December 2, 2020

VIA ELECTRONIC MAIL

Ms. Rachel Peterson
Acting Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Request for Extension of Posting Requirement in Resolution E-5059

Dear Ms. Peterson:

Pursuant to Rule 16.6 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Community Choice Association (“CalCCA”) submits this request on behalf of its member Community Choice Aggregators (“CCAs”) for a 45-day extension to the requirement set forth in Commission Resolution E-5059 for CCAs to post a financial security requirements (“FSR”) instrument within 60 days of the issuance of Resolution E-5059. Resolution E-5059 was issued on October 9, 2020, therefore, the current posting requirement must be met by December 8, 2020.

Under Resolution E-5059, “posting of the FSR refers to the demonstration of the financial instrument having been formed, and the [investor-owned utility (“IOU”)] made its obligee, recipient, or equivalent.”1 Posting of an FSR instrument is not solely within the control of CCAs. Rather, as directed in Resolution E-5059, “[t]he formation process of an FSR instrument should provide all parties the opportunity to reach mutually agreeable terms, including those related to the specific condition under which the FSR is activated.”2 As such, posting of the FSR instrument requires involvement and agreement among three parties: IOUs, CCAs and issuing banks.

The CCAs and IOUs have been working diligently to negotiate and reach mutually agreeable terms, including those related to the specific condition under which the FSR is activated. These efforts have been conducted in good faith and with due earnestness. However, the IOUs and CCAs have had disagreements, including on certain matters impacting when the FSR may be activated. Certain of these matters were presented to the Commission through CalCCA’s protest earlier this week of the IOUs’ compliance advice letters. In addition, in discussions with the IOUs, many CCAs planned to use regional banks that were not rated by Standard & Poors and Moody’s – an IOU requirement. After failing to reach an accommodation, the CCAs began discussions with national banks, and those banks have recently requested terms and conditions that are currently being reviewed and discussed by the IOUs and CCAs.

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1 Resolution E-5059; Finding 17.
2 Resolution E-5059; Finding 5 (emphasis added).
Since posting of an FSR instrument is not solely within the control of a CCA, many CCAs are considering submitting unexecuted FSR instruments in order to meet the December 8, 2020 deadline. CalCCA believes that a 45-day extension would significantly improve the probability that CCAs may submit fully executed FSR instruments.

For the reasons set forth herein, CalCCA requests a 45-day extension to the posting requirement set forth in Resolution E-5059. In addition, CalCCA also requests that the Commission accept this late-submitted request. CalCCA understands that extension requests should normally be submitted under Rule 16.6 at least five business days before December 8, 2020. However, CCAs only became aware of certain factors late yesterday and today.

CalCCA thanks the Commission for its consideration of this request.

Respectfully,

CALIFORNIA COMMUNITY CHOICE ASSOCIATION

Evelyn Kahl
General Counsel

cc via email:

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Service List for R.03-10-003