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Direct Access Proceeding Rulemaking 07-05-025

ALJ Pulsifer's proposed decision (PD) allocates 68% of the RPS value using a method proposed by the Joint Parties; and 32% using a method proposed by the IOUs. The JPs use the most recent cost of RPS contracts; and the IOUs use Department of Energy (DOE) data. Over a three-year period, I estimate that the PD will result in a rate increase of \$26.87 million for PG&E ratepayers, \$33.44 million for SCE ratepayers, and \$1.75 million for SDG&E ratepayers. I recommend that the Commission adopt the Renewable Credit Proposal (RCP) initially proposed by The Utility Reform Network and developed by Reid.

If the Commission believes that more details are necessary before the RCP can be implemented, the Commission can schedule a workshop to amplify those details.

Key Facts in the Case

- Residential customers pay significantly higher rates per kilowatt hour than do large commercial and industrial customers.
- In 2011, residential customers will pay 41.65% of PG&E's total bundled customer revenue requirement and 38.60% of PG&E's bundled customer generation revenue requirement.
- Businesses, but not residential ratepayers, can take advantage of lower economic development rates.

- Public Utilities Code Section 365.1(a) specifically prohibits the vast majority of residential customers from receiving service from a direct access provider.
- Under the RCP, there should be no renewable adder. Instead, DA providers should receive RPS credit for their proportional share of the IOUs' RPS purchases.
- The RCP is the only RPS proposal in which neither DA customers nor IOU ratepayers will gain or lose.