

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



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Application of Pacific Gas and Electric
Company for Authority, Among Other
Things, to Increase Rates and Charges for
Electric and Gas Service Effective on
January 1, 2020. (U39M)

Application No. 18-12-009
(Filed December 13, 2018)

SUR-REPLY BRIEF OF THE JOINT COMMUNITY CHOICE AGGREGATORS

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SUBJECT MATTER INDEX

1. Introduction and Background	2
2. Argument: The Record Does Not Support PG&E’s Claim that Contact Center Utilization Has Materially Increased as CCA Customer Counts have Increased.	6
3. Conclusion	8

TABLE OF AUTHORITIES

Commission Decisions

D.12-12-004	8
D.19-09-004	8

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Pursuant to the Administrative Law Judges’ (“ALJs”) June 5, 2020 Email Ruling Granting in Part PG&E’s Motion for Official Notice of Facts (“Email Ruling”) and JCCA’s Motion to File Sur-Reply, East Bay Community Energy (“EBCE”),¹ Marin Clean Energy (“MCE”),² Peninsula Clean Energy (“PCE”),³ Pioneer Community Energy (“Pioneer”),⁴ San José Clean Energy (“SJCE”),⁵ Sonoma Clean Power (“SCP”),⁶ and Silicon Valley Clean Energy (“SVCE”) ⁷ (collectively “JCCAs” or “Joint CCAs”), hereby submit this Sur-Reply Brief, limited to issues related to PG&E’s corrected customer count data in the above-captioned docket.

¹ EBCE is the community choice aggregator (“CCA”) for Alameda County.

² MCE is the CCA for Marin and Napa Counties, unincorporated Contra Costa County, and the Cities and Towns of Benicia, Concord, Danville, El Cerrito, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Richmond, San Pablo, San Ramon, and Walnut Creek.

³ PCE is the CCA for San Mateo County.

⁴ Pioneer is the CCA for Placer County.

⁵ SJCE is the CCA for the City of San José.

⁶ SCP is the CCA for the Cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits and the Town of Windsor, and the Counties of Sonoma and Mendocino.

⁷ SVCE is the CCA for the majority of Silicon Valley communities, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale and unincorporated Santa Clara County.

1. Introduction and Background

On December 13, 2018, Pacific Gas and Electric Company (“PG&E”) filed its application for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service.

On July 26, 2019, JCCAs filed Testimony of Mr. Reger and Mr. Mancinelli addressing, among other things, the allocation of common customer care costs between bundled and unbundled customers. Such costs are largely comprised of the costs of PG&E’s customer Contact Centers.

On December 20, 2019, PG&E, the California Public Advocates Office (“Cal PA” or “Public Advocates”), The Utility Reform Network (“TURN”), Small Business Utility Advocates, Center for Accessible Technology, the National Diversity Coalition, Coalition of California Utility Employees (“CUE”), California City County Street Light Association, and the Office of the Safety Advocate (collectively, “Settling Parties”) submitted a joint motion (“Settlement Motion”)⁸ seeking approval of a settlement agreement (“Settlement Agreement”).⁹

The Settlement Agreement purports to resolve “all disputed issues the Settling Parties raised in this proceeding.”¹⁰ However, the Settlement Agreement is not unanimous and does not address many of the issues that the Joint CCAs raised throughout the course of this proceeding. In particular and relevant to this sur-reply, the Settlement does not address the functionalization

⁸ A.18-12-009, *Joint Motion of the Public Advocates Office, the Utility Reform Network, Small Business Utility Advocates, Center for Accessible Technology, the National Diversity Coalition, Coalition Of California Utility Employees, California City County Street Light Association, The Office of the Safety Advocate and Pacific Gas and Electric Company for Approval Of Settlement Agreement* (December 20, 2019) (“Settlement Motion”).

⁹ A.18-12-009, *Settlement Agreement of the 2020 General Rate Case of Pacific Gas and Electric Company*, Attachment 1 to the Settlement Motion (December 20, 2019).

¹⁰ Settlement Motion at 1.

and allocation of common customer care costs, including the Contact Center costs, between generation and distribution rates.

On January 6, 2020 the JCCAs filed their opening brief addressing their primary issues, including how to properly allocate common customer care costs. PG&E did not file an opening brief on any of JCCA's disputed issues presented in the testimonies of Mr. Reger and Mr. Mancinelli.

On January 27, 2020, concurrent with its final Reply Brief in this docket, PG&E filed its Motion for Official Notice of Facts,¹¹ in which it sought to introduce new evidence in the last moments of this proceeding that directly contradict several discovery responses that it previously provided to Joint CCAs and which the Joint CCAs relied on in testimony, at hearing, and in briefing.¹²

On June 5, 2020, the ALJs assigned to this matter issued their Email Ruling. In the Email Ruling the CPUC takes official notice that PG&E's 10-K reports filed with the Securities and Exchange Commission ("SEC") contain customer count numbers and that these numbers align with the customer count numbers PG&E revised in its Reply Brief.¹³ However, the Commission noted that the 10-K numbers themselves are not "capable of immediate and accurate determination" and were not supported by "'sources of reasonably indisputable accuracy,' given the erroneous customer count numbers PG&E provided in this proceeding and PG&E's failure to

¹¹ A.18-12-009, *Pacific Gas and Electric Company (U 39 M) Motion for Official Notice of Facts* (January 27, 2020) ("PG&E's Motion").

¹² Exh. 108 at 2 (PG&E Data Response to Joint CCAs DR 15, Q18); Exh. 219 and 220 (PG&E Data Response to Joint CCAs DR 21, Q01).

¹³ A.18-12-009, *Email Ruling Granting in Part PG&E's Motion for Official Notice of Facts and JCCA's Motion to File Sur-Reply* (June 5, 2020) ("Email Ruling").

object to the admission of these erroneous customer count numbers into the evidentiary record.”¹⁴

Nevertheless, with a goal of having a complete record, the Commission has now taken official notice of the fact that PG&E’s Form 10-K Annual Reports contain different customer count numbers than those provided in discovery and that they align with the numbers PG&E now claims are correct.¹⁵

PG&E’s “updated” information contradicts evidence the utility provided the Joint CCAs via its responses to Joint CCAs’ Data Request 15, Question 18, and Data Request 21, Question 1 that it failed to correct for the entire course of the proceeding. PG&E had previously provided annual customer count numbers from 2013 to 2018 in these data responses.¹⁶ Exhibit 219 also contains customer count numbers to calculate total calls per customer between bundled and unbundled customers. PG&E and JCCAs discussed Exhibit 219 for some time during the evidentiary hearing, eventually stipulating to its admission, including PG&E’s customer count numbers.¹⁷ The Joint CCAs relied on this data to demonstrate that the volume of customer calls to PG&E’s Contact Centers increased from 2015-2017 due to overall increases in the total number of PG&E customers, rather than, as PG&E suggested in its Rebuttal Testimony, because of an increase just in CCA customer counts.¹⁸ Using this data from PG&E, the Joint CCAs demonstrated that in fact, calls per customer actually declined during the 2015-2018 period while CCA customer counts increased by about 500,000 customers.¹⁹

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Exh. 108 at 2 (PG&E Data Response to Joint CCAs DR 15, Q18); Exh. 219 and 220 (PG&E Data Response to Joint CCAs DR 21, Q01).

¹⁷ See Exh. 219 and 220; 15 Tr. 1543:1 – 12; 1604:7 – 17; 22 Tr. 2420:13 – 2421:22.

¹⁸ A.18-12-009, *Opening Brief of the Joint Community Choice Aggregators*, p. 72 (January 6, 2020) (“Joint CCAs Opening Brief”).

¹⁹ Joint CCAs Opening Brief, pp. 72-73.

At the eleventh hour, PG&E now states in its Reply Brief that it discovered that its Data Request response and the stipulated Exhibit 219, upon which JCCAs relied to show increased customer counts, understated the gas customer totals relative to the 2017-2018 data. PG&E introduces this new evidence, in the form of its filed SEC Form 10-K for each reporting year from 2013 through 2018 to now argue that the total number of electric and gas customers served during the 2015-2018 period only increased by 197,087 customers (2%) rather than the 500,000 customer increase argued in the JCCAs' Opening Brief.²⁰ PG&E uses this new information to deduce that the 11 percent increase in the number of Contact Center transactions from 2015 to 2017 cannot be explained by the increase in PG&E customers and that instead the increase in CCA customers, "seems a much more likely driver of the spike in calls."²¹

However, PG&E's updated customer count numbers do not demonstrate any increased utilization of Contact Centers by CCA customers as PG&E argues. Indeed, JCCAs' proposal to functionalize certain common customer care costs among gas distribution, electric distribution, and electric generation was based entirely on actual call center utilization data, which PG&E supplied to the Joint CCAs via discovery in this proceeding.²² The JCCAs must rely on PG&E to provide accurate discovery responses, and thus have no knowledge as to the accuracy of any of PG&E's customer count data in its SEC Form 10-Ks. But, as detailed below, even if one assumes PG&E's updated customer counts to be accurate, its primary argument – that contact center utilizations has materially increased as CCA customer counts have increased – is still unsupported.

²⁰ A.18-12-009, *Pacific Gas and Electric Company's (U 29 M) Reply Brief on Unresolved Issues*, p. 30 (January 27, 2020) ("PG&E Reply Brief").

²¹ *Id.*.

²² Exh. 216 at 17:7-8 (*citing*, Exh. 216, Attachment JAM-2 at pp. 37-40).

2. Argument: The Record Does Not Support PG&E's Claim that Contact Center Utilization Has Materially Increased as CCA Customer Counts have Increased.

Throughout this proceeding, PG&E has provided data on the number of calls into its Contact Centers as differentiated between those fielded by a Customer Service Representative (“CSR”), and “Tech” calls fielded by an automated system.²³ The JCCAs used this data in conjunction with other data provided by PG&E elsewhere in this proceeding to analyze the degree to which the number of calls into PG&E’s Contact Centers had changed on a per-customer basis over time as the number of unbundled/CCA customers increased. In developing this analysis, which was based initially on PG&E’s data from its own testimony, the JCCAs worked with PG&E to verify the data and to ensure its accuracy during hearings and through discovery.²⁴ As a result of data provided by PG&E in its testimony, and secondarily vetted and agreed to by PG&E during hearing, the Joint CCAs concluded that the calls to PG&E’s Contact Center per customer decreased from 2015 to 2018.²⁵

In its Reply Brief and Motion for Official Notice of Facts, PG&E now argues that this analysis is flawed because the data that PG&E itself developed and provided in testimony, confirmed in discovery, and then reviewed and approved at hearing, is wrong. At best, this represents PG&E’s ongoing inability to effectively manage and provide data, adding to the already voluminous errata filed by PG&E as part of this proceeding. At worst, this represents deceptive business and litigation practices that should not be allowed by the Commission.

Setting aside this blatant disregard for accuracy and transparency, PG&E’s updated data still does not support PG&E’s contention that CCA growth has led to increased call center costs. If accepted as true, the updated data no longer shows that *total* calls per customer have

²³ Exh. 219, citing PG&E 6 WP 4-11.

²⁴ See Exh. 219 and 220; 15 Tr. 1543:1 – 12; 1604:7 – 17; 22 Tr. 2420:13 – 2421:22.

²⁵ Joint CCAs Opening Brief, pp. 72-73.

decreased from 2015 to 2018, a period over which CCA customer counts have increased substantially.²⁶ At a high level, this seems to support PG&E's simplistic conclusion that an increase in the number of CCA customers leads to higher call volume over time, except that additional detail in the data provided by PG&E supports a different conclusion.

As noted above, PG&E provided total calls to its Contact Centers, as well as a breakdown of those calls between "CSR Skill" calls, or those fielded by a human, and "Tech" calls fielded by PG&E's automated system. Using PG&E's updated data on call volumes over time, one can see that while total calls per customer have increased from 2015 to 2018, the calls to human customer service representatives have *decreased* by 13.7 percent as the CCA customer counts have increased.²⁷ Consequently, one would expect lower utilization of customer service representative labor needed to field calls, as CSR calls per customer have declined.

Conversely, there has been a corresponding increase of 12.5 percent in "tech" calls fielded by the automated system over the same period.²⁸ However, increasing the number of calls to the automated system would not likely increase PG&E's costs above the cost of the automated system software in the first place. Thus, the data still supports the actual utilization data PG&E provided in discovery. It seems that JCCAs and other customers are using the

²⁶ The updated analysis shows roughly a 1.5% increase in total calls per customer from 2015 to 2018. In 2015, the data shows a total of 18,291,998 calls and 9,726,510 total gas and electric customers, producing a calls-per-customer metric of 1.88 (18,291,998 divided by 9,726,510). In 2018, the data shows a total of 18,936,645 calls and 9,923,597 total gas and electric customers, producing a calls-per-customer metric of 1.91 (18,936,645 divided by 9,923,597). The percentage change between 1.88 and 1.91 represents an increase of 1.47% as calculated by (1.91 minus 1.88) divided by 1.88.

²⁷ Ex. 219 agreed to by PG&E at hearing is an .xcl file that included customer counts. When one replaces columns (m) and (n) with customer counts from PG&E's 10-Ks provided with its Reply Brief, the calculated number of CSR skilled calls in column (r) shows a decrease of 13.68% from 2015 – 2018.

²⁸ Ex. 219 agreed to by PG&E at hearing is an .xcl file that included customer counts. When one replaces columns (m) and (n) with customer counts from PG&E's 10-Ks provided with its Reply Brief, the calculated number of Tech calls in column (u) shows an increase of 12.48% from 2015 – 2018.

automated system more, which is also capable of *automatically forwarding* a CCA customer to their own CCA's customer service department.

Indeed, PG&E acknowledges that it refers customers to CCAs call centers for a myriad of issues, which in the absence of CCAs, PG&E would have handled itself.²⁹ While PG&E does not track all of the instances when it refers a customer to a CCA for resolution of a Contact Center inquiry, it does admit that in 2018 its automated phone system referred 25,092 calls to CCAs for resolution.³⁰ That is at least 25,092 customer calls that PG&E Customer Contact representatives failed to resolve but which CCA customers are asked to fund equally. In contrast, the cost of maintaining CCAs' customer service departments is ultimately borne by the CCAs and is recovered directly from CCA customers. Bundled PG&E customers do not pay for any portion of the CCA customer service department(s).

In keeping with Commission guidance that "costs should be allocated to those customers on whose behalf the costs were incurred,"³¹ one should only be concerned with service utilization that drives incremental costs to PG&E. A decrease in utilization of CSR calls leads to a decrease in labor hours exerted by PG&E staff, and a corresponding decrease in costs. An increase in utilization of an automated phone system does not drive a corresponding increase in ongoing costs. Consequently, what is relevant for the purpose of functionalization are the utilization data showing a decrease in CSR calls per PG&E customer during a time when enrollment in CCAs was increasing.

3. Conclusion

PG&E's updated customer counts do not show any increased utilization of Contact

²⁹ Exh. 104 at 2-3 (PG&E Data Response to Joint CCAs DR 15, Q11); 15 Tr. 1584:20 to 1585:7 (PG&E – Zenner).

³⁰ Exh. 104 at 2.

³¹ D.19-09-004 at 9 citing, D.99-06-058 at 7; D.12-12-004 at 52-53.

Centers or any other customer care functions by CCA customers. The only hard data in the record of this proceeding regarding the utilization of these shared services are PG&E's own discovery responses. PG&E's own detailed utilization data is the basis for JCCAs' proposed functionalization of Customer Care costs. As such the Commission should adopt JCCAs' recommended changes to the functionalization of certain Customer Care costs, as detailed in the following table³²:

Item	Joint CCA Proposal (\$000)		
	Electric Generation	Electric Distribution	Gas Distribution
PG&E GRC Proposal	\$2,375,133	\$5,267,137	\$2,129,109
Impact of Joint CCA Proposed Adjustments			
Directly Functionalize Certain Customer Service Program Costs	\$13,271	(\$12,216)	(\$1,054)
Adjust Remaining "Common" Customer Cost Allocator	\$11,247	(\$10,353)	(\$893)
Adjust "Common" Customer Costs in Labor Allocator	\$28,409	(\$24,032)	(\$4,377)
Adjustments to "Locate & Mark Activities"	\$0	(\$9,868)	\$9,868
Acceptance of PG&E's Errata	\$4,650	(\$11,473)	\$6,823
Initial Proposed Revenue Requirement	\$2,432,709	\$5,199,194	\$2,139,475
\$ Change from PG&E GRC	\$57,576	(\$67,943)	\$10,367
% Change from PG&E GRC	2.4%	-1.3%	0.5%

The Commission should also order PG&E to track utilization of customer service functions going forward to develop allocators that better reflect utilization of shared services and order PG&E to provide sufficient transparency and detail in future general rate case filings to justify and explain its functionalization methodologies and results.

³² Exh. 216 at 5:9-10.

Dated: June 22, 2020

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jacob J. Schlesinger". The signature is fluid and cursive, with the first name "Jacob" and last name "Schlesinger" clearly legible.

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