



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

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Application of Pacific Gas and Electric
Company Proposing Cost of Service and Rates
for Gas Transmission and Storage Services for
the period of 2015-2017.

Application No. 13-12-012
(Filed December 19, 2013)

(U 39 G)

And Related Matter.

Investigation 14-06-016

**NOTICE OF EX PARTE COMMUNICATION OF
THE SCHOOL PROJECT FOR UTILITY RATE REDUCTION**

DOWNEY BRAND LLP
Dan L. Carroll
621 Capitol Mall, 18th Floor
Sacramento, CA 95814
Telephone: (916) 444-1000
Facsimile: (916) 444-2100
Email: dcarroll@downeybrand.com

Attorneys for The School Project for Utility Rate
Reduction

Dated: May 27, 2016

Pursuant to Article 8 of the Commission's Rules of Practice and Procedure, the School Project for Utility Rate Reduction ("SPURR") submits this Notice of Ex Parte Communication in the above-captioned proceeding. On May 24, 2015, from 1:30 p.m. to approximately 1:55 p.m., Michael Rochman, Managing Director of SPURR, met in person with John Reynolds, adviser to Commissioner Carla Peterman, at the Commission's office at 505 Van Ness Avenue in San Francisco, California. SPURR requested the meeting. Four documents were used during the meeting: a single page summary of issues for discussion during the meeting, a copy of Hearing Exhibit Commercial Energy-23, excerpts from the prepared direct and rebuttal testimony of PG&E witness David Elmore (from Hearing Exhibits PG&E-2 and PG&E-43), and excerpts from the oral hearing testimony of William Monsen, witness for Commercial Energy of Montana ("CEM"). Copies of each document are attached.

Mr. Rochman introduced SPURR and explained that SPURR is a self-aggregation of school districts, community colleges, and other public agencies.

Mr. Rochman presented the background of the core transmission capacity allocation issue in the context of PG&E's 2015 GT&S proceeding. In spite of objections by SPURR and other CTAs, the Commission held in an earlier proceeding that PG&E must buy transmission capacity, and CTAs must pay the uneconomic costs of such capacity, to ensure that such capacity remains available, year-round, to core customers.

Mr. Rochman explained the current "January Throughput" model used to allocate transmission capacity to core customers. He noted that no party has introduced substantive evidence in favor of that model in this or in any other Commission proceeding. That model causes customers who have a relatively low January usage but a higher relative summer usage to pay a lower share of the excess cost of capacity as compared to their share of overall annual core usage. Mr. Rochman explained how based on evidence in the record at least two CTAs appear to benefit by selecting core customers with relatively low January usage to pay less than their fair share of capacity costs. Mr. Rochman also explained that PG&E presented a "Seasonal Allocation" methodology that more closely aligns allocations with annual, overall usage of customers. SPURR and TURN both supported this proposal in their briefs.

One other CTA, CEM, presented an alternate methodology based on "Peak Demand" of core customers. This model was supported by Tiger Natural Gas ("TNG"), a CTA, in its brief. None of the other parties in the proceeding, including ORA and the other CTAs, presented evidence or commented on this issue.

Mr. Rochman presented excerpts from the prepared direct and rebuttal testimony of David Elmore, PG&E expert witness, providing evidence in support of PG&E's proposed Seasonal Allocation method for allocating transmission pipeline capacity. Mr. Rochman also presented a copy of excerpts of the transcript of oral hearing testimony of William Monsen, CEM witness, highlighted to show that his testimony addressed only **intra**state capacity (which accounts for 6% of above-market capacity costs) and did not address **inter**state capacity (which accounts for 94% of above-market capacity costs).

Mr. Rochman also presented a copy of Hearing Exhibit Commercial Energy-23, showing that two CTAs benefit by about \$6 million per year between them under the current January Throughput allocation method as compared to the Seasonal Allocation method proposed by PG&E. The PG&E bundled core loses \$10 million per year under the current model as compared to PG&E's proposed Seasonal Allocation model.

Mr. Rochman stated that all relevant parties were active in this proceeding, the issue of transmission capacity allocation methodology was fully presented by evidence and briefed, and that sending parties back to the bargaining table would simply cause greater expenditures of time and money when the issue was already ripe for decision by the Commission.

Mr. Rochman noted that SPURR supports the positions of the Core Transport Agent Consortium on other issues in this proceeding, particularly with respect to core storage.

Mr. Rochman stated that SPURR would file comments on May 25, 2016, with specific recommendations for revisions to the Proposed Decision and the Alternate Proposed Decision.

Mr. Rochman stated that PG&E, SPURR, and TURN are in agreement supporting the proposed Seasonal Allocation methodology, and that CEM and TNG support CEM's proposed Peak Day Allocation methodology.

Mr. Rochman requested that Commissioner Peterman revise her Alternate Proposed Decision to accept the PG&E pipeline capacity allocation proposal.

Pursuant to Rule 8.4, this notice is being filed within three working days of the ex parte communication.

Parties may request a copy of this notice by contacting:

Bridget Cougar
Downey Brand LLP
621 Capitol Mall, 18th Floor
Sacramento, California 95814
Telephone: (916) 444-1000
E-mail: bcougar@downeybrand.com

Dated: May 27, 2016

Respectfully submitted,
DOWNEY BRAND LLP

By: */s/ Dan L. Carroll*
Dan L. Carroll

**Attorneys for the School Project for Utility Rate
Reduction**