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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009 (Filed on July 10, 2020)

JOINT OPENING BRIEF OF SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE, SOLANA ENERGY ALLIANCE, AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

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October 20, 2020

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Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the October 7, 2020 Scoping Memo and Ruling setting the schedule in this proceeding, San Diego Community Power ("SDCP"), Clean Energy Alliance ("CEA"), Solana Energy Alliance ("SEA"), (collectively, the "San Diego CCA Programs"), and the California Community Choice Association ("CalCCA"), hereby submit this Joint Opening Brief regarding San Diego Gas & Electric Company's ("SDG&E") *Expedited Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism,* submitted on July 10, 2020 ("Application") in which SDG&E proposes to increase the Power Charge Indifference Adjustment ("PCIA") to recover $8.92 million balance in its PCIA undercollection balancing account ("CAPBA") from departing load customers over the course of three months.[1]

I. INTRODUCTION

The Commission should not approve SDG&E's three-month cost recovery proposal and should instead require SDG&E to amortize the PCIA rate increase over 36 months to minimize

[1] *Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism*, Application ("A.") 20-07-009, filed July 10, 2020, at 2.

rate shock to current departing load customers. SDG&E's proposal to bring its $8.92 million CAPBA balance down to zero before the end of Calendar Year 2020 would cause substantial rate escalation, counter to the intent of Decision ("D.") 18-10-019, which established the cap and trigger mechanism for PCIA increases that reach certain thresholds.[2] An amortization period extended over 36 months, however, would allow SDG&E to fully recover the CAPBA balance while providing a reasonable cushion to departing load customers. SDG&E suggests that an extended amortization period may be feasible under the condition that customers who depart in 2021 agree to forfeit their CAPBA refund, which SDG&E says it is unable to implement due to billing system constraints. SDG&E has not met the burden of proof and failed to demonstrate why its billing system cannot accommodate a longer amortization period and a full implementation of the CAPBA refund.

II. BACKGROUND

The Commission revised the methodology used to calculate the PCIA in Rulemaking ("R.") 17-06-026, resulting in D. 18-10-019. That decision adopted a cap on the annual change in the PCIA rate and required the investor-owned utilities ("IOU") to establish an interest-bearing balancing account to track the obligations of departing load customers in the event the cap is reached.[3] By adopting the PCIA rate cap, the Commission intended to protect against volatility in the PCIA and promote certainty and stability for all customers by limiting annual PCIA changes.[4] The Commission concluded that, since revenue shortfalls tracked in the CAPBA are to be repaid to bundled customers with interest, capping annual increases in the PCIA does not violate the cost-

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[2] Decision ("D.") 18-10-019, *Decision Modifying the Power Charge Indifference Adjustment Methodology*, Rulemaking ("R.") 17-06-026, October 19, 2018.

[3] D. 18-10-019 at OP 9.

[4] *Id.* at Finding of Fact 18, Conclusion of Law 19.

shifting provisions of Public Utilities Code Sections 365.2, 366.2, and 366.3.[5] The Commission also adopted a trigger mechanism for the PCIA cap that requires an IOU to submit an expedited application when its balancing account reaches 7% of forecast PCIA revenues and the balance of the account is forecasted to reach 10%.[6]

An expedited application must include a projected account balance as of 60 days or more from the date of filing, depending on when the balance will reach the 10% threshold, and "propose a revised PCIA rate that will bring the projected account balance below 7% and maintain the balance below that level until January 1 of the following year . . ."[7] Subsequently, SDG&E submitted Advice Letter ("AL") 3436-E establishing SDG&E's CAPBA, and the Commission approved it on October 31, 2019.[8]

SDG&E submitted the present Application pursuant to D. 18-10-019 on July 10, 2020. In its Application, SDG&E explains that the CAPBA balance reached 7.9% of forecast PCIA revenue on April 30, 2020, exceeded the 10% trigger threshold on May 31, 2020, and is projected to reach $8.92 million, or 32%, of forecasted PCIA revenues by December 31, 2020.[9] SDG&E's Application requests Commission authorization to increase current effective PCIA rates over a 3-month period in order to obtain funding from departing load customers for the full amount of the forecasted $8.92 million undercollection and simultaneously refund bundled customers by the end of Calendar Year 2020.[10] The Application would increase the monthly bill of a residential

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[5] D. 18-10-019 at Conclusion of Law 23.

[6] D. 18-10-019 at OP 10.

[7] *Id.*

[8] AL 3436-E, Establishment of the Power Charge Indifference Adjustments Balancing Account Pursuant to Decision 18-10-019, filed September 30, 2019, effective October 30, 2019.

[9] Application at 1-2.

[10] *Id*. at 5.

departing load customer by approximately $30 per month under one proposal, and $187 per month under another.[11]

Pursuant to Administrative Law Judge ("ALJ") Thomas J. Glegola's September 18, 2020 Ruling, SDG&E submitted an update on its CAPBA balance and provided an explanation of accounting and billing systems limitations allegedly preventing SDG&E from collecting revenue in Calendar Year 2021 (the "Report").[12] SDG&E's Report contends that amortization cannot extend beyond Calendar Year 2020 since, in part, system and billing constraints prevent proper tracking of and accounting for collections and reimbursements as customers depart for CCA or Direct Access ("DA") service. These logistical issues are exacerbated by the expected rollout of SDCP and CEA, both of which are expected to depart a significant portion of bundled service customers throughout 2021.[13] To overcome these constraints, SDG&E proposes that it may be able to accommodate a longer amortization period if bundled customers who depart during Calendar Year 2021 agree to forfeit the remainder of their CAPBA refund.

III. DISCUSSION

SDG&E, as the applicant, bears the burden of affirmatively establishing the reasonableness of all aspects of its application,[14] and that burden of proof generally is measured based upon a

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[11] Application at 6-7.

[12] San Diego Gas & Electric Company's Update on CAPBA Balance and Report Re Accounting and Billing Systems Pursuant to ALJ's September 18, 2020 Ruling, A. 20-07-009, October 1, 2020.

[13] SDG&E Report at 3-4; *see also* San Diego Community Power *Community Choice Aggregation Plan and Statement of Intent* at 17; Clean Energy Alliance *Community Choice Aggregation Implementation Plan and Statement of Intent* at 4.

[14] *See, e.g.,* D. 12-12-030, *Decision Mandating Pipeline Safety Implementation Plan, Disallowing Costs, Allocating Risk of Inefficient Construction Management to Shareholders, and Requiring Ongoing Improvement in Safety Engineering,* R. 11-02-019, December 28, 2012 at 42; Pub. Util. Code § 451 (requiring that rates be "just and reasonable").

preponderance of the evidence.[15] As further explained below, SDG&E fails to meet this standard as its proposed amortization period and purported inability to extend the amortization period beyond 2020 without requiring departing load customers to forfeit their refund are neither just nor reasonable, inconsistent with the law, and noncompliant with the rules and regulations set forth by the Commission.

A. The Commission Should Deny SDG&E's Three-Month Cost Recovery Proposal Because It Is Not Feasible and Would Cause Rate Shock

In its Application, SDG&E requests Commission authorization of a refund to bundled customers and simultaneous increase to Power Charge Indifference Adjustment ("PCIA") rates to bring its $8.92 million CAPBA balance down to zero before the end of Calendar Year 2020.[16] The substantial rate shock associated with this short period is the type PCIA rate swing that the Commission explicitly sought to avoid when it adopted the cap and trigger mechanism in the first place. Moreover, given the current procedural status of this proceeding, SDG&E's original proposal is no longer feasible.

Instead of proposing a solution that goes beyond three months, which would have been a logical approach, SDG&E proposes to modify the allocation methodology to reduce the degree of rate shock. Rather than use the generation allocators used originally to allocate PCIA costs among customer classes, it proposes an equal-cents-per-kWh allocation. While directionally this

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[15] *See* D.18-10-019 at 5; D. 15-07-044, *Order Modifying Decision (D.) 12-12-030 and Denying Rehearing, as Modified,* R.11-02-019, July 27, 2015 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts.").

[16] Application at 1-2. Specifically, SDG&E's Expedited Application requested authorization to amortize the undercollection over a 3-month period beginning October 1, 2020 and concluding December 31, 2020. Though this proceeding's timeline extends into that proposed window, SDG&E argues that recovery must still occur before the end of Calendar Year 2020 due to system constraints.

improves the degree of rate shock, and the San Diego CCA Programs and CalCCA support the equal-cents-per-kWh approach, it does not alleviate the dramatic escalation in rates that would occur with a compressed amortization period. Rates would still increase between 238 percent for residential departing load customers, or $30 per month, and 362 percent for streetlighting.[17]

Neither proposal from SDG&E is reasonable. The consequence of either would be a staggering and unprecedented increase in the PCIA for departing load customers in SDG&E territory. The effect would be an unintended consequence of adopting the cap and trigger and deviate from the Commission's intent in D.18-10-019, namely that the PCIA rate cap "protect[] against volatility in the PCIA."[18] Moreover, bundled ratepayers would not be greatly affected one way or the other, due to the balance of bundled and departing load customers in SDG&E's service territory. The CAPBA "payback" to bundled customers is relatively small, ranging from a .75 percent to 1.16 percent average monthly bill reduction.

In addition, neither alternative is feasible in practice. Currently, a proposed decision is scheduled for some time in November 2020.[19] If a final decision granting SDG&E's request were to be approved in mid-November, SDG&E would only have one month in Calendar Year 2020 to collect the full CAPBA balance through increased PCIA rates. Accordingly, the Commission should reject SDG&E's proposals. Instead, for the reasons described below, the Commission should adopt a 36-month amortization relying on an equal-cents-per-kWh allocation.

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[17] Fuhrer Testimony at SF-17 to SF-18.

[18] D.18-10-019 at 86 ("We affirm that a cap protects against volatility in the PCIA.").

[19] Scoping Memo at 5.

B. The Commission Should Adopt a Three-Year Amortization Period of the 2020 CAPBA Balance Relying on an Equal-Cents-Per-kWh Allocation

The Commission should reject SDG&E's proposed amortization and allocation alternatives and, instead, adopt a reasonable approach. A 36-month amortization commencing January 1, 2021, coupled with an equal-cents-per-kWh allocation best achieves the objective of minimizing rate shock and reducing PCIA volatility with minimal effect on bundled customers.

Currently, residential customers of SEA, the only currently operational CCA in SDG&E service territory, who are assigned a 2017 Vintage, pay a PCIA rate of $0.03187.[20] Under SDG&E's 3-month amortization proposal, SEA customers would see their current effective PCIA rate increase to either $0.49958 using the generation revenue allocation or $0.10812 under the equal-cents-per-kWh allocation methodology.[21] These whopping 1,468 percent and 239 percent respective increases would likely grow larger if SDG&E is able to amortize the full CAPBA balance over the remaining two months of Calendar Year 2020. Under a 36-month amortization period, however, SEA customers would pay a 2020 PCIA rate of $0.07085, or a 122 percent increase using the generation revenue allocation methodology and $0.03822, or a 20 percent increase using the equal-cents-per-kWh allocation.[22] As such, a 36-month amortization using the equal-cents-per-kWh allocation would best serve to mitigate the rate shock on departing load customers while still allowing SDG&E to fully recover the CAPBA undercollection on behalf of bundled customers.

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[20] SDG&E Data Response 03.

[21] *See* Fuhrer Testimony at SF-A-2, SF-B-2. Proposed PCIA rate with 3-month amortization for residential customer assigned a PCIA 2017 Vintage is $0.49958/kWh; Alternative proposed PCIA rate with 3-month amortization using an equal-cents-per-kWh for residential customer assigned a PCIA 2017 Vintage is $0.10812/kWh.

[22] SDG&E Data Response 03.

Table 1 lists current effective 2020 PCIA rates for Vintage 2017 customers and compares the rates that would be charged under SDG&E's proposed amortization period with the rate under a 36-month amortization period using both allocation methodologies.

Table 1 – Rate Impact of a 3-Month and 36-Month Amortization Period on PCIA Vintage 2017 Using Both Allocation Methods ($/kWh)

Customer Class	Current Effective Rates[23]	SDG&E Proposed Rate Using Generation Revenue Allocation[24]	36-Month Amortization Using Generation Revenue Allocation[25]	SDG&E Proposed Rates Using Equal Cents per kWh[26]	36-Month Amortization Using Equal Cents per kWh[27]
Residential	0.03187	0.49958	0.07085	0.10812	0.03822
Small Commercial	0.02678	0.24030	0.04457	0.10302	0.03313
Medium and Large C&I	0.02946	0.06693	0.03258	0.10570	0.03581
Agriculture	0.02226	0.78608	0.08591	0.09850	0.02861
Streetlighting	0.02094	0.42537	0.05465	0.09719	0.02730
System	0.02983	0.10608	0.03619	0.10608	0.03619

Given the magnitude of rate increase proposed in SDG&E's Application, it would be reasonable and justifiable to extend the amortization period to 36 months. Regardless of the total amount that SDG&E is ultimately approved to recover, an amortization period of 36 months would spread the costs over a longer period of time and minimize rate shock. The Commission has wide latitude to set the amortization period in this proceeding based on well-established ratemaking principles, and doing so would not conflict with D.18-10-019, which requires an

[23] *See* Exhibit SDCCA-01; SDG&E Response to SDCP Data Request 3.3.
[24] Fuhrer Testimony at SF-A-2.
[25] *See* Exhibit SDCCA-01; SDG&E Response to SDCP Data Request 3.3.
[26] Fuhrer Testimony at SF-B-2.
[27] *See* Exhibit SDCCA-02; SDG&E Response to SDCP Data Request 3.3

applicant to propose to bring an unspecified amount of the outstanding balance of the trigger account below 7% before the end of the year, but does not prescribe or otherwise require the Commission to adopt a particular amortization period, much less one that brings the balance to 0% before the end of the year. [28] Further, an extended amortization period would retain intended cost-shifting protections because the balance would be repaid to bundled customers with interest.[29]

While a 36-month amortization period would provide significant relief to departed load customers, it would have little impact on bundled customers. SDG&E's Application reflects that a typical non-CARE residential customer using 400 kWh is estimated to receive a refund of roughly $0.94 per month from the CAPBA Trigger refund under a 3-month amortization schedule.[30] Under the 36-month amortization period, that bundled customer could see a monthly credit or refund of roughly $0.085 per month.[31] Given the small amount of the proposed refund under either scenario, bundled customers would not face a significant hardship if the monthly refund amount was reduced to allow for a full collection over a 36-month amortization period. Further, bundled customers would still be repaid the full amount with interest in accordance with cost-shifting provisions and the Commission's intent. The impact of reducing an already low monthly refund payment to bundled customers is outweighed by the harm that would be eliminated with a 36-month amortization period for departing load customers.

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[28] D. 18-10-019 at OP 10.

[29] *Id*. at Conclusion of Law 23.

[30] Fuhrer Testimony at SF-12; SDG&E Report at 5-6.

[31] This estimated monthly refund amount was estimated as follows: 0.255 cents/kWh * 400 kWh * 3 months / 36 months = 8.5 cents per month.

C. SDG&E's Purported Inability to Accommodate A Longer Amortization Period Unless Departing Load Customers Agree to Forfeit Their CAPBA Refund Is Unreasonable and Violates Resolution E-4013

As bundled load customers depart in 2021, they will stop receiving their refund for the CAPBA undercollection through commodity rates and begin paying the PCIA rate.[32] If the CAPBA balance is recovered through 2021, however, those same customers would still be owed their share of the CAPBA balance refund that they earned as bundled customers in 2020. SDG&E contends that, due to accounting and billing system limitations and the substantial customer departures expected in 2021, it will be unable to accurately track and issue customer refunds beyond 2020.[33] To overcome these constraints, SDG&E proposes that it may be able to accommodate a longer amortization period if bundled customers who depart during Calendar Year 2021 agree to forfeit the remainder of their CAPBA refund.[34]

Since SDG&E does not track CAPBA balances or develop rates at the customer level, SDG&E claims it would be "nearly impossible" to track, account for, and reimburse CAPBA credits and refunds at a customer level over an extended amortization period.[35] Further, such tracking is apparently unsupported by both SDG&E's legacy billing system and its new billing system expected to go live in 2021.[36] SDG&E claims that neither system is capable of tracking customer movement on an individual customer level, supporting more than one PCIA rate per

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[32] *Id*.

[33] *San Diego Gas & Electric Company's Update on CAPBA Balance and Report Re Accounting and Billing System Pursuant to ALJ's September 18, 2020 Ruling*, A. 20-07-009, October 1, 2020 at 3.

[34] *Id*. at 5.

[35] *Id*. at 4-5.

[36] *Id*. at 5.

vintage and per customer class, or supporting more than one bundled commodity rate for the applicable rate schedule.[37]

SDG&E's claims lack sufficient detail and evidentiary support to understand its system limitations and, if correct, these claims suggest a failure of compliance with Resolution E-4013. Even if SDG&E is correct, however, adopting a 36-month amortization would provide ample time to adjust the system to accomplish the crediting, even if commencement of the crediting cannot begin immediately.

1. The Commission Should Require SDG&E to Show Why It Failed to Proactively Address these Limitations as Required by Resolution E-4013

When the Commission approved the IOUs' CCA Implementation Tariffs and implemented the State's CCA Program in Resolution E-4013, it clarified that "utilities have the sole responsibility for ensuring that their respective systems are ready for CCA implementation within six months from the date the first CCA files its Implementation plan. . . "[38] While this clarification was made in the context of system readiness for the very first CCAs to come online, the same general principle, i.e., that utilities are responsible for ensuring system readiness, still applies. Both SDCP and CEA filed their implementation plans in December 2019 with both plans indicating that bundled customers would begin departing for CCA service in March and May 2021 respectively.[39] Thus, SDG&E had ample time far beyond the required six-month notice period to

[37] *Id*. at 6.

[38] Resolution E-4013 at Finding 8.

[39] *See* San Diego Community Power *Community Choice Aggregation Implementation Plan and Statement of Intent* at 17; Clean Energy Alliance *Community Choice Aggregation Implementation Plan and Statement of Intent* at 1.

make the system adjustments necessary to adequately accommodate departures to the two new CCAs.

Since both SDCP's and CEA's Implementation Plans were filed after the Commission created the PCIA cap and trigger Mechanism in D. 18-10-019, SDG&E's system adjustments should have included a means by which to properly track, account for, and issue reimbursements. The cap and trigger were established in 2018 and went into effect starting with the ERRA forecast for 2020.[40] Since SDCP and CEA submitted implementation plans long *after* the cap and trigger were established, SDG&E should have foreseen that the CAPBA balance could exceed the trigger around the same time that a significant portion of bundled customers would be departing for CCA and DA service.

SDG&E fails to demonstrate why it did not take steps to ensure that its system could properly track and account for individual CAPBA refunds to accommodate the present scenario. Even if SDG&E did not foresee an amortization period extending beyond the calendar year, it should have foreseen that the balance could exceed the trigger in 2021. In fact, should the CAPBA balance exceed the trigger in 2021, amidst the substantial, staggered departures, it seems that SDG&E will find itself in the same position. Thus, SDG&E cannot rely on purported system constraints to oppose an extended amortization period without providing additional evidence to demonstrate that its lack of planning apparently in violation of Resolution E-4013 was just and reasonable.

[40] D. 18-10-019 at 86.

2. The Commission Should Require SDG&E to Explain Why Its New Billing System Is Unable to Support Customer-Level Tracking of Refunds and Credits Over the Extended Amortization Period

In D. 18-08-008, the Commission granted SDG&E's request for authority to implement its Customer Information System ("CIS") Replacement Program and found that the new CIS system would allow SDG&E to implement new and evolving tariff and program offerings and address a wide range of customer service transactions.[41] In that Application, SDG&E stated that it urgently needed to replace the outdated CIS with a new "modernized CIS platform that will enable SDG&E to implement increasingly complex California regulatory requirements, and keep pace with the rapidly changing energy industry and evolving service demands of customers."[42]

Despite the new billing system's promising features, SDG&E's Report suggests that both the new platform and the legacy platform are equally incapable of accommodating the increasingly complex requirements of the PCIA cap and trigger mechanism.[43] As such, the Commission should require SDG&E to provide a more detailed showing as to why its new billing system cannot allow for tracking individual customer CAPBA balance refunds and providing credits to bundled load customers who depart in 2021. Past Commission decisions support the notion that SDG&E may be able to use different methodology to credit bundled and unbundled customers. For example, the San Onofre Nuclear Generating Station ("SONGS") revised settlement agreement provides that SDG&E will credit unbundled customers through the PCIA and bundled customers through the non-fuel generation balancing account.[44]

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[41] D. 18-08-008, *Decision Granting Authority to Implement Customer Information System Replacement Program and Approving Settlement Agreement*, A. 17-04-027, August 10, 2018 at Finding of Fact 10.

[42] *Id*.

[43] SDG&E Report at 5.

[44] *See* San Diego Gas & Electric Advice Letter 3265-E, *Implementation of the SONGS 2018 Revised Settlement Agreement in Rates Effective October 1, 2018 and Tariff Modifications in Compliance with Decision 18-07-038*, September 7, 2018.

Yet another alternative method may be to include the credit as a reduction to the 2020 or 2021 PCIA vintage rate. This method would credit both bundled customers (who pay the most recent PCIA vintage rate through their bundled generation rate) and those who depart for CCA or DA service. Since the PCIA rates are cumulative, if the credit is reflected as a reduction to the 2020 vintage, it would also be given to any subsequent vintage—including bundled customers and any customer who departs after July 1, 2020. This approach is utilized by Southern California Edison ("SCE") and would appear to allow SDG&E to overcome its purported limitations.[45]

In addition, SDG&E should be made to show why the new billing system cannot be utilized in some alternative manner that would accommodate an extended amortization period while allowing customers to receive their full refunds. Even if SDG&E lacks the account level information necessary to credit customers back with their actual contribution, it could pro-rate the contribution amount per average customer bill and provide customers with a one-time credit line on their bill, similar to the "Climate Credit."

3. Requiring Bundled Customers to Forfeit their Refund is Unjust, Unreasonable, and Would Lead to Impermissible Cost-Shifting

The revenue shortfall that results from the $0.005/kWh PCIA rate cap is funded by bundled customers through their rates until a CAPBA trigger application is warranted, at which point the utility can seek authorization to raise PCIA rates and pay back bundled customers.[46] SDG&E suggests that, in light of system constraints, an extended amortization period may be accommodated if bundled customers agree to forfeit their CAPBA refund after they depart for CCA or DA service in 2021. Under this scheme, SDG&E would effectively penalize bundled

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[45] *See* Southern California Edison *Preliminary Statement: Power Charge Indifference Undercollection Balancing Account (PUBA)*, Cal. PUC Sheet No. 68068-E.

[46] *Prepared Direct Testimony of Eric L. Dalton on Behalf of San Diego Gas & Electric Company,* July 10, 2020 at ED-4.

customers for choosing to depart to CCA or DA service by withholding the remaining refund they would otherwise receive if they remained with SDG&E. Regardless of the refund amount, such differential treatment would violate the non-discrimination provisions of the CCA Code of Conduct established in D. 12-12-036.[47]

Further, by withholding a customer's due share of the CAPBA refund, SDG&E would effectively shift the costs of the 2020 undercollection balance to customers who funded the revenue shortfall in 2020 but depart in 2021. The Commission sought to preserve cost-shifting protections under the cap and trigger mechanism by requiring that bundled customers be repaid with interest for their share of the undercollection covered through their rates.[48] Under SDG&E's proposal, customers who paid to fund the PCIA undercollection in 2020 would not receive that full repayment if they depart during the extended amortization period. This outcome would necessarily result in impermissible cost-shifting since the forfeited amount would effectively cover the portion of 2020 PCIA charges owed by departed load customers.

Therefore, SDG&E's proposal to accommodate an extended amortization period on the condition that customers departing during the amortization period agree to forfeit their due share of the CAPBA refund, regardless of the amount, is unjust, unreasonable, unsupported by Commission rules, and in violation of statutory cost-shifting provisions. Since SDG&E has failed to demonstrate otherwise, the Commission should reject refund forfeiture as a condition to an extended amortization period.

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[47] *See* D. 12-12-036 at 25, A1-6, A1-8. Rule 14 requires utilities to apply tariffs in the same manner to similarly situated entities; Rule 18 prohibits discrimination against CCAs, for example by refusing to provide products or services to CCAs or their customers.

[48] D. 18-10-019 at Conclusion of Law 23.

4. SDG&E Fails to Address How Refund Forfeiture Would Impact the Total CAPBA Balance and PCIA Rates

Since SDG&E seeks to increase PCIA rates to pay the simultaneous refund to bundled customers, refund forfeiture should necessarily reduce the total CAPBA balance that must be recovered. If the actual balance is lower than forecast balance, then PCIA rate increases would need to be adjusted accordingly to avoid overcollection from departed load customers. SDG&E fails to address this relationship in its Application or Report. For example, SDG&E does not propose any kind of true-up procedure to account for differences in the forecast balance and actual balance resulting from departures. As such, it is unclear whether this proposed forfeiture scenario could result in overcollection, how SDG&E would track this, and at what point SDG&E would seek to make a correction. These questions further highlight why SDG&E's proposed condition to an extended amortization period is unreasonable and should not be adopted.

5. Adopting a 36-Month Amortization Period for Recovery of the CAPBA Balances Allows More Time to Make Any System Changes Necessary to Accommodate Crediting of Bundled Customers Who Become Departing Load in 2021

SDG&E's upgraded CIS system is expected to go live in 2021, the same year in which SDG&E expects a significant portion of bundled customers to depart to CCA and DA service.[49] SDG&E suggests that the upgraded billing system cannot properly accommodate an extend amortization period amidst numerous departures, and thus seeks to fully recover the balance before the departures occur. It remains unclear, however, whether SDG&E's improved billing system, once fully implemented, could accommodate the period after the dust has settled and all departures are finalized around late 2021. A 36-month amortization period would provide the extra time needed to finalize departed load customer counts and determine the feasibility of

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[49] *See* SDG&E Report at 3-5.

system adjustments that could establish a credit for the amount of the CAPBA refund that SDG&E claims must be forfeited.

IV. CONCLUSION

For the foregoing reasons, the Commission should require SDG&E to recover the CAPBA balance over a 36-month amortization period using an equal-cents-per-kWh approach and, absent a showing that sufficiently justifies SDG&E's purported system limitations, require SDG&E to provide bundled customers with their full refund, even if they depart for CCA or DA service and transition to departing load customers in the middle of the year.

Respectfully submitted,

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