

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



**FILED**

7-06-16  
04:59 PM

Application of Pacific Gas and Electric  
Company for Adoption of Electric Revenue  
Requirements and Rates Associated with its  
2017 Energy Resource Recovery Account  
(ERRA) and Generation Non-Bypassable  
Charges Forecast and Greenhouse Gas  
Forecast Revenue and Reconciliation

Application 16-06-003  
(Filed June 1, 2016)

**PROTEST OF SONOMA CLEAN POWER AUTHORITY TO  
PG&E'S ENERGY RESOURCE RECOVERY ACCOUNT APPLICATION**

Steven S. Shupe  
General Counsel  
Sonoma Clean Power Authority  
50 Santa Rosa Avenue, 5<sup>th</sup> Floor  
Santa Rosa, CA 95404  
Tel: (707) 890-8485  
Email: [sshupe@sonomacleanpower.org](mailto:sshupe@sonomacleanpower.org)

Dated: July 6, 2016

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

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation

Application 16-06-003  
(Filed June 1, 2016)

**PROTEST OF SONOMA CLEAN POWER AUTHORITY TO  
PG&E’S ENERGY RESOURCE RECOVERY ACCOUNT APPLICATION**

Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, the Sonoma Clean Power Authority (SCPA) submits this protest to PG&E’s Energy Resource Recovery Account (ERRA) application, filed June 1, 2016.

**I. Introduction**

SCPA’s primary interests in PG&E’s ERRA application are the reasonableness of PG&E’s proposed revenue requirement for Community Choice Aggregation (CCA) customers, and the calculation of the Power Charge Indifference Adjustment (PCIA) and Cost Allocation Mechanism (CAM) charges. PG&E proposes to *reduce* bundled customers’ rates by approximately 3.5%, while PG&E *increases* CCA customers’ transmission and distribution rates by 2.5%.<sup>1</sup> PG&E also proposes another 25% to 30% increase in the PCIA to be imposed on CCA customers in 2017 (depending on the customers’ “vintage” and rate class), on top of the extraordinary PCIA increases imposed by PG&E on CCA customers just last January, which included a *doubling* of the PCIA charge for CCA residential customers.

---

<sup>1</sup> PG&E’s 2017 ERRA application, Exh. C.

## **II. Interest in this Proceeding**

SCPA is the second operational CCA program in California, and currently serves about 198,000 accounts encompassing a population of approximately 450,000, which includes all of Sonoma County except for the City of Healdsburg, which has its own municipal utility. SCPA is governed by a nine-member Board of Directors comprised of appointees from the participating cities and the County of Sonoma. SCPA provides its customers with stable and competitive electric rates, providing a power portfolio with a higher renewable content (and lower greenhouse-gas emissions) than PG&E.

SCPA is concerned about the calculation and reasonableness of the rates and charges PG&E proposes to impose on CCA customers, since such rates and charges impair SCPA's ability to operate its CCA program in an efficient and cost-competitive manner for the benefit of its customers in Sonoma County. In particular, SCPA is concerned that the PCIA proposed by PG&E is higher than is necessary to allow PG&E to recover its actual "stranded" above-market generation costs. PG&E proposal would push the PCIA to a never before seen level (approximately 3¢/kWh for residential customers), and if approved by the Commission will impact the ability of SCPA and other CCAs to fairly compete with PG&E. SCPA also wishes to ensure that costs are properly allocated to the "transmission," "distribution," and "generation" categories.

Further, the potential exists for two problematic results from PG&E's 2016 ERRA docket to repeat themselves in this docket. First, there is the potential for dramatic increases to unbundled residential customers' rates at the very last minute, with little notice of those increases, directly contravening a number of the Commission's ratemaking principles for

bundled customers.<sup>1</sup> Second, there is the potential that CCAs will have an insufficient ability to access the confidential documents necessary to verify PG&E's calculations. While the Application includes one provision that could potentially mitigate these issues,<sup>2</sup> SCPA does not believe the Application goes far enough to protect unbundled ratepayers from being blindsided again.

### **III. Protest**

In light of the foregoing, SCPA protests the calculation and reasonableness of PG&E's proposed revenue requirements for CCA rates and CCA rate components, including the PCIA and the CAM.<sup>3</sup> SCPA expects other issues may arise during the course of this proceeding and reserves the right to amend this protest or seek other relief as appropriate.

One issue that should be given detailed attention is PG&E's unprecedented proposal to retire its billion-dollar negative indifference amount balance and no longer apply this negative amount to offset positive indifference amounts. SCPA looks forward to exploring and addressing this important issue. At this stage of the proceeding, SCPA simply offers two points for the Commission's consideration.

First, PG&E stands alone in making this extraordinary request. To SCPA's knowledge, none of the other investor-owned utilities has made a similar request, and the other investor-owned utilities are continuing to carry-forward negative indifference amounts. For example,

---

<sup>1</sup> *Sonoma Clean Power Comments on Proposed Decision*, A.15-06-001, pp. 4-7 (Dec. 3, 2015).

<sup>2</sup> Application at 8, Testimony at Chapter 9, p. 9-14 (suggesting an openness to a third-party auditor).

<sup>3</sup> Previously the Commission has found it reasonable to cap departing load charges for DA customers under the Cost Responsibility Surcharge ("CRS") to 2.7¢/kWh in order to preserve the economic viability of DA programs. (See Decision D.02-11-022 at 118 and Ordering Paragraph 19.) Consideration of a cap on the PCIA should be considered within the scope of this proceeding.

Southern California Edison Company (SCE) stated as follows in its 2017 ERRA testimony: “[N]egative Indifference Amounts for the 2001-2008 vintages from the 2016 ERRA Forecast have been carried over and have been applied as a downward adjustment to their otherwise applicable 2017 ERRA Forecast Indifference Amount.”<sup>4</sup> If, as PG&E would have the Commission believe, “[b]ecause the last DWR contract has expired, it is now appropriate to retire the negative indifference amount consistent with the Commission’s earlier determination”,<sup>5</sup> it is unusual that the other investor-owned utilities have not implemented this action, particularly since the other investor-owned utilities’ Department of Water Resources’ (DWR) contracts expired much earlier than PG&E’s DWR contracts.

Second, SCPA challenges and looks forward to addressing PG&E’s various unsupported, illogical statements about the negative indifference amount. Chief among these statements is PG&E’s belief that “[r]etirement of the negative indifference amount does not benefit any group of customers or deprive any group of customers of any possible amount to which they were entitled now or in the future.”<sup>6</sup> This statement flies in the face of the Commission’s past statements about “bundled customer indifference,” since the fact that PG&E has a billion-dollar negative indifference amount balance indicates that bundled customers have “benefitted” from the negative indifference amount. The Commission has defined “bundled customer indifference” as being the condition in which “bundled customers should be no worse off, nor should they be any better off as a result of customers choosing alternative energy suppliers (ESP, CCA, POU or customer generation).”<sup>7</sup> Retirement of PG&E’s negative indifference balance raises multiple issues relating to the bundled customer indifference

---

<sup>4</sup> SCE Exhibit No. 1 at 100 (A.16-05-001).

<sup>5</sup> Application at 11.

<sup>6</sup> Testimony at 10-9.

<sup>7</sup> D.08-09-012 at 10.

standard, particularly since the negative balance reveals that bundled customers are currently much better off because of the departure of customers.<sup>8</sup> SCPA looks forward to addressing this issue further.

Finally, PG&E's application proposes that the Commission "approve" a load forecasting procedure that arose out of voluntary discussions between the Commission and CCAs earlier this year. (Application at 11-12.) Although SCPA has no objection to the substance of the proposed procedure, there is no statutory basis for the Commission to impose upon CCAs any obligation to provide PG&E the requested data or to follow the agreed-upon procedure. SCPA protests PG&E's request to the extent that it asks the Commission to impose such requirements, and requests that any Commission approval recognize this limitation.

#### **IV. Proposed Categorization and Need for Hearings**

SCPA agrees that this proceeding should be categorized as ratesetting and expects that evidentiary hearings may be required to address the assumptions, calculations and reasonableness of PG&E's CCA, PCIA and CAM revenue requirement proposals. At this time, SCPA has no objections to PG&E's proposed procedural schedule which includes time for hearings, as necessary.

#### **V. Notice**

Communications and correspondence regarding this proceeding should be directed to the following individual:

---

<sup>8</sup> See, e.g., D.08-09-012 at 41 ("If the total portfolio costs are lower than market costs resulting in a negative indifference amount, the customers' departure is economic."). See also D.07-05-005 at 25 ("If only positive amounts were recognized while negative amounts were ignored, the resulting calculation would be inconsistent and would not achieve indifference.").

