

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID: 19456
RESOLUTION G-3580
June 3, 2021

R E S O L U T I O N

Resolution G-3580. Adopts updated annual fee for registered Core Transport Agents pursuant to Public Utilities Code Section 984(b) and Decision 18-02-002.

PROPOSED OUTCOME:

- Raises the current base annual fee to be assessed on each registered Core Transport Agent (CTA) from \$2,860 to \$3,955 effective July 1, 2021.
- Adopts a variable component to the fee charged to each individual CTA that is based on the number of complaints attributed to that CTA starting July 1, 2021.

SAFETY CONSIDERATIONS:

- There are no safety considerations implicated with this resolution.

ESTIMATED COST:

- Each registered Core Transport Agent will pay a fixed annual fee of \$3,955. Pursuant to Public Utilities Code Section 984(b). If payment is not received within 30 days of billing, a 15 percent penalty will be assessed on the full amount billed.
- For the 2021 Annual Fee, each individual CTA will be charged a variable fee based on the number and type of complaints received by the Customer Affairs Branch and the Utility Enforcement Branch action for the period January 1, 2020 through December 31, 2020, attributable to the CTA.

By Energy Division staff's own motion pursuant to Decision 18-02-002, Ordering Paragraph 5(a)(v)(1), issued on February 15, 2018.

SUMMARY

This Resolution adopts a base annual fee of \$3,955 for general administrative costs for the year beginning July 1, 2021, on all registered Core Transport Agents. A 15 percent penalty will be added if payment is not received within 30 days of billing. The Resolution also initiates a variable component to the annual fee based on the number and type of complaints and Utility Enforcement Branch (UEB) actions, attributable to each CTA. The variable fee reflects the administrative costs of complaint resolution and UEB actions.

BACKGROUND

Core Transport Agents are non-utility gas suppliers who purchase gas on behalf of residential and small commercial end-use customers. California customers can elect to use a CTA as their gas supplier. CTA customers buy natural gas from the CTA but pay their local utility for gas delivery service on its distribution pipelines.

The California Public Utilities Commission (CPUC or Commission) does not regulate the rates CTAs charge their customers, but CTAs are required to register with the Commission in order to conduct business in California. The CPUC has the ability to suspend or revoke the registration of a noncompliant CTA. Senate Bill 656 also tasked the CPUC with processing customer complaints against CTAs.

Overview of Consumer Protection Rules for Non-Utility Service Providers

Senate Bill (SB) 656 (Wright, 2013) introduced Public Utilities (Pub. Util.) Code §§ 980-989.5, establishing a framework for consumer protection rules for non-utility, third-party natural gas procuring entities known as Core Transport Agents (CTAs). On March 13, 2014, the Commission opened Rulemaking (R.) 14-03-002 to implement SB 656. In Decision (D.) 18-02-002, the Commission's Phase Two Decision addressing CTA registration and consumer protection issues, the Commission directed Energy Division (ED) staff to submit a report and, if

necessary, a proposed resolution by March 1 each year to recommend an annual fee to recover the cost of administering the CTA registration program.¹ The 2021 Energy Division report is attached as Appendix A.

While D.18-02-002 declined to specify whether a change was needed to the CTA registration fee, it did find that Pub. Util. Code § 984(b) allows for an annual fee to cover the costs of administering the registration as well as other facets of consumer protection directly related to core transport service.² Further, the Decision found that such a fee is consistent with the recurring annual fee currently applied to non-utility, third-party electricity procuring entities known as Electric Service Providers (ESPs), which was adopted in D.98-03-072 and implemented through Resolution M-4797.

Resolution M-4797

Adopted on November 4, 1999, Resolution M-4797 imposes an annual fee of \$1,000 on all registered ESPs. Initially, the annual fee was calculated by dividing the estimated administrative costs (roughly \$1 million) by the number of active, inactive, and suspended ESPs (256), resulting in a nearly \$4,000 annual fee.

However, the Resolution states:

...this [residential and small commercial Direct Access (DA)] market is still new, and market penetration is limited, it would be prudent to establish an annual fee of \$1,000, which is below the full cost of recovery and should not discourage new entrants in the market.³

The Commission did not further discuss the nominal \$1,000 annual fee.

Resolution G-3552

On April 25, 2019, the CPUC approved Resolution G-3552, which established an annual fee of \$2,860 for CTAs.⁴ That fee was based on the cost of one Energy Division staff person who is charged with administering the CTA program.

1. D.18-02-002 at Ordering Paragraph 1e and 5(a)(v)(1):
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M209/K856/209856533.pdf>

2. Ibid, p.78

3. Resolution M-4797, p. 3

4. G-3552: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M285/K723/285723653.PDF>

Resolution G-3552 noted that CTA-related costs varied with the number of complaints and that the CPUC would consider a complaint-based variable fee in the future. However, at the time the Resolution was issued, the CPUC's CTA-related complaint process was newly established, and it was determined that there was not enough information to institute a complaint-based variable fee at that time.

NOTICE

This Resolution is on staff's own motion pursuant to D.18-02-002, Ordering Paragraph 5(a)(v)(1), issued on February 15, 2018.

DISCUSSION

As noted above, D.18-02-002 requires an annual review of the costs of administering the CTA registration program. The Decision states:

The staff responsible for the annual review need to be cognizant of the costs of activities, especially §§ 984.5 and 987, that could drive these annual costs even higher. At the same time, staff and the Commission need to weigh whether the proposed increase in the annual fee will deter market entry by prospective CTAs.⁵

In Resolution M-4797, the Commission considered how to balance the costs of administering the ESP registration program with the impact an annual fee could have in deterring potential market participants. At the time, the ESP program was new, and the market was still getting established. That concern is not relevant here; CTAs are not new to the California market, and today, the CTA market is mature. In fact, it has been evolving since 1995, when D.95-07-048 approved "unbundling" utility transportation and natural gas procurement costs. That 1995 decision sought to reduce CTA customer liability for interstate capacity, lowering CTA customer prices and enabling core aggregation to better compete with utilities. CPUC Decisions from 1999 to 2001 promoted further expansion of CTAs to provide service to more residential and small commercial customers. There are currently 35 registered and active market participants.

⁵. D.18-02-002, p.79

CTAs operate in each of the regulated California gas utility markets, and there is no evidence of any unique barriers to market entry. Since the core aggregation market has been functioning for over 20 years in California, the caution applied in Resolution M-4797 need no longer apply in determining the annual fee for CTAs.

The current fees are not sufficient to meet the costs of administering and resolving customer complaints, as described in the 2021 Core Transport Agent Program Report. The increase in the base annual fee reflects relatively fixed costs associated with administering the program and will allow its further development including enhancements to the CPUC's CTA website information. The variable fee addresses costs based on the number of, response to, and resolution of CTA-related consumer complaints. This variable component permits the Commission to better allocate certain costs to the individual CTA's associated with those costs. During the 12-month period January 1, 2020, through December 31, 2020, a significant majority of the CTA complaints reported to the Commission were concentrated in three individual companies. There were no complaints submitted against 17 CTAs.

Together, the annual fixed fee and a variable fee address the gap between the amount collected in fees and the cost of administering the program and allocate variable costs to the individual CTAs associated with those administrative costs.

This Resolution describes the tasks for administering the CTA registration program; breaks down the costs, including drivers that increase the fee; and explains how these factors are used to set the CTA annual fee.

The Tasks to Administer the CTA Registration Program

Pub. Util. Code § 984(b) requires the "commission [to] annually determine the costs of administering the registration program and other facets of consumer protection directly related to the core transport service transactions of core transport agents." D.18-02-002 determined the tasks to implement the relevant Pub. Util. Codes Sections (984.5 and 987), which are summarized below:

- Informational Guides and Tools: Pub. Util. Code § 984.5(c) requires the Commission to "compile and post on its Internet Web site understandable

informational guides or other tools to help core gas customers understand core transport service options” in multiple languages. § 984.5(a) also requires the Commission to compile and maintain a list of all registered CTAs, including the number of complaints against those CTAs (in relation to their total customers), and the disposition of those complaints. This involves collaboration among Energy Division (ED), the Information Technology Services Division (ITSD), Administrative Law Judge (ALJ) and the Consumer Affairs Branch (CAB) to provide formal and informal complaint data and post the relevant information, plus the informational guides.

- Public Alerts: Pursuant to Pub. Util. Code § 984.5(b), D.18-02-002 directs that before a public alert can be issued, ED and the Utility Enforcement Branch (UEB) should collaborate to document and provide evidence against CTAs providing misleading information.
- Public Advocates Office (PAO) Complaint Analysis: Pub. Util. Code § 984.5(d) requires the PAO to analyze customer complaints and their disposition. From this analysis, they are to determine if changes are necessary, and make recommendations to the Commission for changes to consumer protection rules.

D.18-02-002 requires ED to coordinate and lead many of these tasks. Therefore, we first focus on the ED resources used to administer the CTA Registration Program.

The Base Cost of Administering the CTA Registration Program

The base cost for the Fiscal Year 2020-2021 Budget reflects the relatively fixed costs associated with the ongoing development and administration of the program. These costs are not anticipated to change dramatically for the 2021-2022 Fiscal Year. The base cost includes the cost to Energy Division of administering the program as well as the cost to CAB of compiling the Monthly CTA Complaint Report. For Energy Division, these costs include one permanent full-time Public Utilities Regulatory Analyst (PURA I) and 15 percent of the time of one Program and Project Supervisor (PPS). For CAB, the base cost includes the cost of a PURA V who allocates approximately 14 hours annually or .79 percent of their time to create the Monthly CTA Complaint Reports. Together these costs total \$138,416. Because these costs are relatively fixed and do not vary materially

with the number of CTAs nor with the number of CTA-related complaints received, it is reasonable to divide these costs equally among 35 CTA's. This results in an annual base cost of \$3,955 (See Table 1 below).

Table 1: CTA Base Cost by Position

CPUC Organizational Area	Position	Salary + Benefits	% Time on CTAs	CTA Cost
Energy Division	PURA I	\$103,000	100%	\$103,000
Energy Division	PPS	\$226,954	15%	\$34,043
Consumer Affairs Branch	PURA V	\$173,737	0.79%	\$1,373
Total Base Cost				\$138,416
Base Cost Per CTA				\$3,955

The Variable Costs of Administering the CTA Registration Program

In addition to the base cost for ED, additional tasks and duties and subsequent costs to other Divisions will vary largely based on the number of consumer contacts the CPUC receives regarding CTAs.

Since consumers are now directed to contact CAB for CTA-related issues, the volume of customer contacts and/or complaints impacts the workload of CAB. As stated in D.18-02-002, "CAB should be involved at the outset for any informal complaints."⁶ This includes logging all customer contacts to CAB, including inquiries that do not reach the level of an informal complaint. The Decision also states:

CAB is directed to review the information data categories that it collects when informal complaints are submitted, and to revise the type of data collected if it believes that would improve the Commission's monitoring of consumer protection issues involving CTAs.⁷

The Decision goes on to require CAB to review and make updates to the online informal complaint forms.

⁶. D-18-02-002, p.58

⁷. Ibid

Further, the volume of complaints affects the other costs of the CTA program. The on-going complaint analysis and resolution by PAO, pursuant to Pub. Util. Code § 984.5(d), will vary based on the volume of CTA-related complaints.

The ultimate intent of the CTA Registration program is consumer protection, making consideration of a complaint-based cost an important component in determining the annual fee. A complaint-based fee would signal to prospective CTAs that they should provide accurate information and follow appropriate marketing protocols in order to minimize complaints, and as a result, their annual fee, while expanding their customer base.⁸ This would potentially provide additional consumer protections consistent with the statutory directive for any annual fee to cover “other facets of consumer protection directly related to the core transport service transactions of core transport agents.”⁹

As discussed above, the costs of administering the program will vary year-to-year, based on the number of complaints the CPUC receives regarding CTAs. Pursuant to Pub. Util. Code § 984(b) and D.18-02-002 Ordering Paragraph (OP) 5(v)(a), staff calculated the cost to CAB and UEB of responding to consumer complaints.¹⁰

The variable costs for CTA-related consumer protection reflect the hours CAB and UEB spend responding to customer complaints that occurred during the prior calendar year. For CAB, these costs vary by the number and type of complaints received. For UEB, the cost of enforcement activities varies by the number of complaints but is allocated evenly to all complaint types. The resulting cost per complaint is allocated to individual CTAs based on the number of complaints attributed to them.

During 2020, CAB received a total of 1,256 CTA-related complaints. Of these, 870 were received by phone and 386 were informal written complaints. The cost of a complaint varies based on the average time involved. Phone contacts are incoming calls from consumers seeking assistance with a CTA-related issue.

⁸. Pursuant to Pub. Util. Code § 984.5(a)

⁹. Pub. Util. Code § 984(b)

¹⁰. Essentially all but a minor portion of CAB CTA-related costs vary with the number of complaints. These fixed CAB costs are included in Table 1 and have been incorporated into the fixed portion of the annual fee.

Phone contact involves significantly less time to resolve than informal written contacts (see Table 2 below).

Since not all CTAs contribute equally to complaint-based variable costs, we allocated these costs on a cost causation basis. Individual CTAs will incur a variable cost based on the number and type of complaints attributed to them. Each year, Energy Division staff will calculate the number of CAB and UEB staff hours needed to respond to phone contacts and informal written complaints. Because these costs are incremental, it is reasonable to divide these costs proportionally amongst the CTAs who incurred complaints based on the number and type of complaints received. This results in a more reasonable and fair allocation of costs that better correlates an individual CTA's annual fee with the actual administrative costs associated with that CTA. The variable costs associated with CAB and UEB activity are shown in Tables 2 and 3.

Table 2: Variable Costs by Complaint Type: CAB

	Complaints by Type	Hours per Complaint	Cost per Hour	Cost Per Complaint	Total Cost
Phone Contacts	870	0.108	\$49.35	\$5.33	\$4,637
Informal Written Complaints	386	3.51	\$49.35	\$173.23	\$66,867
Total	1,256				\$71,504

Table 3: Variable Costs: UEB

Position	Salary + Benefits	% Time on CTAs	CTA Cost
PURA I	\$103,000	50%	\$51,500
PURA II	\$131,477	50%	\$65,738
PURA III	\$143,998	50%	\$71,999
PPS	\$226,954	20%	\$45,391
Total			\$234,628

The combined variable costs for CAB and UEB total \$306,132.

Table 4: Total Variable Costs

CPUC Organizational Area	CTA Costs
CAB	\$71,504
UEB	\$234,628
Total Variable Costs	\$306,132

The methodology for determining the variable portion of the annual fee to be applied to an individual CTA is calculated as follows:

CAB Variable Cost:

- Cost per phone contact multiplied by the CTA's number of phone contacts; plus,
- Cost per informal written complaint multiplied by the CTA's number of informal written complaints.

UEB Variable Cost:

- The individual number of phone contacts for each CTA plus the number of informal written complaints as a percent of all phone contacts and informal written complaints multiplied by the total UEB variable cost.

Annual Fee for CTAs

The 2021 Annual Fee will be the sum of a base fee and a variable component. The 2021 annual base fee for the CTA program is increased to \$3,955. This increase reflects the relatively fixed annual cost of administering the CTA program. The variable component is based on the number and type of complaints attributed to the CTA from January 2020 through December 2020 and determined in accordance with the methodology described above and the rates set forth in Table 2.

In subsequent years, Energy Division staff will continue to submit an annual report to review the administrative costs of the CTA program. If these costs warrant an increase in the annual fee collected from the CTAs, staff will prepare a draft resolution with the recommended annual fee. If the annual fee is not increased via resolution in subsequent years, Energy Division staff may assess an annual fee consistent with the 2021-2022 annual fee. Specifically, Energy Division

staff may set an annual base fee less than or equal to \$3,955 and a variable component based on the number and type of complaints attributed to the CTA during the previous calendar year and determined in accordance with the methodology described above.

Commission staff should monitor potential CTA cancellations or a decline in registrations for signs that the fee is deterring market entry. Staff may propose a revised fee by Resolution on staff's own motion should a change to this annual fee be necessary in the future.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and 20-day comment prior to a vote of the Commission. Section 311(g)(3) provides that this 30-day public review and 20-day comment period may be reduced/waived by Commission adopted rule.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

NOTICE

This Resolution is on staff's own Motion pursuant to D.18-02-002.

FINDINGS

1. Public Utilities Code Section 984(b) authorizes collection of annual fees from Core Transport Agents.
2. Ordering Paragraph 5(a)(v)(1) of Decision 18-02-002 directs Energy Division to review, report, and propose a Resolution to the Commission by March 1, 2019 to determine the annual cost of administering the Core

Transport Agents registration program.

3. Energy Division is to act as lead on most of the tasks to implement the consumer protection rules regarding Core Transport Agents.
4. A base annual fee of \$3,955 plus a variable component determined by the number and type of complaints made against each Core Transport Agent covers the CPUC's costs to administer the Core Transport Agent program.

THEREFORE, IT IS ORDERED THAT:

1. Pursuant to Ordering Paragraph 1(e) of Decision 18-02-002, the 2021 Annual Fee, which includes a base annual fee of \$3,955 and a variable component based on the number and type of complaints attributed to the CTA from January 2020 through December 2020 and determined in accordance with the methodology described above and the rates set forth in Table 2, is adopted.
2. In subsequent years, Energy Division staff will continue to submit an annual report to review the administrative costs of the CTA program. If these costs warrant an increase in the annual fee collected from the CTAs, staff will prepare a draft resolution with the recommended annual fee.
3. If the annual fee is not increased via resolution in subsequent years, Energy Division staff may assess an annual fee consistent with the 2021-2022 annual fee in accordance with this Resolution.
4. All registered CTAs shall be assessed this annual fee by email and U.S. mail by July 1, 2021, and by July 1 of subsequent years.
5. Pursuant to Public Utilities Code 984(b), if payment is not received within 30 days of billing, a 15 percent late-payment penalty will be assessed on the CTA.
6. Failure to pay the annual fee and any penalty fees will subject the CTA to suspension or revocation of its registration.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 3, 2021 the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director

APPENDIX A: 2021 CORE TRANSPORT AGENT PROGRAM REPORT

Background and Summary

Since 1991, the California Public Utilities Commission (CPUC) has allowed all customers of the state’s regulated natural gas utilities the option to choose a non-utility gas supplier to procure their supply of natural gas. The program is intended to create competition between regulated and unregulated gas suppliers and to give consumers a choice of providers. The unregulated gas suppliers, known as Core Transport Agents¹ or CTAs, procure gas for the residential and small commercial customers known as “core” customers. The gas supplied by CTAs is delivered over the regulated utilities’ pipeline systems.

In 2013, Senate Bill 656 required the CPUC to regulate aspects of CTA services having to do with consumer protections and the resolution of consumer complaints. In 2018, Decision (D.) 18-02-002 established an annual CTA fee that was to be based on the cost of administering the CTA program. The decision also required the CPUC’s Energy Division staff to submit an annual report on these costs and to recommend appropriate changes to the annual fee reflecting those costs. The current annual fee charged to each CTA is \$2,860.

This report concludes that the costs related to consumer protections and the resolution of CTA complaints significantly exceed the amount generated by the current fee. It finds that an increase of \$1,095 in the annual fee charged to each CTA is warranted, resulting in a revised annual fee of \$3,955, as well as the introduction of a variable fee charged to each individual CTA based on the number of complaints attributable to that CTA. The combination of these two elements—a fixed or uniform “base” fee and a “variable” fee that reflects the variable costs resulting from the number of complaints received for each CTA—provides a methodology to meet the requirements of D.18-02-002.

CTA Registration

There are currently 35 CTAs registered with the CPUC. During 2020:

- There were no new registrations;
- Two CTAs merged into one survivor company;
- One CTA changed its name; and
- Two CTAs have left the market.

CTA Program Administration and Consumer Protections

Several groups within the CPUC together administer the CTA program and work to ensure consumer protections. These groups include Energy Division, the Consumer Affairs Branch (CAB), and the Utility Enforcement Branch (UEB). Energy Division is charged with administering the CTA program, registering CTAs, creating, and updating the CTA website, monitoring complaints, responding to consumer and CTA inquiries, and providing guidance on how to enter and withdraw from the California market. CAB receives customers’ complaints concerning CTAs both by phone and in writing. CAB engages with the CTAs to resolve the consumers’ concerns, which generally reflect billing issues, service issues, and deceptive marketing concerns. CAB also creates the Monthly

¹ Also referred to as core aggregation service.

CTA Complaint Report, which records consumer complaints by type. CAB provides this report to both UEB and Energy Division staff. UEB analyzes both CAB's monthly CTA report and complaints it receives from local District Attorney's offices, looking for complaints related to unauthorized enrollment as well as overall patterns and trends. UEB investigates and issues citations to CTAs that fail to comply with the standard for verifying enrollments or otherwise fail to abide by California's Public Utility Code or CPUC decisions.

Costs of Administering the CTA Program

Some of the costs incurred to administer and oversee the CTA program are relatively fixed, and some vary depending on the number and type of complaints received. The Energy Division costs are associated with the ongoing management of the program including review and approval of applicants for CTA status and coordination with other CPUC functions. These activities and associated costs are relatively fixed and do not vary materially with the number of CTAs nor with the number of CTA-related complaints received. CAB costs are associated with receiving and attempting to resolve CTA-related consumer complaints and, to a lesser extent, with the administration and analysis needed to create the Monthly CTA Complaint Report. UEB investigates complaints and, as appropriate, issues citations. Most CAB and UEB costs attributable to CTAs are variable based on the number and type of complaints received.

Base Cost

The base cost reflects the relatively fixed costs associated with ongoing development and administration of the program. The base cost includes the cost to Energy Division of administering the program as well as the cost to CAB of compiling the Monthly CTA Complaint Report. For Energy Division, these costs include one permanent full-time Public Utilities Regulatory Analyst (PURA I) and 15 percent of the time of one Program and Project Supervisor (PPS). For CAB, the base cost includes the cost of a PURA V who allocates approximately 14 hours annually or .79 percent of their time to creating the Monthly CTA Complaint Reports. Together these costs total \$138,416. Because these costs are relatively fixed and do not vary materially with the number of CTAs nor with the number of CTA-related complaints received, it is reasonable to divide these costs equally among 35 CTAs. This results in an annual base fee of \$3,955 (see Table 1 below).

Table 1: CTA Base Cost by Position

CPUC Organizational Area	Position	Salary + Benefits	% Time on CTAs	CTA Cost
Energy Division	PURA I	\$103,000	100%	\$103,000
Energy Division	PPS	\$226,954	15%	\$34,043
Consumer Affairs Branch	PURA V	\$173,737	0.79%	\$1,373
Total Base Cost				\$138,416
Base Cost Per CTA				\$3,955

Variable Costs

Variable costs for CTA-related consumer protections reflect the hours CAB and UEB spend responding to customer complaints. For CAB, these costs vary by the number and type of

complaints received. For UEB, the cost of enforcement activities varies by the number of complaints but is allocated evenly to all complaint types. The resulting cost per complaint is allocated to individual CTAs based on the number of complaints attributed to them.

Consumers typically contact CAB for assistance when they do not receive a resolution from the CTA's customer service bureau. During 2020, CAB received a total of 1,256 CTA-related complaints. Of these, 870 were received by phone, and 386 were informal written complaints. The cost of a complaint varies based on the average time involved. Phone contacts are incoming calls from consumers seeking assistance with a CTA-related issue. Phone contacts involve significantly less time to resolve than informal written contacts. Thus, they are less expensive (see Table 2 below). If the customer is unable to resolve a problem with a CTA after receiving phone assistance, CAB encourages them to submit an informal written complaint. CAB submits informal written complaints to the CTA, which is required to provide a resolution in writing. CAB then informs the consumer of the outcome.

Table 2: Variable Costs by Complaint Type: CAB

	Complaints by Type	Hours per Complaint	Cost per Hour	Cost Per Complaint	Total Cost
Phone Contacts	870	0.108	\$49.35	\$5.33	\$4,637
Informal Written Complaints	386	3.51	\$49.35	\$173.23	\$66,867
Total	1,256				\$71,504

The second factor in the variable cost is the cost of the investigations and citations program conducted by the Utility Enforcement Branch. Staff members are responsible for investigating unauthorized enrollment complaints pursuant to Resolution UEB-003, issuing citations, and collecting fines. UEB also identifies patterns and trends in customer complaints and takes further enforcement action if necessary pursuant to D.18-02-002 and Public Utilities Code 984.5(b). In 2020, UEB investigated over 1,200 complaints, issued and collected payment on 39 CTA-related citations,² and issued one cease and desist letter.

The total variable cost for UEB is based on the number of complaints that require investigation, the time associated with taking and processing them,³ and the salary and benefit costs of the required staff. There are four employees who process complaints related to CTAs. Three of these employees spend 50 percent of their time on CTA-related activities. In addition, a UEB supervisor spends roughly 20 percent of their time on CTA-related work. Together, UEB's CTA-related costs for 2020 were \$234,628.⁴

² UEB issued and received payment for Citations UEB-003-007 through UEB-003-0045 in 2020.

³ CAB maintains statistics concerning the time associated with phone contacts and informal written complaints.

⁴ There are additional CAB variable costs that can only be estimated. These are considered to be less than \$1,000 and are not included in this analysis. Additionally, there are costs associated with the citations generated by the Utility Enforcement Branch that cannot be estimated or reliably estimated at this time.

Table 3: Variable Costs: UEB

Position	Salary + Benefits	% Time on CTAs	CTA Cost
PURA I	\$97,042	50%	\$48,521
PURA II	\$131,477	50%	\$65,738
PURA III	\$143,998	50%	\$71,999
PPS	\$226,954	20%	\$45,391
Total			\$231,650

The combined variable costs for CAB and UEB total \$306,132 (see Table 4).

Table 4: Total Variable Costs

CPUC Organizational Area	CTA Costs
CAB	\$71,504
UEB	\$231,650
Total Variable Costs	\$306,132

Allocation of Variable Cost

During 2020, the total number of complaints attributable to individual CTAs varied widely. Three CTAs—SFE Energy Inc, Bolt Energy Services, LLC, and AAA Natural Gas—generated 65.3 percent of all complaints. An additional 15 CTAs accounted for the remaining 34.7 percent of complaints. There were no complaints reported to CAB for the remaining 17 CTAs.

Since not all CTAs contributed equally to complaint-based variable costs, Energy Division proposes that they be allocated on a cost causation basis. Individual CTAs will incur a variable cost based on the number and type of complaints attributed to them. Each year, Energy Division staff will calculate the number of CAB and UEB staff hours needed to respond to phone contacts and informal written complaints. Because these costs are incremental, it is reasonable to divide them proportionally amongst the CTAs who incurred complaints based on the number and type of complaints received. This results in a more reasonable and fair allocation of costs that better correlate an individual CTA's annual fee with the actual administrative costs associated with that CTA.

Specifically, the variable cost will be allocated as follows:

CAB Variable Cost:

- Cost per phone contact multiplied by the CTA's number of phone contacts; plus,
- Cost per informal written complaint multiplied by the CTA's number of informal written complaints.

UEB Variable Cost:

The individual CTA number of phone contacts plus the number of informal written complaints as a percent of all phone contacts and informal written complaints multiplied by total UEB variable cost.

Annual Fee

Recommendation

The 2021 annual base fee for the CTA program should be increased to \$3,955. This increase reflects the relatively fixed annual cost of administering the CTA program. In addition, the individual CTAs will incur a variable cost as part of the annual fee. The variable cost reflects the number and type of complaints attributed to the CTA and the CAB and UEB cost associated with resolving those complaints.

Furthermore, the CPUC Administrative Law Judge, Legal and Fiscal incurred costs for the CTA program were not examined for this year but could be included in future years if substantial.

Appendix A: Tables of Variable Costs

Table A-1: Phone Contact Costs

Company	Rank	Number of Contacts	% of Total	Cost
SFE Energy Inc.	1	226	25.98%	\$1,204.58
Bolt Energy Services LLC	2	196	22.53%	\$1,044.68
AAA Natural Gas	3	107	12.30%	\$570.31
Spark Energy Gas LLC	4	85	9.77%	\$453.05
Vista Energy Marketing L.P.	5	71	8.16%	\$378.43
Just Energy Solutions Inc.	6	66	7.59%	\$351.78
Peak Six Power and Gas LLC	7	35	4.02%	\$186.55
Greenwave Energy LLC	8	19	2.18%	\$101.27
Smart One energy LLC	9	16	1.84%	\$85.28
StateWise Energy California LLC	10	12	1.38%	\$63.96
United Energy Trading LLC	11	10	1.15%	\$53.30
National Gas & Electric LLC	12	7	0.80%	\$37.31
Ambit California LLC	13	6	0.69%	\$31.98
Symmetry Energy Solutions, LLC	14	5	0.57%	\$26.65
Tiger Natural Gas Inc.	14	5	0.57%	\$26.65
XOOM Energy California LLC	15	2	0.23%	\$10.66
Clean Energy Renewable Fuels LLC	16	1	0.11%	\$5.33
North Star Gas Company LLC	16	1	0.11%	\$5.33
Total		870	100.00%	\$4,637.10

Table A-2: Informal Complaint Costs

Company	Rank	Number of Complaints	% of Total	Cost
SFE Energy Inc.	1	103	26.68%	\$17,842.69
Bolt Energy Services LLC	2	100	25.91%	\$17,323.00
AAA Natural Gas	3	49	12.69%	\$8,488.27
Spark Energy Gas LLC	4	34	8.81%	\$5,889.82
Just Energy Solutions Inc.	5	27	6.99%	\$4,677.21
Vista Energy Marketing L.P.	6	21	5.44%	\$3,637.83
Peak Six Power and Gas LLC	7	10	2.59%	\$1,732.30
Smart One energy LLC	7	10	2.59%	\$1,732.30
Greenwave Energy LLC	8	7	1.81%	\$1,212.61
Tiger Natural Gas Inc.	9	6	1.55%	\$1,039.38
National Gas & Electric LLC	10	4	1.04%	\$692.92
StateWise Energy California LLC	11	3	0.78%	\$519.69
Symmetry Energy Solutions, LLC	11	3	0.78%	\$519.69
United Energy Trading LLC	11	3	0.78%	\$519.69
XOOM Energy California LLC	12	3	0.78%	\$519.69
Ambit California LLC	12	2	0.52%	\$346.46
North Star Gas Company LLC	13	1	0.26%	\$173.23
Total		386	100.00%	\$66,866.78

Table A-3: UEB Costs

CTA	Rank	Phone Contacts	Informal Complaints	Total	% of Total Complaints	Share of UEB Costs
SFE Energy Inc.	1	226	103	329	26.19%	\$60,679.02
Bolt Energy Services LLC	2	196	100	296	23.57%	\$54,592.68
AAA Natural Gas	3	107	49	156	12.42%	\$28,771.82
Spark Energy Gas LLC	4	85	34	119	9.47%	\$21,947.73
Just Energy Solutions Inc.	5	66	27	93	7.40%	\$17,152.43
Vista Energy Marketing L.P.	6	71	21	92	7.32%	\$16,967.99
Peak Six Power and Gas LLC	7	35	10	45	3.58%	\$8,299.56
Greenwave Energy LLC	8	19	7	26	2.07%	\$4,795.30
Smart One energy LLC	9	16	10	26	2.07%	\$4,795.30
StateWise Energy California LLC	10	12	3	15	1.19%	\$2,766.52
United Energy Trading LLC	11	10	3	13	1.04%	\$2,397.65
National Gas & Electric LLC	12	7	4	11	0.88%	\$2,028.78
Tiger Natural Gas Inc	13	5	6	11	0.88%	\$2,028.78
Ambit California LLC	14	6	2	8	0.64%	\$1,475.48
Symmetry Energy Solutions, LLC	15	5	3	8	0.64%	\$1,475.48
XOOM Energy California LLC	16	2	3	5	0.40%	\$922.17
North Star Gas Company LLC	17	1	1	2	0.16%	\$368.87
Clean Energy Renewable Fuels LLC	18	1	0	1	0.08%	\$184.43
Total		870	386	1,256	100.00%	\$231,650.00

Table A-3: Total Variable Costs

CTA	% of Total Complaints	Share of UEB Costs	Phone Contact Costs	Informal Complaint Costs	Total Variable Costs
AAA Natural Gas	12.42%	\$28,771.82	\$570.31	\$8,488.27	\$37,830.40
Ambit California LLC	0.64%	\$1,475.48	\$31.98	\$346.46	\$1,853.92
Anahau Energy, LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Bolt Energy Services LLC	23.57%	\$54,592.68	\$1,044.68	\$17,323.00	\$72,960.36
BP Energy Company	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Calpine Energy Solutions LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Clean Energy Renewable Fuels LLC	0.08%	\$184.43	\$5.33	\$0.00	\$189.76
Commercial Energy of Montana Inc	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Constellation NewEnergy - Gas Division LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Direct Energy Business Marketing LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
EDF Energy Services LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Element Markets Renewable Energy LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Entrust Energy Inc (Inactive)	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Everyday Energy LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
GHI Energy LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Greenwave Energy LLC	2.07%	\$4,795.30	\$101.27	\$1,212.61	\$6,109.18
Interstate Gas Supply Inc	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Just Energy Solutions Inc.	7.40%	\$17,152.43	\$351.78	\$4,677.21	\$22,181.42
Mansfield Power and Gas LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
National Gas & Electric LLC	0.88%	\$2,028.78	\$37.31	\$692.92	\$2,759.01
North Star Gas Company LLC	0.16%	\$368.87	\$5.33	\$173.23	\$547.43
Pacific Summit Energy LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Peak Six Power and Gas LLC	3.58%	\$8,299.56	\$186.55	\$1,732.30	\$10,218.41
SFE Energy Inc.	26.19%	\$60,679.02	\$1,204.58	\$17,842.69	\$79,726.29
Shell Energy North America (US) L.P.	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Smart One energy LLC	2.07%	\$4,795.30	\$85.28	\$1,732.30	\$6,612.88
Spark Energy Gas LLC	9.47%	\$21,947.73	\$453.05	\$5,889.82	\$28,290.60
StateWise Energy California LLC	1.19%	\$2,766.52	\$63.96	\$519.69	\$3,350.17
Symmetry Energy Solutions, LLC	0.64%	\$1,475.48	\$26.65	\$519.69	\$2,021.82
Tiger Natural Gas Inc	0.88%	\$2,028.78	\$26.65	\$1,039.38	\$3,094.81
Trillium USA Company LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
United Energy Trading LLC	1.04%	\$2,397.65	\$53.30	\$519.69	\$2,970.64
Veridian Energy PA LLC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
Vista Energy Marketing L.P.	7.32%	\$16,967.99	\$378.43	\$3,637.83	\$20,984.25
XOOM Energy California LLC	0.40%	\$922.17	\$10.66	\$519.69	\$1,452.52
Total	100.00%	\$231,650.00	\$4,637.10	\$66,866.78	\$303,153.88

