BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the Affordability of Utility Service.	**Rulemaking 18-07-006** **(Filed July 12, 2018)**

CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION, ENERGY PRODUCERS AND USERS COALITION, AND INDICATED SHIPPERS COMMENTS ON ASSIGNED COMMISSIONER'S RULING SEEKING COMMENT ON THE USE AND INTERPRETATION OF THE AFFORDABILITY FRAMEWORK

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The California Large Energy Consumers Association (CLECA),[1] the Energy Producers and Users Coalition (EPUC),[2] and the Indicated Shippers[3] (together, the Large Ratepayers) submit these comments to the October 13, 2022 *Assigned Commissioner's Ruling Seeking Comment on the Use and Interpretation of the Affordability Framework* (Commissioner Ruling).

[1] CLECA is an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, industrial gas, medical gas, pipeline, beverage, cold storage, and minerals processing industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation. CLECA has been an active participant in Commission regulatory proceedings since the mid-1980s, and all CLECA members engage in Demand Response (DR) programs to both promote grid reliability and help mitigate the impact of the high cost of electricity in California on the competitiveness of manufacturing. CLECA members have participated in the Base Interruptible Program (BIP) and its predecessor interruptible and non-firm programs since the early 1980s.

[2] EPUC represents the electricity end-use interests of the following companies in this proceeding: Aera Energy LLC, California Resources Corp., Chevron U.S.A. Inc., PBF Holding Company, and Phillips 66 Company.

[3] The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: Aera Energy LLC, California Resources Corporation, Chevron U.S.A. Inc., PBF Holding Company, and Phillips 66 Company.

I. INTRODUCTION

These comments specifically address the questions on the Itemized Lists of Revenue Requirements (Itemized Lists) from the Commissioner's Ruling. The Itemized Lists are a positive step forward for increasing the transparency of California utility customer rates, which has been a challenge for customers. The Commission said in D.22-08-023, "Requiring an itemized list and tally of all revenue requirements approved but not yet implemented as well as pending requests, overcomes a threat to affordability caused by the fragmented nature of revenue approvals, or as put by TURN 'death by a thousand cuts.'"[4] California utility customers have long struggled to understand the final rate impacts, given the "fragmented nature" of decisions in the numerous dockets that the Commission addresses. Given this situation, attempting to determine which increases are incremental is a very difficult task. As such, the quarterly submission of the Itemized List is a welcome step.

However, while the Itemized Lists provide a snapshot of the current and anticipated total revenue requirement and information by function and year, the two following improvements would increase the usability of the Itemized Lists:

- At a minimum, providing estimated aggregated customer class impacts, by year, for both the approved and the pending revenue requirements. This information is provided by the electric and gas utilities in bill inserts for general rate cases and other proceedings, and would allow customers and the Commission to consider impacts to customer classes. Only the utilities have the information to be able to accurately provide estimates by customer class.
- Provide a benchmark comparison of nonresidential rates for neighboring western states, as these are states where nonresidential customers are likely to relocate to if rates in California become untenable.

[4] D.22-08-023 at 41 (citing to TURN Opening Comments at 5).

The above-described information would allow for a more direct consideration of the impact of the revenues approved and proposed by the utilities.

II. RESPONSE TO COMMISSIONER QUESTIONS ON THE ITEMIZED LISTS

These comments respond to the two questions posed by Commissioner Ruling on the Itemized Lists.

1. Do the Itemized Lists of Revenue Requests provide information in a useful and accessible format?

The Itemized Lists provide useful information on the utilities' authorized and proposed revenues, which are often adjusted in concurrent but separate cases, making the overall impact difficult to discern. The following aspects of the Itemized Lists are particularly useful: including both recently implemented revenues (in the 12 months prior), as well as authorized but not yet implemented revenues; including both the authorized and pending (i.e., requested by the utility) revenues; the decision and authority for the proposed or authorized revenue requirement; the authorized and pending revenues by function; and estimated impacts for future years.

The Itemized Lists allow customers to identify big ticket items. For example, PG&E's most recent electric Itemized List shows that its 2023 general rate case requests an incremental increase of $4.89 billion in 2023 compared to an already authorized total 2023 revenue requirement of $13.98 billion, a revenue requirement increase of approximately 35% of its revenue requirement.[5] Also, during 2023 alone, PG&E's proposed 2023 distribution revenue

[5] PG&E Itemized List (Electric), on cells L124 and G160.

requirement of $10.1 billion[6] is a more than 75% increase over the currently authorized total distribution revenue requirement of $5.7 billion.[7]

However, as described below, the Commission should implement two concrete improvements to improve the usability of the Itemized Lists.

2. Are there any specific ways these Itemized Lists of Revenue Requests could be improved?

Yes. The Itemized Lists could be improved in the following two specific ways: (1) include aggregated customer class impacts for both electric and gas utilities per year, based on both the authorized and pending revenue requirements, and (2) include a comparison of rates for nonresidential customers to nonresidential rates in western states.

First, as a minimum, aggregated impacts by customer class should be included for the total authorized revenue requirement, and total pending authorization revenue requirement for each year shown in the Itemized List. Currently, the Itemized Lists only provide various aspects of the revenue requirement (such as the total, or by function). However, only the utility has the customer usage information and updated cost allocation models to enable the accurate translation of the revenue requirement into estimated class average rate impacts. Electric and gas utilities provide this exact information in bill inserts in general rate cases, as well as other proceedings for both residential and nonresidential customers by customer class. The Itemized Lists should include this customer class-specific information.

Second, nonresidential customers face rising pressure on their energy rates, and have a choice in where to locate facilities. The Itemized Lists should include average nonresidential

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[6] PG&E Itemized List (Electric), total of cells G121, G122, G124, G126, G128, G130, G132, and G144.
[7] PG&E Itemized List (Electric), total of cells G10:G11, G15, G29, G37, G39, G42, G46, G54, G57, and G60.

rates for nearby neighboring states, which is where businesses are more likely to relocate should they leave California. Doing so more accurately provides a benchmark for comparison to nonresidential rates in California.

III. CONCLUSION

The Large Ratepayers appreciate the opportunity to submit these comments.

Respectfully submitted,

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