

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Expedited Application of Pacific Gas and
Electric Company Under the Power Charge
Indifference Adjustment Trigger.
(U 39 E)

Application 20-09-014

**JOINT PROTEST OF CALCCA AND THE JOINT CCAS TO THE EXPEDITED
APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY UNDER THE POWER
CHARGE INDIFFERENCE ADJUSTMENT TRIGGER MECHANISM**

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On behalf of the Joint CCAs

October 19, 2020

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In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and with Judge Toy’s October 13, 2020 ruling,¹ the California Community Choice Association (“CalCCA”),² Central Coast Community Energy (“3CE”),³ CleanPowerSF,⁴ East Bay Community Energy (“EBCE”),⁵ Marin Clean Energy (“MCE”),⁶ Peninsula Clean Energy Authority (“PCE”),⁷ Pioneer Community Energy (“Pioneer”),⁸ San José Clean Energy (“SJCE”),⁹ Silicon Valley Clean Energy Authority

¹ On October 13, 2020, Administrative Law Judge Toy issued an e-mail ruling setting a shortened protest deadline of October 19, 2020, with replies due on October 23, 2020.

² Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, the California Community Choice Association has authorized the Joint CCAs to file this Joint Protest on its behalf.

³ 3CE, formerly known as Monterey Bay Community Power Authority, is the community choice aggregator (“CCA”) for Monterey, San Benito and Santa Cruz Counties and parts of San Luis Obispo County. Service will be initiated to some cities in and the county of Santa Barbara in 2021.

⁴ CleanPowerSF is the CCA for the City and County of San Francisco operated by the San Francisco Public Utilities Commission.

⁵ EBCE is the CCA for Alameda County.

⁶ MCE is the CCA for Marin County, unincorporated Napa County, unincorporated Contra Costa County, unincorporated Solano County, and the Cities and Towns of American Canyon, Calistoga, Napa, St. Helena, Yountville, Benicia, Concord, Danville, El Cerrito, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Richmond, San Pablo, San Ramon, and Walnut Creek.

⁷ PCE is the CCA for San Mateo County.

⁸ Pioneer is the CCA for Placer County.

⁹ SJCE is the CCA for the City of San José.

(“SVCE”),¹⁰ Sonoma Clean Power (“SCP”),¹¹ and Valley Clean Energy Alliance (“VCE”)¹² (collectively “the Joint CCAs”) hereby submit this protest to Pacific Gas and Electric Company’s (“PG&E”) *Expedited Application Under the Power Charge Indifference Adjustment Trigger*, submitted on September 28, 2020 (“Application”).¹³

CalCCA and the Joint CCAs protest the Application on the basis that other ratemaking approaches, such as a 36-month amortization period of PG&E’s Power Charge Indifference Adjustment (“PCIA”) Undercollection Balancing Account (“PUBA”) projected year end 2020 balance, will better achieve the Commission’s dual goals of (1) avoiding rate shock for unbundled customers and (2) making bundled customers whole in a timely manner. The proposals discussed herein also could be coupled with a suite of modifications to the PCIA framework, potentially including the removal of the PCIA rate increase cap for 2021. The purpose of such modifications would be to avoid the complexities in tracking different vintages of PUBA balances, the potential for multiple trigger applications in the same year, and the administrative burdens of a never-ending cycle of expedited PUBA trigger applications. CalCCA and the Joint CCAs also protest PG&E’s request to implement a new rate via a Tier 1 advice letter where a Tier 2 advice letter complies with General Order 96-B.

Finally, PG&E’s proposed scope misses important issues that should be resolved as part of this proceeding. The proposed schedule infringes on parties’ due process rights by limiting

¹⁰ SVCE is the CCA for unincorporated Santa Clara County, and the Cities and Towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga and Sunnyvale.

¹¹ SCP is the CCA for the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits and the Town of Windsor, and the Counties of Sonoma and Mendocino.

¹² VCE is the CCA for the cities of Davis and Woodland and the unincorporated areas of Yolo County.

¹³ Application (“A.”) 20-09-014, *Expedited Application of Pacific Gas and Electric Company (U 39 E) Under the Power Charge Indifference Trigger* (September 28, 2020) (“Application”).

their opportunity to be heard to the instant Protest, with no reasonable opportunity to test on the record the factual and legal assertions in PG&E's Application and testimony.

I. CALCCA AND THE JOINT CCAS' INTERESTS

CalCCA is an advocacy coalition comprised of twenty-two active California Community Choice Aggregators ("CCAs") in addition to several emerging CCA communities. CalCCA represents the interest of California's community choice electricity providers in the legislature and at state regulatory agencies by advocating for a regulatory environment that supports the development and long-term sustainability of locally run CCAs throughout California.

Except for CleanPowerSF and SJCE, each of the Joint CCAs is governed by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves or an elected City Council.¹⁴ CleanPowerSF is the City and County of San Francisco's CCA, which is operated by the San Francisco Public Utilities Commission. SJCE is the City of San José's CCA program, which is administered by the San José Community Energy Department.

CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation. As a result, CCA customers receive generation services from their local CCA, and receive transmission, distribution, billing, and other services from the incumbent for-profit utility. In addition, CCA and other unbundled customers are subject to several non-bypassable charges, including the PCIA.

CalCCA and the Joint CCAs are the advocates for CCA customers in the local communities that formed them. Ensuring the accuracy of the PCIA and other charges CCA

¹⁴ See Cal. Pub. Util. Code § 366.2.

customers pay, planning for changes to the PCIA, and protecting customers from the rate shock that can result, is a core directive for all CCAs and essential for any load-serving entity. PG&E seeks, through this Application, Commission approval to implement a rate increase for unbundled customers (including those of the CCAs) stemming from the balance within PG&E's PUBA and a corresponding rate decrease for bundled customers within PG&E's Energy Resource Recovery Account ("ERRA").¹⁵ PG&E's proposed rate increase will, therefore, have a direct impact on CCA customers and as a result both CalCCA and the Joint CCAs have a real, present, tangible and pecuniary interest in this proceeding.

II. BACKGROUND AND PG&E'S REQUESTED RELIEF

The Commission adopted the PCIA to ensure that when customers of investor owned utilities ("IOUs") depart from bundled service and receive their electricity from a non-IOU provider, such as a CCA, "those customers remain responsible for costs previously incurred on their behalf by the IOUs — but only those costs."¹⁶ The PCIA is set annually within PG&E's ERRA Forecast proceeding. The 2020 PCIA rates that customers are currently paying, and which underlie PG&E's requested relief in this proceeding, were set in Decision ("D.") 20-02-047.

In 2018, the Commission established a cap on "the change of the PCIA from one year to the next" where, starting "with forecast year 2020, the cap level of the PCIA rate should be set at 0.5 cents/kWh more than the prior year's PCIA, differentiated by vintage."¹⁷ The PUBA is a record of the shortfall in revenue that is charged to departing load customers because PCIA rates are limited by the \$0.005/kWh cap.¹⁸ For each customer class and vintage, the per-kWh

¹⁵ Application, pp. 1-2.

¹⁶ See Decision ("D.") 07-01-030; D.08-09-012; D.18-10-019, p. 3 (October 11, 2018).

¹⁷ D.18-10-019, Conclusions of Law 19-20, Ordering Paragraph 9(a)-(c) (October 11, 2018).

¹⁸ *Id.*; see also PG&E Advice Letter 5440-E, effective January 1, 2019.

difference between the capped 2020 PCIA rate and the uncapped 2020 PCIA rate (what might be called the “PUBA Differential”) is multiplied by actual departed customer usage each month in 2020. The resulting monthly accumulation of the PUBA Differential from all departed customers, plus interest, is tracked in the PUBA.

Once the cumulative amount in PUBA reaches 7% of PG&E’s forecasted 2020 PCIA revenue from departed load customers, PG&E must, within 60 days, file an expedited trigger application that proposes “a revised PCIA rate that will bring the projected PUBA balance below 7% and maintain the balance below that level until January 1 of the following year, when the PCIA rate adopted in that utility’s ERRA forecast proceeding will take effect.”¹⁹

Because PG&E presently projects a year-end PUBA balance of \$252.8 million as of the August accounting close, PG&E filed the instant Application.²⁰ The Application proposes implementing a vintage-specific PUBA rate adder for departing load customers to bring PG&E’s year-end 2020 PUBA balance to zero.²¹ PG&E proposes to amortize the forecasted year-end PUBA balance over a 12-month period, beginning January 1, 2021 and concluding December 31, 2021, rather than over a one-month period (December 2020) to avoid what PG&E calculates would be a system average rate increase of 48.9% for unbundled customers.²² PG&E contends its proposal will increase the system average rate for unbundled customers by \$0.0055/kWh.²³ Concurrently, PG&E proposes to decrease bundled customer rates by \$0.0068/kWh, which represents an approximate 3% reduction in bundled customer rates.²⁴

¹⁹ D.18-10-019, Ordering Paragraph 10.

²⁰ Application, p. 2.

²¹ *Id.*

²² *Id.* at pp. 6-7.

²³ *Id.*, attached Kolnowski Declaration at para. 15 and Table 1.

²⁴ *Id.* at 7.

III. GROUNDS FOR PROTEST

CalCCA and the Joint CCAs have identified the issues below as directly and substantially impacting their interests. The specific issues enumerated below should be considered preliminary matters that CalCCA and the Joint CCAs have identified as unjust and unreasonable or misaligned with Commission policy, rules or precedent. CalCCA and the Joint CCAs continue to examine the Application and to issue data requests, the first of which was issued on October 2, 2020. CalCCA and the Joint CCAs therefore reserve the right to address additional issues in the course of this proceeding as they arise through further review, analysis, discovery and investigation of all aspects of the Application.

A. A 36-Month Amortization Period of PG&E’s PUBA Balance Will Better Achieve the Commission’s Dual Goals of Avoiding Rate Shock for Unbundled Customers and Making Bundled Customers Whole.

CalCCA and the Joint CCAs agree with PG&E that amortizing the entire projected year-end PUBA balance in one month would not be a reasonable ratemaking approach. However, PG&E’s proposal will also result in a dramatic one-year rate increase for departed customers. While the Application correctly notes that the purpose of the PUBA trigger mechanism is to ensure bundled customers are made whole in a timely manner,²⁵ it gives short shrift to the competing interest the Commission balanced when creating the cap-and-trigger mechanism: preventing the rate volatility departed customers had seen as a result of calculating prior years’ PCIA rates.²⁶ That key consideration has only become more important with the advent of the Portfolio Allocation Balancing Account (“PABA”) true-up, which, as the Joint CCAs have

²⁵ See *id.* at 4 (explaining that D.18-10-019 “established a trigger mechanism with the PCIA cap to protect against excessive undercollections and enable the Commission to act quickly on such undercollections.”)

²⁶ D.18-10-019, pp. 85-86.

demonstrated in A.20-07-002, has only made the potential for rate volatility worse as projected year-end balances whipsaw from month to month due to various market forces.²⁷

CalCCA and the Joint CCAs do not oppose PG&E's calculation of its projected year-end PUBA balance, its proposed concept of a PUBA adder, or its calculation of resulting rates assuming a one-year amortization. Rather, we suggest the Commission consider adopting a three-year amortization period for the 2020 PUBA balance to protect against the dramatic one-year increase that will result from PG&E's proposal. In addition, CalCCA and the Joint CCAs recommend that the Commission consider a suite of modifications to the PCIA framework, including removal of the PCIA rate cap for 2021, to avoid recurrent issues such as the complexities in tracking different vintages of PUBA balances, the potential for multiple trigger applications in the same year, or a never-ending cycle of trigger applications.

Finally, PG&E's proposed implementation of its requested PUBA adder rate through a Tier 1 advice letter is contrary to the directives of General Order 96-B. Because the PUBA adder would be a new rate mechanism, it should be implemented via a Tier 2 advice letter. Each of these issues is addressed in turn below.

1. PG&E's Proposal Will Result in a Dramatic One-Year Rate Increase.

The type of substantial rate increases that would result from PG&E's proposal are inconsistent with Commission policy underlying the adoption of the PCIA rate increase cap. In D.18-10-019, the Commission adopted that cap to provide unbundled customers a degree of "certainty and stability"²⁸ and to reduce "extreme PCIA price spikes and bill impacts"²⁹ in

²⁷ A.20-07-002, *Prepared Direct Testimony of Brian Dickman on Behalf of the Joint Community Choice Aggregators in Pacific Gas and Electric Company's 2021 ERRR Forecast Proceeding*, pp. 12-15 (September 24, 2020).

²⁸ D.18-10-019, p. 15.

²⁹ *Id.* at 85.

response to what several parties described as significant PCIA rate volatility due to annual swings in energy prices—precisely such as that seen here in PG&E’s Application.³⁰ Guided by the need to ensure “reasonably predictable outcomes” for customers and to “promote certainty and stability” “within a reasonable planning horizon,”³¹ the Commission established a 0.5 cent/kWh cap on PCIA annual rate increases,³² and simultaneously implemented this “‘trigger’ mechanism” to promptly correct for long-term and significant cost-shifting from unbundled to bundled customers.³³

While PG&E contends its proposal will increase the system average rate for unbundled customers by \$0.0055/kWh, it provides the vintage-specific rates as follows:³⁴

**TABLE 1
PROPOSED PUBA RATE ADDER BY VINTAGE (\$/KWH)**

Rate Group	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	\$ 0.00518	\$ 0.00739	\$ 0.00731	\$ 0.01008	\$ 0.00726	\$ 0.00745	\$ 0.00704	\$ 0.00748	\$ 0.00696	\$ 0.00640	\$ 0.00682
Small L&P	\$ 0.00497	\$ 0.00708	\$ 0.00701	\$ 0.00966	\$ 0.00695	\$ 0.00714	\$ 0.00674	\$ 0.00717	\$ 0.00667	\$ 0.00613	\$ 0.00654
Medium L&P	\$ 0.00535	\$ 0.00763	\$ 0.00755	\$ 0.01040	\$ 0.00749	\$ 0.00769	\$ 0.00726	\$ 0.00772	\$ 0.00719	\$ 0.00660	\$ 0.00704
E19	\$ 0.00490	\$ 0.00699	\$ 0.00692	\$ 0.00953	\$ 0.00686	\$ 0.00705	\$ 0.00665	\$ 0.00708	\$ 0.00659	\$ 0.00605	\$ 0.00645
Streetlights	\$ 0.00413	\$ 0.00589	\$ 0.00583	\$ 0.00804	\$ 0.00578	\$ 0.00594	\$ 0.00561	\$ 0.00596	\$ 0.00555	\$ 0.00510	\$ 0.00544
Standby	\$ 0.00375	\$ 0.00534	\$ 0.00528	\$ 0.00728	\$ 0.00524	\$ 0.00538	\$ 0.00508	\$ 0.00541	\$ 0.00503	\$ 0.00462	\$ 0.00493
Agriculture	\$ 0.00463	\$ 0.00661	\$ 0.00654	\$ 0.00901	\$ 0.00649	\$ 0.00666	\$ 0.00629	\$ 0.00669	\$ 0.00623	\$ 0.00572	\$ 0.00610
E20 T	\$ 0.00421	\$ 0.00600	\$ 0.00594	\$ 0.00818	\$ 0.00589	\$ 0.00605	\$ 0.00571	\$ 0.00607	\$ 0.00565	\$ 0.00519	\$ 0.00554
E20 P	\$ 0.00453	\$ 0.00647	\$ 0.00640	\$ 0.00882	\$ 0.00635	\$ 0.00652	\$ 0.00615	\$ 0.00654	\$ 0.00609	\$ 0.00560	\$ 0.00597
E20 S	\$ 0.00472	\$ 0.00673	\$ 0.00665	\$ 0.00917	\$ 0.00660	\$ 0.00678	\$ 0.00640	\$ 0.00681	\$ 0.00634	\$ 0.00582	\$ 0.00621
System Average PUBA Rate Adder by Vintage	\$ 0.00493	\$ 0.00703	\$ 0.00695	\$ 0.00958	\$ 0.00690	\$ 0.00709	\$ 0.00669	\$ 0.00711	\$ 0.00662	\$ 0.00608	\$ 0.00649

While there may be a 0.55 cent/kWh average increase for all unbundled customers, a review of the vintage-specific rate increases in the last row of the table tells a clearer story of the impacts of PG&E’s proposal. The PUBA adder alone will cause average PCIA rate increases under

³⁰ See *id.* at 82-86.

³¹ *Id.* at 15; see also *id.* at p. 155, Finding of Fact 18.

³² *Id.* at 86, 162, Ordering Paragraph 9.

³³ *Id.* at 86-87, 162, Ordering Paragraph 9.

³⁴ Application, attached Kolnowski Declaration at para. 15 and Table 1.

PG&E’s proposal between 0.49 cent/kWh and 0.96 cents/kWh, the latter being nearly *double* the permitted annual rate increase under D.18-10-019.³⁵

Under PG&E’s proposal, that increase is only the first of a two-part PCIA increase. To see the full impact to departed customers’ PCIA rates for 2021, one must also consider the PCIA increase currently being addressed in PG&E’s 2021 ERRA Forecast proceeding, A.20-07-002. To date, no party in that proceeding has disputed, and PG&E confirmed in response to discovery in this case,³⁶ that the projected revenue requirements in the 2021 ERRA forecast case will result in customers in the 2009 to 2018 vintages paying capped PCIA rates, *i.e.*, PCIA rates that are \$0.005/kWh higher than their 2020 PCIA rates. Factoring in those forecasted rate increases for 2021, the effective PCIA rate under PG&E’s proposal, *i.e.*, PG&E’s proposed PUBA adder plus the capped PCIA rates likely to be approved in A.20-07-002, shows a total impact as follows:³⁷

Table 1: Effective PCIA Rates – Capped 2021 PCIA Rates Plus PG&E’s Proposed PUBA Adder (12-month Amortization)

Rate Group	Combined 2021 PCIA Rates + PUBA Rate Adder											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	0.03603	0.04140	0.04377	0.04641	0.04575	0.04641	0.04581	0.04611	0.04554	0.04500	0.03900	0.03188
Small L&P	0.03483	0.04000	0.04229	0.04483	0.04421	0.04485	0.04428	0.04456	0.04401	0.04350	0.03768	0.03086
Medium L&P	0.03709	0.04262	0.04506	0.04778	0.04709	0.04777	0.04716	0.04747	0.04688	0.04632	0.04015	0.03280
E19	0.03415	0.03923	0.04147	0.04397	0.04335	0.04398	0.04341	0.04370	0.04315	0.04265	0.03696	0.03023
Streetlights	0.02871	0.03299	0.03488	0.03698	0.03645	0.03698	0.03650	0.03675	0.03629	0.03586	0.03108	0.02541
Standby	0.02599	0.02986	0.03157	0.03348	0.03299	0.03347	0.03304	0.03326	0.03284	0.03245	0.02813	0.02300
Agriculture	0.03224	0.03704	0.03916	0.04152	0.04093	0.04152	0.04099	0.04126	0.04074	0.04026	0.03489	0.02853
E20 T (Excluding FPP)	0.02932	0.03368	0.03561	0.03775	0.03722	0.03776	0.03727	0.03752	0.03705	0.03661	0.03173	0.02596
E20 P (Excluding FPP)	0.03143	0.03611	0.03818	0.04049	0.03990	0.04048	0.03996	0.04023	0.03972	0.03925	0.03402	0.02780
E20 S (Excluding FPP)	0.03305	0.03796	0.04013	0.04254	0.04195	0.04256	0.04201	0.04229	0.04176	0.04127	0.03576	0.02928
System Average PCIA Rate by Vintage	0.03428	0.03938	0.04163	0.04415	0.04351	0.04415	0.04358	0.04386	0.04332	0.04281	0.03710	0.03069
% Increase vs. Current Rates		41%	44%	40%	49%	38%	38%	37%	38%	37%	35%	10%

As the last line in Table 1 shows, PG&E’s proposal would result in an increase in the PCIA rate between 25% and 49% for every vintage except the 2019 and 2020 vintages. Such rate increases are incompatible with Commission policy to protect customers from unpredictable and substantial rate increases.

³⁵ See D.18-10-019, Ordering Paragraph 9 (establishing a 0.5 cent/kWh cap on the PCIA rate).

³⁶ PG&E Response to Joint CCAs Data Request 1.01(c).

³⁷ PG&E Response to Joint CCAs Data Request 1.01(c), (d).

Critical to both the CCA proposal and PG&E's proposal is the fact that D.18-10-019 does not tie the Commission's hands in terms of the different revenue requirements and ratemaking proposals the Commission can adopt as a result of the Application. While Ordering Paragraph 10 includes a number of directives regarding the trigger mechanism, sub-sections 10.b and 10.d only govern what PG&E must *propose* as part of its PUBA trigger application.³⁹ Neither those sub-sections, Ordering Paragraph 9, nor other sections of D.18-10-019 more generally dictate the specific revenue requirements, ratemaking mechanisms, or amortization periods the Commission must adopt.⁴⁰ The requirements in Ordering Paragraph 9, for example, are met by ensuring that the entirety of the year-end 2020 PABA balance is addressed as part of this proceeding, with a portion of that balance incorporated into the 2021 PCIA rate calculation.⁴¹

D.18-10-019's approach provides the Commission flexibility to address special circumstances as they arise, such as those presented here, where amortizing PG&E's entire year-end PUBA balance over either a one-month or 12-month period would result in the rate volatility the Commission sought to avoid when establishing the cap-and-trigger mechanism in the first place.

B. The Three-Year Amortization Requested in This Protest Could Form Part of a More Holistic Resolution of Cap and Trigger Issues.

The CCA proposals herein could be coupled with a suite of modifications to the PCIA framework, potentially including the removal of the PCIA rate cap in 2021, aimed at avoiding (1) complexities in tracking different vintages of PUBA balances, (2) the potential for multiple trigger applications in the same year, and (3) the likelihood of a never-ending cycle of trigger applications.

³⁹ D.18-10-019 at Ordering Paragraph 10.

⁴⁰ *See id.* at Ordering Paragraphs 9 and 10.

⁴¹ *See id.* at Ordering Paragraph 9.c.

As Southern California Edison (“SCE”) pointed out in its testimony supporting its October 9, 2020 PUBA trigger Application, the concept of a PUBA adder presents complexities in accounting and tracking PUBA-related revenue requirements. At the same time the 2020 PUBA adder will be paying off the 2020 PUBA balance, there is likely to be a 2021 PUBA balance accruing due to the likelihood of capped PCIA rates in 2021.⁴² The same scenario applies to PG&E. The problem is how to track the status of a PUBA balance related to 2020, which will be reducing the overall PUBA balance as the PUBA adder is collected, at the same time as a PUBA balance related to 2021, which will be increasing the overall PUBA balance due to the PUBA Differential accruing from the capped PCIA rates charged to unbundled customers during 2021. The difficulty will be in ensuring that customers in the 2020 vintage, *i.e.*, currently bundled customers, do not pay for the 2020 PUBA revenue requirement in the event of a PUBA trigger in 2021.

In response to discovery raising this issue, PG&E suggested as follows:

PG&E will maintain workpapers to track the portion of the PUBA balance that is authorized to be amortized in this proceeding and the portion that is accruing as a balance related to the capped 2021 PCIA rates, authorized in the 2021 ERRA Forecast Application (A.20-07-002). Specifically, upon the authorization of this Application and rate proposal in PG&E’s 2021 ERRA Forecast Application (A.20-07-002), PG&E will maintain workpapers supporting the monthly PUBA entries that:

- A. Track the portion of the PUBA balance that is authorized to be recovered in this application through the PUBA Trigger Rate Adders;
- B. Track the portion of the PUBA balance that is not disposed of in this application, if any; and
- C. Track the portion of the PUBA balance caused by the departed load capped 2021 PCIA rates authorized in A.20-07-002.

⁴² See A.20-10-007, *Expedited Application of Southern California Edison Company (U 338-E) Regarding Power Charge Indifference Adjustment Trigger, Testimony in Support of Expedited Application of Southern California Edison Company (U 338-E) Regarding Power Charge Indifference Adjustment Trigger*, 15:17-21 (Oct. 9, 2020) (“SCE Prepared Testimony”).

The sum of (B) and (C) will be considered in the 2021 PUBA Trigger Application when the 7% filing level is reached.⁴³

Such an approach would be needed for each trigger that occurs in each year, and any leftover trigger revenue requirement balance in each year will be disposed of either via the following year's PCIA rates, or will remain in the PUBA for the following year, depending on the level of the PCIA cap in the applicable year.⁴⁴

Although PG&E's approach may be able to track the PUBA balances, there is no question that it is complex, and tracking to ensure each vintage is only paying its fair share will be difficult. In addition, such tracking will only become more complex if the PUBA trigger threshold is hit year after year. In fact, as SCE points out in its testimony,⁴⁵ another trigger is likely to occur in 2021 on account of that 2021 PUBA Trigger balance, and there is little reason to think the situation is different for PG&E given the large PUBA differential between capped and uncapped rates currently forecasted in A.20-07-002.

PG&E's proposal does not address the overarching structural problem, which necessitates a longer-term solution. CalCCA and the Joint CCAs propose the Commission consider making the three-year amortization proposal suggested above part of a larger package of solutions that addresses cap and trigger issues more holistically. For example, assuming the Commission adopts the Working Group Three Report proposed in R.17-06-026, CalCCA and the Joint CCAs would support approving in the appropriate proceedings a three-year amortization for both (1) the year-end 2020 PUBA balance; and (2) the increase required to adjust PCIA rates to the uncapped 2021 PCIA revenue requirement to be established in A.20-07-002. Establishing such

⁴³ PG&E Response to Joint CCAs Data Request 1.03(a).

⁴⁴ PG&E Response to Joint CCAs Data Request 1.03(b).

⁴⁵ See SCE Prepared Testimony at 16:2.

an amortization in advance would also eliminate the filing of a PUBA trigger application in 2021 and would result in the following effective 2021 PCIA rates:

Table 4: Effective PCIA Rates – Uncapped 2021 PCIA Rates Plus PG&E’s Proposed PUBA Adder (36-month Amortization for Both)

Rate Group	Combined 2021 PCIA Rates + PUBA Rate Adder											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	0.03121	0.03618	0.03837	0.03981	0.04048	0.04090	0.04073	0.04077	0.04086	0.04078	0.03950	0.03891
Small L&P	0.03002	0.03480	0.03691	0.03830	0.03894	0.03934	0.03918	0.03922	0.03930	0.03924	0.03798	0.03739
Medium L&P	0.03217	0.03729	0.03955	0.04104	0.04173	0.04216	0.04199	0.04203	0.04211	0.04204	0.04072	0.04013
E19	0.02954	0.03425	0.03632	0.03769	0.03832	0.03872	0.03856	0.03859	0.03868	0.03861	0.03739	0.03683
Streetlights	0.02488	0.02883	0.03058	0.03173	0.03227	0.03260	0.03247	0.03250	0.03256	0.03251	0.03149	0.03102
Standby	0.02253	0.02612	0.02770	0.02874	0.02923	0.02953	0.02941	0.02944	0.02950	0.02945	0.02852	0.02811
Agriculture	0.02791	0.03235	0.03431	0.03560	0.03620	0.03657	0.03643	0.03646	0.03654	0.03647	0.03532	0.03480
E20 T (Excluding FPP)	0.02536	0.02940	0.03118	0.03235	0.03290	0.03323	0.03310	0.03313	0.03320	0.03314	0.03209	0.03162
E20 P (Excluding FPP)	0.02726	0.03160	0.03352	0.03478	0.03536	0.03573	0.03558	0.03561	0.03569	0.03563	0.03451	0.03401
E20 S (Excluding FPP)	0.02850	0.03304	0.03504	0.03636	0.03697	0.03735	0.03720	0.03723	0.03731	0.03725	0.03606	0.03550
System Average PCIA Rate by Vintage	0.02976	0.03450	0.03659	0.03797	0.03861	0.03901	0.03885	0.03888	0.03897	0.03890	0.03768	0.03731
% Increase vs. Current Rates		22%	26%	23%	28%	22%	22%	22%	22%	23%	23%	11% NA

Not only would these rate increases be more reasonable than those resulting from a 12-month amortization, they would also eliminate the potential for a PUBA trigger in 2021. By addressing the entire 2021 PABA balance and avoiding capped rates in 2021, there will be no PUBA Differential and no balance accruing to PUBA in 2021 from the 2021 PCIA revenue requirement. Avoiding a trigger in 2021 would allow the Commission and stakeholders to pursue more permanent solutions to the rate volatility caused by the implementation of the PABA true-up and the cap-and-trigger mechanism.

C. PG&E Should be Directed to Implement its Proposed Rate Increase Through a Tier 2 Advice Letter.

PG&E proposes that its requested rate change be implemented through a Tier 1 Advice Letter.⁴⁶ Per General Order 96-B Energy Industry Rules 5.1(3) and 5.2(1), a change to a utility charge via a Tier 1 advice letter is inappropriate where it is the first time a utility is using a particular index or formula. This is the first time PG&E would be implementing the PUBA adder for unbundled customers. Accordingly, implementation of the Commission's decision in this Application should occur via a Tier 2 Advice Letter. Staff should have an opportunity to review PG&E's first implementation of these changes prior to effectiveness, and all Parties should have an opportunity to review and consider these changes as well, particularly in light of the complexity of this Application and the potential for calculation errors as the final year-end PUBA balance is calculated.

IV. PROPOSED SCOPE OF ISSUES

In addition to the two issues identified for consideration by PG&E in the Application,⁴⁷ Joint CCAs propose the following issues for the Commission's consideration in this proceeding:

- Whether the Commission should adopt a projected \$252.8 million undercollection of the PUBA;
- Whether the Commission should find PG&E's request to refund bundled customers just, reasonable and consistent with appropriate Commission decisions;
- Whether PG&E's proposed 12-month amortization period beginning on January 1, 2020 and ending December 31, 2020 would result in just and

⁴⁶ See Application, Vega declaration at Para 14.

⁴⁷ *Id.* at 9.

reasonable rates or whether other ratemaking mechanisms would be more appropriate;

- How the Commission can ensure coordination and alignment between A.20-07-002 (the PG&E 2021 ERRRA Forecast proceeding) and the instant Application to allow for solutions that both avoid the potential for rate shock and ensure bundled customers will be made whole; and
- Whether PG&E should implement its proposed rate increase in a Tier 1 or a Tier 2 advice letter.

As previously stated, these issues are preliminary and Joint CCAs continue to examine the Application and to pursue discovery. Therefore, the Joint CCAs reserve the right to modify any of the proposals made herein and to address additional issues that may arise through further review, analysis, discovery and investigation of all aspects of the Application over the course of this proceeding.

V. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS, AND PROPOSED PROCEDURAL SCHEDULE

The Joint CCAs agree with PG&E’s proposed classification of this proceeding as “ratesetting.”⁴⁸

The Joint CCAs have raised herein a number of material issues of disputed fact within this Protest that require further record development. While evidentiary hearings may not be necessary to resolve these issues, parties’ due process rights require more than an initial protest opportunity to substantively vet and resolve the issues raised by this application. PG&E’s proposed schedule excludes any type of mechanism to allow sufficient record development, such

⁴⁸ *Id.* at 8.

as workshops, testimony, hearings, and even legal briefing, and all but prohibits parties from proposing alternatives to PG&E's proposed resolution of this docket. Clearly, due process requires more opportunities for parties to test the assertions put forward in PG&E's Application and to propose and vet alternatives.⁴⁹ Indeed, the substantial customer rate impacts proposed in this Application caution against the Commission rushing disposition of this proceeding, and further factual development is needed on a number of issues even if a 12-month amortization process is used.

As a result, the Joint CCAs propose adopting a procedural schedule that will allow for further investigation yet still provide for timely resolution of these issues. Specifically, Joint CCAs propose including a technical workshop to work through the complex structural modifications and rate impacts raised by the Application and this Protest, in addition to filing opening and reply briefs to discuss and resolve these issues. This proposal is consistent with the procedural schedule recently adopted by the Commission in San Diego Gas & Electric's expedited application under the PCIA trigger mechanism in A.20-07-009:⁵⁰

⁴⁹ See *Pacific Gas & Electric Co. v. Pub. Util. Comm'n*, 237 Cal. App. 4th 812, 859-60 (2015) (quoting *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950)) ("notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections."); *People v. Western Air Lines, Inc.*, 42 Cal. 2d 621, 632 (1954) ("[d]ue process as to the commission's initial action is provided by the requirement of adequate notice to a party affected and an opportunity to be heard before a valid order can be made."); *People v. Ramirez*, 25 Cal. 3d 260, 268 (1979) (citing *Morrissey v. Brewer*, 408 U.S. 471, 481 (1972)) ("it must be remembered that 'due process is flexible and calls for such procedural protections as the particular situation demands.'"); *id.* at 269 (an analysis of whether due process has been afforded should consider the private interest affected by the official action and the "risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards," as balanced against any countervailing governmental interest).

⁵⁰ See A.20-07-009, Assigned Commissioner's Scoping Memo and Ruling, pp. 4-5 (October 7, 2020).

Date	Event
September 28, 2020	Application Filed
October 19, 2020	Protests to Application Filed
October 23, 2020	Reply to Protests
October 30, 2020	Prehearing Conference
November 9, 2020	Technical Workshop
November 11, 2020	Meet and Confer to Stipulate to Admission of Exhibits
November 24, 2020	Opening Briefs
November 30, 2020	Reply Briefs

VI. COMMUNICATIONS AND SERVICE

CalCCA and the Joint CCAs consent to “email only” service and request that the following individuals be added to the service list for A.20-09-014 on behalf of CalCCA and the Joint CCAs:

Party Representative for CalCCA:

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Party Representative For each of the Joint CCAs, please list each CCA as a party to the proceeding with Mr. Lindl as the representative for that party:

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Information Only: Please include the Joint CCAs' representative listed below on the information-only list for this proceeding:

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VII. CONCLUSION

For the foregoing reasons, CalCCA and the Joint CCAs respectfully request that the Commission grant CalCCA and each of the Joint CCAs party status and adopt the scope, categorization, and procedural schedule proposed above to fully examine and resolve the issues raised in this protest.

Respectfully submitted,



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Dated: October 19, 2020