



**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 2015-2017.

Application 13-12-012  
(Filed December 19, 2013)

And Related Matters.

Investigation 14-06-016

**SUPPLEMENTAL REPLY COMMENTS OF THE NORTHERN CALIFORNIA  
GENERATION COALITION ON REVISED RATE APPENDICES**

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June 7, 2016

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Pursuant to the California Public Utilities Commission (Commission) Rules of Practice and Procedure Rule 14.3, and the May 23, 2016 Assigned Commissioner’s Ruling (AC Ruling), the Northern California Generation Coalition (NCGC)<sup>1</sup> provides these supplemental reply comments in response to parties’ June 2, 2016 comments on *PG&E Revised Rate Appendices Pursuant to Assigned Commissioner’s Ruling*, dated May 26, 2016 (May 26 Revised Rate Tables).

All of the intervenor parties’ June 2 supplemental comments included a common message: *the already exorbitant rate increases contemplated in the Proposed Decision (PD) are only exacerbated when coupled with amortization of the Gas Transmission and Storage Memorandum Account (GTSMA) balance.* The rate increases clearly constitute rate shock. In the end, this rate level cannot rationally be deemed just and reasonable.

In their June 2 Supplemental Comments, PG&E included revisions to its May 26 Revised Rate Tables, correcting errors in the May 26 appendices and also presented illustrative rates reflecting amortization of the undercollection in the GTSMA over a 30-month period. All of the revised rate tables assume that the GTSMA balance is collected through end-use rates.

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<sup>1</sup> The members of NCGC are the City of Redding, the City of Santa Clara (doing business as Silicon Valley Power), the Modesto Irrigation District, the Northern California Power Agency (NCPA), the Project Participant Committee of the NCPA Lodi Energy Center, and the Turlock Irrigation District.

Attachment 1 shows corrected amortization rates for Appendix G, Scenario A with an 18-month amortization of the GTSMA balance. The resulting rate increases reflected in the corrected tables *are even greater* than what was the May Revised Rate Tables. PG&E's corrected tables show an *additional 10%* increase to 251.8% for 2016<sup>2</sup> for electric generation local transmission (EG-LT) customer. Coupled with a less significant increase for electric generation backbone customers (EG-BB), these corrections further escalate the rate differential between EG-LT and EG-BB rates.<sup>3</sup>

Attachment 2 revises the illustrative rates utilizing a 30-month amortization of the GTSMA undercollection. PG&E claims that extending the amortization period to 30 months “would mitigate the increase associated with the amortization of the 2015-2016 revenue undercollection and reduce it by about 40 percent.” (PG&E comments p. 2) This is **not true**, however, for all customers. EG-LT customers would see a 2016 increase of 251.8% with an 18-month amortization. Extending the amortization period to 30 months would change the increase to 209.1%.<sup>4</sup> Even with a longer amortization period, **EG-LT customers will still be facing a rate increase of over 200% in 2016**. Furthermore, customers are unable to fully assess the impact of the 30-month amortization because the 2018 revenue requirement to which the amortization will be added is unknown. NCGC welcomes options that will provide meaningful relief from the rate shock that would result from approval of the cost allocation and rate design proposed in the PD, including the additional impacts of the GTSMA amortization. However, as a means by which to address the overall rate shock and affordability of the increases, even the extended amortization period does not correct the underlying deficiencies in the PD's cost allocation and rate design.

PG&E's customers will be faced with extraordinary increases in their gas transportation bill and any reasonable means to alleviate the resulting adverse impacts is welcome. NCGC supports the collection of the GTSMA through end use rates, and appreciates the initiation of

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<sup>2</sup> PG&E Supplemental Comments, Attachment 1: Updated Appendix G: Table 15A revised (corrected).

<sup>3</sup> As ORA notes, there are only two classes of customers with notable negative rate changes, including the electric transmission backbone (EG-BB), and of all the retail transportation only customers, electric generation local transmission (EG-LT) customers have the largest rate increases (ORA, p. 2)

<sup>4</sup> PG&E Supplemental Comments, Attachment 2: Updated Appendix G: Table 15A revised to include 30 month amortization.

discussions regarding how extending the amortization period may also be helpful. However, these measures do not fix the problem. Extending the amortization period still results in a 209% increase for EG-LT customers and creates greater uncertainties regarding the actual impacts in 2018. In order to fully address the rate shock and nature of the unjust and unreasonable rates, the PD should be amended to include further reductions in the total revenue requirement and change the overall cost allocation and rate design, as set forth in the intervenors' May 25 Comments and May 31 Reply Comments on the Proposed Decision.

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Respectfully submitted,



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