

**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)

MOTION FOR LEAVE TO FILE SUR-REPLY BRIEF

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February 11, 2020

On behalf of the Joint CCAs

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MOTION FOR LEAVE TO FILE SUR-REPLY BRIEF

Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”),¹ East Bay Community Energy (“EBCE”),² Marin Clean Energy (“MCE”),³ Peninsula Clean Energy (“PCE”),⁴ Pioneer Community Energy (“Pioneer”),⁵ San José Clean Energy (“SJCE”),⁶ and Sonoma Clean Power (“SCP”),⁷ (collectively “JCCAs” or “Joint CCAs”) hereby submit this *Motion for Leave to File Sur-Reply Brief* in response to *Pacific Gas and Electric Company’s (“PG&E”) Reply Brief on Unresolved Issues* (“Reply Brief”).⁸ Attached hereto as Exhibit A is the Joint CCAs’ Sur-Reply Brief.

¹ All references herein to the Rules are to the Commission’s Rules of Practice and Procedure, unless noted otherwise.

² EBCE is the community choice aggregator (“CCA”) for Alameda County.

³ 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.

⁴ PCE is the CCA for San Mateo County.

⁵ Pioneer is the CCA for Placer County.

⁶ SJCE is the CCA for the City of San José.

⁷ 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.

⁸ A.18-12-009, *Pacific Gas and Electric Company’s (U 39 M) Reply Brief on Unresolved Issues* (January 27, 2020) (“PG&E’s Reply Brief”).

I. THE JOINT CCAS REQUEST LEAVE TO FILE A SUR-REPLY BRIEF TO ENSURE THAT PG&E'S LACK OF DUE CARE IN THE DISCOVERY PROCESS AND LAST-MINUTE CHANGES TO THE RECORD DO NOT FORECLOSE THE JOINT CCAS FROM LITIGATING THEIR CORE ISSUES.

Along with PG&E's Reply Brief, the utility concurrently filed a *Motion for Official Notice of Facts* ("PG&E's Motion") asking that the Commission take official notice of information contained in PG&E Corporation's and PG&E's Form 10-K Annual Reports.⁹ PG&E's Motion asks the Commission to take official notice of information that contradicts evidence the utility provided the Joint CCAs via discovery, and that it failed to correct over the entire course of the proceeding. Specifically, PG&E had previously provided annual customer count numbers from 2013 to 2018 in data responses to the Joint CCAs,¹⁰ which the Joint CCAs relied on to demonstrate that Contact Center calls-handled volume 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.¹¹ 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.¹²

PG&E now requests official notice of Form 10-K Annual Reports that the utility posits correct its prior Data Responses, on which the Joint CCAs relied. PG&E states that the data that it provided via its prior response to Data Request 15, Question 18 understated the gas customer totals for 2013-2016 relative to the 2017-2018 data,¹³ and its revised version of the data

⁹ 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").

¹⁰ 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).

¹¹ A.18-12-009, *Opening Brief of the Joint Community Choice Aggregators*, p. 72 (January 6, 2020) ("Joint CCAs Opening Brief").

¹² Joint CCAs Opening Brief, pp. 72-73.

¹³ PG&E's Reply Brief, p. 29.

response's Table 3 contains electric and gas customer counts as reported in PG&E's filed SEC Form 10-K for the 2013-2018 reporting period.¹⁴

Instead of complying with its duty to provide accurate discovery responses,¹⁵ PG&E waited until the last moment before the record closed to try to admit new, self-contradictory evidence onto the record, such that the Joint CCAs would have no opportunity to make arguments with accurate utility data. This strategy effectively leverages PG&E's own lack of due care in the discovery process to shut out the Joint CCAs' ability to litigate their core issues. The Joint CCAs request leave to file a Sur-Reply Brief to ensure that PG&E's inaccurate data responses and last-minute efforts to correct the record do not foreclose the Joint CCAs from advancing their legal arguments.

Concurrently with this Motion, the Joint CCAs are filing a *Response to PG&E's Motion for Official Notice of Facts*¹⁶ that details the Joint CCAs' opposition to PG&E's Motion based both on these fairness concerns and on the Rules and California law. While PG&E's Motion should be denied on its legal merits, the Joint CCAs truly support the proposition that the Commission should use the most accurate data possible in the disposition of this proceeding. Therefore, the Joint CCAs are requesting via this Motion and via their concurrent Response simply that they be given an opportunity to file a Sur-Reply Brief. Then, if PG&E's Motion is granted and this new evidence is accepted by the Commission at this late stage in the proceeding,

¹⁴ PG&E's Reply Brief, pp. 29-30.

¹⁵ See Cal. Code Civ. Proc. § 2030.210 (providing that responses to interrogatories must be provided under oath); Cal. Code Civ. Proc. § 2030.220 (providing that "[e]ach answer in a response to interrogatories shall be as complete and straightforward as the information reasonably available to the responding party permits"); Cal. Code Civ. Proc. § 2030.310 (providing for procedural consequences for inaccurate responses to interrogatories, including binding the responding party to their initial answer if the initial failure of the responding party to answer the interrogatory correctly has substantially prejudiced the party who propounded the interrogatory). See also Rule 13.6(a) ("Although technical rules of evidence ordinarily need not be applied in hearings before the Commission, substantial rights of the parties shall be preserved.").

¹⁶ A.18-12-009, *Response to PG&E's Motion for Official Notice of Facts* (February 11, 2020).

at least the Joint CCAs will have the opportunity to litigate their issues in light of changes to the record.

II. THE JOINT CCAS REQUEST LEAVE TO FILE A SUR-REPLY BRIEF TO ENSURE THAT THEY HAVE THE OPPORTUNITY TO REBUT PG&E'S PRIMARY LEGAL ARGUMENTS ON THEIR CORE ISSUES.

The *Assigned Commissioner's Scoping Memo and Ruling*, issued on March 8, 2019, contemplated the opportunity for parties to file both Opening and Reply Briefs in this proceeding.¹⁷ Administrative Law Judge Lirag's email ruling revising the schedule to accommodate the proposed Settlement Agreement,¹⁸ provided an opportunity for Opening and Reply Briefs on disputed issues outside of the Settlement Agreement, as well as for Opening and Reply Comments on the Settlement Agreement.¹⁹ Despite some changes to the schedule over the course of this proceeding, it has been consistent in providing parties equal opportunity to both advance their primary legal arguments, and rebut the primary arguments of their opponents.

PG&E declined to file an Opening Brief in this proceeding on disputed issues outside of the Settlement Agreement. Given that the Settlement Agreement failed to address most of the Joint CCAs' core issues, PG&E's decision not to file an Opening Brief was a decision to continue to ignore the Joint CCAs' litigated issues in this proceeding, which the Joint CCAs had developed both in testimony and during evidentiary hearings. Specifically, the Joint CCAs submitted extensive testimony on PG&E's Community Wildfire Safety Program ("CWSP")

¹⁷ A.18-12-009, *Assigned Commissioner's Scoping Memo and Ruling*, p. 8 (March 8, 2019).

¹⁸ 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*, Attachment 1 (December 20, 2019). All references herein to the Settlement Agreement pertain to the settlement agreement attached as Attachment 1 to this Motion.

¹⁹ A.18-12-009, *Email Ruling Revising Schedule of Proceeding* (December 2, 2019).

resilience zone program,²⁰ proposals for data sharing in connection with the utility's Grid Modernization Plan,²¹ and on PG&E's inequitable functionalization of Customer Care costs between bundled and unbundled customers, proposing revised functional allocation factors to appropriately reflect cost of service differences between bundled and unbundled customers.²² The Joint CCAs further developed these arguments during evidentiary hearings.²³

PG&E has now, in its Reply Brief, finally addressed its primary legal arguments against the Joint CCAs' proposals, as set forth in the Joint CCAs' testimony, for the first time in this proceeding. By choosing to make these arguments in a Reply Brief as opposed to an Opening Brief, PG&E has attempted to eliminate the Joint CCAs' ability to rebut any and all counterarguments PG&E was able to advance on these issues. This strategy circumvents the intention of the revised procedural schedule in this proceeding,²⁴ which allows all parties the opportunity to lay out their opening arguments on disputed issues outside the Settlement Agreement in Opening Briefs, followed by the opportunity to reply to opposing arguments via Reply Briefs. Therefore, the Joint CCAs request leave to file a Sur-Reply Brief to ensure that the intent of the procedural schedule is upheld and that they have an opportunity—just as PG&E did—to rebut the primary arguments of their opponent.

²⁰ Exh. 215 at 3-22.

²¹ Exh. 217 at 3-11.

²² Exh. 216 at 10-47.

²³ See, e.g., 18 Tr. 2124-2129 (PG&E – Calvert) (cross examination regarding the resilience zones PG&E proposed as part of the CSWP); 10 Tr. 911-921 (PG&E – Abranches) (cross examination regarding the resilience zones PG&E proposed as part of the CSWP); 16 Tr. 1790-1815 (PG&E – Nakayama) (cross examination regarding PG&E's Grid Modernization Plan); 15 Tr. 1478-1484 (PG&E – Klemm) (cross examination regarding cost allocation based on customer utilization); 15 Tr. 1492-1520 (PG&E – Brown) (cross examination regarding cost allocation based on customer utilization); 15 Tr. 1527-1532 (PG&E – Bartman) (cross examination regarding cost allocation based on customer utilization); 15 Tr. 1543-1608 (PG&E – Zenner) (cross examination regarding cost allocation based on customer utilization).

²⁴ See A.18-12-009, *Email Ruling Revising Schedule of Proceeding* (December 2, 2019) (providing an opportunity for Opening and Reply Briefs on disputed issues outside of the Settlement Agreement, as well as Opening and Reply comments on the Settlement Agreement).

III. CONCLUSION.

Unless the Joint CCAs' Motion is granted, PG&E's procedural approach will have effectively obstructed a fair disposition of the Joint CCAs' core issues. For the foregoing reasons, the Joint CCAs respectfully request that the Commission grant this Motion and allow the Joint CCAs to file the Sur-Reply Brief attached hereto as Exhibit A in response to PG&E's Reply Brief.

Dated: February 11, 2020

Respectfully submitted,

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EXHIBIT A

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SUR-REPLY BRIEF OF THE JOINT COMMUNITY CHOICE AGGREGATORS

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

SUR-REPLY BRIEF OF THE JOINT COMMUNITY CHOICE AGGREGATORS

Pending a grant of 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 and Sonoma Clean Power’s (“SCP”) ⁶ (collectively “JCCAs” or “Joint CCAs”) *Motion for Leave to File Sur-Reply Brief* (“Motion for Leave”), Joint CCAs hereby submit this Sur-Reply Brief regarding the *Application of Pacific Gas and Electric Company (“PG&E”) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service on January 1, 2020* (“Application”).

1. Introduction and Background

As detailed in the concurrently filed Motion for Leave, on March 8, 2019, the Assigned Commissioner issued his Scoping Memo and Ruling, including dates for parties to file Opening

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.

and Reply Briefs in this proceeding.⁷ On December 2, 2019, Administrative Law Judge (“ALJ”) Lirag issued an e-mail ruling revising the schedule of this proceeding in which he set a deadline of January 6, 2020 for filing Opening Briefs on disputed issues outside of the Settlement Agreement as well as a deadline of January 27, 2020 for filing Reply Briefs on Disputed issues outside of the Settlement Agreement.⁸ On December 20, 2019, PG&E and eight other parties filed a non-unanimous *Settlement Agreement of the 2020 General Rate Case of Pacific Gas and Electric* (“Settlement”).⁹ The Joint CCAs are not a party to the Settlement.

On January 6, 2020, PG&E failed to file an opening brief on any disputed issues or those not addressed by the Settlement and thus failed to provide its legal rationale for opposing many of the Joint CCAs’ primary litigation positions in this proceeding. On January 27, 2020, PG&E filed its *Reply Brief on Unresolved Issues*¹⁰ (“PG&E Reply Brief”), in which it provided *for the first time* its legal arguments to support its position on a variety of issues that the Joint CCAs had raised in direct testimony and have litigated throughout this proceeding, including those surrounding the proper allocation of common Customer Service costs, which are neither directly distribution nor generation related investments. Concurrently, PG&E filed its Motion for Official Notice of Facts,¹¹ in which it seeks to introduce new evidence in the last moments of this

⁷ A.18-12-009, *Assigned Commissioner’s Scoping Memo and Ruling*, p. 8 (March 8, 2019).

⁸ A.18-12-009, *E-mail Ruling Revising Schedule of Proceeding* (Dec. 2, 2019) (“December 2 Ruling”).

⁹ 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*, Attachment 1 (December 20, 2019). All references herein to the Settlement Agreement pertain to the settlement agreement attached as Attachment 1 to this Motion.

¹⁰ A.18-12-009, *Pacific Gas and Electric Company’s (U 39 M) Reply Brief on Unresolved Issues* (January 27, 2020) (“PG&E Reply Brief”).

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”).

proceeding that directly contradicts 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

Because PG&E failed to file an opening brief, because its Reply Brief was the first instance in which PG&E provided its legal arguments against several of Joint CCAs' primary litigation positions, and because PG&E now seeks to change information already in the record and previously relied on, Joint CCAs hereby submit this Sur-Reply Brief along with its concurrently filed Motion for Leave. This Sur-Reply is the only vehicle in which Joint CCAs have a reasonable opportunity to reply to PG&E's erroneous legal arguments and newly presented arguments regarding the allocation of certain Customer Care costs. Allowing Joint CCAs to reply to PG&E's legal arguments is consistent with the intent of the Assigned Commissioner's Scoping Memo and Ruling and the ALJ's December 2 Ruling allowing for Reply Briefs.

2. Customer Care Cost Functionalization

PG&E's opposition to JCCAs' proposal to functionalize certain common customer care costs among gas distribution, electric distribution, and electric generation appears to be founded on 1) a misapplication of Commission precedent specifically related to demand response programming, 2) maintaining historically accepted simplifications despite a rapidly evolving electricity landscape, 3) an unsupported notion that common customer care costs are somehow more related to electric distribution service than to other utility services, and 4) a rejection of its own data that it supplied to Joint CCAs via discovery in this proceeding.

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).

a. PG&E’s Reliance on Previous Commission Decisions Regarding Demand Response Programs Allocations are Misplaced.

i. Legal Standard

JCCAs’ proposed functionalization of common Customer Care costs is consistent with the principle, cited by PG&E in its Reply Brief, that, “costs should be allocated to those customers on whose behalf the costs were incurred.”¹³ Indeed, in the quoted Commission decision, PG&E proposed to recover costs associated with residential rate reform through distribution rates, consistent with how it had been collecting other Customer Care costs.¹⁴ Instead, the Commission determined that because CCA customers were unable to utilize PG&E’s online rate comparison tool, and therefore derived no benefit from it, that the costs for the tool should be collected only from bundled customers through generation rates.¹⁵ The Commission also noted that this allocation was necessary to ensure that CCA customers do not experience cost increases as a result of an allocation of costs that were not incurred on their behalf.¹⁶ Here, JCCAs merely argue that because unbundled customers benefit from certain Customer Care services *less* than bundled customers, they should pay for a proportionally smaller share of those costs. To reiterate, JCCAs do not argue that they should not pay for Customer Care services, but rather that they should only pay in proportion to the amount they use such services, such that PG&E recovers Customer Care service costs from “those customers on whose behalf the costs were incurred.”¹⁷

PG&E also grossly mischaracterizes the Commission’s decision in Rulemaking (“R.”) 13-09-011, which dealt exclusively with demand response programs, not with basic utility

¹³ D.19-09-004 at 9, citing, D.99-06-058 at 7.

¹⁴ *Id.* at 30, Ordering Paragraph 1.

¹⁵ *Id.* at 11.

¹⁶ *Id.* at 9.

¹⁷ *Id.*, citing, D.99-06-058 at 7.

services, such as Customer Care.¹⁸ PG&E relies heavily on the decision for the proposition that “tariffs and programs, including pilots, available to all customers should be paid for by all customers.”¹⁹ However, PG&E ignores the importance and specificity of the very next sentence of the decision, which states, “Thus, we adopt as a demand response cost allocation principle that any demand response program or tariff, including a pilot, that is available to all customers shall be paid for by all customers and therefore allocated to distribution rates.” In other words, the decision does not stand for the general proposition that PG&E asserts – it is specific to demand response programming, which is significantly different than basic utility service, like Customer Care functions.

Further, the above-cited decision considered whether unbundled customers should pay *anything* for utility offered demand response programs, not what proportion of the costs they should pay. In this proceeding, Joint CCAs do not advocate that unbundled customers be exempt from all Customer Care costs. Rather, Joint CCAs posit that unbundled customers should only be charged for their proportional usage of such services. PG&E’s reliance on the above decision is misplaced because it assumes that Joint CCAs seek exemption from all Customer Care costs, which is not the case.

Moreover, the above-quoted demand response cost allocation principle was developed in an era when CCAs did not offer demand response programs. In recognition of this fact, the Commission did not make the above-cited demand response cost allocation principle permanent. Instead, the Commission adopted the “competitive neutrality requirement” so that when a CCA provider begins to offer a demand response program, “the competing utility shall discontinue

¹⁸ D.14-12-024.

¹⁹ *Id.* at 48.

cost recovery from that providers' customers for that or any similar program...”²⁰ This exception is especially interesting in this proceeding when one considers that CCAs now maintain their own customer contact centers and other customer service offerings, as detailed below. Extending PG&E’s cited Commission decision in R.13-09-011 to this specific circumstance, once the CCAs were forced to open their own call centers and develop their own customer service offerings, the CCAs should no longer have to also pay for the same services PG&E provides.

Finally, PG&E ignores California law, which requires the Commission to “ensure that there is no cost-shifting between bundled and unbundled customers and that unbundled customers such as CCA customers do not experience cost increases as a result of an allocation of costs that were not incurred on their behalf.”²¹ Because PG&E’s own data shows that unbundled customers utilize Customer Care services less than bundled customers, and therefore cause less of the associated costs, unbundled customers should not be required to fund such services on equal footing. Indeed, the Commission must make some attempt to fairly allocate these costs by determining the actual “customers on whose behalf the costs were incurred.”²²

ii. PG&E’s Attempts to Conflate Utility Customer Service Costs With Demand Response Programming Costs Should Be Rejected.

As noted above, the “precedent” relied upon by PG&E that demand response programs and tariffs equally available to all customers shall be paid for by all customers, is narrowly applicable to demand response programming. This makes sense for at least two reasons.

First, demand response efforts are considered to be programs, unlike Customer Care, which is part of basic utility service. Instead, demand response programs are optional offerings

²⁰ *Id.* at 71-72.

²¹ D.19-09-004, citing Pub. Util. Code, §§ 365.2 and 366.3.

²² D.19-09-004 at 9, citing, D.99-06-058 at 7.

designed to achieve policy related goals. Unlike Customer Care services, demand response programs are specific to a particular utility function, like those that are geared towards reducing peak generation demand. Requiring all customers who can access a particular beneficial program to pay for it is different than requiring unbundled customers to pay for an equal portion of basic utility service even when they are no longer utilizing it due to their departure. Unbundling has created a situation in which it no longer makes sense for *all* common costs to be allocated to electric distribution alone, when there is an established discrepancy in the extent to which customers rely on those common services.

Second, demand response programs provide a benefit to non-participants in that they help to advance the state's clean energy and efficiency goals. Even customers that do not participate in these programs enjoy some of the programs' benefits in the form of lower long-term rates, lower emissions, and more efficient energy production. On the other hand, customers that do not utilize a Contact Center receive no benefit from their neighbors' utilization of the same resource.

Paying equally for public benefit programs, like demand response, makes sense in that CCA customers enjoy some benefit from the very existence of the program. By comparison, paying equally for basic utility service that unbundled customers simply do not need to the same degree as their bundled counterparts, makes little sense.

b. PG&E's 55/44 Allocation Factor for Customer Care Programing Makes Little Sense in Today's Environment of Rapid Unbundling.

PG&E's primary rationale for using its 55/45 allocation factor for Customer Care costs is that it is "consistent with its current allocations and is appropriately based on the number of respective electric and gas service agreements."²³ However, as explained in Joint CCAs'

²³ PG&E Reply Brief, p. 22.

Opening Brief, using older allocation methodologies in today's rapidly changing electricity market leads to unfair subsidization of bundled service.

Historically, PG&E's 55/45 allocator was not problematic because roughly all electric customers received a similar level of electric service (*e.g.*, integrated or bundled power supply, transmission, distribution, and customer-related services). However, PG&E's customer base has rapidly and dramatically changed such that unbundled customers now outnumber bundled customers.²⁴ Based on data provided by PG&E through discovery, it is evident that for many Customer Care programs and services, bundled electric customers utilize such services more than unbundled electric customers, reflecting a change in how different types of electric customers utilize PG&E's utility services. This change requires a reassessment and change to PG&E's historical functionalization methodology to ensure that customers pay only the costs associated with the type and level of utility service they receive from PG&E.

If these cost allocation methodologies are not updated, costs will be recovered in an inequitable and discriminatory manner, resulting in customers paying for services in a proportion that is not aligned with their utilization of such services. This would result in a violation of California law, which forbids cost shifts between groups of departed and bundled customers.²⁵ If unbundled customers pay for services that they utilize less, then they are subsidizing bundled customers on PG&E's system. This practice would also give PG&E a competitive advantage over CCAs and other LSEs by allowing it to recover costs of serving bundled customers from unbundled customers, thus allowing the utility to artificially deflate the cost to serve bundled customers.

²⁴ Exh. 216 at Attachment JAM-2, p. 3 (PG&E Data Response to Alliance for Nuclear Responsibility DR 2, Q7).

²⁵ Cal. Pub. Util. Code § 366.2(a), (f).

c. It is Just as Appropriate to Assign Common Customer Care Costs to the Generation Function as it is to the Distribution Function.

Customer Care services such as contact centers and Customer Engagement services are necessary for the day-to-day operations of a utility and are part of a core utility service. However, Customer Care services are not explicitly related to electric distribution, electric generation, or gas distribution. Instead, Customer Care activities represent common shared services that are utilized by, and must be allocated to, all of the various utility functions. A call center could receive a call about a billing question, a question regarding a customer's electric generation mix, report of a gas leak, or a report of a distribution level problem. Customer Care handles inquiries about all types of utility services and so the costs of the service should likewise be allocated to all of the different lines of business. PG&E's approach, however, limits the allocations only to electric distribution and gas distribution, ignoring the fact that calls can also be related to generation functions. Increasingly, CCAs themselves handle many of the generation-related inquiries, relieving PG&E of at least some of the burden.

d. The Record Supports JCCAs' Proposed Customer Care Cost Functionalization

In its Reply Brief, PG&E erroneously claims that the record does not support the Joint CCAs' proposed Customer Care functionalization proposal for three misleading reasons.²⁶

- The record shows that unbundled customers use Contact Center services at a higher rate per customer than bundled customers;
- From 2015-2017 Contact Center call volumes increased while the number of CCA customers tripled and the number of bundled electric generation customers declined by 15 percent; and
- CCA customers remain PG&E electric distribution customers and continue to utilize these customer services.²⁷

²⁶ PG&E Reply Brief, p. 27.

²⁷ *Id.*

To support the first argument above, PG&E provides data on call volumes and customer counts differentiated between bundled and unbundled electric customers.²⁸ But PG&E only provides this data for a single month in 2018 (January) to support a calls-per-customer metric for bundled customers, and provides data from a different single month in 2018 (April) to support a calls-per-customer metric for unbundled customers. PG&E provides two disparate single months of data despite its own acknowledgement that utilization of Contact Centers is constantly changing. PG&E's witness described variability in call center activity as occurring "... on a weekly, monthly basis in terms of how calls come in. Weather events and different things. It's constantly evolving."²⁹ Despite this, PG&E argues in its Reply Brief against the JCCAs' position by cherry-picking data from two single, mismatched months to conclude that "the call rate for CCAs is approximately 20 percent higher than for bundled customers."³⁰ Further, given that many CCAs were formed in the 2018 timeframe, call data pulled from two different months during this heavy enrollment year may be especially unrepresentative data, as compared to longer-term data spanning both enrollment and post-enrollment years. Prudent cost allocation should take a longer view of utilization data in allocating costs. A single month of mis-matched utilization data during a period of rapid change should not sway the Commission's decision-making in allocating Contact Center costs.

Indeed, PG&E has more detailed data spanning longer durations as evidenced by its providing such data in discovery. This data includes email, call, and elevated complaint volumes for the entirety of 2017 and 2018, as differentiated between bundled and unbundled

²⁸

Id.

²⁹

15 Tr. 1605:27 to 1606:2 (PG&E – Zenner).

³⁰

PG&E Reply Brief, p. 27.

electric customers, and gas customers.³¹ As argued in the testimony of Mr. Mancinelli and Mr. Reger, this more robust and longitudinal data supports a conclusion that bundled electric customers use Contact Center services at a rate greater than their proportionate share of total electric customer counts.

i. The Record Does not Support PG&E's Claims that Contact Center Utilization has Materially Increased as CCA Customer Counts have Increased.

PG&E provides 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.³² 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.³³ 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.

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

³¹ Exh. 216 at Attachment JAM-2, pp. 37, 39, and 49 (PG&E Responses to Joint CCAs DR 10, Q6; DR 10, Q7 supp. 1; and DR 13, Q6).

³² Exh. 219, citing PG&E 6 WP 4-11.

³³ See Exh. 219 and 220; 15 Tr. 1543:1 – 12; 1604:7 – 17; 22 Tr. 2420:13 – 2421:22.

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 decreased from 2015 to 2018, a period over which CCA customer counts have increased substantially.³⁴ 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. 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. 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.

³⁴ 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 $(1.91 - 1.88) / 1.88$.

It seems that CCAs and other customers are using the automated system more, which is also capable of *automatically forwarding* a CCA customer to their own CCA's customer service department.

In keeping with Commission guidance that “costs should be allocated to those customers on whose behalf the costs were incurred,”³⁵ one should only be concerned with service utilization that drives incremental costs to PG&E. Such services in this instance are related to “CSR Skill” calls, not “tech” calls fielded by PG&E's automated system.

ii. CCAs Now Address at Least Some of the Customer Service Inquires that PG&E itself Used to Handle.

As noted above, and discussed in the testimony of Messrs. Mancinelli and Reger, the CCAs have to offer their own customer support services to CCA customers. Further, as admitted by PG&E in discovery and by PG&E's witness Zenner at hearing, there are numerous instances in which PG&E's Call Centers will refer a customer's call to the CCAs' own customer services.³⁶ In fact, based on PG&E's data, in 2018, there were more than 25,000 instances in which PG&E's automated system referred CCA customers calling PG&E to the CCAs' customer service.³⁷ There is no likely scenario in which PG&E would refer a bundled customer's call to the PG&E Call Centers to some other third-party service provider, which clearly indicates the difference in customer service PG&E provides bundled and unbundled electric customers. A difference that has at least 25,000 supportive examples whereby PG&E provides less customer service to CCAs than it would to bundled electric customers. PG&E's cost allocation for

³⁵ D.19-09-004 at 9 citing, D.99-06-058 at 7; D.12-12-004 at 52-53.

³⁶ 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).

³⁷ *Id.*

Customer Care services should reflect this disproportionately greater customer service provided to bundled electric customers over unbundled electric customers.

e. The Record Supports JCCAs' Recalculated Cost Allocation Factors Based on Utilization Data Provided by PG&E.

The data on which the Joint CCAs relied in developing a reallocation of Customer Care costs came from PG&E itself through the discovery process. The record that PG&E now scrutinizes in its Reply Brief is of its own making. PG&E has not challenged the math on which the Joint CCAs relied in its testimony or Opening Brief in reallocating Customer Care costs. PG&E has only now, through its Reply Brief, challenged the accuracy of the data it previously provided in discovery.

In developing a proposed recalculated allocation of PG&E's Customer Care costs, the Joint CCAs relied upon data provided by PG&E through the discovery process. Here, as was discussed above, PG&E takes issue with the reliability of the data on which the Joint CCAs have relied to develop its testimony in support of an adjusted allocation of Customer Care costs. This is despite PG&E's duty to provide accurate information in discovery.³⁸

PG&E's Reply spends five pages outlining a litany of reasons why one should doubt the data it provided. As a point of comparison, in JCCA_013-Q06 where PG&E provided the bulk of the data it now questions, the utility provided 70 tabular cells of information requested by the

³⁸ See Cal. Code Civ. Proc. § 2030.210 (providing that responses to interrogatories must be provided under oath); Cal. Code Civ. Proc. § 2030.220 (providing that "[e]ach answer in a response to interrogatories shall be as complete and straightforward as the information reasonably available to the responding party permits"); Cal. Code Civ. Proc. § 2030.310 (providing for procedural consequences for inaccurate responses to interrogatories, including binding the responding party to their initial answer if the initial failure of the responding party to answer the interrogatory correctly has substantially prejudiced the party who propounded the interrogatory). See also Rule 13.6(a) ("Although technical rules of evidence ordinarily need not be applied in hearings before the Commission, substantial rights of the parties shall be preserved.").

JCCAs.³⁹ In providing 70 cells of data, PG&E also offered eight footnotes. Of those eight footnotes, three appear to contain information that suggests PG&E was concerned over the precision of the information it was providing (Table 2 Footnotes 3, 5 and 6). Two of those footnotes pertain to Elevated Complaints and Escalated Disputes, which are relatively minor in terms of dollar impact in the Joint CCAs' proposed Customer Care allocations.

The third references an issue of mutual exclusivity in the data PG&E provided regarding call and email volumes tracked between bundled electric, unbundled electric, and gas customers.

The footnote states:

The *gas and electric* (bundled and CCA) call and email volumes are not mutually exclusive (i.e. if a customer has both gas and electric services, their calls and emails are counted under each service. Therefore, the total number of calls in Table 2 exceed the call volume in WP 4-11, Exhibit (PG&E-6), and the total number of emails exceed the email volume in WP 4-12, Exhibit (PG&E-6).⁴⁰

However, the detail of this footnote only impacts the split between gas and all electric customers (both unbundled and bundled).

As shown in Messrs. Mancinelli and Reger's testimony Table 3, the 2018 call and email volumes attributable to gas customers equals 45.8%; a number nearly identical to the "45" in PG&E's proposed 55/45 split between electric and gas customers.⁴¹ In other words, despite the potential concern over the mutual exclusivity in gas and all electric customer counts in PG&E's Contact Center utilization data, the impact of the JCCAs' proposed reallocation of costs has nearly zero impact on gas customers.

Consequently, either the impact of PG&E's caveat as to the "non-mutual exclusivity" of the call and email volume data is overstated, or PG&E is implicitly admitting that its 55/45 allocation methodology is not supported by its own data on utilization of Contact Centers.

³⁹ Exh. 216 at Attachment JAM-2, pp. 48-49 (PG&E Response to Joint CCAs DR 13, Q6).

⁴⁰ *Id.* at 49 (emphasis added).

⁴¹ *Id.*

Little to none of the concern PG&E conveys in the five pages it spends in questioning its own data in its Reply Brief was expressed to the JCCAs in JCCA_013-Q06. The Joint CCAs assumed that the data PG&E provided in discovery was reflective of reality, and while it may not be a perfect representation of utilization of Customer Care services, it would serve as a very reasonable approximation. Certainly, the level of data detail PG&E provided through discovery represents a more detailed unbundling of Customer Care costs than the 55/45 allocation methodology PG&E advocates. While the Joint CCAs would certainly agree that PG&E should be more rigorous and accurate in collecting, managing, and conveying data, and that future allocation factors may be updated with more accurate accounting of service utilization, the data on which the Joint CCAs have relied and the allocation factors the Joint CCAs have proposed are the most accurate data points on record, given PG&E's currently available data.

f. The Extension of the JCCAs Recalculated Allocation Factor for Customer Engagement, Contact Centers, and CSOs to Other Customer Care Services is Reasonable.

Other than the Contact Centers, Customer Engagement and Customer Service office costs, discussed above, PG&E has not been transparent in reporting its costs and underlying utilization of services that would support a more precise allocation of other Customer Care costs. PG&E proposes to utilize a 55/45 allocation factor between gas and electric customers for most Customer Care services, despite possessing a substantial amount of data that would support a more nuanced allocation of Customer Care costs between bundled electric, unbundled electric, and gas customers for some of those services. While this substantial data may not be a perfect representation of utilization – there is always a tradeoff in data quality and the cost associated with incrementally improving data collection and quality – we should not let perfection be the

enemy of the good. A more nuanced unbundling and allocation of PG&E's Customer Care costs should be the goal where there is data available to support such an effort.

As the JCCAs represented, and PG&E recounted in its Reply Brief, the JCCAs do not possess data to inform a detailed allocation of Customer Care costs beyond that provided by PG&E in discovery. However, given how inadequate PG&E's 55/45 allocation factor appears in the face of more detailed data on such specific cost categories, the Commission should not just accept PG&E's 55/45 allocator at face value. Thus, absent more detailed data for all Customer Care cost categories, it is reasonable to use a composite allocator derived from the more detailed data above to allocate remaining Customer Care costs. Consequently, the Commission should compel PG&E to allocate remaining Customer Care costs 13.21% to Electric Generation, 42.84% to Electric Distribution, and 43.95% to Gas.

3. Revised Labor Allocator Response

The JCCAs' proposed revision to PG&E's Labor Allocator is a logical conclusion of the preceding arguments on Customer Care costs: when one adjusts the allocation of Customer Care costs to more appropriately mirror cost causation based on the data PG&E has provided through discovery, then one must also adjust the functionalization of Customer Care labor costs within the Labor Allocator. PG&E proposes to allocate Customer Care labor costs within the Labor Allocator between electric and gas using PG&E's 55/45 allocator, which PG&E's own data shows does not reflect actual provision of Customer Care services.

PG&E incorrectly argues that the JCCAs' proposed Labor Allocator adjustment should be rejected for several reasons:

1. Services available to and benefitting all customers should be paid for by all customers and not allocated based on actual use;
2. PG&E's 55/45 allocation factor, which is based on the total number of gas and electric service agreements, is reasonable;

3. Customer service costs do not impact Electric Generation, and there is no evidence to support the JCCAs' claims that unbundled customers use customer services at a lower rate than bundled customers; and
4. The JCCAs present no evidence that the cost allocation factor it derived for a subset of Customer Care programs is applicable in the context of the O&M labor cost allocator.⁴²

Argument 1 is rebutted above in identifying Commission precedent regarding differentiation between cost recovery on demand response programs and other types of utility costs.

Argument 2 is rebutted above in showing that using PG&E's own data, the 55/45 allocator between electric and gas does not reflect cost causation, and thus defies Commission precedent that "costs should be borne by those customers who cause the utility to incur the expense."⁴³

Argument 3 is rebutted above in demonstrating that Customer Care costs have no more functional relationship to Generation costs than they do to Distribution costs; functionalizing Customer Care costs to Generation to appropriately reflect cost causation from bundled customers is just as reasonable as assigning Customer Care costs to Distribution to recover costs from all electric customers.

Argument 4 is rebutted above based on PG&E's attempts to cast doubt on its own data to suggest that a more nuanced allocation of Customer Care costs is impossible beyond the 55/45 allocation proposed by PG&E. Again, while the JCCAs would agree that PG&E's data collection, management, and transparency should be improved, this does not mean that PG&E completely lacks data that could be used to better unbundle and allocate Customer Care costs. PG&E has provided a substantial amount of data to the JCCAs through discovery. This

⁴² Arguments 1-3 are taken verbatim from PG&E Reply Brief at 40, whereas Argument 4 is summarized from PG&E Reply Brief at 40-41.

⁴³ D.14-12-024 at 48, citing R.12-06-013.

information should be leveraged, and PG&E's cost allocation should be improved to better reflect cost causation.

4. Conclusion

For the foregoing reasons, and those explained in Joint CCAs' Opening Brief, the JCCAs request that with regard to functionalization of Customer Care costs, the Commission adopt JCCAs' recommended changes to the functionalization of certain Customer Care costs, as detailed in the following table⁴⁴:

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

⁴⁴ Exh. 216 at 5:9-10.

PG&E to provide sufficient transparency and detail in future GRC filings to justify and explain its functionalization methodologies and results.

Dated: February 11, 2020

Respectfully submitted,

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

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