

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID: 20664
RESOLUTION G-3589
June 23, 2022

R E S O L U T I O N

Resolution G-3589. Adopts an updated Annual Fee for registered Core Transport Agents pursuant to Public Utilities Code Section 984(b) and Commission Decision 18-02-002.

PROPOSED OUTCOME:

- Reduces the current Base Fee to be assessed on each registered Core Transport Agent (CTA) from \$3,955 to \$3,864 effective July 1, 2022.
- Adjusts the Variable Fee based on the number of complaints processed by the Consumer Affairs Branch (CAB) and the Utility Enforcement Branch (UEB) for each CTA and the time spent addressing those complaints.

SAFETY CONSIDERATIONS:

- There are no safety considerations implicated with this resolution.

ESTIMATED COST:

- Each registered CTA will pay an Annual Fee that consists of a Base Fee of \$3,864 and a Variable Fee. Only those CTAs that received complaints in 2021 will pay the Variable Fee component. 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.

By Energy Division staff's own motion pursuant to Decision 18-02-002.

SUMMARY

This Resolution updates the CTA Annual Fee for 2022. The Annual Fee is composed of a Base Fee and a Variable Fee. The Base Fee of \$3,864 per CTA reflects the CPUC's fixed administrative costs related to CTAs for the year beginning July 1 through June 30. The Resolution also adopts a Variable Fee based on the number and type of complaints received and processed by CAB and UEB attributable to each CTA in 2021. The Variable Fee reflects the costs of complaint resolution and UEB actions. A 15 percent penalty will be added if payment is not received within 30 days of billing.

BACKGROUND

CTAs 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 transportation and delivery service on its distribution pipelines.

The California Public Utilities Commission (CPUC) does not regulate the rates CTAs charge their customers, but CTAs are required to register with the CPUC in order to conduct business in California. The CPUC has the ability to suspend or revoke the registration of a noncompliant CTA. Senate Bill (SB) 656 (Wright, 2013) also tasked the CPUC with processing customer complaints against CTAs.

Overview of Consumer Protection Rules for Non-Utility Service Providers

SB 656 introduced Public Utilities (Pub. Util.) Code Sections 980-989.5, establishing a framework for consumer protection rules for non-utility, third-party natural gas procuring entities known as CTAs. On March 13, 2014, the CPUC opened Rulemaking (R.) 14-03-002 to implement SB 656. In Decision (D.) 18-02-002, the CPUC's Phase Two Decision addressing CTA registration and consumer protection issues, the CPUC directed Energy Division staff to submit a report and, if necessary, a proposed Resolution each year to recommend an

Annual Fee to recover the cost of administering the CTA registration program.¹ The CPUC required the initial report to be filed by March 1, 2019, but did not specify a date by which later reports must be submitted. The 2022 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 Section 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, D.18-02-002 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 CPUC has not modified the nominal \$1,000 annual fee.

Resolution G-3552

1. D.18-02-002 at Ordering Paragraphs 1(e) and 5(a)(v)(1).

2. Ibid, pp.78-79

3. Resolution M-4797, p. 3

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 was charged with administering the CTA program. 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.⁵

Resolution G-3580

Adopted on June 3, 2021, Resolution G-3580 increased the Base Fee to \$3,955 for each registered CTA effective July 1, 2022. It added a Variable Fee based on the number and type of complaints received by CAB and UEB in the preceding calendar year, January 1 to December 31.

NOTICE

This Resolution is issued pursuant to D.18-02-022, Ordering Paragraph 5(a)(v)(1).

DISCUSSION

D.18-02-002 requires an annual review of the costs of administering the CTA registration program, stating:

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.⁶

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

5. Resolution G-3552, pp 5-7

6. D.18-02-002, p.79

In Resolution M-4797, the CPUC 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 in its nascency, elevating the concern that a high fee could deter new entrants. That concern is not relevant here. CTAs are no longer new to the California market, and today, the CTA market is mature. The core transportation market has been evolving since 1995, when D.95-07-048 approved “unbundling” utility transportation and natural gas procurement costs. There are currently 36 registered and active market participants. CTAs operate in each of the regulated California gas utility markets, and there is no evidence of any significant 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 not apply in determining the annual fee for CTAs.

The methodology to assess the costs of administering the program and resolving customer complaints was set out in Resolution G-3580 and is updated in the 2022 Core Transport Agent Program Report.⁷ Applying this methodology, the Base Fee for 2022 is reduced by \$91.00—to \$3,864 compared to \$3,955 last year—due to an increase in the number of CTAs.

The Variable Fee component enables the CPUC to allocate the costs of administering its CTA-related consumer protection program to the CTAs who drive those costs. This fee component is based on the number of complaints received in the preceding calendar year, January 1 through December 31.

Resolution G-3580 reflected the established nature of the core aggregation market. Prior to Resolution G-3580, the fees charged to CTAs were not sufficient to meet the costs of administering and resolving consumer complaints. Resolution G-3580 increased the Base Fee to reflect the fixed costs associated with administering the program more accurately. This increase allowed for

⁷ Resolution G-3580: [387064412.PDF \(ca.gov\)](#).

further and ongoing program developments, including preparation of the CPUC's CTA website information⁸. The Variable Fee adopted in the resolution addressed costs based on the number of, response to, and resolution of CTA-related consumer complaints. This variable component permits the CPUC to better allocate certain costs to the individual CTA's associated with those costs.

Together, the Annual and Variable Fees reasonably reflect the cost of administering the program and allocate variable costs to the individual CTAs associated with those administrative costs.

By way of review, below is a summary of the tasks required 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) as follows:

- Informational Guides and Tools: Pub. Util. Code § 984.5(c) requires the CPUC to "compile and post on its Internet Website 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 CPUC 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, the Information Technology Services Division (ITSD), Administrative Law Judge (ALJ), Utility Enforcement Branch (UEB) 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

⁸ The CTA website is expected to be accessible by the end of Q2 2022.

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 CPUC for changes to consumer protection rules.

D.18-02-002 requires Energy Division to coordinate and lead many of these tasks. Therefore, as part of the annual review to determine the costs to administer the CTA registration program, the analysis begins with the above-described tasks, broken down by base costs and variable costs.

The Base Cost of Administering the CTA Registration Program

The Base Fee for the Fiscal Year 2022 reflects the relatively fixed costs associated with the ongoing development and administration of the program. As anticipated in Resolution G-3580, these costs did not change significantly over the prior year Fiscal Year. Given the lack of significant change in costs, coupled with the addition of two new CTAs, the fixed costs on a per CTA basis declined marginally.

The Base Fee includes the cost to the Energy Division of administering the program and 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 0.80 percent of their time to create the Monthly CTA Complaint Reports. Together these costs total \$139,112. 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 the 36 CTAs. This results in an annual base cost of \$3,864 per CTA (See Table 1 below).

Table 1: CTA Base Cost by Position

CPUC Organizational Area	Position	Salary + Benefits	% Time on CTAs	CTA Cost
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Energy Division	PURA I	\$101,738	100%	\$101,738
Energy Division	PPS	\$239,476	15%	\$35,921
Consumer Affairs Branch	PURA V	\$181,563	0.80%	\$1,453
Total Base Cost				\$139,112
Base Cost Per CTA	36			\$3,864

Variable Costs of Administering the CTA Registration Program

In addition to the base cost for Energy Division, additional tasks and duties and their associated costs will vary based on the number of consumer contacts the CPUC receives regarding CTAs.

Consumers are directed to contact CAB for CTA-related issues, and the volume of consumer 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."⁹ This includes logging all consumer 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.¹⁰

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

Further, the volume of complaints affects the other costs of the CTA program. . If, during the informal complaint process CAB suspects that a CTA is engaging in a pattern of customer abuses, CAB notifies both Energy Division and the UEB to investigate whether an Order Instituting Investigation (OII) should be initiated.

7. D-18-02-002, p.58

8. Ibid

UEB staff review all CTA-related complaints received by CAB to identify patterns and trends and take further enforcement action if necessary pursuant to D.18-02-002 and the Public Utilities Code. UEB staff lead the effort in deciding whether a public alert should be issued and follow the procedures set forth in Section 2.7.2.3. for issuing a public alert.

On October 25, 2018, the CPUC enacted Resolution UEB-003¹¹ adopting a CTA Citation Program and delegating the authority to the Consumer Protection and Enforcement Division (CPED), within which UEB is a branch, to issue citations of \$1,000 per incident to CTAs that fail to comply with the standards for verification of change in provider requirements in D.18-02-002. Pursuant to Pub. Util. Code § 984(b) and D.18-02-002 Ordering Paragraph (OP) 5(v)(a), Resolution G-3580 established the method for calculating the cost associated with responding to consumer complaints.¹² Through this Resolution, the CPUC updated the calculation based on the following: the number of complaints received; a higher cost per hour, reflecting rising staff salaries; and a slight reduction in the number of hours spent on CTA issued by UEB.

During 2021, CAB received a total of 1,376 CTA-related complaints. Of these, 918 were received by phone, and 458 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 contact involves significantly less time to resolve than informal written contacts (see Table 2 below).

Table 2: Variable Costs by Complaint Type: CAB

	Complaints by Type	Hours per Complaint	Cost per Hour	Cost Per Complaint	Total Cost
Phone Contacts	918	0.11	\$51.19 ¹³	\$5.63	\$5,168
Informal Written Complaints	458	3.51	\$51.19	\$179.68	\$82,293
Total	1,376				\$87,461

¹¹ Resolution UEB 003: [236850987.PDF \(ca.gov\)](#)

¹² Essentially all but a minor portion of CAB's 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.

¹³ Energy Division staff receive CAB's cost per hour from Administrative Services Division

Table 3: Variable Costs: UEB

Position	Avg. Annual UEB Salary + Benefits	Percent Time Spent on CTAs	CTA-Related Cost
PURA 2	\$137,738	30%	\$41,321
PURA 2	\$137,738	40%	\$55,095
PURA 3	\$150,259	40%	\$60,104
PPS	\$239,476	25%	\$59,869
		Total	\$216,389

The combined variable costs for CAB and UEB total \$303,851.

Table 4: Total Variable Costs

CPUC Organization Area	CTA Costs
CAB	\$87,462
UEB	\$216,389
Total Variable Costs	\$303,851

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 2022 Annual Fee will be the sum of a Base Fee and the Variable Fee. The 2022 annual Base Fee for the CTA program decreased from \$3,955 to \$3,864. This decrease reflects the relatively fixed annual cost of administering the CTA program and the addition of one new CTA. The variable component is based on the number and type of complaints attributed to the CTA from January 2021 through December 2021 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 Base Fee is not increased via Resolution in subsequent years, Energy Division staff may assess a Base Fee consistent with the 2022-23 Base Fee. Specifically, Energy Division staff may set an annual Base Fee less than or equal to \$3,864 and may set the variable component based on the number and type of complaints attributed to the CTA during the previous calendar year in accordance with the methodology described in this resolution.

CPUC 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. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. 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.

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, if necessary, propose a Resolution annually to determine the yearly 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 \$3,864 plus a Variable Fee 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.
5. It is reasonable for Energy Division staff to set an annual Base Fee less than or equal to \$3,864 and set the Variable Fee 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 in this resolution.

THEREFORE IT IS ORDERED THAT:

1. Pursuant to Ordering Paragraph 1(e) of Decision 18-02-002, the 2022 Annual Fee, which includes a Base Annual fee of \$3,864 and a Variable Fee based on the number and type of complaints attributed to the CTA from January 2021 through December 2021 and determined in accordance with the methodology describe above.

2. Energy Division staff will continue to submit an annual report to review the administrative cost 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 recommend annual fee.
3. Energy Division staff may set an annual Base Fee less than or equal to \$3,864 and may set the Variable Fee 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 in this resolution. .
4. All registered CTAs shall be assessed this Annual Fee by email and U.S mail by July 1, 2022, and by July 1 of the 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 with 15-percent penalty 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 23, 2022; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director

APPENDIX A

2022 Core Transport Agent Program Annual 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.¹⁴ The program is intended to create competition between regulated and

¹⁴ D.91-02-040

unregulated gas suppliers and to give consumers a choice of providers. The unregulated gas suppliers, known as Core Transport Agents¹⁵ 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.

The CPUC does not regulate the rates or fees for gas services supplied by CTAs. Customers who choose to leave the regulated gas utility for CTA gas service are strongly encouraged by the CPUC to carefully review the CTA’s terms and conditions and compare those terms and conditions with the gas utility’s, prior to signing any agreement with the CTA.

In 2013, Senate Bill 656 required the CPUC to regulate certain 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 (Annual Fee) that was to be based on the cost of administering the CTA program. The decision also required the CPUC’s Energy Division staff (staff) to submit a Core Transport Agent Program Annual Report (CTA Annual Report) on these costs and to recommend appropriate changes to the Annual Fee reflecting those costs. In 2021, the Commission approved Resolution G-3580, which established a Base Fee of \$3,995 and a Variable Fee that reflected the variable costs resulting from the number of complaints received for each CTA.¹⁶

In the 2022 CTA Annual Report, Energy Division staff propose updates to the Annual Fee. These include a slight reduction in the Base Fee from \$3,995 to \$3,864, due to a slight increase in the number of CTAs, and adjustments to the Variable Fee based on the number of complaints per CTA and the allocation of staff time.

CTA Registration

There are currently 36 CTAs registered with the CPUC.¹⁷ As part of its registration process, Energy Division staff review the CTA’s filings for evidence of its operational and technical abilities and its financial health. Key CTA personnel must also pass a background check by the Department of Justice before a new CTA can be registered. In 2021, one CTA left the market citing the cost to operate during the pandemic and the fact that it had no registered customers as reasons for leaving. At the end of 2021, two new CTA registrations were pending, awaiting the completion of the fingerprinting process. Both CTAs were approved January 2022, and their Annual Fee will be assessed July 1.¹⁸

¹⁵ Also referred to as core aggregation service.

¹⁶ Resolution G-3580: [387064412.PDF \(ca.gov\)](#).

¹⁷ List of registered CTAs from the CPUC website: [regcta030121.pdf \(ca.gov\)](#).

¹⁸ D.18-02-002 OP 1(e)(i): [209856533.pdf \(ca.gov\)](#).

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, providing guidance to CTAs on how to enter and withdraw from the California market, and conducting analysis on CTA-related issues for CPUC decisionmakers. As part of its registration process, Energy Division reviews the CTA's filings for evidence of its operational and technical abilities and its financial health.

CAB receives customers' complaints concerning CTAs both by phone and in writing. CAB engages with the CTAs to resolve consumers' concerns, which generally center on billing and service issues and deceptive marketing. CAB also creates the Monthly 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 Complaint Report and the 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.

The Fiscal Office records, tracks, and receives the incoming financial resources that the CTAs post to the CPUC. The Fiscal Office informs Energy Division staff when registered CTAs submit the Annual Fee payment. The Fiscal Office will verify with Energy Division that the posted amounts are correct and paid on time. If necessary, it will assess late payment fees.

Costs of Administering the CTA Program

Some of the costs incurred to administer and oversee the CTA program are fixed and some vary depending on the number and type of complaints received.

Fixed costs include the cost to Energy Division of administering the program as well as the cost to CAB of compiling the Monthly CTA Complaint Report. These activities and associated costs do not vary materially with the number of CTA-related complaints received.

Costs associated with responding to complaints are variable and depend on the number of complaints received. These include CAB costs associated with receiving and attempting to resolve CTA-related consumer complaints and the cost of UEB investigations.

The purpose of the CTA Annual Fee is to cover the CPUC's costs in administering the CTA program and responding to complaints. Resolution G-3580 divided the Annual Fee into a Base Fee and a Variable Fee. The Base Fee includes the sum of the fixed costs over the most recent 12-month period July 1 through June 30. The Variable Fee covers the variable costs for the 12-month period January 1 through December 31 based on the number and type of complaints received and the costs incurred by the CPUC in resolving those complaints.

Base Fee

The Base Fee reflects the compensation costs for the positions involved in the management and administration of the program. To make the Base Fee more stable over time, compensation costs are calculated using the median¹⁹ of the salary range for the relevant position plus employee benefit costs.²⁰ The compensation costs are then multiplied by the average amount of time the position is involved in activities required for the CTA program.

For Energy Division, these costs currently 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 .80 percent of their time to creating the Monthly CTA Complaint Reports.

The total of these costs is shared equally by each CTA according to the formula below:

Base Fee per CTA = Total Fixed Costs ÷ Number of Registered CTAs

In 2021, Total Fixed Costs were \$139,112. There are currently 36 CTAs. Thus, the Base Fee for 2022 is \$3,864 (see Table 1 below).

Table 1: 2021 CTA Base Cost by Position

CPUC Organizational Area	Position	Median Salary + Benefits	% Time on CTAs	CTA Cost	
Energy Division	PURA I	\$101,738	100%	\$101,738	
Energy Division	PPS	\$239,476	15%	\$35,921	
Consumer Affairs Branch	PURA V	\$181,563	0.80%	\$1,453	
Total Base Cost				\$139,112	
Base Cost Per CTA	36			\$3,864	

¹⁹ Median amount is the average of the min and max range of the CALHR pay scale range by all classification.

²⁰ PURA position compensation costs are based on the median salary plus benefits the level, I – V, of the analyst assigned to the program.

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 because UEB staff look for trends in the complaints. 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 department. During 2021, CAB received a total of 1,376 CTA-related complaints, 120 more than in 2020. Of these, 918 were received by phone, and 458 were informal written complaints. The cost to respond to a complaint varies based on the average time involved. Phone contacts are incoming calls from consumers seeking assistance with a CTA-related issue and require significantly less time to resolve than informal written complaints. 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: 2021 Variable Costs by Complaint Type: CAB

	Complaints by Type	Avg. Hours per Complaint	Median Cost per Hour	Cost Per Complaint	Total Cost
Phone Contacts	918	0.11	\$51.19 ²¹	\$5.63	\$5,168
Informal Written Complaints	458	3.51	\$51.19	\$179.68	\$82,293
Total	1,376				\$87,461

To calculate CAB costs, staff use the average hours per complaint in the table above (0.11 hours for phone contacts and 3.51 hours for informal written complaints)²² multiplied by the median hourly compensation cost for CAB staff in the preceding year.

The second factor in the Variable Fee is the cost of the investigations and citations program conducted by the Utility Enforcement Branch. UEB staff are responsible for investigating unauthorized enrollment complaints pursuant to Resolution UEB-003,²³ issuing citations, and collecting fines. UEB also identifies patterns and trends in customer complaints and takes further

²¹ Energy Division staff receive CAB's median cost per hour from the Administrative Services Division

²² CAB maintains statistics concerning the time associated with phone contacts and informal written complaints.

²³ UEB-003: [236850987.PDF \(ca.gov\)](#).

enforcement action if necessary pursuant to D.18-02-002 and Public Utilities Code 984.5(b). In 2021, UEB investigated over a thousand complaints, issued 12 CTA-related citations for a total of \$12,000,^{24,25} issued six cease-and-desist and/or request-for-action letters, and had one CTA-related Resolution approved by the CPUC.²⁶

The total variable cost for UEB is based on the number of complaints that require investigation, the time spent assessing and processing them, and the salary and benefit costs of the required staff. There are four employees who process complaints related to CTAs. In 2021, they spent between 25 and 40 percent of their time on CTA-related work (see Table 3 below). Using the median salary for each position, UEB's total CTA-related costs for 2021 were \$216,389.²⁷

Table 3: 2021 Variable Costs: UEB

Position	Median Salary + Benefits	Percent Time Spent on CTAs	CTA-Related Cost
PURA 2	\$137,738	30%	\$41,321
PURA 2	\$137,738	40%	\$55,095
PURA 3	\$150,259	40%	\$60,104
PPS	\$239,476	25%	\$59,869
		Total	\$216,389

To calculate UEB costs, staff use the median salary and benefits for each position multiplied by the percent time each position spent on CTA-related investigations in the preceding year.

The combined variable costs for CAB and UEB in 2021 total \$303,750 (see Table 4 below).

Table 4: 2021 Total Variable Costs

CPUC Organizational Area	CTA Costs
CAB	\$87,461
UEB	\$216,389
Total Variable Costs	\$303,850

²⁴ The Fiscal Office collects citation payments and deposits them into the State's General Fund.

²⁵ A list of CTAs citation can be found on the CPUC website: [UEB Citations-Fines-Restitutions -- Active \(1\).xlsx \(ca.gov\)](#).

²⁶ Resolution UEB-007: [377567249.PDF \(ca.gov\)](#).

²⁷ 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.

Allocation of Variable Cost

During 2021, 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 75.73 percent of all complaints. An additional 16 CTAs accounted for the remaining 24.27 percent of complaints. There were no complaints reported to CAB for the remaining 15 CTAs registered in 2021.

Since not all CTAs contribute equally to complaint-based variable costs, Resolution G-3580 determined that complaint-related costs should be allocated on a cost-causation basis. Individual CTAs incur a variable cost based on the number and type of complaints attributed to them. Each year, Energy Division staff calculates the compensation costs for CAB and UEB staff to respond to phone contacts and informal written complaints and to conduct investigations. 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.

In 2021 the cost per Phone Contact was \$5.63, and the cost per Informal Written Complaint was \$179.68.

UEB Variable Cost:

Since UEB investigations often originate with trends in the Monthly CTA Complaint Report, UEB costs are allocated proportionally to the number of CAB complaints received. The UEB-related fee per CTA is determined by the number of phone contacts plus the number of informal written complaints attributed to each individual CTA as a percent of all phone contacts and informal written complaints multiplied by total UEB variable cost.

In 2021, the UEB cost per Phone Contact or Informal Written Complaint was $(1/1,376)(\$216,389) = \157.26 .

2022 Annual Fee

The 2022 annual Base Fee for the CTA program should be reduced slightly to \$3,864.

For the 2022 Annual Fee, the CAB portion of the Variable Fee is equal to \$5.63 per Phone Contact and \$179.68 per Informal Written Complaint. The UEB portion of the fee is calculated by multiplying the total UEB 2021 costs (\$216,389) by the CTA's percentage of total Phone Contacts and Informal Written Complaints for 2021. The UEB portion of the Variable Fee is equal to roughly \$157.26 per Phone Contact or Informal Written Complaint.²⁸ The Variable Fees owed by each CTA are detailed in Appendix A-1 below, which includes the total Annual Fee owed by each CTA. CTAs who receive no complaints do not pay a Variable Fee.

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

²⁸ This number contains some rounding error, which may lead to slight differences in calculated Variable Fees.

Appendix A-1: Annual Fee for Each CTA

Company	Phone Contacts	Informal Complaints	Total	% of Total Complaints	Share of UEB Costs	Phone Contact Costs	Informal Complaint Costs	Total Variable Costs	Total Fee (Base + Variable)
AAA Natural Gas	72	32	104	7.56%	\$16,359.01	\$405.36	\$5,749.76	\$22,514.13	\$26,378.13
Ambit California LLC	4	0	4	0.29%	\$627.53	\$22.52	\$0.00	\$650.05	\$4,514.05
Bolt Energy Services LLC	325	249	574	41.72%	\$90,277.49	\$1,829.75	\$44,740.32	\$136,847.56	\$140,711.56
BP Energy Company	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Calpine Energy Solutions LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Clean Energy Renewable Fuels LLC	2	0	2	0.15%	\$324.58	\$11.26	\$0.00	\$335.84	\$4,199.84
Commercial Energy of Montana Inc	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Constellation NewEnergy - Gas Division LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Direct Energy Business Marketing LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
EDF Energy Services LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Element Markets Renewable Energy LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00

Entrust Energy Inc	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Everyday Energy LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
GHI Energy LLC	1	0	1	0.07%	\$151.47	\$5.63	\$0.00	\$157.10	\$4,021.10
Greenwave Energy LLC	24	12	36	2.62%	\$5,669.39	\$135.12	\$2,156.16	\$7,960.67	\$11,824.67
Interstate Gas Supply Inc	2	1	3	0.22%	\$476.06	\$11.26	\$179.68	\$667.00	\$4,531.00
Just Energy Solutions Inc.	19	3	22	1.60%	\$3,462.22	\$106.97	\$539.04	\$4,108.23	\$7,972.23
Mansfield Power and Gas LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
National Gas & Electric LLC	11	3	14	1.02%	\$2,207.17	\$61.93	\$539.04	\$2,808.14	\$6,672.14
North Star Gas Company LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Pacific Summit Energy LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Peak Six Power and Gas LLC	4	2	6	0.44%	\$952.11	\$22.52	\$359.36	\$1,333.99	\$5,197.99
Pilot Power Group LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
SFE Energy Inc.	274	90	364	26.45%	\$57,234.89	\$1,542.62	\$16,171.20	\$74,948.71	\$78,812.71
Shell Energy North America (US) L.P.	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00

Smart One Energy LLC	7	4	11	0.80%	\$1,731.11	\$39.41	\$718.72	\$2,489.24	\$6,353.24
Spark Energy Gas LLC	44	14	58	4.22%	\$9,131.62	\$247.72	\$2,515.52	\$11,894.86	\$15,758.86
StateWise Energy California LLC	26	11	37	2.69%	\$5,820.86	\$146.38	\$1,976.48	\$7,943.72	\$11,807.72
Symmetry Energy Solutions, LLC	4	2	6	0.44%	\$952.11	\$22.52	\$359.36	\$1,333.99	\$5,197.99
Tiger Natural Gas Inc.	4	1	5	0.36%	\$779.00	\$22.52	\$179.68	\$981.20	\$4,845.20
Trillium USA Company LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
United Energy Trading LLC dba Collective Energy	27	8	35	2.54%	\$5,496.28	\$152.01	\$1,437.44	\$7,085.73	\$10,949.73
Veridian Energy PA LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
Vista Energy Marketing L.P.	63	22	85	6.18%	\$13,372.84	\$354.69	\$3,952.96	\$17,680.49	\$21,544.49
Wave Energy LLC	0	0	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$3,864.00
XOOM Energy California LLC	5	4	9	0.65%	\$1,406.53	\$28.15	\$718.72	\$2,153.40	\$6,017.40
Total	918	458	1376	100%	\$216,389.00	\$5,168.34	\$82,293.44	\$303,894.06	\$442,998.06