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

Application of Pacific Gas and Electric Company for Approval to Provide Eligible Residential Medical Customers on Non-Tiered Rates a Medical Baseline Benefit through a Line-Item Discount. U 39 M	Application No. 20-10-006 (Filed October 9, 2020)

OPENING BRIEF OF PACIFIC GAS AND ELECTRIC COMPANY

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Pursuant to the December 15, 2020 Assigned Commissioner's Scoping Memo and Ruling, and the April 9, 2021 Administrative Law Judge Ruling (ALJ ruling), Pacific Gas and Electric Company (PG&E) submits its opening brief in this case. PG&E is one of the parties that signed the settlement filed February 26, 2021 (Settlement) to provide eligible residential medical customers on non-tiered rates a medical baseline benefit through a line-item discount. The other parties to the Settlement are the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), The Utility Reform Network (TURN), and Center for Accessible Technology (CforAT). PG&E urges the Commission to approve the Settlement as filed, without any modifications.

In addition, PG&E provides its answers to the question presented in the ALJ Ruling.

I. THE SETTLEMENT IS JUST AND REASONABLE, CONSISTENT WITH LAW, AND IN THE PUBLIC INTEREST

A. Background

PG&E filed this application pursuant to D.20-05-041, to provide a means for its residential customers who are eligible to enroll in Medical Baseline (Medical customers) to receive Self-Generation Incentive Program (SGIP) energy storage rebates when enrolling in a SGIP-approved non-tiered residential time-of-use (TOU) rate, without having to forgo a medical baseline benefit that is currently available only on tiered rates.

In addition, PG&E did not limit its proposal to only Medical SGIP customers, but instead requested that its proposal be approved for any Medical customer selecting a non-tiered rate (for example, Schedule E-TOU-D or, if it is approved in PG&E's ongoing 2020 GRC Phase II proceeding, PG&E's proposed new electrification rate, Schedule E-ELEC).

PG&E's proposal for providing the medical benefit for Medical customers on non-tiered residential rates is to provide the option via a percentage line-item discount that approximates the benefits, on average, that current Medical customers on tiered residential rates receive. The new option is called Schedule D-Medical, with the line-item discount initially set at 12 percent. In the future, parties wishing to propose modifications to the discount value or structure may do so in a future PG&E GRC Phase II proceedings, for the Commission's consideration. The proposal in PG&E's testimony is consistent with California's policy and the law to provide an allowance for customers with certain medical conditions, consistent with Public Utilities Code § 739 (c). PG&E's proposal translated the current Medical discounts, which are based on augmented kWh-baseline allowances, into a single percentage line-item discount for use with non-tiered residential rates. The Settlement adopts PG&E's proposed additional option for Medical customers to receive a discount should they select a non-tiered rate option.

B. Discussion

Cal Advocates, TURN and CforAT intervened in the proceeding but have not filed testimony. Instead, the parties recognized that this case had an excellent potential to settle on mutually agreeable terms. Multiple meetings to discuss settlement were held after settlement conferences were noticed pursuant to Commission Rule of Practice and Procedure 12. Cal Advocates, TURN, CforAT and PG&E were very active and engaged with each other's ideas and concerns. Each participant contributed useful ideas and suggestions, making the discussions very constructive. With the active participation of Cal Advocates, TURN and CforAT, residential customers in general, and Medical customers specifically, have been fully represented in this case. Thus, the Settlement is the result of earnest negotiations and addresses the issues raised by all the parties in a mutually agreeable manner.

The resulting settlement amplified on PG&E's original proposal, including clarifying that customers opting for Schedule D-Medical could qualify for another discount program like California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA), with the various discounts applied in a multiplicative fashion.

For Community Choice Aggregation (CCA) and Direct access (DA) residential medical customers, the amount of the discount will be based on total bundled charges, provided that the amount of the discount will be unbundled to reflect the amount allocated to the Department of Water Resources (DWR) bond charges (or its successor, the Wildfire Fund Charge) with the residual assigned to the distribution component of rates. This results in a competitively neutral Medical discount that does not alter the economics of a decision by a Medical customer between PG&E bundled service or CCA/DA service.

The Settlement also allows medical customers who have opted into Schedule D-Medical to opt-out within one year, to another open schedule, as a one-time exception to Electric Rule 12 (which typically allows customers just one rate schedule change in any twelve month period). This provision gives a Medical customer who decides to try Schedule D-Medical, when it becomes available, the flexibility to leave before the end of the first year if the customer wishes.

II. RESPONSES TO QUESTIONS IN ALJ RULING

The April 9, 2021 ALJ ruling presented six topic areas for the parties' responses in opening briefs. PG&E's responses are provided below.

Question 1. **Timing of implementation**.

a. *PG&E should provide an estimated date or range of dates for implementing the proposed rate discount, along with the current status and estimated timing of completion of its billing system upgrades and stabilization of its billing system.*

Response:

PG&E has launched the planning phase of the billing system upgrade projects. The entire project will be completed by Q1 2025. However, PG&E has developed an interim solution that will allow new rates to be built in the legacy CC&B billing system and later ported to the new CC&B system. The freeze of billing system work will begin in Q3 of 2021 and extend for approximately one year until Q4 of 2022, when the work to build the Medical Baseline discount on EV2 and E-TOU-D will begin. PG&E anticipates that the proposed Medical Baseline discount can be implemented in 2023 for all EV2-A and E-TOU-D customers. This timeline is subject to change due to further refinement during the planning phase of the activities to be performed for the billing system upgrades.

b. *How will a delay in implementation affect access to programs that require election of a non-tiered rate? Please list each relevant program and expected impact.*

Response:

PG&E does not have any programs that require Residential customers to elect a non-tiered rate. Just two of PG&E's programs require Residential customers to enroll in specific rates or rate structures, neither of which are requirements to enroll in a non-tiered rate:

1. Net Energy Metering (NEM) Program - TOU is mandatory for NEM 2.0 customers that began NEM service after the NEM 1.0 cap was reached on December 16, 2016. However, there is no impact to the requirement for NEM 2.0 customers to enroll in a non-tiered TOU rate, since customers have the option of enrolling in tiered Schedule E-TOU-C, which provides a Medical Baseline discount.
2. Self-Generation Incentive Program (SGIP) – D.19-08-001 adopted the requirement that new customers who receive a SGIP incentive must enroll in a "SGIP-approved" TOU rate. While in theory this rate may be either tiered or non-tiered, PG&E's only TOU rate that is SGIP-approved is non-tiered Schedule EV2-A. Despite this, a delay in implementation of the Settlement's proposed line-item discount will not impact the ability for Medical customers to receive a SGIP incentive in the interim. This is because the Commission's

Decision on PG&E's Petition for Modification of D.19-08-001, D.20-05-041, allows Medical customers to be eligible for the SGIP incentive by enrolling on tiered Schedule E-TOU-C (despite it having a summer peak to off-peak ratio less than 1.69), which provides a Medical Baseline discount, until the Schedule D-Medical becomes available.[1] Once Schedule D-Medical is available, Medical SGIP customers will be required to take service on non-tiered EV2-A and receive their discount via Schedule D-Medical's line-item discount applied to their EV2-A bill.

c. *If PG&E cannot implement the proposed discount in its automated systems within 6 months of the final decision, what should PG&E do in the interim to enable access to programs that require election of a non-tiered rate (e.g. manual billing)?*

Response:

Please see response to b. above. A delay of the implementation of the Medical Baseline discount for EV2-A customers will not cause any customers to be ineligible for any PG&E programs.

Question 2. Comparison with approved rates.

What are the differences between the PG&E proposal, as modified by the Settlement Motion, and the medical baseline discounts for non-tiered rates approved for SDG&E and SCE?

Response:

While both SDG&E and SCE offer optional non-tiered TOU rates to qualifying residential customers,[2] to PG&E's knowledge neither utility currently offers Medical

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[1] D.20-05-041 modifying D.19-08-001, OP 2.

[2] For example, SDG&E offers Schedules EV-TOU, EV-TOU2 and EV-TOU-5 to its residential customers with electric vehicle chargers, and SCE similarly offers Schedule TOU-D-PRIME to its residential customers with either electric vehicle chargers, batteries, or electric heat pumps used for water or space heating.

discounts for these non-tiered rates.[3]

Question 3. CCA and DA customers.

a. Please explain and illustrate the proposed approach of the Settlement Motion for CCA and DA customers.

Response:

At page 1-11 of its prepared testimony, PG&E describes how its proposed line-item discount would work for Medical customers on non-tiered TOU rates who take generation service from either a CCA or an energy service provider (ESP) under a DA arrangement. For such CCA and DA customers, PG&E will determine the amount of the discount based on total bundled charges. Specifically, PG&E will calculate the bill of a CCA or DA Medical customer using the following steps:

(1) PG&E first will calculate the customer's bill as if it were a bundled non-Medical customer, using all the rates on the Medical customer's non-tiered TOU schedule, including the generation rates.

(2) PG&E will then apply the 12 percent Medical line-item discount to the bill in Step (1) to calculate what a bundled service Medical customer would pay.

(3) Finally, from the bill amount calculated in Step (2) PG&E will subtract the full, undiscounted, generation portion of the bill calculated in Step (1), then add the Power Cost Indifference Amount (PCIA) and the Franchise Fee Surcharge, to yield the final delivery bill it charges the CCA/DA customer.

This three-step process ensures that PG&E's proposal is competitively neutral between the CCA and PG&E. This is shown in the following example, where the

[3] SDG&E does exempt Medical customers from paying the Wildfire Fund Charge (previously known as the DWR Bond Charge) which non-Medical non-CARE customers pay.

illustrative customer's usage and rates by TOU period are assumed to be as shown in the table below. In this example, the peak period rate is assumed to be 31.4 cents per kWh and the off-peak rate is assumed to be 21.9 cents per kWh, with the breakdown of these two rates between generation and delivery service as shown in the table.[4]

TOU Period	Usage (kWh)	Generation	Delivery	Total
Peak	100	$0.176	$0.138	$0.314
Off-Peak	400	$0.091	$0.128	$0.219
Total	500			

The bill for a Medical customer taking CCA/DA service is calculated as shown below:

Step 1: Calculate Bill Assuming Bundled Service and No Medical

Bundled Non-Medical Bill	Gen	Delivery	Total
Peak	$17.60	$13.80	$31.40
Off-Peak	$36.40	$51.20	$87.60
Total PG&E Bill	$54.00	$65.00	$119.00

Step 2: Calculate Bill Assuming Bundled Service and Medical

Bundled Medical Bill	Gen	Delivery	Total
Total Bill From Step 1	$54.00	$65.00	$119.00
Line-Item Medical Discount			-12%
Medical Discount	$0.00	($14.28)	($14.28)
Total PG&E Bill	$54.00	$50.72	$104.72

Step 3: Calculate Bill Assuming CCA/DA Service and Medical

CCA/DA Medical Bill	Gen	Delivery	Total
Total Bill From Step 2	$54.00	$50.72	$104.72
Generation Credit	($54.00)	$0.00	($54.00)
PCIA			$14.50
PG&E Bill Total	$0.00	$50.72	$65.22

[4] Delivery service rates include all rate components except generation.

In the first step, PG&E calculates the bill as if the customer were a bundled service, non-Medical, customer. This yields a total bill of $119.00 ($54.00 for generation service and $65.00 for delivery service). Then, in the second step, PG&E applies the 12 percent line-item discount to the total bundled bill of $119.00 (for a total Medical discount of $14.28), to yield the total bill of $104.72 that would be paid by a bundled service Medical customer. While this 12 percent line-item discount is applied to the total bill (inclusive of generation), the discounted amount is allocated only to the delivery component of the bill. In the third and final step, PG&E applies a generation credit of $54.00 to "zero out" the generation component of the bill. PG&E then adds the Power Charge Indifference Amount (PCIA) of $14.50, to yield the $65.22 bill it charges the CCA/DA Medical customer for delivery service.[5]

By applying the full generation credit (and not a credit discounted by 12 percent), PG&E's proposed method ensures comparable treatment. In this example, if the Medical customer took bundled service, it would pay PG&E $104.72. In contrast, if the Medical customer took CCA/DA service, it would pay PG&E $65.22 for delivery service (including the non-bypassable PCIA) plus whatever the CCA or ESP charges for generation service. The difference between these two amounts, or $39.50, is the generation bill that the CCA or ESP would have to meet to be comparable with PG&E generation service. This is appropriate, given that the generation bill PG&E would charge the Medical customer if it were to choose bundled service is also $39.50 (once the non-bypassable PCIA charges of $14.50

[5] This "zeroing out" the generation component and addition of the PCIA is identical to how PG&E calculates bills for every CCA/DA customer. For this example, PG&E assumes the PCIA rate is 2.9 cents per kWh (the current rate 2021 vintage rate for residential customers), multiplying it by the customer's 500 kWh of usage. To simplify this example, PG&E is ignoring the FFS bill component (which is small) that it also charges all CCA/DA customers.

are netted out of the customer’s $54.00 generation bill).[6]

b. *How should we incorporate input from CCA and DA representatives (e.g. working group)?*

Response:

PG&E hosts a check-in call twice a month with all CCA providers and their data managers to discuss the residential TOU transition efforts. In these meetings, PG&E often also discusses other rate changes that will impact CCA customers. When appropriate, PG&E will solicit feedback from CCA providers in this forum in a similar manner to how we have handled the residential TOU transition.

Question 4. Ratepayer impacts.

Please explain whether the proposed discount would affect how ratepayers pay for medical baseline benefits or how much ratepayers pay for these benefits.

Response:

Currently, PG&E’s other, non-Medical, residential customers pay for the discount provided to Medical customers in the form of augmented baseline allowances. This is because the augmented baseline allowances for Medical customers essentially result in redistributing their kilowatt-hour (kWh) sales from higher-priced to lower-priced tiers, resulting in less revenue. PG&E forecasts the magnitude of these Medical customer sales redistributions between tiers prior to designing rates, which results in slightly higher rates for non-Medical customers to make up for the revenue shortfall. As described in Section E of PG&E’s October 9, 2020 prepared testimony, there are approximately 150,000 customers taking service on PG&E’s Medical program, and the Medical discount totals about $35.7 million per year.[7] When $35.7 million is spread over all Residential class

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[6] PG&E notes that the description will become much less complicated once the PCIA is separated out from the generation rate that PG&E charges bundled customers (as has been proposed by PG&E in its 2020 GRC Phase II proceeding).

[7] See PG&E Prepared Testimony, October 9, 2020, Section E, pp. 1-9 – 1-11. In reviewing the testimony, PG&E discovered an error in its description of the twelve-month data analysis period, which actually began and ended two months earlier than stated. The testimony mistakenly described

sales, it results in a rate increase of about 0.1 cent per kWh to make up for the revenue shortfall.

Under the Settlement, rate design would continue to be performed in a similar fashion. The Settlement would result in an additional category of Medical discounts for customers on non-tiered TOU rates and PG&E would similarly design rates by forecasting the resulting revenue shortfall from the Schedule D-Medical line-item discount and account for it when designing residential rates. So this discount, too, would remain within the residential class, funded by small increases in non-Medical residential customers' rates.[8]

Question 5. ESJ goals.

Please explain how the proposed discount would advance the Commission's achievement of specific Environmental and Social Justice Action Plan goals.

Response:

The Settlement advances the Commission's Environmental and Social Justice Action Plan[9] goals by seeking to provide Medical customers, who reside in ESJ communities, with the flexibility to install clean generation, pay time-of-use rates, and

the analysis period as being from March 2019 through February 2020, when actually data from calendar year 2019 (i.e., January 2019 through December 2019) were used. This slightly earlier period still has the advantage described in the testimony of pre-dating the start of the COVID-19 pandemic period when residential customer usage patterns were drastically altered.

8 It is difficult to forecast how much aggregate Medical discounts will increase above today's $35.7 million aggregate Medical discount figure when the D-MEDICAL line-item discount is introduced. Medical customers who wish to receive SGIP incentives will be required to switch to a non-tiered, SGIP-compliant, TOU rate. PG&E does not anticipate that there will be a large number of customers doing this to get the SGIP incentives. Moreover, for those Medical customers who do switch and take service on a SGIP-compliant rate, some will receive larger annual Medical discounts than today, while others will receive lower discounts (since the 12 percent line-item figure represents about the average percentage discount received today). So PG&E anticipates that the $35.7 million will not change much due to customers switching to D-MEDICAL to qualify for SGIP incentives. There will also be some current Medical customers who will not participate in SGIP but still may wish switch to a non-tiered TOU rate because either (a) the 12 percent line-item discount exceeds what they are receiving today under tiered rates or (b) they can achieve additional bill savings by shifting load on the TOU rate. Switching by these Medical customers could increase the total aggregate Medical discount somewhat above $35.7 million. But here, too, PG&E does not anticipate the figure would increase substantially (nor would the 0.1 cent per kWh rate increase figure needed to pay for this additional revenue shortfall).

9 Available at: https://www.cpuc.ca.gov/esjactionplan/

receive a discount on their bill, whether on tiered or non-tiered rates, if they so choose.

Specifically, the Settlement advances Goals 2 and 4[10] of the Commission's ESJ Action Plan because it would not force Medical customers to choose between a bill discount and participating in SGIP. Originally, per D.19-08-001, Medical customers on TOU rates who wanted to retain their Medical bill discounts would have been required to forgo their SGIP eligibility, but through D.20-05-041 (modifying D.19-08-001), the Commission provided an interim waiver of this requirement by allowing Medical customers to temporarily remain on a non-SGIP-compliant TOU rate with tiers (that, therefore, provides a Medical discount in the form of augmented baseline allowances). The Settlement would allow Medical customers to participate in SGIP by selecting a SGIP-compliant rate, while still receiving a Medical benefit (in the form of a percentage line-item discount), and thus enabling them to have clean generation installed in their homes, making them more resilient.

Question 6. Marketing, education and outreach.

Please comment on whether and how we should review PG&E's marketing, education and outreach plan for the new discount.

Response:

PG&E recommends that the Commission not require an additional review of PG&E's marketing, education, and outreach plan for the new discount. PG&E believes that, because the discount is similar in function to the already existing CARE and FERA program discounts, it does not require extensive effort to describe the line-item discount. Moreover, from a customer experience standpoint, the main motivation for changing rate plans is whether the selected rate plan will provide additional savings than their current rate plan, not so much how it is calculated. By means of PG&E's existing rate plan analysis tool, customers today are able to compare estimated savings that are inclusive of

10 Goal 2: Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health. Goal 4: Increase climate resiliency in ESJ communities.

their discount programs. Once the line-item discount is implemented, Medical customers utilizing PG&E's rate plan analysis tool will be presented with the estimates that are tied to how their discount is calculated. Furthermore, in compliance with Ordering Paragraphs 88 and 89 of Decision 19-07-004,[11] PG&E is required to send annual rate plan mailers to residential customers where the estimates will also be inclusive of any discounts for programs in which the customer is currently enrolled. This required outreach will ensure that Medical customers will be notified, at least annually, whether they are on the rate that is estimated to provide them the greatest savings.

PG&E plans on making the information regarding how the discount is calculated easily accessible in the following ways:

- Updates to the existing Medical Baseline application to clarify that the financial impact may differ depending on the customer's current rate plan;
- Updates to the existing Medical Baseline web page to provide information on the line-item discount versus the standard augmented baseline allowances;
- Updates to the existing Tariffs web page to include Schedule D-MEDICAL and revise Electric Rule 19;
- The addition of a separate line-item on the Energy Statement showing the discount amount (similar to how the CARE line-item discount is shown);
- Utilizing additional opportunities (where applicable) to bring forth this information via other informational materials and integrated messages, including but not limited to Medical Baseline acquisition campaigns, PG&E newsletters, Healthcare Industry outreach, Community Based Organizations outreach, Tribal and other community outreach and trainings; and

[11] 2018 Rate Design Window Phase IIB Decision Addressing Residential Default Time-Of-Use Rate Design Proposals And Transition Implementation

- Updates to PG&E call center training so PG&E representatives can assist interested Medical customers if they have questions regarding how the discount is calculated.

PG&E believes that the above plan is sufficient in concept to ensure that Medical customers understand how the line-item discount is calculated. Nevertheless, PG&E continues to welcome any ongoing feedback from interested stakeholders upon implementation of Schedule D-Medical to ensure customer understanding of how the medical baseline discount is calculated is clear.

III. CONCLUSION

PG&E, Cal Advocates, TURN and CforAT have arrived at a settlement that provides a discount, not available today, for Medical customers who choose to take service on a non-tiered PG&E residential rate schedule (which has no baseline quantities). The discount is provided in the form of a 12 percent line-item discount on the Medical customer's non-tiered rate schedule bill, which approximates the average value that PG&E's Medical customers receive today on tiered rates. The terms of the settlement are reasonable and equitable. Further, PG&E's answers to the ALJ ruling contained herein provide information relevant to the implementation and outreach that PG&E will conduct for this new rate option. PG&E requests that the Commission approve the Settlement without modification.

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Respectfully Submitted,

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