California Public Utilities Commission
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CPUC TO CONSIDER EQUITABILITY OF CHARGES COMMUNITY CHOICE CUSTOMERS PAY

SAN FRANCISCO, June 29, 2017 - The California Public Utilities Commission (CPUC) today said it will consider alternatives to the amount that Community Choice Aggregation and Direct Access customers pay in order to keep remaining utility customers financially unaffected by their departure, which is required by legislation.

The Power Charge Indifference Adjustment (PCIA) ensures that the customers who remain with the utility do not end up taking on the long-term financial obligations the utility incurred on behalf of now-departed customers. Examples of such financial obligations include utility expenditures to build power plants and, more commonly, long-term power purchase contracts with independent power producers.

The proceeding the CPUC opened today will evaluate the PCIA, in part because:

- Investor-owned utilities and Community Choice Aggregators both have stated that the current cost allocation is inequitable. Each has proposed different methods to improve equity.
- The rise in California customers served by Community Choice Aggregators makes the cost allocation more important to customer bills.
- The CPUC held a Community Choice Aggregation En Banc and a PCIA Working Group where stakeholders identified cost allocation issues as the most urgent topic in electric retail choice in California.
- The investor-owned utilities have jointly applied for an alternative cost allocation opposed by Community Choice Aggregators, called the Portfolio Allocation Mechanism. The proceeding opened today dismisses the Portfolio Allocation Mechanism application, but will

consider that mechanism or other alternatives to the PCIA.

“The growth of Community Choice Aggregation requires the CPUC to closely analyze cost sharing between customers who stay with a utility and customers who leave for a Community Choice Aggregator,” said Commissioner Carla J. Peterman. “This proceeding will holistically examine cost sharing issues by taking into account the concerns raised by a wide range of organizations interested in this topic.”

Issues in the proceeding will include ensuring that remaining investor-owned utility customers are neither worse off nor better off as a result of customers departing for alternative providers; improving transparency in the existing PCIA process; revising the current PCIA to increase stability and certainty for all customers; reviewing specific inputs and calculations for the current PCIA methodology; considering alternatives to the PCIA; ensuring that any cost allocation mechanism is consistent with California energy policy goals and mandates; and a review of certain customer exemptions from PCIA.

Interested parties will have opportunities to participate in the process before any rules are adopted or changed. Once the proceeding number is assigned, interested parties can subscribe to proceeding documents at http://subscribecpuc.cpuc.ca.gov.

The proposal voted on is available at http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M191/K067/191067362.PDF.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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