

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



FILED

02/27/23

04:59 PM

A2202015

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 Through December 31, 2021. (U 39 E)

Application 22-02-015

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
OPENING BRIEF**

Evelyn Kahl
General Counsel and Director of Policy
Willie Calvin
Regulatory Case Manager
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
Telephone: (415) 254-5454
E-mail: regulatory@cal-cca.org

Tim Lindl
Nikhil Vijaykar
KEYES & FOX LLP
580 California Street, 12th Floor
San Francisco, CA 94104
Telephone: (510) 314-8385
E-mail: tlindl@keyesfox.com
nvijaykar@keyesfox.com

On behalf of
California Community Choice Association

February 27, 2023

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SUMMARY OF RECOMMENDATIONS

- The Commission should approve the Stipulation between CalCCA and PG&E because it is reasonable in light of the whole record, consistent with law, and in the public interest.

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OPENING BRIEF**

Pursuant to Rule 13.12 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) and the January 6, 2023 Ruling Amending Proceeding Schedule,¹ California Community Choice Association² (CalCCA) hereby submits this Opening Brief on Scoping Memo³ Issues 1-7⁴ regarding the *Application of Pacific Gas and Electric Company (PG&E) for Compliance Review of Utility-Owned Generation Operations, Portfolio*

¹ Application (A.) 22-02-015, *Ruling Amending Proceeding* (January 6, 2023).

² California Community Choice Association represents the interests of 23 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

³ A.22-02-015, *Assigned Commissioner's Scoping Memo and Ruling* at 2-3 (Aug. 9, 2022) (Scoping Ruling).

⁴ Pursuant to the Ruling Amending Proceeding, CalCCA does not address Scoping Memo Issue 8, which pertains to PG&E's calculation of the unrealized volumetric sales and unrealized revenue resulting from Public Safety Power Shutoff events in 2021, in this brief. (Ruling Amending Proceeding at 2-3). CalCCA will address that issue as necessary through separate testimony and briefing.

Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility-Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 through December 31, 2021 (Application).

CalCCA’s testimony in this proceeding focused on Scoping Memo Issue 3: “Whether the entries recorded in the ERRA and Portfolio Allocation Balancing Account are reasonable, appropriate, accurate, and in compliance with Commission decisions.”⁵ CalCCA made the following recommendations based on its review of the Application:

1. PG&E should transfer costs from the Portfolio Allocation Balancing Account (PABA) to the Green Tariff Shared Renewables (GTSR) Balancing Account to properly account for the use of an interim resource pool to serve GTSR customers;⁶
2. PG&E should make adjusting entries to PABA to correct an error in the allocation of costs between Electric Supply Administration (ESA) and non-ESA components of GRC-related costs recorded in PABA;⁷
3. PG&E should provide disposition of new processes developed as a result of the Regulatory Data Inventory (RDI) recommendation from the 2020 PABA audit;⁸
4. PG&E’s internal audit department should consider completing an audit of processes and procedures over customer vintaging determinations,⁹ and;
5. PG&E should provide additional transparency when vintaging new Utility Owned Generation (UOG) by submitting a Tier 1 Advice Letter.¹⁰

PG&E’s rebuttal testimony and responses to CalCCA’s discovery requests resolved the majority of CalCCA’s issues listed above. PG&E confirmed that it has transferred 2021 and 2022 interim resource pool costs from PABA to the GTSR Balancing Account to account for the use of

⁵ Exh. CCA-01 at 2.

⁶ *Id.* at 3.

⁷ *Id.*

⁸ *Id.* at 5.

⁹ *Id.* at 6.

¹⁰ *Id.* at 4.

an interim resource pool to serve GTSR customers.¹¹ PG&E confirmed that it made an adjustment to PABA to correct the error regarding the allocation of GRC-related costs.¹² PG&E provided a description of new processes and controls for the RDI as a result of PG&E's internal audit recommendation.¹³ PG&E also confirmed that its internal audit department has included an audit of processes and procedures over customer vintaging in its 2023 audit plan, the results of which will be included in PG&E's testimony for the ERRA Compliance case following the issuance of the final internal audit report.¹⁴

The only contested issue that was not resolved by PG&E's rebuttal testimony and discovery responses concerned PG&E's process for vintaging new UOG and disclosing vintage assignments. On January 18, 2023, CalCCA and PG&E filed a stipulation memorializing the parties' compromise on that issue.¹⁵ CalCCA and PG&E agreed that it is reasonable for PG&E to specifically identify and submit testimony addressing vintaging of new UOG in the next ERRA Compliance application after Commission approval of a new UOG facility.¹⁶ Further, CalCCA and PG&E agreed that to the extent expenditures associated with the new UOG facility have not yet been recorded to SAP project orders at the time PG&E files its first ERRA Compliance application after Commission approval of the facility, PG&E will file testimony providing an update of the vintaging of the facility in its subsequent ERRA Compliance applications.¹⁷ CalCCA and PG&E also agreed that:

- The information PG&E provided in its rebuttal testimony satisfied CalCCA's concerns regarding the resolution of audit findings related to the RDI audit remediation efforts, and;

¹¹ Exh. PGE-07 (PG&E response to data request CalCCA 7.1).

¹² Exh. PGE-02 at 12-2.

¹³ *Id.* at 12-4 – 12-8.

¹⁴ *Id.* at 12-8.

¹⁵ Exh. PGE-06.

¹⁶ *Id.* at 1.

¹⁷ *Id.*

- PG&E has satisfactorily demonstrated appropriate transfer of 2021 and 2022 interim resource pool costs from the PABA to the GTSR Balancing Account, and 2021 and 2022 CAISO market revenues from the PABA to the Energy Resource Recovery Account.¹⁸

Finally, CalCCA and PG&E agreed that the Stipulation reflects a reasonable resolution of the disputed issues between CalCCA and PG&E raised in this proceeding.¹⁹

I. LEGAL STANDARD

Long-standing Commission policy strongly favors settlements,²⁰ provided the settlement meets the standard set forth in Commission Rule 12.1(d):

The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law and in the public interest.

The Commission approves settlement agreements based on whether the settlement agreement is just and reasonable as a whole, not based on its individual terms:

In assessing settlements we consider individual settlement provisions but, in light of strong policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.

Several prior Commission decisions have endorsed settlements as an “appropriate method of alternative ratemaking.”²¹ That is because settlements can reduce the expense of litigation and conserve scarce Commission resources, while also allowing parties to reduce the risk that litigation produces unfavorable results.²² In this case, the Stipulation advances each of these policy goals, meets each prong of the Rule 12.1(d) standard, and produces a just and reasonable outcome as a whole. The Commission should therefore approve the Stipulation.

¹⁸ Exh. PGE-06 at 2.

¹⁹ *Id.*

²⁰ D.10-06-038 at 38.

²¹ *See, e.g.*, D.05-10-041 at 47; D.15-03-006 at 6; D.15-04-006 at 8.

²² D.14-12-040 at 15.

II. ARGUMENT

A. The Stipulation is Reasonable in Light of the Whole Record.

The Stipulation summarizes the record evidence pertaining to PG&E's process for vintaging new UOG. PG&E presented its proposed definition for UOG vintaging in its direct testimony.²³ CalCCA recommended, in its direct testimony, that PG&E provide additional transparency when vintaging new UOG by filing a Tier 1 Advice Letter with the Commission with notification of the assigned vintage and supporting rationale.²⁴ PG&E agreed, in its rebuttal testimony, that additional transparency is conducive to ensuring that the appropriate customers are paying for the new UOG, but recommended that the rationale for vintage assignments regarding any newly approved UOG facilities be presented in the first ERRA Compliance case following Commission approval of a new UOG facility rather than a Tier 1 advice letter, given the detailed nature of the proceedings approving new construction and the related ratemaking requests.²⁵

The Stipulation reflects CalCCA's and PG&E's compromise on this issue. Rather than adhering to the positions articulated in their respective testimony, CalCCA and PG&E agree on a reasonable "middle-ground" that achieves the parties' shared goal of promoting transparency and incorporates aspects of each party's respective litigation position. Specifically, CalCCA and PG&E agree that it is reasonable for PG&E to specifically identify and submit testimony addressing vintaging of new UOG in the next ERRA Compliance application after Commission approval of a new UOG facility. Further, CalCCA and PG&E agree that to the extent that expenditures associated with the new UOG facility have not been recorded to SAP Project Orders at the time PG&E files its first ERRA Compliance application after Commission approval of the

²³ Exh. PGE-01 at 12-4.

²⁴ Exh. CCA-01 at 4.

²⁵ Exh. PGE-02 at 12-3.

facility, PG&E will submit testimony providing an update on the vintaging of the facility in its subsequent ERRA Compliance applications.

The Stipulation is reasonable in light of the whole record because it takes into account all of the evidence presented on this issue and arrives at a balanced agreement based on that evidence. The Commission should therefore find that the Stipulation meets the first prong of the Rule 12.1(d) test.

B. The Stipulation is Consistent with Law.

Over the course of this proceeding, CalCCA and PG&E engaged in productive discussions and negotiations regarding the disputed issues in PG&E's Application, including PG&E's process for vintaging new UOG. The Stipulation is the product of those good faith negotiations and the parties' compromise. The Stipulation does not conflict with any provision of California or federal law. The Commission should therefore find that the Stipulation meets the second prong of the Rule 12.1(d) test.

C. The Stipulation is in the Public Interest.

CalCCA asserted,²⁶ and PG&E agreed,²⁷ that transparency regarding the vintaging of new UOG can help ensure that the appropriate customers pay for those facilities. The Stipulation will promote transparency because, per its terms, PG&E will submit testimony identifying and addressing the vintaging of new UOG in a docketed Commission proceeding (the ERRA Compliance application following Commission approval of a new UOG facility). This will allow interested parties to evaluate PG&E's vintage assignments and verify that those assignments are reasonable and comply with Commission decisions and the law. This process promotes the public interest because it will help ensure that the appropriate customers pay for new UOG. The

²⁶ Exh. CCA-01 at 4.

²⁷ Exh. PGE-02 at 12-3.

Commission should therefore find that the Stipulation meets the third prong of the Rule 12.1(d) test.

III. CONCLUSION

The Stipulation meets the Rule 12.1(d) test and produces a just and reasonable outcome as a whole. For the foregoing reasons, CalCCA respectfully requests the Commission approve the Stipulation.

Respectfully submitted,

/s/ Nikhil Vijaykar

Nikhil Vijaykar

Tim Lindl

KEYES & FOX LLP

580 California Street, 12th Floor

San Francisco, CA 94104

Telephone: (408) 621-3256

Email: nvijaykar@keyesfox.com

tlindl@keyesfox.com

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February 27, 2023