

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Item No: 4 (Rev. 1)
Agenda ID: 19303
RESOLUTION E-5131
May 6, 2021

R E S O L U T I O N

Resolution E-5131. Request by the Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas and Electric Company to modify bundled customer bills to show a Power Charge Indifference Adjustment (PCIA) line item in compliance with Decision (D.) 20-03-019.

PROPOSED OUTCOME:

- This Resolution approves with modification the joint proposal by Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas and Electric Company to implement bill presentation and tariff modifications to show a Power Charge Indifference Adjustment (PCIA) line item on all customer bills, in compliance with D. 20-03-019.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution

ESTIMATED COST:

- This Resolution modifies how the PCIA is presented on customer bills. The Commission does not anticipate that this Resolution will result in additional costs for ratepayers

By Advice Letters AL 4302-G-G/5932-E (PG&E), 4280-E (SCE), and AL 3600-E (SDG&E), Filed on August 30, 2020.

SUMMARY

This Resolution approves utility proposals to modify customer bill statements to include the PCIA as a line item on utility bundled customer bills, with modifications to the proposed definition of PCIA. It also approves changes to PG&E's Cost Responsibility ("CRS") tariff and to the respective tariffs of Pacific Gas and Electric Company ("PG&E"), Southern California Edison ("SCE"), and San Diego Gas & Electric Company (SDG&E) that will clarify and explain customer cost responsibility for the PCIA.

BACKGROUND

In Phase 1 of R. 17-06-026 the California Community Choice Association (CalCCA) raised the issue that the PCIA is not identified as a separate cost on the Energy Statements provided to bundled customers. CalCCA reasoned that the lack of a specific line item on customer bills identifying PCIA costs- masks the fact that all customers, both bundled and unbundled, shoulder the burden of these costs. In contrast, they argued, presenting the PCIA similarly on all bills would make it clear that bundled service, CCA, and DA customers all share the responsibility to pay above market costs of utility procurement and would keep the PCIA from becoming a competitive issue for customers when comparing providers.

In Phase 2 of Rulemaking (R.) 17-06-026, the CPUC considered numerous issues including the presentation of the PCIA line item on bundled utility customer bills. The Scoping Memo specifically asked whether, "the Commission [should] require

any changes in the presentation of the PCIA in tariffs and on customer bills, and if so, what should those changes be?"

The parties involved in a working group on this subject were unable to come to a consensus recommendation on this issue. In D.20-03-019, the CPUC directed the utilities to collaborate to submit Tier 3 advice letters by August 31, 2020, containing a joint proposal for bill and tariff changes to show a PCIA line item in the bill summary table on all customer bills. The proposal was to be implemented by the last business day of 2021. D.20-03-019 also authorized Energy Division to hold workshops, if necessary, after the filing of the advice letters, and required that the IOU proposed bill and tariff changes be complete and reasonable.¹

On August 31, 2020 PG&E filed AL 4302-G-G/5932-E, SCE filed AL 4280-E, and SDG&E filed AL 3600-E containing a "Joint Proposal" to present and explain PCIA charges on bundled customers' bills.

Utilities' Joint Proposal:

The Joint Proposal put forward by the utilities addresses three issues.

1. Adding a PCIA Line Item to Bundled Service Customer Bills:

¹ D.20-03-019, OP 2.

The Joint Proposal states that the utilities will modify the “Details” section of bundled customer bills to include a line item showing the portion of the customer’s generation charges that are accounted for by the PCIA. The line item would serve to facilitate comparisons between bundled and departed customer bills.

However, while the portion of generation that is accounted for by the PCIA would appear as a new line, PCIA charges would not be subtracted from bundled customer’s generation charges. Actually subtracting the PCIA portion from bundled customer generation charges will require a change in the utilities’ rate structures. This is because the PCIA is calculated on a per kWh, or volumetric, basis, while most utility rates are time differentiated. The compromise solution put forward here is to leave the bundled customer utility charge unchanged, but add a line item showing the portion of that charge that is caused by the customer’s PCIA responsibility. Changes to bundled customer rates are out of scope for a proceeding considering the PCIA and would need to be considered in the context of a rate design proceeding. The determination of class-specific rate designs is appropriately litigated in each utility’s General Rate Case (GRC) Phase 2 proceeding.

2. Definition of the PCIA on All Customer Bills:

The utilities propose that they would each add a definition of “PCIA” on all customer bills or modify the definition for bills that already contain one. The

definition is meant to help customers understand what the PCIA line item refers to. The utilities propose using the following definition for the PCIA:

“An amount to recover the above-market portion of [Utility’s] electric generation portfolio.”

3. Modifications to tariffs to standardize presentation formats across the utilities and explain how the PCIA is recovered.

The utilities’ Cost Responsibility Tariffs (“CRS”) apply to departing load only. In AL 4302-G-G/5932-E, PG&E proposes updating the Rate Section of its CRS tariffs to improve transparency of the CCA-CRS and DA-CRS tariffs and align these tariffs more closely with SCE and SDG&E’s CRS tariffs. The update includes a table that maps rate schedules to rate classes in a similar manner to what SDG&E and SCE already do with tariff summary tables.

The utilities also each propose modifications to the applicable electric rate schedules in their Individual Tariffs to include a new Special Condition that explains how the PCIA is recovered from Bundled Service customers

NOTICE

Notice of AL 4302-G-G/5932-E (PG&E), AL 4280-E (SCE), and AL 3600-E (SDG&E) was made by publication in the Commission’s Daily Calendar. PG&E, SCE, and SDG&E state that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

On September 21, 2020, California Community Choice Association (CalCCA) and the Direct Access Customer Coalition (DACC) jointly submitted a timely response ("Response") to Pacific Gas & Electric Company's Advice Letter 4302-G/5932-E, Southern California Edison's Advice Letter 4280-E and San Diego Gas and Electric's Advice Letter 3600-E.

The Response expresses CalCCA's and DACC's concern that implementation of billing changes might be delayed due to planned upgrades and changes to PG&E and SCE's billing systems.

CalCCA and DACC consider the bill and tariff changes outlined in the Joint Proposal a necessary first step towards comparable bundled and unbundled bills. However, they state that "Even with the changes proposed here, bills remain a confusing customer experience for bundled and unbundled customers alike. More work is needed on both the bills and tariffs to enable customers to make sense of their choices."²

Accordingly, CalCCA/DACC recommend that the Commission rapidly approve the Advice Letters in order to facilitate timely compliance, but that following the

² CalCCA and DACC Response to the Joint IOU Advice Letters in Response to Decision 20-03-019 (September 21, 2020), p.3

Commission's approval, Energy Division should hold workshops, as authorized by D.20-03-019 OP2, to develop a set of further bill and tariff changes during 2021.

On September 28, 2020 SCE submitted a reply to the Joint Response filed by CalCCA and DACC. SCE agrees with the responding parties that the joint proposal should be approved rapidly so that the utilities can move forward with implementation of the proposed bill changes. However, SCE disagrees that the Joint Proposal is "incomplete" and requests that the approval of Advice 4280-E cease any further regulatory action related to the tariff and bill presentment changes ordered in D.20-03-019.

SCE states concern that CalCCA and DACC are trying to use the "bill and tariff presentment changes" ordered by D.20-03-019 to attempt to substantively modify how the IOUs recover the PCIA in utility-specific bundled generation rates. These rates, they point out, are set in utility specific GRC ~~phase~~Phase 2 proceedings. SCE argues that Bundled generation rate design is outside of the scope of both the PCIA OIR and the PCIA-related bill and tariff presentment changes ordered in D.20-03-019.

DISCUSSION

1. Proposed Changes to Bundled Customer Bills

The CPUC finds that the proposed modifications to PG&E, SDG&E, and SCE bills and tariffs are generally reasonable. However, the PCIA definition that the utilities have proposed adding to bundled customer bills lacks clarity. The purpose of

adding a definition is to explain the PCIA charge component to the utilities' bundled service customers. The proposed definition of the PCIA on the billing statement and "special condition" in tariffs does not achieve this purpose; it neither explains to customers why the PCIA exists or why customers should be responsible for the utilities' above market costs.

A clear definition of the PCIA for customers must include two elements that are missing from the definition offered in the Joint Proposal:

1. First, the definition should make clear that the PCIA exists to ensure that both *bundled and departed customers* pay their share of the above market costs of generation resources *that were procured on their behalf*.
2. Second, to be complete, the definition needs to define "above market costs" in the context of the PCIA. These are contractual obligations made by the utilities for generation resources that cannot be fully recovered at current market prices.

The CPUC therefore ~~require~~requires the utilities to substitute the following definition of the PCIA for the definitions proposed in the Joint Proposal:

1. *The PCIA is a charge to ensure that both [utility] customers and those who have left [utility] service to purchase electricity from other providers pay the above market costs for generation resources that were procured by [utility] on their behalf. "Above market" refers to ~~expenditures~~the difference between*

~~*what the utility pays for electric generation resources that cannot be fully recovered through sales of these resources at and current market prices. for the sale of those resources.*~~

2. Further actions to develop bill and tariff changes in 2021

The CPUC finds that the bill and tariff changes put forward by the utilities in the Joint Proposal sufficiently address the requirements put forward in D.20-03-019 OP2. Further bill changes that would make the PCIA comparable between utility customers and customers who have departed for CCA or DA service would require changes to the utilities' time-differentiated rate structures. Such changes are out of scope of this resolution and should be addressed within each utility's GRC phase 2 proceeding.

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. Please note that comments are due 20 days from the mailing date of this resolution. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

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." on March 10, 2021. The Commission received comments on the draft resolution separately from SCE, PG&E, and jointly from CalCCA and DACC ("Joint Parties") on March 30, 2021.

1. Comments on the Definition of PCIA

SCE agrees that the changes to the PCIA definition proposed in the Draft Resolution improve upon the definition provided in the utilities' joint proposal, but proposes the following additional changes to further clarify the meaning of the term "above market":

The PCIA is a charge to ensure that both [utility] customers and those who have left [utility] service to purchase electricity from other providers pay the above market costs for generation resources that were procured by [utility] on their behalf. 'Above market' refers to the difference between what the utility pays expenditures for electricity generation and that cannot be fully recovered through sales of these resources at current market prices for the sale of those resources.

PG&E's comments support the changes to the PCIA definition proposed by SCE. PG&E also states that upgrades to its main and ancillary billing systems may impact its ability to implement the bill presentation modification by the end of 2021 deadline. If this occurs, PG&E will submit a request for an extension of time to implement these modifications.

These changes to the language of the definition further our goal of providing a clear, easy to understand definition of the PCIA to customers. Therefore, we adopt them.

2. Comments on whether this revision fully satisfies the requirements of D.20-03-019.

The Joint Parties disagree with Finding 5 of the Draft Resolution, that: "Further changes to bundled customer bills are beyond the scope of this resolution. The respective utilities' General Rate Case Phase 2 proceedings are the appropriate venue to consider more extensive modifications to the utilities' bill design."

The Joint Parties ask that the Commission clarify that:

- a. Disaggregating the PCIA from tariffed generation rates happens in individual investor-owned utility (IOU) general rate cases (GRCs), however,
- b. Establishing rules for all IOUs on how the disaggregated rates will be shown on bills is properly addressed in the Power Charge Indifference Adjustment (PCIA) rulemaking, and workshops will be set to do so.

The Joint Parties argue that the issue of how to show the PCIA in customer bills are is scoped into the PCIA rulemaking. The Commission sought to address these issues in D.18-10-019 and D.20-03-019 and recognized that the problems with the PCIA presentation on bills are not unique to any one utility.

The Joint Parties ask that the Energy Division should hold workshops to develop a set of further bill and tariff changes during 2021 in coordination with general rate

case proceedings, as authorized by D.20-03-019 (OP2), once the proposal in these advice letters is approved.

We acknowledge the distinction the Joint Parties make between changes to *rate design* and *bill presentation* and agree that the GRC 2 is the proper venue to address *rate design* changes, and not the venue for addressing "more extensive modifications to the utilities' bill design," as stated in Finding 5 of the Draft Resolution. We update Finding 5 to reflect this distinction.

However, we disagree that D.20-03-019 requires Energy Division to hold a workshop or to consider further bill changes beyond what is approved in this resolution. The *bill design* changes approved in this resolution satisfy the requirements of Ordering Paragraph 2, which directed the utilities to propose, "bill and tariff changes to show a power charge indifference adjustment line item in their tariffs and bill summary tables on all customer bills." While future changes to *rate design* could create the need for further modifications to *bill presentation*, we cannot predict or prejudge whether or when those changes might occur. We therefore decline to require further actions to address them.

FINDINGS

1. Adding a line item to bundled customer bills that shows the portion of generation charges related to PCIA obligations reasonably fulfills the requirements of D. 20-03-019.

2. The definition of "PCIA" that the utilities propose to include on customer bills should be modified to help customers understand the purpose of the PCIA line item.
3. The changes PG&E proposes to make to its CRS tariffs will make the utilities' tariffs more comparable and help make departing load charges more transparent to customers.
4. Proposed changes to the utilities' individual tariffs that explain how the PCIA is recovered are reasonable and will help customers better understand their bills.
5. ~~Further changes~~Changes to bundled customer ~~bill~~time-differentiated rate structures are a rate design issue and are beyond the scope of this resolution. The respective utilities' General Rate Case Phase 2 proceedings are the appropriate venue to consider ~~more extensive~~ modifications to the utilities' ~~bill design~~time-differentiated rate structures.

THEREFORE IT IS ORDERED THAT:

~~4.2.~~ 4.2. The Joint Proposal put forward by SDG&E, SCE, and PG&E in Advice Letters 4302-G-G/5932-E, 4280-E, and 3600-E is adopted with modification to the definition of the PCIA on customer bills. The definition shall be: *The PCIA is a charge to ensure that both [utility] customers and those who have left [utility] service to purchase electricity from other providers pay for the above market costs for electric generation resources that were procured by [utility] on their behalf. --"Above ~~market~~"market' refers to ~~expenditures~~the difference between what the utility pays for electric generation ~~resources that cannot be fully~~*

~~*recovered through sales of these resources at and*~~ *current market prices.* *for the sale of those resources.*

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 ~~DATE~~ May 6, 2021; the following Commissioners voting favorably thereon:

/s/ _____
RACHEL PETERSON
Executive Director