco (San Francisco) under PG&E's Wholesale Distribution Tariff (WDT), FERC Electric Tariff Volume No. 4. In this order, we accept PG&E's revisions to Service Agreement No. 275, suspend them for a nominal period, to become effective June 30, 2017, as requested, subject to refund, and establish hearing and settlement judge procedures.

**I. Background**

2. PG&E provides wholesale distribution and transmission service to San Francisco under Service Agreement No. 275, which includes a WDT Interconnection Agreement and a WDT Service Agreement (collectively, Agreements).<sup>2</sup> The Agreements provide for a quarterly filing process of new or revised Specifications for Distribution Service<sup>3</sup> and

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> The Agreements became effective on July 1, 2015. *See City and Cnty. of San Francisco v. Pac. Gas and Elec. Co.*, 150 FERC ¶ 61,255 (2015).

<sup>3</sup> The Specifications for Distribution Service under the WDT Service Agreement set forth the rates, terms and conditions for each new San Francisco metered delivery point. PG&E Transmittal Letter at 5.

Work Performance Agreements<sup>4</sup> that is intended to streamline the numerous filings PG&E makes with the Commission to reflect changes to delivery points and work performed under the Agreements.<sup>5</sup>

3. PG&E proposes to revise the WDT Interconnection Agreement to reflect work performed for existing points of delivery during the second quarter of 2017 (i.e., from April 1, 2017 through June 30, 2017), and to revise the WDT Service Agreement to reflect certain service specifications as follows: (1) reflect new, modified, or cancelled points of delivery; (2) update one previously-filed project to replace a temporary project number with permanent Customer Identifiers; (3) modify two previously-filed projects to update the cost of ownership and revise the payment schedule from assessment of monthly charges to reflect a one-time payment for each project; (4) convert nine points of delivery from receiving retail service to receiving service under PG&E's WDT; and (5) update certain costs associated with two previously-filed projects. PG&E seeks waiver of the Commission's 60-day prior notice requirement<sup>6</sup> to allow the proposed revisions to Service Agreement No. 275 to take effect June 30, 2017.

## **II. Notice and Responsive Pleadings**

4. Notice of PG&E's filing was published in the *Federal Register*, 82 Fed. Reg. 36,389 (2017), with interventions and comments due on or before August 21, 2017. San Francisco filed a timely motion to intervene, protest, and request for consolidation. On September 5, 2017, PG&E filed an answer. On September 15, 2017, San Francisco filed a reply to PG&E's answer.

## **III. San Francisco's Protest**

5. San Francisco argues that PG&E has failed to justify the cost estimates included in the Work Performance Agreements. Significantly, San Francisco contends that since July 2015, the costs associated with the interconnection of streetlights have increased

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<sup>4</sup> Work Performance Agreements under the WDT Interconnection Agreement are short duration, expense-only projects for work performed by PG&E on existing San Francisco delivery points. *Id.* at 3.

<sup>5</sup> *Id.* at 2; *see* WDT Service Agreement § 14.0; WDT Interconnection Agreement § 8.2.4.

<sup>6</sup> 18 C.F.R. § 35.3(a) (2017).

almost four times the standard amount without any cost justification from PG&E.<sup>7</sup> With regard to the Specifications for Distribution Service, San Francisco states that PG&E has failed to justify the cost-of-ownership charges, which in one case represents a doubling of the total initial installation charge that San Francisco is required to pay for the interconnection.<sup>8</sup>

6. San Francisco also contends that PG&E has improperly delayed the filing of a series of Specifications for Distribution Service under the WDT Service Agreement for certain projects. In these circumstances, San Francisco claims that PG&E has refused to provide it with secondary voltage-level connections from PG&E-owned dedicated transformers, and instead has required that all small load install primary level switchgear and metering, as well as complete a system impact study. San Francisco contends that PG&E has failed to justify these requirements, which it argues have resulted in excessively high, unreasonable, and technically unnecessary interconnections.<sup>9</sup> San Francisco argues that the delay in filings is also attributable to PG&E's refusal to provide wholesale distribution service to certain public housing tenants, consistent with the "grandfathering provision" of section 212(h)(2)(B) of the FPA.<sup>10</sup>

7. Finally, San Francisco argues that PG&E failed to file nine unexecuted Work Performance Agreements either as part of its quarterly filing or on as individual filings. San Francisco contends that, consistent with Section 13.3 of PG&E's WDT (Initiating Service Without an Executed Service Agreement), PG&E is required to file unexecuted agreements within 30 days of a request to file, provided that San Francisco agrees to honor the terms of the agreements pending Commission action.<sup>11</sup> San Francisco also identifies numerical errors that inaccurately reflect the amount San Francisco paid for certain projects.<sup>12</sup>

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<sup>7</sup> San Francisco Protest at 7.

<sup>8</sup> *Id.* at 7-8.

<sup>9</sup> *Id.* at 9.

<sup>10</sup> *Id.* at 5, 9.

<sup>11</sup> *Id.* at 10-11 (citing WDT Section 13.3); *see also* WDT Service Agreement, §§ 8.0 & 16.0 (clarifying that the WDT applies in the context of applications for WDT service pursuant to the WDT Service Agreement and incorporating the WDT into the WDT Service Agreement by reference).

<sup>12</sup> San Francisco Protest at 13.

8. San Francisco requests that the Commission set PG&E's filing for hearing and settlement judge procedures, and consolidate the instant filing with the ongoing proceedings in Docket No. ER17-1509-000, which addresses PG&E's and San Francisco's most recent quarterly filing.<sup>13</sup> San Francisco states that consolidating the proceedings is appropriate here because common issue of fact exist between the two filings and the settlement proceedings in Docket No. ER17-1509-000 are just commencing.

#### **IV. PG&E's Answer**

9. PG&E argues that the issues raised by San Francisco regarding project cost estimates have no merit and should be dismissed. PG&E explains that it uses a Commission-approved formula to calculate cost estimates for the installation charge, which is a component of the cost-of-ownership charge.<sup>14</sup> PG&E states that it provides this information to San Francisco in each quarterly filing. With regard to the increased installation charges for a project under PG&E's WDT Service Agreement, PG&E avers that San Francisco's Specification for Distribution Service agreement specifically notes that certain costs were not included in the cost estimate, and that San Francisco was cognizant of the potentially significant costs associated with trenching San Francisco's major urban thoroughfares. PG&E states it is unclear why San Francisco contests these charges, because it agreed to the revised estimate and remitted payment during the previous quarter.<sup>15</sup>

10. In response to San Francisco's assertion that the costs associated with the interconnection of streetlights have increased, PG&E states that these costs are higher than the negotiated standard interconnection costs under the 1987 Interconnection Agreement because the historical costs accounted for less manual labor, and for service to retail, rather than wholesale, customers. PG&E further explains that the charges associated with San Francisco's streetlight interconnections reflect the same rates it charges all of its other customers. PG&E asserts that the fact that current costs are higher than historical costs do not make them inherently unjust or unreasonable.

11. With regard to San Francisco's allegation that unexecuted Work Performance Agreements were not timely filed, PG&E responds that this concern is irrelevant to the

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<sup>13</sup> *Pac. Gas & Elec. Co.*, 159 FERC ¶ 62,326 (2017).

<sup>14</sup> The Commission-approved formula for installation charges is set forth in Exhibit B of the WDT Service Agreement. PG&E Answer at n.16.

<sup>15</sup> PG&E Answer at 10.

proceeding, and should be dismissed. PG&E explains that the quarterly filings can only include *executed* agreements, leaving any *unexecuted* agreements outside the scope of this proceeding. In connection therewith, PG&E contends that San Francisco has failed to identify a single project where a Specification for Distribution Service was not tendered by PG&E in a timely manner. PG&E argues that San Francisco's accusation that the definition of "grandfathering" has caused the agreements to be filed untimely is misplaced and an attempt to re-litigate a dispute currently pending in a separate proceeding.<sup>16</sup>

12. PG&E also requests that the Commission deny San Francisco's motion to consolidate. PG&E disagrees with San Francisco that the instant filing should be consolidated with the previous two quarterly filings. PG&E states that the instant filing includes 63 delivery points that have no overlap with the delivery points memorialized in the two prior PG&E quarterly filings. PG&E argues that consolidation of the proceedings would disrupt and delay the existing ongoing settlement proceedings. PG&E notes that the Chief Administrative Law Judge previously denied San Francisco's request to consolidate PG&E's two prior quarterly filings, finding that "the proceedings involve distinct issues and are at different stages of negotiation."<sup>17</sup>

13. Finally, PG&E requests that the Commission dismiss San Francisco's protest because the assertions and allegations lack evidence, and lack a clear nexus with the instant filing.

## V. San Francisco's Answer

14. San Francisco reiterates that PG&E has failed to demonstrate that the cost increases associated with certain projects under the WDT Service Agreement are just and reasonable. San Francisco also contends that PG&E has mischaracterized its concerns regarding the "grandfathering" provision. Specifically, San Francisco clarifies that it is not protesting the definition of "grandfathering," but rather PG&E's application of "grandfathering" in its WDT Service Agreement.

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<sup>16</sup> *Id.* at 7 (citing *City and Cnty. of San Francisco v. Pac. Gas and Elec. Co.*, 150 FERC ¶ 61,255).

<sup>17</sup> *Id.* at 3, n.3 (citing July 25, 2017 Order of the Chief Judge Granting Later Intervention and Denying Request to Consolidate Docket No. ER17-1509).

**VI. Discussion****A. Procedural Matters**

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), its timely, unopposed motion to intervene serves to make San Francisco a party to this proceeding.

16. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2017), prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. We accept PG&E's and San Francisco's answers because they have provided information that assisted us in our decision-making process.

**B. Substantive Matters**

17. PG&E's proposed revisions raise issues of material fact that cannot be resolved based on the existing record, and are more appropriately addressed in hearing and settlement judge procedures. Preliminary analysis indicates that PG&E's proposed revisions to Service Agreement No. 275 have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Accordingly, we will accept PG&E's proposed revisions to Service Agreement No. 275 for filing, suspend them for a nominal period, to become effective on June 30, 2017, as requested, subject to refund, and establish hearing and settlement judge procedures.<sup>18</sup>

18. Because the filings involve the same parties and common issues of law and fact, we will consolidate this proceeding with the proceeding in Docket No. ER17-1509-000 for purposes of hearing, settlement judge procedures, and decision. We find that consolidating these dockets will promote administrative efficiency and will not disrupt settlement discussions in Docket No. ER17-1509-000, and we therefore reject PG&E's argument that these proceedings should not be consolidated.

**The Commission orders:**

(A) PG&E's revisions to Service Agreement No. 275 are hereby accepted for filing and suspended for a nominal period, to become effective June 30, 2017, subject to refund, as discussed in the body of this order.

(B) Docket Nos. ER17-2181-000 and ER17-1509-000 are hereby consolidated

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<sup>18</sup> We grant PG&E's request to waive the Commission's 60-day prior notice requirement. 18 C.F.R. § 35.13 (2017).

for purposes of hearing and settlement judge procedures and decision, as discussed in the body of this order.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R. Chapter I), a public hearing shall be held concerning PG&E's proposed revisions to Service Agreement No. 275. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in the body of this order.

(D) The settlement judge or presiding judge, as appropriate, in Docket No. ER17-1509-000 shall determine the procedures best suited to accommodate the consolidation ordered herein.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.