



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED
08-09-10
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Application of Pacific Gas and Electric)	
Company for Adoption of Electric Revenue)	
Requirements and Rates Associated with its)	
2011 Energy Resource Recovery Account)	A.10-05-022
(ERRA) And 2011 Ongoing Competition)	(Filed May 28, 2010)
Transition Charge (CTC) Forecasts)	
(U39E).)	
_____)	

NOTICE OF EX PARTE COMMUNICATION WITH ANDREW CAMPBELL ADVISOR TO COMMISSIONER RYAN

Pursuant to Rule 8.3 of the Commission's Rules of Practice and Procedure, the City and County of San Francisco (the City) hereby submits this notice of ex parte communication.

On August 5, 2010 between 11:00 and 11:30 AM, representatives from the City met with Andrew Campbell, advisor to Commissioner Ryan. The meeting took place at the California Public Utilities Commission headquarters, at 505 Van Ness Avenue in San Francisco. Oral and written communications were exchanged during the meeting. A copy of the written materials provided are attached to this notice.

The City representatives were Barbara Hale, Manuel Ramirez, Margaret Meal and Jeanne Solé. The meeting took place at the request of the City.

The City discussed its concerns about the current method for calculating the power charge indifference adjustment (PCIA). The City explained that the objective of the PCIA is to ensure that bundled customers remain indifferent to the departure of Community Choice Aggregation (CCA) customers. The City noted that this objective does not result from the current method for calculating the PCIA because the market price benchmark used to calculate the PCIA does not reflect the market value of renewable resources in the Investor Owned Utility (IOU) resource portfolios, but the cost of renewable resources purchased by IOUs is reflected in the IOU costs used to calculate the PCIA. The result is that CCA customers pay for the cost of the renewable resources

in an IOU portfolio but are not allocated any of the renewable value for which they paid. Instead, the value of the IOU renewable purchases is credited exclusively to bundled customers. The result is a windfall to IOU bundled customers. In contrast, CCA customers pay for the cost of renewables in the IOU resource portfolios, and also pay for the cost of the renewables required to be included in the CCA portfolio of resources, as CCAs must comply with the California renewables portfolio standard (RPS). Thus, CCA customers are paying twice for renewable resources. City representatives presented the numbers in the charts attached to this notice to illustrate the magnitude of the distortion.

The City explained further that since RPS requirements are ramping up, IOUs will not have to sell renewable resources upon the departure of CCA customers, rather any "excess renewable resources" will avoid the need for the IOUs to procure additional renewable resources to meet the increasing RPS requirement.

The City stressed that it is urgent that the subsidy from CCA customers to bundled customers be corrected in the near term in the Pacific Gas and Electric service territory. The City noted that this is a critical moment in time as two CCAs in PG&E's service territory, Marin Energy Authority and the City and County of San Francisco, are currently rolling out their CCA programs, and will be significantly adversely impacted if PCIA rates are artificially high.

CERTIFICATE OF SERVICE

I, KIANA V. DAVIS, declare that:

I am employed in the City and County of San Francisco, State of California. I am over the age of eighteen years and not a party to the within action. My business address is City Attorney's Office, City Hall, Room 234, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-4698.

On August 9, 2010, I served:

**NOTICE OF EX PARTE COMMUNICATION WITH ANDREW
CAMPBELL ADVISOR TO COMMISSIONER RYAN**

by electronic mail on all parties in CPUC Proceeding No. A.10-05-022

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on August 9, 2010, at San Francisco, California.

/S/
KIANA V. DAVIS