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June 5, 2012

Via Electronic Mail

California Public Utilities Commission
Energy Division – Tariff Unit
Tariff Files, Room 4005
505 Van Ness Avenue
San Francisco, CA 94102

Re: Response of the Joint Parties to Pacific Gas and Electric Company Advice 4044-E

Energy Division Tariff Unit:

The California Municipal Utilities Association (“CMUA”), Alliance for Retail Energy Markets (“AReM”), Direct Access Customer Coalition (“DACC”), and the Retail Energy Supply Association (“RESA”) (together the “Joint Parties”) respectfully submit this response to Advice 4044-E, filed on May 16, 2012 by Pacific Gas and Electric Company (“PG&E”). Through Advice 4044-E, PG&E submitted its revised 2012 revenue requirements, revised 2011 Power Charge Indifference Amount (“PCIA”) rates, new PCIA rates, and revised 2012 Ongoing Competition Transition Charge (“CTC”), generation and total rates. PG&E requests approval of the revised rates by June 15 so that PG&E may upload the 2012 revised rates into its billing system and implement the revised rates on July 1. Through Advice 4044-E, PG&E also proposes to implement a refund. PG&E proposes to refund the difference between the previously adopted 2011 PCIA rates and the revised PCIA rates to Direct Access (“DA”) and Community Choice Aggregation (“CCA”) customers and some departing load customers.

Because the revised market price benchmark calculation methodology adopted in Decision (“D.”)11-12-018 is used to compute the CTC, as well as the PCIA, the Joint Parties request that the Commission clarify that PG&E should also refund the difference between the previously adopted 2011 CTC and the revised CTC rates. As further described below, Southern California Edison Company (“SCE”) is implementing D.11-12-018 in this manner, namely, SCE is refunding both elements of the so-called Indifference Amount (PCIA *and* CTC). The Joint Parties understand the desire and need to promptly implement the PCIA and CTC rate changes authorized in D.11-12-018, and believe that the Commission may address this response in a manner that does not delay implementation of the prospective rate changes proposed in Advice 4044-E, and the Joint Parties request that the Commission do so.

Background

CMUA is an association representing California’s publicly owned utilities. AReM is a California non-profit mutual benefit corporation formed by electric service providers (“ESPs”) that are

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active in California's DA market.¹ DACC is a regulatory alliance of educational, commercial, industrial and governmental customers who have opted for DA service to meet some or all of their electricity needs. RESA is an association of retail energy supply organizations.² The Joint Parties actively participated in the Commission proceeding (R.07-05-025) that culminated in the issuance of D.11-12-018.

D.11-12-018 adopted modifications to the methodology used to calculate the market price benchmark, which is used to calculate the CTC and PCIA, among other things. D.11-12-018 explicitly requires that calculation of the PCIA *and* CTC applicable to CCA, non-exempt DA and MDL customers be modified to incorporate revisions in the calculation of the total portfolio and market price benchmark adopted in D.11-12-018.³

In Advice 4044-E, PG&E appropriately proposes to adjust the PCIA *and* CTC prospectively. However, PG&E proposes to only refund the PCIA, not the CTC. The Commission should clarify that, under D.11-12-018, modifications to the PCIA and CTC should be implemented consistently, with the result that PG&E should refund the PCIA *and* CTC.

The Revised CTC Should be Implemented in the Same Manner as the Revised PCIA

Ordering Paragraph (“OP”) 1 of D.11-12-018 requires that the PCIA *and* CTC applicable to departing customers should be modified to incorporate revisions in the calculation of the total portfolio and market price benchmark “as directed in the following ordering paragraphs.” OP 39 of D.11-12-018, the only OP requiring the *prospective* rate changes authorized in D.11-12-018, provides:

To implement of [sic] the revised Power Charge Indifference Amount (PCIA) determined pursuant to this proceeding Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company each must promptly adjust its 2011 PCIA rate prospectively to be consistent with the revised PCIA methodology.

¹ The positions taken in this filing represent the views of AReM but not necessarily those of individual members of AReM or the affiliates of its members with respect to the issues addressed herein.

² RESA’s members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant; Stream Energy; TransCanada Power Marketing Ltd.; and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

³ See D.11-12-018; Ordering Paragraph 1.

In Advice 4044-E, PG&E properly proposes *prospective* revisions to the PCIA *and* CTC, consistent with OPs 1 and 39. That is, PG&E properly applies the prospective revisions called for in OP 39 to CTC as called for in OP 1, even though OP 39 refers only to the PCIA.

OP 41, which addresses refunds by PG&E, provides in pertinent part:

Once Pacific Gas and Electric Company (PG&E) implements the revised Power Charge Indifference Amount (PCIA) consistent with the methodologies adopted in this proceeding, PG&E shall promptly revise its previously adopted 2011 PCIA rate to incorporate this deferred difference. This resulting difference shall be remitted in the form of a refund to each of the utility's customers who were direct access, community choice aggregation or non-exempt departing load customers during the period from April 14, 2011, through the effective date of the revised PCIA implemented pursuant to the revisions adopted in this proceeding.

PG&E proposes to apply the refunds called for in OP 41 only to the PCIA, and not to the CTC. This approach is inconsistent with OP 1 and PG&E's approach to prospective revisions. Such a result also inequitably differentiates between departing customers who pay only the CTC and departing customers who pay only the PCIA, or the PCIA and CTC.

From a DA perspective, it also goes against what was fundamentally being revised in D.11-012-018, namely, the Market Price Benchmark, which is used to determine customer indifference through the calculation of the Indifference Amount. If the refunds are not based on the full recalculated Indifference Amount (CTC plus the PCIA), bundled indifference is not maintained and DA customers will continue to have to subsidize the generation rates of PG&E's bundled customers during the period from April 14, 2011 through implementation of prospective revisions.

In Advice 2737-E, SCE interprets OP 40 of D.11-12-018, which requires SCE to refund the PCIA based on the authorized calculation revisions, as applying to both the PCIA *and* CTC. Thus, SCE proposes to refund both the PCIA and CTC. SCE observes:

In Ordering Paragraph 40 of D.11-12-018, the Commission uses the term 'PCIA'. While there is a specific cost element of the CRS called PCIA, SCE interprets the term 'PCIA' in Ordering Paragraph 40 to mean the Indifference amount. As such, the rebill of CRS will be on both PCIA and CTC.⁴

SCE's interpretation properly reconciles OP 1 and OP 40, and is consistent with the Commission's *general* use of terminology in D.11-12-018. At various times in D.11-12-018, the Commission specifically refers to both the PCIA and CTC, but at other times the Commission uses the singular term PCIA or "Indifference Amount" to refer to the sum of the PCIA and CTC. In fact, in its discussion of "Changes to the Indifference Amount Methodology" the Commission labels the Power

⁴ SCE Advice 2737-E at 11.

Charge Indifference Amount as the “PCIA or indifference amount”.⁵ Accordingly, unless the context obviously requires otherwise, it is reasonable to conclude, as SCE has, that the term “PCIA” means “Indifference Amount” and therefore necessarily includes both the PCIA and CTC.

Conclusion

The Joint Parties appreciate the Commission’s consideration of this response and requests that the Commission (1) clarify that PG&E should, in addition to the PCIA, also refund CTC to affected DA, CCA and departing load customers during the period from April 14, 2011 through the effective date of the revised CTC implemented pursuant to the revisions adopted in this proceeding; (2) not delay the implementation of the PCIA refund due affected customers; and (3) not delay implementation of the prospective changes to the PCIA and CTC

Sincerely,



Scott Blaising
Counsel for the California Municipal Utilities Association

And on behalf of the Joint Parties

cc: Edward Randolph, Director, Energy Division
Brian Cherry, PG&E
Service List for R.07-05-025

⁵ See D.11-12-018 at 6.