

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Pacific Gas and Electric Company)	Docket Nos.	ER17-1735-000
)		ER17-1750-000
)		(not consolidated)

**EXPLANATORY STATEMENT IN SUPPORT OF
JOINT OFFER OF SETTLEMENT
AND REQUEST FOR EXPEDITED CONSIDERATION**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2018), Pacific Gas and Electric Company (“PG&E”) and the City of Santa Clara, California, doing business as Silicon Valley Power (“SVP”), together the Settling Parties¹, hereby submit this Explanatory Statement generally describing the contents of the accompanying Joint Offer of Settlement (“Offer of Settlement” or “Settlement”), and respectfully submitting a Request for Expedited Consideration.

This Offer of Settlement has been negotiated among the active Parties in these Dockets and is intended to resolve all issues in these proceedings. This Explanatory Statement is for informational purposes only; to the extent there is any inconsistency between this Explanatory Statement and the Offer of Settlement, the Offer of Settlement shall control.

¹ The only other Party to the proceedings is the Northern California Power Agency (“NCPA”). NCPA has requested to be characterized as “not opposing” the Settlement.

I. SUMMARY OF THE OFFER OF SETTLEMENT

Article 1 of the Offer of Settlement provides the procedural history of these proceedings and is self-explanatory.

Article 2 of the Offer of Settlement describes the scope of the Settlement. It explains that the Offer of Settlement is intended to settle all issues in the proceeding, and provides a description of the settled issues. Specifically, Section 2.1 highlights the revisions to the filed 2017 IA that have been negotiated and agreed upon in the Revised 2017 IA. Section 2.2 describes the terms under which PG&E will reconductor a 2.1 mile, 115 kV line owned by PG&E but geographically within SVP's system, which runs between SVP's Northern Receiving Station ("NRS") and SVP's Scott Receiving Station ("SRS"), and is known as the NRS-SRS No. 2 line. Section 2.2 also includes, for avoidance of doubt, a description of the terms under which PG&E will concurrently reconductor the other 2.1 mile, 115 kV line that runs between NRS and SRS, known as the NRS-SRS No. 1 line. Section 2.3 describes additional agreement by PG&E with respect to the treatment of the NRS-SRS No. 1 and No. 2 lines; specifically, that absent an additional Significant Operational change to SVP's system that affects the NRS-SRS No. 1 and/or No. 2 lines, PG&E will not (1) request that the California Independent System Operator Corporation ("CAISO") or Commission add new Take Out Points with respect to the NRS-SRS No. 1 and No. 2 lines; (2) request that the CAISO redesignate the NRS-SRS No. 1 and No. 2 lines as "Direct Assignment Facilities;" or (3) seek an amendment to the Revised 2017 IA to add any of the endpoints of the NRS-SRS No. 1 and No. 2 lines as Points of Interconnection.

Article 3 of the Offer of Settlement describes the effective date of the Settlement.

Article 4 of the Offer of Settlement contains several provisions related to the effect of the Settlement. First, that absent mutual agreement by the parties to a proposed change, the standard of review to be used for unilateral changes to this Settlement proposed by a settling party shall be the “public interest” standard set forth in Mobile-Sierra, and the standard for review for any changes proposed by a non-Party, or the Commission, shall be the just and reasonable standard. Second, that the Settlement constitutes the entire agreement, and supersedes any prior or contemporaneous agreement with respect to the matters contained therein. Third, that the Offer of Settlement is intended to be an integrated agreement and that the parts are not severable. Fourth, that if the Commission does not approve the Settlement without modification (or with modification that is not unanimously agreed to by the Settling Parties), the Settlement shall be deemed withdrawn. Fifth, that Settlement has no precedential effect and represents a compromise resolution for the sole purpose of the resolution of the matters agreed to therein. Sixth, that any and all discussions and communications that produced the Offer of Settlement were conducted subject to Rule 602(e) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602(e) (2018), that such discussions and communications shall not be admissible as evidence in any proceeding, and that specifically, SVP’s agreement to pay the settled amount shall not be construed as an admission as to the cost responsibility for the NRS-SRS No. 2 line reconductoring. Seventh, that since PG&E and SVP have resolved all issues with respect to the instant proceeding, PG&E will withdraw its pending Request for Rehearing as moot.

Appendix A to the Offer of Settlement is a Revised 2017 IA between PG&E and SVP that shows, in redline, the agreed-to revisions to the unexecuted 2017 IA filed by PG&E in Docket No. ER17-1750-000.

II. INFORMATION TO BE PROVIDED WITH SETTLEMENT AGREEMENTS

Pursuant to the “Amended Notice to the Public on Information to be Provided with Settlement Agreements and Guidance on the Role of Settlement Judges,” issued December 15, 2016, below are the answers to the four questions required to be answered in Explanatory Statements which accompany Settlement Agreements:

(a) Does the settlement affect other pending cases;

The Offer of Settlement does not affect other pending cases.

(b) Does the settlement involve issues of first impression;

The Offer of Settlement does not involve issues of first impression. The Settling Parties are not aware of any reversals of the issues involved.

(c) Does the settlement depart from Commission precedent [if so, identify by case name(s) and docket numbers (s)]; and

The Offer of Settlement does not depart from Commission precedent.

(d) Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*.

The Offer of Settlement does not seek to impose a standard of review other than the just and reasonable standard for changes sought by a third party or the Commission acting *sua sponte*.

III. REQUEST FOR EXPEDITED CONSIDERATION

PG&E and SVP respectfully request that the Settlement Judge expeditiously consider this Offer of Settlement for certification to the Commission, and if so certified, that the Commission consider the Settlement Judge's certification of the Offer of Settlement expeditiously. The Offer of Settlement contains provisions regarding the reconductoring of lines owned by PG&E that affect SVP's ability to provide reliable service to its customers, and expeditious consideration of the Offer of Settlement would enable PG&E to begin (and complete) the reconductoring of these lines within the agreed-to timetable.

IV. CONCLUSION

PG&E and SVP hereby request that the Commission accept their Offer of Settlement, without modification, as full resolution of all issues set for settlement procedures in the above-captioned dockets.