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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Reassess Its Direct Access (DA) and Community Choice Aggregation (CCA) Service Fees (U39E).

Application 11-12-009
(Filed December 23, 2011)

**SCOPING MEMO AND RULING OF ASSIGNED
COMMISSIONER AND ADMINISTRATIVE LAW JUDGE**

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure, and following a prehearing conference (PHC) held on February 27, 2012, this ruling sets forth the category, need for hearing, issues to be addressed and schedule of the proceeding.

Background

On December 23, 2011, Pacific Gas and Electric Company (PG&E) filed Application (A.) 11-12-009 seeking approval to reassess its Direct Access (DA) and Community Choice Aggregation (CCA) service fees. Specifically, PG&E proposes to revise, update, and simplify the service fees included in six rate schedules: (1) Schedule E-ESP, Services to Energy Services Providers; (2) Schedule E-ESPND SF, Energy Service Provider Non-Discretionary Service Fees; (3) Schedule E-EUS, End User Service; (4) Schedule E-DASR, Direct Access Services Request Fees; (5) Schedule E-CCA, Services to Community Choice Aggregators; and (6) Schedule E-CCAINFO, Information Release to Community Choice Aggregators. These rate schedules set forth the service fees for certain discretionary and non-discretionary billing, metering and other services offered

to DA customers and their Energy Service Providers, and to CCA service customers and their Community Choice Aggregators (CCAs).

PG&E filed A.11-12-009 in compliance with Ordering Paragraph 22 of Decision (D.) 11-05-018 in A.09-12-020, issued May 5, 2011 (Decision on Pacific Gas and Electric Company Test Year 2011 General Rate Increase Request). D.11-05-018, which adopted a settlement agreement in PG&E's 2011 General Rate Case (GRC), conditionally adopted the proposed DA and CCA fees contained in the settlement but directed PG&E to file an application by January 1, 2012, to comprehensively reassess all of its DA and CCA service fees. In addition, Ordering Paragraph 22 authorized PG&E to cease recording costs and revenues in its Direct Access Discretionary Cost/Revenue Memorandum Account (DADCRMA), pending review of the account balance in the instant application. D.97-10-087 (Opinion Regarding Direct Access Implementation Plans and Related Tariffs) authorized PG&E and the other Utility Distribution Companies to establish memorandum accounts to collect fees for discretionary services and adopted interim fees for those services, subject to refund, which resulted in the creation of the DADCRMA. The DADCRMA was established via advice letter on November 20, 1997, and PG&E has booked discretionary costs and revenues in the account for the period January 1998 through December 2010. In the instant application, PG&E states that, adjusted for interest, the net under-collection in the DADCRMA is \$7,275,070.51.

In this application, PG&E requests authority to update and revise Schedules E-ESP, E-ESPNDSE, E-EUS, and E-CCA to simplify its overall portfolio of service fees by: (1) removing service fees for services which have never been used or are rarely requested; (2) removing service fees for services which are no longer relevant or are no longer necessary because PG&E will discontinue

offering the service; (3) consolidating the remaining service fees into either an inclusive flat service fee or an hourly rate, as appropriate; and (4) updating fees that are charged on an hourly labor rate. PG&E proposes to continue to offer the services in Schedule E-DASR and E-CCAINFO and to maintain its current fees. In the application, PG&E proposes to simplify DA service fees by changing the pricing methodology from activity-based to absorption-based for incremental DA service costs. PG&E proposes to base the updated and simplified DA and CCA service fees on the costs recorded in the DADCRMA, and such costs will be used to set fees for the 2012 test year. As stated earlier, the DADCRMA currently shows a net under-collection; thus, according to PG&E, the current rate schedules do not adequately cover costs. However, as one measure to reduce rate-shock from the updated fees, PG&E does not seek to add the under-collected DADCRMA balance to future revenues. Finally, PG&E proposes to update the new proposed fees periodically in every GRC to accurately reflect business changes.

Concurrent with its application, PG&E also filed initial testimony. The application was protested on January 27, 2012 by The Utility Reform Network (TURN) and, jointly, the Alliance for Retail Energy Markets, City and County of San Francisco, Direct Access Customer Coalition, Gas and Power Technologies, Marin Energy Authority, Retail Energy Supply Association, and the School Project for Utility Rate Reduction, together the Protesting Parties. PG&E filed a Reply to Protests on February 6, 2012. The Protesting Parties, joined by San Joaquin Valley Power Authority, which was granted party status on February 6, 2012, served a PHC statement on February 22, 2012. On the same date, PG&E and TURN also served a joint PHC statement. The California Large Energy Consumer Association (CLECA) requested and was granted party status

at the February 27, 2012 PHC. Concerns raised by TURN, the Protesting Parties, and CLECA cover a wide variety of issues regarding the costs, methodologies and assumptions set forth by PG&E in its application, and such concerns are encompassed by the scope set forth below.

Scope

In determining the scope of this proceeding, we have considered the application, the protests of TURN and the Protesting Parties, the Reply of PG&E, the joint PHC statement of TURN and PG&E, the joint PHC statement of the Protesting Parties, the oral protest of CLECA at the PHC, and all other issues discussed during the PHC. No broad issues raised by parties are explicitly ruled outside the scope; however, we have consolidated some issues and adjusted suggested wording to promote clarity.

The issues listed below are within the scope of this proceeding.

1. Should the Commission approve PG&E's proposed DA and CCA fee structure?
 - A. Are the DA and CCA service fees proposed by PG&E just and reasonable?
 - i. What amounts should DA and CCA customers be charged for services provided them?
 - ii. Is PG&E's proposed methodology for calculating DA and CCA service fees (based on historical costs tracked in the DADCRMA) just and reasonable?
 - iii. Do the DA and CCA service fees proposed by PG&E reasonably reflect PG&E's implementation of SmartMeters or other technological upgrades that may affect costs?
 - iv. How are the same costs charged to and recovered from bundled service customers?
 - a. Are DA and CCA customers being charged twice for the same costs?

- B. Is PG&E's proposed methodology of simplifying and consolidating DA and CCA service fees just and reasonable?
 - C. Do the proposed DA and CCA service fees comply with Public Utilities Code Section 453(a)?¹
 - D. Do the proposed DA and CCA service fees comply with Public Utilities Code Section 453(c)?²
 - E. How often and in what forum should PG&E update DA and CCA service fees going forward?
 - i. Should DA and CCA service fees be updated as part of PG&E's GRC?
 - ii. How should PG&E update DA and CCA service fees to incorporate fees for which PG&E currently has no recorded cost data, but for which PG&E intends to record actual costs going forward?
2. In the event that the adopted DA and CCA fee structure results in additional revenues for PG&E not anticipated in D.11-05-018, how should those revenues be tracked and returned to ratepayers?
- A. Should DA and CCA costs and revenues be tracked in a memorandum account?
 - B. Should any over-collection of DA and CCA service fees be included in PG&E's annual electric true-up, prior to their reflection in PG&E's next GRC rates?

¹ Public Utilities Code Section 453(a) states: "No public utility shall, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage."

² Public Utilities Code Section 453(c) states: "No public utility shall establish or maintain any unreasonable difference as to rates, charges, service, facilities, or in any other respect, either as between localities or as between classes of service."

3. Should the Commission approve PG&E’s proposed disposition of the balance in the DADCRMA?

In setting forth the above scope, we emphasize the narrow focus of this proceeding, which is only to evaluate the proposed DA and CCA service fees contained in the instant application as directed by Ordering Paragraph 22 of D.11-05-018. We note that we recently adopted a decision in Phase 2 of PG&E’s GRC adopting marginal costs of electric generation, transmission, distribution, and customer access to serve as the basis for allocating generation and distribution revenue among rate groups for use in the design of PG&E’s retail electric rates (D.11-12-053 in A.10-03-014). While parties may wish to examine information from that decision in the context of this proceeding, nothing set forth in the scope above should be construed to signify our intention to revisit or disturb any conclusions, authorizations or outcomes of previous decisions issued in A.10-03-014, or any other proceedings pertaining to PG&E’s GRC.

Schedule

We establish the following schedule for this proceeding:

Item	Date
PHC	February 27, 2012 (complete)
Intervenor Testimony Served	May 14, 2012
PG&E Rebuttal Testimony Served	June 8, 2012
Hearings	July 2, 2012 at 10:00 a.m. July 3, 5 at 9:00 a.m. Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Concurrent Opening Briefs Filed And Served; Motions Requesting Final Oral	July 31, 2012

Argument Filed and Served	
Concurrent Reply Briefs Filed and Served	August 15, 2012
ALJ Proposed Decision	November, 2012

It is anticipated that this proceeding will conclude as set forth above. However, the assigned Administrative Law Judge (ALJ) may modify the schedule and scope as required to promote the efficient and fair resolution of the matter. In any event, the proceeding should be resolved within 18 months of this scoping memo as provided by Pub. Util. Code § 1701.5.

Final Oral Argument

Pursuant to Rule 13.13(b), in the event that evidentiary hearings are held in this proceeding, any party to this proceeding will have the right to request the opportunity to present final oral arguments before the Commission. Parties must file and serve a motion requesting final oral argument no later than the deadline for filing and serving concurrent opening briefs.

Category of Proceeding, Hearings, Submission and *Ex Parte* Rules

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding (Resolution ALJ 176-3278, January 12, 2012), and that evidentiary hearings are likely needed. In advance of the first day of hearings, the assigned ALJ will issue a ruling providing guidance to parties on the marking of exhibits, the development of a cross-examination schedule, and any other issues necessary to ensure that hearings run smoothly and expeditiously. This proceeding will stand submitted upon written ruling from the assigned ALJ. *Ex parte* communications continue to be governed by Article 8 of the Commission's Rules of Practice and Procedure.

Assignment of Proceeding and Designation of Presiding Officer

Mark J. Ferron is the assigned Commissioner and Melissa K. Semcer is the assigned ALJ in this proceeding. Pursuant to Rule 13.2(b), Melissa K. Semcer is the assigned Presiding Officer in this proceeding.

Intervenor Compensation

A party who intends to seek an award of compensation pursuant to Pub. Util. Code §§ 1801-1812 should file and serve a notice of intent to claim compensation no later than 30 days after the February 27, 2012 PHC. (Pub. Util. Code § 1804(a)(1)).

Parties intending to seek an award of intervenor compensation must maintain daily record keeping for all hours charged and a sufficient description for each time of entry. Sufficient means more detail than just “review correspondence” or “research” or “attend meeting.” In addition, intervenors must classify time by issues. When submitting requests for compensation, the hourly data should be presented in an Excel spreadsheet.

Filing, Service and Service List

Parties who provide an e-mail address for the official service list may serve documents by e-mail in accordance with Rule 1.10 (and must nevertheless serve a paper copy of all documents on the assigned ALJ pursuant to Rule 1.10(e)), and are deemed to consent to e-mail service by other parties. To the extent possible, parties should only serve documents electronically on assigned Commissioner Ferron.

Parties are encouraged to electronically file pleadings pursuant to Rule 1.13(b) as it speeds their processing and allows them to be posted on the Commission’s website. More information about electronic filing is available at www.cpuc.ca.gov/puc/efiling.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The assigned Commissioner is Mark J. Ferron.
2. The assigned Administrative Law Judge (ALJ), Melissa K. Semcer, is the Presiding Officer.
3. The scope and schedule of the proceeding are set forth herein.
4. Nothing set forth in the scope above should be construed to signify our intention to revisit or disturb any conclusions, authorizations or outcomes of previous decisions issued in Application 10-03-014, or any other proceedings pertaining to Pacific Gas and Electric Company's General Rate Case.
5. The category is ratesetting.
6. Hearings may be needed and are scheduled as set forth above.
7. The proceeding shall stand submitted upon written ruling by the assigned ALJ.
8. Parties must file and serve motions requesting final oral argument no later than the deadline for filing and serving concurrent opening briefs.
9. Parties must comply with the *ex parte* rules set forth in Article 8 of the Commission's Rules of Practice and Procedure (Rules).
10. Parties must comply with Rules 1.9 and 1.10 regarding service and provide the assigned ALJ with a hard copy, and an electronic copy to the extent practical pursuant to Rule 1.13(e). Whenever possible, parties shall only provide an electronic copy to the assigned Commissioner.

11. Parties who intend to seek an award of compensation pursuant to Pub. Util. Code §§ 1801-1812 should file and serve a notice of intent to claim compensation no later than 30 days after the February 27, 2012 prehearing conference.

Dated March 27, 2012, at San Francisco, California.

 /s/ MARK J. FERRON
Mark J. Ferron
Assigned Commissioner

 /s/ MELISSA K. SEMCER
Melissa K. Semcer
Administrative Law Judge