

**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 Services Effective on  
January 1, 2020. (U39M)

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

**JOINT CCAS' NOTICE OF EX PARTE COMMUNICATION**

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August 6, 2020

*On behalf of the Joint CCAs*

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OF THE STATE OF CALIFORNIA**

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**JOINT CCAS' NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, San José Clean Energy, and Sonoma Clean Power (collectively the "Joint CCAs") hereby provide notice of the following *ex parte* meetings related to the above-referenced proceeding.

On the Joint CCAs' request, Anand Durvasula, Legal Advisor to Commissioner Liane M. Randolph, and Suzanne Casazza, Legal and Policy Advisor to Commissioner Randolph, met with the Joint CCAs on Wednesday, August 5, 2020, from 9:30 a.m. to 10:00 a.m. by telephone conference. Jake Schlesinger, Keyes & Fox LLP, Partner, and Julia Kantor, Keyes & Fox LLP, Associate participated on behalf of the Joint CCAs.

On the Joint CCAs' request, Brian Korpics, Legal and Policy Advisor to President Marybel Batjer, met with the Joint CCAs on Wednesday, August 5, 2020, from 1:00 p.m. to 1:30 p.m. by telephone/video conference. Jake Schlesinger, Keyes & Fox LLP, Partner, and Julia Kantor, Keyes & Fox LLP, Associate participated on behalf of the Joint CCAs.

These meetings concerned issues the Joint CCAs have raised in A.18-12-009 and A.20-02-003. Attachment A hereto includes the documents the Joint CCAs presented at these meetings, which provide additional details on the topics discussed.

Respectfully submitted,

/s/ Julia Kantor

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*Counsel to the Joint CCAs*

Dated: August 6, 2020

## **ATTACHMENT A**

## PG&E Phase I Rate Case – A.18-12-009

**Status** – Record is closed: Settlement between some parties (not JCCAs) submitted; Opening and Reply Briefs submitted; Opening and Reply Comments on settlement submitted; Sur-Reply Brief filed by JCCAs on new evidence submitted by PG&E.

- Settlement addresses (1) major cost drivers, mostly related to system hardening and wildfires; (2) the flawed hydroelectric nonbypassable charge; and (3) insurance costs.
- PG&E and co-signers effectively excluded CCAs and many CCA issues from settlement.
- PG&E briefing and discovery deprived the Commission of a complete set of arguments on remaining contested issues.
- The Commission can revise a settlement.

**Key Issues** – Settlement ignores PG&E's changing role in California.

- **Cost Functionalization – Large CCA load departures require changes.**
  - Not all costs are clearly distribution or generation related. Some are considered common costs that serve multiple functions, such as customer service or billing costs.
  - PG&E's own numbers (via discovery) show the unbundled customers use certain customer services far less than bundled customers.
  - This makes sense since PG&E admits that it regularly refers customers to their CCAs to resolve certain inquiries and because CCAs also provide customer services, relieving PG&E of some responsibility.
  - To truly unbundle utility services and ensure that unbundled customers only pay for PG&E services they use, functionalization must be more sophisticated going forward.
  - PG&E's discovery responses allow us to craft more precise allocators for customer care costs, but PG&E must be better at tracking utilization of all shared services.
- **Resilience Zones – Ensure CCAs can connect clean generation to PG&E's temporary microgrids during PSPS events.**
  - These are generation-related costs, *i.e.*, interconnection facilities typically paid for by third-party microgrid and generation developers.
  - Program must recognize legal role of CCAs and should be expanded and accelerated.
  - Because PG&E only raised in a Reply Brief, decision should require PG&E to detail how it will ensure CCA-procured generation can interconnect to its resilience zones.
- **Settlement's decommissioning costs for PG&E's PCIA-eligible facilities are exorbitant.**
  - Solar: Methodology to determine decommissioning cost for PG&E's solar generation facilities results in figures *greater than the cost of the original facility*.
  - Hydro: Establishing high decommissioning costs does not make sense when the utility is in the process of selling many of its hydroelectric generation assets.
  - "True-ups" should aim to keep money in customers' pockets, not PG&E's pockets.
- **Grid modernization should be transparent to ensure a level playing field.**
  - PG&E's proposed investments include foundational technologies to enable future grid services markets, which JCCAs generally support.
  - However, if PG&E is the only entity that has access to real time data via these investments, it will have a huge advantage in any future grid services market.
  - To avoid this unfair competitive advantage, all LSEs, including CCAs, should have access to such data.

## PG&E Interim Rate Relief Application – A.20-02-003

**Status** – Record is closed: Opening and Reply Briefs submitted.

- Joint CCAs in this proceeding: Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, and Sonoma Clean Power.

### **Key Issues**

- **Interim Rate Relief – no support for proposed functionalization of this significant upfront recovery from ratepayers.**
  - Request to recover \$891 million of costs recorded in the FRMMA, WMPMA, FHPMA, and CEMA from 2017-2019 and to functionalize as electric distribution costs.
  - Application lacks any details on these costs that would allow the Commission to determine that they have been properly categorized as distribution costs (no associated testimony; Declaration includes no details on costs).
  - No Commission precedent on appropriate mode of cost recovery for many of these costs.
  - Evolving precedent concerning how certain wildfire-related costs should be functionalized—in A.18-12-009, Joint CCAs argued for the reallocation of certain Community Wildfire Safety Program (“CWSP”) costs as common costs, as opposed to distribution costs, and PG&E changed its position in its rebuttal testimony (agreed that some CWSP costs should be allocated to common).
  - Other interim rate relief cases have included a more thorough review of functionalization issues, and as a matter of policy, reviews of functionalization issues should occur prior to any rate recovery to minimize rate volatility.
  - Commission recently rejected SCE’s similar request for interim rate relief (A.19-08-013).
  - If any interim rate relief is approved, Commission should order that the subsequent reasonableness review of the Application’s costs must incorporate a review of the proper functionalization of these costs. No precedential value should be given to the functionalization adopted in this proceeding.
- **Policy Determination on Interim Rate Relief – inconsistent with precedent requiring fact-based review of each request; no support in record for key policy elements.**
  - Request for policy that would allow PG&E to establish interim rates whenever it accumulates \$100 million or more “relating to new Commission- or legislatively-mandated activities” in memorandum account(s) established to allow the utility to record such costs. Requesting authorization to collect 85 percent of associated revenue requirement.
  - Commission has been consistent in requiring thorough reviews of the circumstances surrounding each request for interim relief, and grants this relief only when the utility has demonstrated that its circumstances necessitate a departure from standard reasonableness review—this blanket policy would replace fact-based, case-by-case inquiry.
  - PG&E has provided almost no support for the key elements of its proposal: (1) the memorandum accounts to which the policy should apply, (2) the appropriate dollar threshold triggering recovery, (3) the appropriate percentage of accumulated revenue requirements that should be recovered from ratepayers on an interim basis, and (4) the justifications for why such a policy is needed, and why it would promote the policy objectives claimed in the Application.