BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	Rulemaking 12-06-013 (Filed June 21, 2012)

COMMENTS OF MARIN CLEAN ENERGY ON PACIFIC GAS AND ELECTRIC COMPANY'S RESIDENTIAL ELECTRIC RATE REFORM PROPOSAL

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December 23, 2013

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I. Introduction

Pursuant to the *Assigned Commissioner's Ruling Inviting Utilities to Submit Interim Rate Change Applications* ("ACR") issued on October 25, 2013, Marin Clean Energy ("MCE") submits this protest in response to Pacific Gas And Electric Company's ("PG&E") *Summer 2014 Residential Electric Rate Reform Proposal* ("Interim Rate Proposal"). MCE protests PG&E's Interim Residential Rate Proposal because it fails to resolve the anti-competitive usage of PG&E's Zero Minimum Bill ("ZMB") provision. It is MCE's opinion that these ZMB provisions should be eliminated from all of PG&E's rate schedules (residential and otherwise).

II. Background

MCE is a Community Choice Aggregator ("CCA") that has been serving customers within the PG&E service territory since May 7, 2010. MCE was the first, and is to date the only, operational CCA in California, though Sonoma Clean Power is poised to launch service in 2014. MCE currently provides electric service to approximately 120,000 retail customers through Marin County and the City of Richmond. While MCE customers receive generation service from the MCE CCA program, they continue to receive transmission, distribution, billing and other services from PG&E. MCE customers, like Direct Access ("DA") customers, are commonly referred to as "unbundled" customers because they opt to no longer receive their generation and distribution electricity services from a single provider, in this case PG&E. MCE is primarily involved in this proceeding to guarantee that its unbundled customers are not negatively impacted by the proposed methodologies therein.

Due to the passage of Assembly Bill ("AB") 327, the Commission has directed parties to address residential rate design issues within Phase 2 of PG&E's 2014 General Rate Case ("GRC") to be addressed within the concurrent Residential Rate Design Rulemaking ("R.") 12-06-013, the instant proceeding. PG&E's proposed interim rate changes for the 2014 in this proceeding vary significantly from the changes it proposed in the GRC Phase 2.[1] In particular, PG&E's proposed rate changes within this proceeding fail to maintain competitive neutrality between all Load-Serving Entities. MCE will explain herein why the continued existence of the ZMB provision in certain residential and commercial PG&E rate schedules is inherently anti-competitive.

III. <u>PG&E's Zero Minimum Bill Provisions Are Inherently Anti-Competitive</u>

The ZMB provision, which states "total delivery charges cannot be less than zero," exists on several PG&E rate schedules including E-7, E-8, EL-7, EL-8, and CARE-eligible commercial E-CARE rates[2] where there is the potential for the non-generation portion of the charges to sum to a total negative charge (*i.e.* a credit). These negative delivery charges are offset by disproportionately high PG&E generation rates for these rate schedules. For bundled customers the ZMB has no effect because any non-generation-related bill credits are carried over and

[1] PG&E's original residential rate revisions proposed in Phase 2 of its 2014 GRC included the introduction of a fixed customer charge and further revisions to rates that would make them closer to cost-of-service. These combined changes would have eliminated instances of the ZMB triggering on unbundled customers' bills.
[2] PG&E Opening Testimony PG&E-1 Chapter 4, page 4-8.

applied against the generation -related charges. However, for unbundled customers on these rate schedules, if these customers' delivery charges are negative, PG&E employs this ZMB provision zero-out the non -generation portion of the bill. By refusing to carryover the excess credits associated with the delivery charges of an unbundled customer's bill towards the their generation charges, PG&E is increasing the bills of some unbundled customers and s hifting these customer's excess credits to other customers.

IV. PG&E's Interim Rate Proposal Fails to Address the ZMB and Increases the Instances of the ZMB Triggering

By comparing the proposed generation rates to total rates for each rate schedule and usage tier presented in Appendix A of PG&E's Testimony on its Interim Rate Proposal, PG&E proposal increases the likelihood of the ZMB affecting unbundled customers' bills on several rate schedules:

- For E-7 the occurrences of the ZMB triggering would expand from customers with usage ≤ 130% of baseline to ≤ 200% of baseline during both summer and winter peak periods.[3]
- For E-8 the occurrences of the ZMB triggering would expand from customers with usage ≤ 130% of baseline to ≤ 200% of baseline during summer periods.[4]
- For EL-7 (E-7 with CARE discounts) the occurrences of the ZMB triggering would expand from customers with usage ≤ 130% of baseline to all tiers of usage during summer peak periods. All usage for EL-7 customers during winter peak periods remain subjected to ZMB triggering rates as well.[5]

[3] PG&E Testimony, Appendix A, A-4.
[4] PG&E Testimony, Appendix A, A-4.
[5] PG&E Testimony, Appendix A, A-11.

- For EL-8 (E-8 with CARE discounts) the occurrences of the ZMB triggering remains applicable to all usage tiers in both summer and winter seasons.[6]

Put succinctly, PG&E's Interim Rate Proposal (i) fails to address the anti-competitive and socially unacceptable denial of CARE discounts to unbundled ratepayers on EL-8 rates, (ii) increases the likelihood of similar CARE discount denials for unbundled ratepayers on EL-7 rates, and (iii) increases the likelihood of unbundled customers on E-7 and & E-8 rate schedules from receiving the non-generation-related bill credits that they would otherwise be receiving under bundled service.

It is MCE's opinion that the Commission should either (i) prohibit PG&E from having ZMB provisions on rates,[7] or (ii) direct PG&E to adjust its Interim Rate Proposal to eliminate all instances where the ZMB would take effect. Either of these possible outcomes will resolve the anti-competitive impacts currently present in PG&E's Interim Rate Proposal.

V. Conclusion

MCE thanks Assigned Commissioner Peevey and Assigned Administrative Law Judges McKinney and Sullivan for considering the concerns raised in this protest regarding the anti-competitive aspects present in PG&E's Interim Rate Proposal due to Zero Minimum Bill provisions.

[6] PG&E Testimony, Appendix A, A-11.

[7] The ZMB was first created through settlement negotiations in Phase 2 of PG&E's 2008 GRC. MCE was neither a functioning entity, nor a participant in this settlement negotiation. There is no direct Commission precedent for the existence of the ZMB, and it is of MCE's belief that the ZMB was created to sidestep inflexibilities of PG&E's billing systems.

Respectfully submitted,

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