

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



FILED
12/11/20
04:59 PM

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2021 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U 39 E)

Application No. 20-07-002
(Filed July 1, 2020)

(Consolidated)

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

Application No. 20-09-014
(Filed September 28, 2020)

(Consolidated)

**OPENING COMMENTS OF THE JOINT COMMUNITY CHOICE AGGREGATORS
AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE WANG**

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December 11, 2020

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**OPENING COMMENTS OF THE JOINT COMMUNITY CHOICE AGGREGATORS AND
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ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE WANG**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), Central Coast Community Energy, CleanPowerSF,¹ East Bay Community Energy (“EBCE”), Marin Clean Energy (“MCE”), Peninsula Clean Energy Authority, Pioneer Community Energy, San José Clean Energy, Silicon Valley Clean Energy Authority, Sonoma Clean Power, and Valley Clean Energy Alliance (collectively the “Joint CCAs” or “JCCAs”) and the California Community Choice Association,² (“CalCCA” and collectively with the JCCAs, the “CCA Parties”) hereby submit these Opening Comments on Administrative Law Judge Wang’s (“ALJ”) December 4, 2020, Proposed Decision (“PD”) regarding the above-captioned *Application of Pacific Gas and Electric Company (“PG&E”) for Adoption of Electric Revenue Requirements and Rates Associated with its 2021 Energy Resource Recovery Account (“ERRA”) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (“ERRA Forecast Application”)* and the *Expedited Application of Pacific Gas and Electric Company Under the Power Charge Indifference Adjustment (“PCIA”) Trigger (U 39 E)* (“PCIA Trigger Application”). The CCA Parties are grateful for ALJ Wang and Commission staff’s efforts in issuing a PD in such a short timeframe around the Thanksgiving holiday.

The CCA Parties request the Commission revise the PD either (1) to adopt the unopposed November 20 Settlement Agreement filed by PG&E, the Joint CCAs, The Utility Reform Network (“TURN”), and CalCCA (“Settlement”), or (2) to adopt rates that otherwise achieve the objectives of the Settlement. The Settlement is designed to smooth the volatility of the PCIA while transitioning to a more stable long-term PCIA framework *without* burdening bundled customers with additional responsibility to carry ongoing PCIA Undercollection Balancing Account (“PUBA”) balances. Achievement of these objectives requires adoption of two key provisions:

- A 36-month amortization of the PCIA Trigger Application’s revenue requirement via a PUBA Adder; and
- Inclusion of the “above-the-cap” portion of the 2021 PCIA revenue requirement as part of the 2021 PUBA Adder.

¹ CleanPowerSF is the CCA for the City and County of San Francisco (“San Francisco”) operated by the San Francisco Public Utilities Commission; San Francisco is a party to this proceeding.

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 these Opening Comments on its behalf.

Both of these “smoothing” provisions are already included in the record in this proceeding³ and, under Rule 14.1, can be adopted in response to these comments without the need to issue an alternate proposed decision.⁴

The smoothing provisions benefit both bundled and unbundled customers through reduced rate volatility. The approach mitigates the volatility on bundled generation rates resulting from the ups and downs of financing the PUBA undercollections. It benefits unbundled customers by smoothing fluctuations in PCIA rates both from year to year, and within a year, due to PUBA triggers. The Settlement achieves this smoothing effect and leaves bundled customers better off, *i.e.*, paying lower PCIA rates in 2021. The PD does not. The approach, similar to the approach articulated in the proposed decision in Southern California Edison (“SCE”) ERRA forecast and PCIA trigger proceedings, A.20-07-004 and A.20-10-007 (“SCE Proposed Decision”), also addresses the concerns the PD raises regarding the PCIA rate increase cap.

The PD does not raise policy concerns about this approach but focuses on technical issues that needlessly obstruct mutually beneficial policy goals. Specifically, the PD identifies Settlement provisions that are outside the scope of this proceeding and questions “whether to alter the PCIA cap for 2021” is procedurally appropriate. Each of these issues can be addressed in ways that do not create barriers to achieving the Settlement’s goals and design.

The Joint CCAs acknowledge that the settling parties’ agreement to file a Petition for Modification (“PFM”) of the cap-and-trigger mechanism in D.18-10-019 (“PFM Term”) is outside of the scope of this case.⁵ The settling parties did not anticipate that the Commission would take action on this term in the context of this proceeding but included the PFM Term to provide a full picture of their goal of evolving the PCIA to greater stability over a three-year period. Indeed, the Commission has admonished parties for *not* providing this full picture in prior decisions, and the Commission has

³ See Exh. JCCAs-17; A.20-07-002 and A.20-09-014, *Opening Brief of the Joint Community Choice Aggregators*, pp. 4-12 (Nov. 17, 2020) (“JCCAs’ Trigger Opening Brief”); A.20-07-002 and A.20-09-014, *Joint Motion for Approval of Settlement Agreement of Pacific Gas And Electric Company (U 39 E), California Community Choice Association, Joint CCAs, and The Utility Reform Network*, pp. 1-12 and Attachment A (Nov. 20, 2020) (“Settlement Motion”) (As explained herein, including the “above-the-cap” portion of the 2021 PCIA revenue requirement as part of the 2021 PUBA Adder has the same impact as Term 6 in Attachment A, p. 5).

⁴ California Public Utilities Commission Rule 14.1 (stating “A substantive revision to a proposed decision or draft resolution is not an ‘alternate proposed decision’ or ‘alternate draft resolution’ if the revision does no more than make changes suggested in prior comments on the proposed decision or draft resolution, or in a prior alternate to the proposed decision or draft resolution.”).

⁵ Proposed Decision at 13.

adopted settlements in the past in which parties have committed to take actions in other proceedings. Accordingly, the PD's rejection of the Settlement on the basis of the PFM Term is arbitrary and inconsistent with its prior decisions, rulings and requests for settling parties.

Likewise, the Settlement's unfortunate choice of words regarding "waiving" the 2021 PCIA cap should not be used as a barrier to the important goals reflected in the Settlement's design. The question presented in these cases is how to harmonize Ordering Paragraphs ("OPs") 9 and 10 of D.18-10-019. OP 9 establishes a PCIA rate increase cap, and OP 10 establishes the PUBA trigger. The answer to this question is to set the base PCIA rate at the cap (giving effect to OP 9), and manage the PUBA balance via a surcharge (giving effect to OP 10). The PD itself creates a "rate adder" to the 2021 PCIA rate, which it concludes is "in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes."⁶ In the same way, the Settlement and its provisions would set the PCIA rate at the cap and set the surcharge at a level that would both address the existing PUBA undercollection and prevent further accumulations to the PUBA in 2021.

Reading D.18-10-019 to prohibit *any* increase above the cap for any reason would defeat the purpose of the trigger and undermine the PD's own conclusions. The cap cannot be viewed in isolation, but must be viewed as a part of an integrated mechanism that regulates volatility. The settling parties simply ask the Commission to use the tools created by D.18-10-019 to set rates and mitigate volatility.

Beyond the Settlement, the PD's analysis and conclusions regarding PG&E's Green Tariff Shared Renewables ("GTSR") and Enhanced Community Renewables ("ECR") rates contain both factual and legal errors, misreading D.15-01-051 and appearing to misunderstand the issues in controversy. The PD also will deny refunds owed to bundled customers that depart in 2021 related to financing of the PCIA Undercollection Balancing Account ("PUBA"), prioritizing PG&E's preferred accounting treatments over the just treatment of ratepayers.

The Joint CCAs recommend revisions to the PD's Findings of Fact, Conclusions of Law, and Ordering Paragraphs ("OPs") in Attachment A to remedy these issues and adopt the two settlement-related provisions discussed above.

Beyond these suggested changes, the PD comprehensively addresses the numerous components of this complex and compressed proceeding. The CCA Parties appreciate the PD's adoption of provisions intended to increase transparency and the PD's well-crafted solution to the issue of MCE and

⁶ Proposed Decision at Finding of Fact 14.

EBCE’s proposed disadvantaged community budgets in 2021.⁷ The true-up approach will ensure timely cost recovery for those important programs while ensuring accurate tracking of the greenhouse gas-related program funds.

I. THE PD SHOULD BE REVISED TO AMORTIZE ONE-THIRD OF THE PUBA BALANCE AND THE “ABOVE-THE-CAP” PORTION OF THE PCIA REVENUE REQUIREMENT IN 2021.

The CCA Parties continue to support the terms of the Settlement and prefer that the PD be revised to adopt the Settlement in its entirety. For the reasons discussed in detail below, if the Commission opts not to adopt the Settlement, the CCA Parties respectfully request the Commission revise the PD to integrate the central provisions of the Settlement aimed to smooth PCIA rate volatility while transitioning to a more stable framework:

- A 36-month amortization of the PCIA Trigger Application’s revenue requirement via a PUBA Adder; and
- Inclusion of the “above-the-cap” portion of the 2021 PCIA revenue requirement as part of the 2021 PUBA Adder.

The following table, calculated by PG&E, summarizes the revenue requirements for the PUBA Adder under the Joint CCAs’ preferred outcome as compared to the PD:

⁷ Proposed Decision at Finding of Fact 5, Conclusions of Law 3 and 4, and pp. 25-26.

Table 1: Summary of PCIA Departing Load Surcharges Under PD Versus Preferred Outcome

Summary of PCIA Departed Load Surcharge Under Proposed Decision and Preferred Outcome/Settlement Proposal (\$ millions)			
Year	Balance	Proposed Decision	Preferred Outcome
2021	2020 PUBA	\$255.0 (100%)	\$85.0 (33%)
	2021 PCIA above cap ¹	\$0	\$200.6 (100%)
2022	2020 PUBA	-	\$85.0 (33%)
	2021 PUBA ¹	\$200.6 ² (100%)	-
2023	2020 PUBA	-	\$85.0 (33%)
TOTAL		\$455.6	\$455.6
<p>Note 1: The “2021 PCIA above cap” and “2021 PUBA” reflect use of 2017 GRC (+ attrition) for January/February 2021 and recovery of CPUC-approved 2020 GRC Proceeding costs starting March 1, 2021.</p> <p>Note 2: Amounts for 2021 assume similar treatment of year-end 2021 PUBA balance as in the PD (i.e., recovery amortized over 12 months in 2022).</p>			

No party to this proceeding opposed either the Settlement or provisions similar to these within the Settlement. Their adoption will convey the benefits of the Settlement to ratepayers even if the Commission rejects the settlement itself.

A. The Settlement Provisions Reduce Volatility Over the Next Three Years While the PD Exacerbates Volatility.

The settling parties entered into the Settlement to achieve a number of objectives, chief among them reducing volatility for PCIA rates due to the PUBA trigger mechanism adopted in D.18-10-019.⁸ The key to reducing such volatility is to stop the growth of the PUBA balance that might cause another PUBA trigger in 2021 while simultaneously drawing down the existing 2020 PUBA balance. The Settlement’s request to “waive the cap,” while inartfully stated, reflected an intention to implement effective PCIA rates for 2021 that include the full 2021 PCIA revenue requirement in order to ensure there will be no PUBA trigger in 2021.⁹

As the PD recognizes,¹⁰ its framework will almost certainly result in a PUBA trigger in 2021, which will increase rate volatility over the next three years as rates whipsaw to finance and then recover

⁸ See Settlement Motion at 6-7 and 9.

⁹ See *id.* at 6-7 and 9 and Attachment A, p. 5, Term 6.

¹⁰ Proposed Decision at 17-18.

various undercollections and overcollections. In contrast, the Settlement will smooth such volatility, as demonstrated in the Figures 1 and 2 below. Those figures show the impacts of PUBA triggers on both bundled (Figure 1) and unbundled (Figure 2) customers during 2021 to 2023.¹¹

Figure 1: Volatility in Bundled Customers Average Generation Rates Under the PD Versus the Settlement

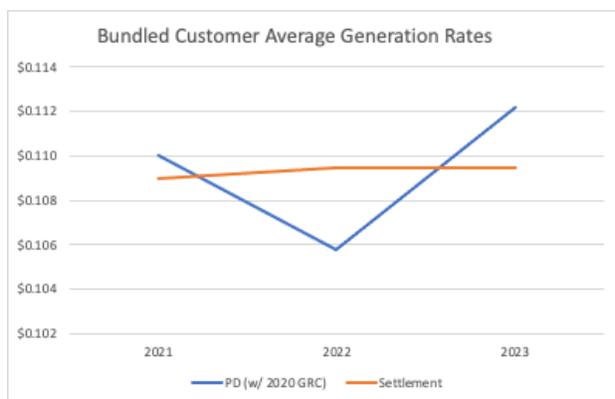
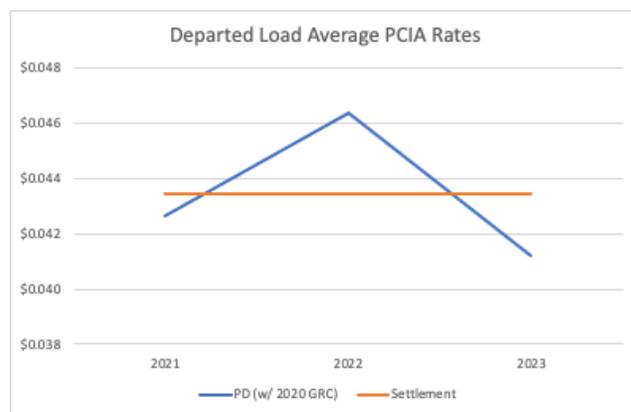


Figure 2: Volatility in Departed Load Average PCIA Rates Under the PD Versus the Settlement



As both figures show, *all* customers’ rates remain more stable under the Settlement (orange line) versus the PD (blue line), holding all other factors equal.

B. Bundled Customers Will Pay Lower Rates in 2021 Under the Settlement Provisions Than Under the PD.

Also notable in Figures 1 and 2 is that once the 2020 General Rate Case (“GRC”) rate increases take effect, the generation rates for bundled customers in 2021 will be higher under the PD (blue line) compared to the Settlement (orange line). The PD expresses a concern that “financing the PCIA cap is more burdensome for bundled service customers than it is beneficial for unbundled customers.”¹² It further states that “the impacts of the bundled customers’ financing of capped PCIA rates falls disproportionately on bundled customers in the Central Valley, who tend to have relatively higher electric bills and where a greater number of disadvantaged communities are located.”¹³ However, these problems persist *only* under the PD.

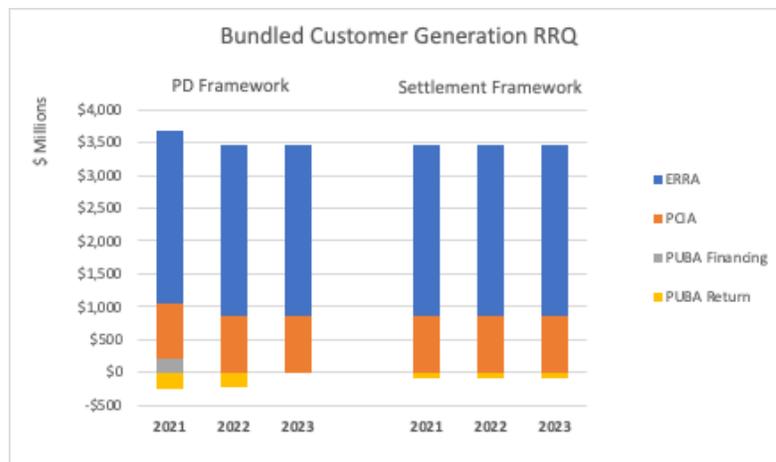
¹¹ Rates depicted in Figures 1 and 2 reflect the inclusion of PG&E’s 2020 General Rate Case quantified in Appendix A to PG&E’s November Update, as amended.

¹² Proposed Decision at 17.

¹³ *Id.* at 17.

Figure 3 below shows how the PUBA financing (the gray box in Figure 3) that will result from the use of capped rates in 2021 will drive bundled customers' rates higher:

Figure 3: How PUBA Financing Drives Up Bundled Customer Rates in 2021 Under the PD



Stated another way, the bundled customers the PD seeks to protect are worse off under the PD than under the Settlement, which eliminates the cap and, thus, need for PUBA financing in 2021. As the Commission knows, all PG&E customers are facing imminent and substantial rate increases in 2021.¹⁴ The PD should be modified to avoid adding PUBA financing to the burdens bundled customers will bear.

C. Rejecting the Settlement on Account of the PFM Term is Contrary to Numerous Prior Commission Decisions and Commission Policy on Settlements.

The Commission denies the Settlement for only two reasons, neither of which should prevent customers from realizing the benefits the settlement sought to impart on ratepayers. First, the PD denies the settlement motion because “the Commission cannot approve or deny the parties’ agreement to jointly file a petition for modification; the parties simply file the petition.”¹⁵ However, these agreements to take action, or refrain from taking action, in other proceedings are not unusual in both settlements currently pending before the Commission,¹⁶ or in Commission decisions adopting settlements. For example, D.20-02-016 and D.12-09-018 adopt settlements with terms to withdraw protests in a separate

¹⁴ See PG&E Advice Letter 6004-E, *Annual Electric True-Up Submittal – Change to PG&E’s Electric Rates on January 1, 2021*, p. 1 (Nov. 16, 2020).

¹⁵ Proposed Decision at 13.

¹⁶ See, e.g., A.10-07-009/A.19-03-002, *Joint Motion of SDG&E, the Public Advocates Office, Utility Consumers’ Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, The Utility Reform Network, and the City of San Diego for Approval of the General Rate Case Phase 2 Settlement Agreement*, p. 10, section 10 (Oct. 8, 2020).

proceeding and require settling parties to support (or not object to) subsequent utility filings that may be made before FERC, respectively.¹⁷ The PD’s denial of the Settlement on account of a similar commitment to take a future action in another proceeding is arbitrary.

In D.17-07-005, the Commission admonished parties for not disclosing terms, similar to the PFM Term, included in a Memorandum of Understanding (“MOU”) that was relevant to resolution of a PFM. The MOU contained, “in addition to the terms of the PFM agreed to by the parties”, an agreement “to fund and implement an unrelated program intended to benefit low-income ratepayers.”¹⁸ Failing to disclose the MOU “undermined both the transparency of the PFM’s potential effects and [the Commission’s] ability to make a fully informed decision on the proposal.”¹⁹ In his concurrence, President Picker stated: “To avoid any damage to the integrity of the settlement process at the Commission, I think it is important that parties in future proceedings certify that all terms and consideration of any agreement are disclosed in the agreement.”²⁰

The CCA Parties acknowledge the agreement to file a PFM of D.18-10-019 is not within the scope of this proceeding since the PFM will be filed in R.17-06-026. However, including the PFM Term was necessary to provide a full picture of the settling parties’ plan to propose evolution of the PCIA to greater stability over a three-year period and for the settling parties to agree to a future course of action. The PFM Term was not intended to bind the Commission’s future actions or request the Commission prejudge the outcome of a future pleading. Its purpose was to ensure transparency to allow the Commission “to make a fully informed decision on the proposal.”²¹

The Commission has a long-standing policy of supporting settlements.²² Rejecting the Settlement on account of the PFM Term would set bad precedent restricting parties’ ability to come to a

¹⁷ D.20-02-016, Decision Adopting All-Party Settlement (Feb. 6, 2020) (2020 Cal. PUC Lexis 636) (Settlement agreement requires that, upon filing of the settlement agreement and approval by the Commission, parties agree to withdraw protests in related proceedings “and to support timely Commission approval of Crimson’s application to acquire SPBPC under Application 19-04-008.” (*21.)); D.12-09-018, Decision Adopting Settlement Agreement Revising Distribution Level Interconnection Rules and Regulations (Sept. 13, 2012) (2012 Cal. PUC Lexis 408) (Settlement Agreement may require certain approvals at FERC, and “Joint Settlement Parties agree to support, or not object to, these IOU filings at FERC.” (*113)). *See also* D.20-05-019, Decision Approving Proposed Settlement Agreement with Modifications (May 7, 2020) (2020 Cal. PUC Lexis 662) (Term J: “The Settling Parties are prohibited from filing a petition for modification of a Commission decision approving this Settlement Agreement regarding any issue resolved in this Settlement Agreement.” (*122.)).

¹⁸ D.17-07-005 at 6.

¹⁹ *Id.* at 2.

²⁰ *Id.*, Picker Concurrence, p. 3.

²¹ *Id.* at 2.

²² D.05-03-022 at 7-8; D.10-06-031 at 12.

compromise in proceedings such as the ERRA Forecast Application and PCIA Trigger Application that span multiple Commission programs and ratesetting mechanisms. The PD should be revised to avoid rejection of the Settlement on this basis.

D. The Commission Can Effectuate Full Benefits of the Settlement by Using the Flexible Tools Provided by D.18-10-019.

The second reason the PD denies the settlement is that it concludes the question of “whether to alter the PCIA cap for 2021 is outside the scope of this proceeding.”²³ There can be no question the scope of this proceeding includes the setting of PCIA rates for 2021, including whether those rates are capped or uncapped. Three different scoping items in the ERRA Forecast Application address the PCIA, including scoping Item e., which asks whether PG&E’s rate proposals should be adopted.²⁴ The scoping ruling in the PCIA Trigger Application asks whether PG&E’s proposed “rate calculation methodology for determining the vintage specific PUBA rate adder to be applied *in addition to the authorized PCIA rates* for eligible departing load customers.”²⁵ TURN, PG&E and the Joint CCAs’ testimony, briefs and comments in both proceedings have extensively addressed PCIA rates in depth, including whether they should be capped or uncapped.²⁶ All interested parties in PG&E’s service territory have had notice that the issue of whether 2021 PCIA rate increases will be permitted in excess of the \$0.005/kWh annual increase cap will be addressed in these proceedings, and no party has opposed the Settlement.

The CCA Parties understand the Commission’s reservations about adopting a Settlement that would modify D.18-10-019 by eliminating the annual rate increase cap. The settling parties, however unfortunate their choice of language may have been, are not proposing such modification. The Settlement simply uses the tools provided by D.18-10-019 to achieve a beneficial policy outcome.

Using the PD’s logic, the PD itself would modify D.18-10-019. The PD itself creates a “rate adder” to the 2021 PCIA rate, which it concludes is “in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes.”²⁷ The PD’s rate adder, however, creates a PCIA rate increase, *i.e.*, an increase in the PCIA line item on each departed customer’s bill, that exceeds the

²³ Proposed Decision at 13.

²⁴ A.20-07-002, *Assigned Commissioner’s Scoping Memo and Ruling*, p. 2 (Sept. 10, 2020).

²⁵ A.20-07-002 and A.20-09-014, *Assigned Commissioner’s Scoping Memo and Ruling*, p. 2 (Nov. 5, 2020) (emphasis added).

²⁶ *See, e.g.*, Exh. PG&E-1 at 19-3:11 to 19:11-2; Exh. PG&E-6 at 21:1 to 27:15 and Appendix A; Exh. JCCAs-1 at 6, Table 3; Exh. JCCAs-17; JCCAs Trigger Opening Brief at 4-12; Settlement Motion at 1-12 and Attachment A; A.20-07-002, *Opening Brief of the Joint Community Choice Aggregators*, p. 5 (Oct. 30, 2020).

²⁷ Proposed Decision, Finding of Fact 14 at 35.

\$0.005/kWh cap set by D.18-10-019. Reading D.18-10-019 to prohibit *any* increase above the cap for any reason would override the PD and defeat the purpose of the trigger. The cap thus cannot be viewed in isolation, but as a part of an integrated mechanism aimed to balance PCIA rate volatility with the financing burden on bundled customers. The settlement parties are simply asking the Commission to use the tools created by D.18-10-019 to set rates and achieve these ends. Rather than exceeding the \$0.005/kWh increase cap by the amount of the rate adder for the 2020 PUBA balance, as the PD proposes, the settling parties propose integrating what amounts to *the 2021* PUBA undercollection into that increase.

This approach is fully consistent with OPs 9 and 10 of D.18-10-019. OP 9 establishes the cap, and OP 10 establishes the trigger. The question presented here is how to harmonize those provisions. The answer is simple: set the base PCIA rate at the cap (giving effect to OP 9), and manage the PUBA balance via a surcharge (giving effect to OP 10). These are, in fact, exactly the mechanics the PD uses. In the *same way*, the Settlement and its provisions would set the PCIA rate at the cap and set the surcharge at a level that would both address the existing PUBA undercollection and prevent further accumulations to the PUBA (*i.e.*, at the uncapped rate) in 2021.

The SCE Proposed Decision similarly interprets D.18-10-019, recognizing the need to balance objectives in the interaction of the cap and the trigger. OP 6 of the SCE Proposed Decision proposes to:

[A]pply a PCIA Trigger Mechanism Surcharge to departed load customers in 2021 which includes the following: 1) amortizes one-third of the 2020 year-end undercollection in the Portfolio Allocation Balancing Account Undercollection Balancing Account (PUBA) and [2)] the 2021 forecast PCIA Indifference Amount for departed load customers which exceeds the amount recoverable under capped PCIA rates.²⁸

As the PD explains, the approach balances four competing interests: “1) minimizing rate shock for departed load customers, 2) providing fair returns to bundled service customers, 3) revising the PCIA rate to bring the PUBA balance below the PCIA trigger point, and 4) maintaining the PUBA balance below the trigger point until January 1 of the following year.”²⁹ Adopting “a PCIA Trigger Mechanism Surcharge that includes the portion of the 2021 indifference amount which is above the 2021 capped PCIA rates” will maintain the PUBA balance below the PCIA trigger point.³⁰ This “adopted proposal

²⁸ SCE Proposed Decision at Ordering Paragraph 6.

²⁹ *Id.* at 53.

³⁰ *Id.* at 54.

recovers this amount as part of the PCIA Trigger Mechanism Surcharge rather than waive or alter the PCIA rate cap requirement in D.18-10-019 for setting the 2021 forecast PCIA rates.”³¹

In contrast, the PD will neither bring the PUBA balance below the PCIA trigger point nor maintain the PUBA balance below the trigger point until January 1 of the following year.³² The PD clarifies that “the projected 2020 year-end PUBA balance addressed through a rate adder in this decision shall not be counted towards the requirement for PG&E to file a new expedited trigger application when the PUBA balance exceeds the trigger point.”³³ However, as PG&E explained in record evidence,³⁴ there is only one PUBA, and while workpapers may be used to track the different balances for different years within the PUBA, the balance itself will remain above the trigger point if the PD is adopted, and it will stay above that point for most, if not all, of 2021 as the PD’s 2021 PCIA rates add to the balance.

Regardless of terminology, the only way to stop the growth of the PUBA balance and draw down that balance is to set effective PCIA rates higher than the PCIA rate increase cap. The objective of overriding the cap in the way proposed by the Settlement was to avoid yet another mid-year 2021 PUBA trigger event, mitigate the uncertainty associated with the timing and amount of triggers, and avoid an unnecessary investment of the Commission and stakeholders’ resources. The Commission can realize these benefits, abide by D.18-10-019, and ensure a consistent approach across the different utilities by revising the PD to adopt the approach in the SCE Proposed Decision.

E. The PD Results in Continued and Unnecessary Administrative Burdens.

As noted in the settlement motion, “the Settlement Agreement will avoid the need for PG&E to file a PUBA Trigger Application in 2021 and, depending on the Commission’s decision on the contemplated PFM, in perpetuity. Avoiding the need for PUBA Trigger Applications in 2021 and beyond would significantly reduce the administrative and resource burden of the Settling Parties and the Commission in the coming years, promote rate stability, and save customers money in the process.”³⁵

Because the PD keeps the cap and trigger mechanism, these same parties, and the Commission, will need to relitigate these same issues in both a trigger proceeding next year and in the 2022 ERRA forecast proceeding. Such litigation will take place in the context of conflicting approaches to the trigger in both SCE and PG&E’s service territories. The PD also jeopardizes an agreement to provide a

³¹

Id.

³²

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

³³

SCE Proposed Decision at 18.

³⁴

Exh. JCCAs-20.

³⁵

Settlement Motion at 10-11.

unified solution to the Commission regarding the cap and trigger mechanism across all three utilities' service territories within a Petition for Modification of D.18-10-019. In contrast, if the Commission revises the PD to adopt the approach in the SCE Proposed Decision, the remainder of the settling parties' commitments can be addressed separately by the parties as commitments to joint future action.³⁶

II. THE PD ADOPTS A GTSR RATE THAT CLEARLY CONFLICTS WITH D.15-01-051.

The PD contains no reasoning on why it is implementing a GTSR rate for bundled customers that conflicts with D.15-01-051 and appears to misunderstand the issue. The Commission quotes the portion of that decision that supports *denying* PG&E's proposed GTSR rate because it requires matching the resources used to calculate the Resource Adequacy ("RA") charge for bundled customers to those "procured on their behalf."³⁷ It then notes the requirement that PG&E use the RA Adder to calculate the GTSR rate, which is not in controversy in this case—in fact, both PG&E *and* the Joint CCAs propose rate components based on the RA Adder market price benchmark used to calculate the PCIA rate.³⁸ This reasoning does not support a finding that the RA charge is "consistent with D.15-01-051" – it supports the opposite conclusion.³⁹

The Joint CCAs agree with PG&E and the Commission that the RA Adder must be used when calculating the RA Charge.⁴⁰ The problem with PG&E's GTSR rate calculation is that it does not follow Finding of Fact 103 in D.15-01-051, which requires the RA Adder to be multiplied "by *the amount of RA procured on behalf of the GTSR customer*, assuming 15% reserve margin."⁴¹ It also ignores the Conclusion of Law 52 and the statement that "[t]he utilities must charge all bundled customers, *including GTSR customers*, for the value of RA procured *on their behalf*."⁴²

PG&E's methodology contravenes D.15-01-051 by calculating the GTSR RA charge from too broad of a pool of resources (in the numerator) and an even broader pool of customers (in the

³⁶ On pages 13-14, the PD misinterprets a provision regarding severability as applying to its ability to treat the settlement a set of stipulations. Rather, the purpose of that provision is to give parties flexibility in seeking to maintain their obligations if a settlement is rejected. That is the case here, where the joint advocacy on the PD by TURN, PG&E and the CCA Parties indicates a preference to keep the key provisions of the settlement in place even if the Commission does not adopt the Settlement.

³⁷ Proposed Decision at 28.

³⁸ *Id.*

³⁹ *Id.* at 28, Conclusion of Law 7.

⁴⁰ See Joint CCAs Opening Brief at 23-24.

⁴¹ D.15-01-051 at Findings of Fact 103 (emphasis added).

⁴² *Id.* at 105, Conclusion of Law 52 (stating "GTSR customer rates should require GTSR customers to be responsible for costs incurred on their behalf, including renewable integration costs, provided that the IOU does not already cover the cost through a different mechanism."); see also Exh. JCCAs-8.

denominator), creating a mismatch between the resources included in the calculation and the customers those resources serve.⁴³ The issue is that the RA Adder used in the PCIA rate is expressed in terms of “dollars per kilowatt per month” which is a charge incurred once each month, but the GTSR RA Adder is expressed in terms of “cents per kilowatt-hour” which is incorporated into the energy charge. Converting the units requires dividing the RA Adder by the applicable load. The language in D.15-01-051 quoted above specifies that this calculation use the capacity that serves only bundled customers, excluding any sales to any other customers such as LSEs serving departed customers, as the representative value of the capacity serving GTSR customers. Arriving at the value of the RA Adder to bundled customers on a cents per kilowatt-hour basis requires that the total value to bundled customers be divided by only the bundled customer load.

PG&E instead multiplies the RA Adder by the NQC of the *entire* PCIA-eligible generation resource portfolio, including Sold RA capacity that will be purchased by third-parties and even Unsold RA capacity that will neither be sold nor used on behalf of bundled customers.⁴⁴ That is, PG&E calculates the numerator using capacity that is not just procured on behalf of bundled customers, as required by D.15-01-051, but rather by using all PCIA-eligible capacity in the utility’s portfolio, including the substantial amount of capacity PG&E sells to other load-serving entities.⁴⁵

PG&E then calculates the denominator based on “bundled, CCA, and non-exempt direct access customers.”⁴⁶ In order for “bundled customers, including GTSR customers” to be charged based on the RA capacity “procured on their behalf,” the denominator should consist of only PG&E’s bundled customers, including GTSR customers. Doing so ensures the customers in the denominator match the resources in the numerator.⁴⁷ The following table demonstrates the mismatched components of PG&E’s proposed calculation and provides the alternative GTSR rate with all components properly corresponding to bundled customers.

⁴³ Exh. JCCAs-1 at 46:1-2.

⁴⁴ *Id.* at 45:15-17.

⁴⁵ *See id.*; *see also id.* at 19:3-12 (describing the difference between Retained, Sold and Unsold RA).

⁴⁶ *See* Exh. JCCAs-12.

⁴⁷ Exh. JCCAs-1 at 46:16-18.

Table 2: Summary of PCIA Departing Load Surcharges Under PD Versus Preferred Outcome

	PG&E Proposal			Corrected	
	RA Adder (\$/kW-month)	Total RA Portfolio MW	\$ Value	Retained RA MW	\$ Value
System RA	\$6.10	3,336	\$244,168	2,582	\$189,003
Local RA	\$6.15	5,474	\$403,965	4,431	\$327,000
Flex RA	\$5.69	1,384	\$94,499	785	\$53,619
			\$742,631		\$569,622
Billing Determinants (MWh)		70,034,185		31,102,917	
RA Charge (\$/MWh)			\$10.60		\$18.31

PG&E’s approach contains a mismatch that directly contravenes the section of D.15-01-051 the PD cites because it mixes and matches different pools of resources and loads beyond those that are clearly identified as being attributable to bundled customers. The error requires the revisions to both the numerator and the denominator of PG&E’s rate calculations the Joint CCAs proposed in this proceeding, resulting in an RA charge component of GTSR and ECR rates of \$0.01831/kWh.⁴⁸

III. THE PD DENIES FUNDS OWED TO CURRENTLY BUNDLED CUSTOMERS WITH NO PLAN TO PAY THEM BACK.

The PD’s adoption of PG&E’s proposal to return the PCIA Financing Subaccount (“PFS”) to bundled customers via the ERRA rather than the PABA ensures funds owed to currently bundled customers will never be received. The PD’s justification for this decision promotes PG&E’s preferred accounting treatment over ratepayers, stating “Southern California Edison structured its financing subaccount differently than PG&E, and therefore it is reasonable for PG&E to have a different approach to returning balances to bundled customers.”⁴⁹

The PFS is used to track the amount financed by bundled customers related to the PUBA, that is, the revenue shortfall associated with capped PCIA rates for departing load customers.⁵⁰ The revenue deferral represents a credit owed to bundled customers that should be paid to those customers even if they depart.⁵¹ Reimbursement to bundled customers for having financed the PUBA would take place via a reduction to future generation rates paid by bundled customers—same as an ERRA overcollection.⁵²

⁴⁸ Joint CCAs Comments on November Update at 8.

⁴⁹ Proposed Decision at 21.

⁵⁰ Exh. JCCAs-1 at 40:15-17.

⁵¹ Exh. JCCAs-1 at 41:8-11.

⁵² *Id.* at 41:11-13.

As such, it should be paid back in the same manner prescribed by D.20-02-047 for an ERRA overcollection, *i.e.*, “reflected in the PCIA rate” to ensure any overcollection credit benefits “all customers who paid into the overcollection.”⁵³

If the revenue deferral is effectuated only as a reduction to bundled rates, a customer who contributed to the revenue deferral prior to the PUBA Trigger Application, but then leaves bundled service, would no longer receive a credit or refund related to the revenue deferral.⁵⁴ PG&E has all but conceded this unfair treatment would occur.⁵⁵ Under the Joint CCAs’ proposal, similar to the ERRA refund treatment discussed in the previous section, if the revenue deferral is transferred to the latest PABA vintage, customers would receive credit whether they remain bundled customers or choose to take unbundled service.⁵⁶ That is the approach followed by SCE,⁵⁷ and is the approach the PD should have required PG&E to follow here.

While the PD suggests this issue could be addressed in the PCIA rulemaking R.17-06-026, it will not be addressed in time to make whole those customers that depart in 2021 – if it is addressed at all. The PD should be revised to choose ratepayers over PG&E’s preferred accounting treatment.

IV. CONCLUSION

Adopting the changes to the PD’s Findings of Fact, Conclusions of law, and Ordering Paragraphs in Attachment A to these comments will prevent the errors of fact and law discussed herein.

Respectfully submitted,



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Dated: December 11, 2020

⁵³ D.20-02-047 at 11.

⁵⁴ Exh. JCCAs-1 at 41:17-20.

⁵⁵ Joint CCAs Opening Brief at 17 (citing Exh. PG&E-4 at 22:16-18).

⁵⁶ Exh. JCCAs-1 at 41:20 to 42:2.

⁵⁷ Joint CCAs Opening Brief at 18-19.

ATTACHMENT A

Pursuant to Rule 14.3(b) of the Commission's Rules of Practice and Procedure, the CCA Parties offer the following index of recommended changes to the *DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2021 ENERGY RESOURCE RECOVERY ACCOUNT FORECAST, GENERATION NON-BYPASSABLE CHARGES FORECAST, GREENHOUSE GAS FORECAST REVENUE RETURN AND RECONCILIATION, AND RELATED CALCULATIONS AND RATE PROPOSALS*, including proposed changes to the Proposed Decision's Findings of Fact, Conclusions of Law and Ordering Paragraphs. The CCA Parties' proposed revisions appear in underline and strike-through.

Findings of Fact

10. Revising the resource adequacy charge component of PG&E's rate proposal for the Green Tariff Shared Renewables and Enhanced Community Renewables programs is reasonable and in compliance with all applicable rules, regulations, resolutions and decisions to \$0.01831/kWh will ensure the resource adequacy charge reflects the amount of capacity procured on behalf of bundled customers participating in the program, as required by D.15-01-051.

14. ~~PG&E's proposal and methodology for the 2021 PUBA rate adder is reasonable and in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes. No party submitted comments on or opposed the terms of the November 20, 2020 settlement submitted by PG&E, CalCCA, the Joint CCAs and TURN (Settlement).~~

15. ~~PG&E estimates that the average rate impact of the proposed 2021 PUBA rate adder amortized over 12 months is 0.55 cents per kWh or 4 percent.~~ Setting a PUBA rate adder for departed load customers that amortizes the 2020 PUBA balance equally over three years (2021, 2022, and 2023) and includes the portion of the 2021 forecast PCIA revenue requirement for departed load customers that exceeds the amount recoverable under capped PCIA rates (1) is consistent with the terms of the Settlement and (2) will reduce rate volatility and increase affordability.

X. Requiring the revenue deferral related to the PUBA financing sub-account be transferred to the latest PABA vintage will ensure customers receive credit for funds owed to them whether they remain bundled customers or choose to take unbundled service.

Conclusions of Law

6. ~~The Commission should adopt~~ The resource adequacy charge component of PG&E's rate proposal for the Green Tariff Shared Renewables and Enhanced Community Renewables programs fails to follow D.15-01-051 and should be revised to \$0.01831/kWh.

9. ~~PG&E's proposal and methodology to refund the entire 2020 PUBA balance to bundled service customers through generation rates and recover such amounts through a vintage-specific 2021 PUBA rate adder on top of PCIA rates with a 12-month amortization period is reasonable and should be approved.~~ Setting a PUBA rate adder for departed load customers that amortizes the 2020 PUBA balance equally over three years (2021, 2022, and 2023) and includes the portion of the 2021 forecast PCIA revenue requirement for departed load customers that exceeds the amount recoverable under capped PCIA rates is reasonable and in compliance with all applicable rules, regulations, resolutions and decisions for all customer classes.

10. ~~The projected 2020 year-end PUBA balance addressed through a rate adder in this decision should not be counted towards the requirement for PG&E to file a new expedited trigger application when the PUBA balance exceeds the trigger point.~~

X. Requiring PG&E to transfer the revenue deferral related to the PUBA financing sub-account to the latest PABA vintage will ensure just treatment of all customers.

Ordering Paragraphs

1. This decision adopts and approves Pacific Gas and Electric Company's updated forecasts and requests as modified herein: (1) 2021 forecast of electric sales; (2) 2021 forecasted energy procurement revenue requirements; (3) 2021 Greenhouse Gas allowance revenue return forecast, clean energy program set asides and related costs; (4) 2021 Green Tariff Shared Renewables and Enhanced Community Renewables rate proposal; (5) proposal to credit vintage 2019 and vintage 2020 customers for Energy Resource Recovery Account overcollections; and (6) proposal to return the Power Charge Indifference Adjustment (PCIA) Undercollection Balancing Account (PUBA) balance to bundled customers through a rate adder to be applied in 2021 in addition to the authorized PCIA rates for eligible unbundled customers.

X. When calculating the 2021 rate adder for eligible unbundled customers in Ordering Paragraph 1, Pacific Gas and Electric Company shall include the following: 1) one-third of the 2020 year-end balance

in the PUBA and 2) the portion of the 2021 forecast PCIA revenue requirement for departed load customers that exceeds the amount recoverable under capped PCIA rates.