

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



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for Authority, Among Other Things, to Increase
Rates and Charges for Electric and Gas Service
Effective on January 1, 2020.

Application 18-12-009
Filed: December 13, 2018

**REPLY BRIEF ON UNRESOLVED ISSUES OF THE
COALITION OF CALIFORNIA UTILITY EMPLOYEES**

January 27, 2020

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Pursuant to Rule 13.11 of the Commission’s Rules of Practice and Procedure and Administrative Law Judge Lirag’s e-mail ruling of December 2, 2019,¹ the Coalition of California Utility Employees (“CUE”) respectfully submits this reply brief on disputed issues. In accordance with ALJ Lirag’s January 7, 2020 email ruling, the issues addressed below are limited to those raised in parties’ opening briefs that are outside the scope of the December 20, 2019 Settlement Agreement.² Specifically, this reply brief addresses the Joint Community Choice Aggregators’ (“JCCAs”) proposals to reallocate costs associated with certain PG&E programs and services.

¹ On December 2, 2019, ALJ Lirag issued an email ruling revising the briefing schedule.

² On December 20, 2019, PG&E, the California Public Advocates Office, The Utility Reform Network, Small Business Utility Advocates, Center for Accessible Technology, the National Diversity Coalition, the Coalition of California Utility Employees, California City County Street Light Association, and the Office of the Safety Advocate (collectively, “Settling Parties”) submitted a joint motion seeking approval of a settlement agreement (“Settlement Agreement”) on disputed issues raised in this proceeding.

I. THE COMMISSION SHOULD REJECT JCCAS' ARGUMENTS TO REALLOCATE COSTS TO BUNDLED CUSTOMERS

The JCCAs want the Commission to reallocate costs for PG&E's Resilience Zone program, Grid Modernization Plan and Customer Care services from distribution service to generation service. The JCCAs argue that bundled customers benefit disproportionately from these programs or services and, therefore, departed customers should not pay for them. The JCCAs' argument is inequitable and unsupported by the record which shows that these *distribution-focused* programs and services serve and benefit *all* customers and, therefore, all customers should pay for them.

The Commission should reject the JCCAs' proposals to reallocate costs for the Resilience Zones program, the Grid Modernization Plan and Customer Care services to bundled customers.

A. Resilience Zones Program

The Resilience Zones program includes installing the infrastructure needed in Tier 2 and 3 High Fire Threat Districts to connect temporary generation to the distribution grid. The equipment will provide temporary power to *all* customers – bundled and departed – impacted by Public Safety Power Shutoffs ("PSPS") events.³ The JCCAs argue that costs for the Resilience Zones program should be recovered in generation rates unless the program is expanded to accommodate CCA-procured energy in CCA-specified locations or to allow other LSEs to participate.⁴ The JCCAs appear to misunderstand the Resilience Zones program. More importantly, the JCCAs' proposal is inequitable.

As an initial matter, the Resilience Zones program does not specify generation resources or ownership. The program merely provides the infrastructure to plug in unspecified generation resources.

³ Exh. 16, p. 9-38: 10-15.

⁴ JCCAs Opening Brief, p. 26.

Regardless, the major problem with the JCCAs' proposal to allocate all Resilience Zones program costs to generation rates is that it would saddle bundled customers with 100% of the costs for a program that equally benefits bundled and departed customers. *All* customers in Resilience Zones – bundled and departed – will receive service on a temporary basis during PSPS events. It is the distribution-based interconnection infrastructure that will allow this service to reach *all* customers, and for which PG&E is requesting cost recovery. Therefore, allocating Resilience Zones costs to all electric distribution customers is equitable. The Commission should reject the JCCAs' proposal to burden bundled customers with 100% of these costs.

B. Grid Modernization Plan or “Integrated Grid Platform”

The Integrated Grid Platform is a grid modernization plan that includes upgrading PG&E's distribution grid for more advanced monitoring, control, forecasting and cyber security. All customers – bundled and departed – will benefit from these upgrades and, therefore, PG&E appropriately proposes to allocate costs to all customers through distribution charges. The JCCAs argue that bundled customers would receive more benefits from the program than departed customers and, therefore, Integrated Grid Platform costs should be allocated solely to bundled customers through generation costs because. The JCCAs are wrong.

The Integrated Grid Platform upgrades provide equal benefits to bundled and departed customers, including improved situational awareness, operational efficiency, increased safety and reliability, integrating distributed energy resources and increased cyber security.⁵ These benefits are shared equally by bundled and departed. There is simply no justification to require bundled customers to pay for 100% of the Integrated Grid Platform costs. The Commission should reject JCCAs' proposal to reallocate Integrated Grid Platform costs.

C. Customer Care Services

Customer care services include customer engagement programs and activities (e.g. EV and DER education, contact centers and customer service offices.) PG&E proposes to continue

⁵ Exh.17, Chapter 19; Exh. 20, Chapter 19.

allocating 55% of customer service costs to electric distribution and 45% to gas distribution based on the total number of electric and gas service agreements. Customer support costs are not allocated based on whether a customer is bundled or departed or how a customer's energy is generated.

The JCCAs want the Commission to shift more than \$24 million of customer care services costs to bundled customers only, claiming that departed customers do not utilize PG&E's customer services as much as bundled customers do. The JCCAs' claim is unsupported by the record, inconsistent with the Commission's cost causation principle and should be rejected.

First, the record shows that departed customers use contact center services *more* than bundled customers.⁶ Indeed, from 2015 to 2017, contact center call volumes increased while the number of CCA customers tripled and bundled electric customers decreased by 15%.⁷

Second, according to the Commission, the principle of cost causation means that "costs should be borne by those customers who *cause the utility to incur the expense*, not necessarily by those who benefit from the expense."⁸ In other words, regardless of whether a bundled or departed customer actually avails herself of a particular service, it is the fact that she has the opportunity or eligibility to do so which causes the utility to incur the expense of the service.⁹ In this case, the customer services (for customer engagement, contact centers and customer service offices) are made available to all PG&E distribution customers. Therefore, even if departed

⁶ Exh. 103 (DR Joint CCAs 15 Question 10).

⁷ Exh. 92, p. WP-11, Table 4-11.

⁸ D.14-12-024, p. 48, citing R.12-06-013 (emphasis added).

⁹ For example, the Commission found that allocating costs to all customers for demand response was reasonable since it would be available to all customers. *See* D.14-12-024, p. 48.

customers utilized these services less than bundled customers (which is not the case here), the costs would still be appropriately allocated to all distribution customers.

Shifting customer care service costs to bundled customers is unsupported by the record, inconsistent with the Commission's cost causation principle and should be rejected.

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Respectfully submitted,

/s/

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