Attachment 1: Reporting form for [Part (a) Process]

Part (a): Process for existing and prospective CCAs to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2, which requires the utility to "cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs."

PART 1 (to be completed by CCA)

Submitted by:

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| Name | Jordis Weaver |
| Title | Administrative Associate |
| Phone | 415.464.6021 |
| e-mail | jweaver@marinenergyauthority.org |

Please identify the specific matter on which the utility is not considered to be cooperating fully (add lines or pages as needed):

PG&E's current rate restructuring proposal to impose a conservation incentive adjustment (CIA) in Phase 2 of its Test Year 2011 General Rate Case has been aggressively pursued by PG&E and would create a rate structure that would impose substantially higher costs on MEA customers while effectively eliminating a key policy tool of MEA: establishing tiered generation rates to encourage energy conservation, promote increased renewable energy deliveries and reduce greenhouse gas (GHG) emissions among other socially and environmentally focused concerns. PG&E's proposal would also disrupt MEA's progress in furthering California's broader-based environmental mandates, including the achievement of RPS and AB 32 objectives.

Please provide a detailed description of the issue (add lines or pages as needed):

PG&E's periodic General Rate Case (GRC) proceedings are intended to provide the utility with scheduled opportunities to address cost allocation and rate structuring issues, as well as other related considerations, for the purpose of setting retail electric rates that accurately reflect utility expenditures for core services and programs while conforming with statutory requirements identified in the Public Utilities Code, Commission decisions and broader-based policy objectives.

In the current GRC proceeding, PG&E has introduced certain elements of its residential rate proposal that forge competitive barriers for alternative generation providers, including CCAs and residential Direct Access programs. Furthermore, PG&E has mischaracterized the motivations for these proposed changes, suggesting that residential rate restructuring is necessary to "level the playing field" between PG&E and prospective competitive service providers and has also suggested that certain elements of its proposal

are necessary to promote energy conservation within the residential rate class. The record for this proceeding suggests otherwise and exposes numerous potential effects that are contrary to PG&E's claims. In particular, MEA has observed the following issues, inconsistencies and concerns:

1) PG&E's CIA proposal is discriminatory towards MEA's current and future residential customers and would impose disproportionate cost increases on these individuals without any commensurate increases/enhancements in core utility services – PG&E's independent analyses confirm average cost increases of 25 percent for MEA's current customers, which would accrue as a direct result of PG&E's proposed residential rate restructuring;
2) PG&E's sweeping proposal is unsupported by any publicly available cost-based analyses, despite requests from MEA and other parties to complete such analyses;
3) PG&E's CIA proposal is unnecessary, as it fails to promote conservation relative to the currently effective four-tier residential rate structure and would disrupt MEA's progress in furthering California's broader-based environmental mandates;
4) PG&E's CIA proposal effectively eliminates a critical rate setting tool of CCAs, which would dilute the integrated service offering of these entities, inclusive of conservation signals that are responsive to community-specific goals and objectives (which are certainly dissimilar throughout PG&E's service territory), and inappropriately grant PG&E considerable competitive leverage by practically restricting certain aspects of a CCA's rate making authority; and
5) Incentives to conserve energy should be directly tied to the use or consumption of the energy commodity itself and, therefore, should be conveyed by the generation service provider, which is procuring, planning for and balancing energy requirements of its customers.

MEA has prepared written testimony in relation to PG&E's proposed residential rate restructuring and considers PG&E's proposal an adversarial approach to residential rate design.

Please describe the lack of full cooperation (add lines or pages as needed):

PG&E's lack of cooperation, in this case, relates to the discriminatory impacts of PG&E's proposal on MEA and its customers as well as the limitations the imposition of a CIA surcharge would set on MEA's policy-making authority, namely, MEA's ability to offer a different rate design from PG&E. PG&E's lack of full cooperation with MEA's CCA implementation, as it relates to the subject residential rate proposal, can be tracked through numerous sequential, documented actions and inactions of the incumbent utility, including:

1) PG&E originally introduced its CIA proposal in a proceeding to which MEA was not a party – PG&E was keenly aware of this fact, yet decided to introduce its proposal in such a proceeding, not in the traditional GRC proceeding in which parties would have appropriate opportunity for review and comment;
2) PG&E's Petition for Modification was filed nearly two weeks *after* MEA submitted its CCA Implementation Plan to the Commission for certification –

PG&E was also well aware of MEA's implementation plans and related schedule, as it had been regularly attending numerous *public* meetings of Marin County, the MEA Board of Directors and its standing committees throughout the organization's multi-year evaluative and formative process;
3) As a non-party to this proceeding, MEA did not receive a copy of the original Petition or the original draft proposed decision, which was distributed on a limited basis – PG&E did not provide MEA with a copy of its Petition for Modification, nor did it bring the Petition to MEA's attention, despite formal written communication (in which PG&E's recent, 2010 rate changes were discussed) between PG&E executive David Rubin and MEA Chair Charles McGlashan, which occurred on January 4, 2010, *just 18 days after* the Petition for Modification was filed; and
4) Following its filing of the Petition for Modification, PG&E engaged in frequent formal written communication with MEA's Chair regarding numerous matters related to the CCA program – including threats of litigation related to the California Environmental Quality Act, erroneous claims related to adverse environmental impacts stemming from CCA implementation, and threats of "double whammy" cost recovery attempts by PG&E in the event of CCA program failure as well as other disruptive distractions.

The timeline of these actions, as a practical matter, suggests that PG&E's proposal is an intentional effort by the monopoly utility to disrupt MEA's implementation and place MEA at a competitive disadvantage.

Please list the personnel at the utility with whom the community choice aggregator is working:

| Name | Title | Phone Number | e-mail |
|---|---|---|---|
| Redacted | PG&E \| Energy Solutions & Service | Redacted | Redacted |
| Eric Jacobson | Regulatory Relations | 415-973-4464 | EBJ1@pge.com |