

Docket No: A.13-12-012 / I.14-06-016

Exhibit: _____

Date: August 11, 2014

Witness: Mark Fulmer

**TESTIMONY OF MARK FULMER ON BEHALF OF THE CORE TRANSPORT
AGENT CONSORTIUM CONCERNING CORE TRANSPORT ISSUES IN PACIFIC
GAS & ELECTRIC'S GAS TRANSMISSION AND STORAGE RATE CASE AND
CONSOLIDATED ORDER INSTITUTING INVESTIGATION**

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1 **I. INTRODUCTION, SUMMARY AND CONCLUSIONS**

2 **Q: Please state your name and business address.**

3 A: My name is Mark Fulmer. I am a Principal at MRW & Associates, LLC. My business
4 address is 1814 Franklin Street, Suite 720, Oakland, California. My professional and
5 educational qualifications are provided in Attachment A.

6 **Q: Have you previously testified before the California Public Utilities Commission?**

7 A: Yes. I have previously testified before the California Public Utilities Commission
8 (“Commission”) on behalf of a variety of parties on utility planning, policy and
9 ratemaking issues. I have also submitted testimony in proceedings before the Federal
10 Energy Regulatory Commission and state utility commissions in Arizona, Hawaii,
11 Pennsylvania and Rhode Island.

12 **Q: On whose behalf are you testifying?**

13 A: I am testifying on behalf of the Core Transport Agent Consortium (“CTAC”). CTAC is
14 an ad-hoc coalition representing a significant portion of core transport agent (“CTA”)
15 service in northern California.

16 **Q: Please summarize your conclusions and recommendations.**

17 A: In general, my recommendations here are consistent with, but distinct from and not
18 dependent on, my and Mr. Michael Rochman’s testimonies on behalf of CTAC in A.13-
19 06-011: CTAs should be granted the flexibility to serve their customers and not be
20 required to take-or-pay for PG&E Core Gas Supply resources. Specifically, I recommend
21 the following:

- 1 • Core intrastate transmission capacity reservation: PG&E’s Core Gas Supply should
2 not hold intrastate (or “backbone”) transportation capacity for CTAs, nor should
3 CTAs or their customers have to pay for excess Core Gas Supply backbone capacity.
4 CTAs should be permitted to manage their backbone capacity based upon their
5 customer portfolio.
- 6 • Core storage capacity reservation: CTAs should be able to select the storage
7 resources they need to match their portfolio, be it from PG&E or one or more 3rd
8 parties. PG&E’s Core Gas Supply should not hold storage capacity for CTAs, nor
9 should CTAs or their customers have to pay for excess Core Gas Supply storage
10 capacity.
- 11 • Core Pipeline Incentive Mechanism (“CPIM”): The Commission should either reject
12 PG&E’s proposal to allow changes to the CPIM formulae without public input or
13 condition its approval on certain refinements.
- 14 • Operational Issues: The Commission should direct PG&E to make certain operational
15 changes in how it communicates and does business with CTAs.

16 **Q: Your first two recommendations are similar to those you made in your testimony on**
17 **behalf of CTAC in Application (“A.”)13-06-011, PG&E’s Interstate Pipeline**
18 **Capacity Planning proceeding. Can you provide some context for this case in light**
19 **of A.13-06-011?**

20 A: Yes. The primary issues that I raise here are consistent with those that I raised in A.13-
21 06-011. In that proceeding, I testified that there is sufficient interstate pipeline capacity
22 serving California (and PG&E’s service area in particular) such that there would be very
23 minimal risk to reliability or core customers if CTA’s were permitted (or required) to

1 acquire their own border gas supplies. In this proceeding, the points I make are very
2 similar: CTAs should be allowed to conduct their own storage and backbone pipeline
3 capacity acquisition, and doing so would not lower the reliability of gas served to core
4 customers and would not impose stranded costs on the remaining bundled core
5 customers. While my arguments are similar in this proceeding, a negative outcome (from
6 CTAC's perspective) in A.13-06-011 does not mean that these arguments here can be
7 summarily dismissed.

8 **Q: In A.13-06-011 you and the other CTAC witness, Michael Rochman, discussed the**
9 **needs of core customers. Do all core customers require identical service?**

10 A: No. Decision ("D.") 95-07-048 clearly states:

11 This is not to say that all core customers are equally situated in their ability to take
12 advantage of competitive options. For some, there may be no cost savings. Others
13 may wish to remain with the utility for all gas services for reasons of convenience
14 or to be assured of the highest level of service. However, we are not convinced by
15 arguments that all core customers require the same level of utility service or that
16 all core customers should be required to purchase utility service. (p. 13)
17

18 CTAs service is fundamentally about providing alternatives to gas customers. As noted
19 by Michael Rochman, Managing Director of the School Project for Utility Rate
20 Reduction ("SPURR"), in his testimony on behalf of CTAC in A.13-06-011: "These
21 alternatives allow gas customers to select pricing structures and, more importantly, risk
22 management options that better reflect their pricing needs and risk tolerance levels."¹

23 I find that Mr. Rochman's observations are generally applicable here, too.

24 Although CTAs have winter deliverability and storage requirements which they must
25 meet, which I do not oppose, allowing CTAs flexibility in how they deliver gas to the

¹ A.13-06-011, Testimony Of Michael Rochman On Behalf Of The Core Transport Agent Consortium Concerning Pacific Gas & Electric Company's Core Gas Capacity Planning Range, November 20, 2013 ("Rochman Testimony"), page 2.

1 Citygate and how they contract with storage providers allows them to more precisely
2 meet the needs of California gas consumers than the one-size-fits all core procurement
3 offered by PG&E.

4 **Q: PG&E Core Gas Supply currently reserves firm backbone capacity on behalf of all**
5 **core load and assigns that capacity and the associated reservation costs to CTAs on**
6 **a pro rata basis. What are the implications for CTAs and their customers of this**
7 **policy?**

8 A: As noted by Michael Rochman in his testimony on behalf of CTAC in A.13-06-011:

9 “Having PG&E reserve firm interstate pipeline capacity for CTAs and allocating
10 that capacity and associated costs to CTAs effectively forces all CTAs into the
11 same business and risk management model as PG&E: hold 100% firm resources
12 for 100% of their customers, regardless of risk profile or business model. This
13 greatly limits the products and pricing options that CTAs can offer customers.
14 And given the current penetration of CTAs into the core market, many customers
15 clearly desire such options besides the 100% model.²
16

17 While this discussion was about interstate capacity, it is also applicable to backbone
18 pipeline and storage capacities, too. Assigning path-specific backbone capacity to CTAs
19 shoehorns them into procurement strategies that mirror PG&E Core Gas Supply’s, or
20 forces them to pay if they do not wish to do so.

21 **Q. Are your proposals in this proceeding dependent upon the outcome of A.13-06-011?**

22 A. No. As discussed above, there is some overlap in the rationale behind my proposals in
23 both of these proceedings. However, the issues presented in this proceeding related to
24 intrastate backbone capacity, storage, the CPIM and the various operational issues are
25 independent and separate from the issues presented in A.13-06-011 related to interstate

²A.13-06-011, Rochman Testimony, page 2.

1 capacity procurement. Accordingly, the recommendations I make in this proceeding are
2 not dependent upon the Commission's decision in A.13-06-011.

3 **II. EACH CTA SHOULD SPECIFY ITS OWN INTRASTATE**
4 **TRANSMISSION CAPACITY RESERVATION**

5 **Q. Should PG&E Core Gas Supply hold firm backbone (intrastate) pipeline for CTA-**
6 **served customers on its system?**

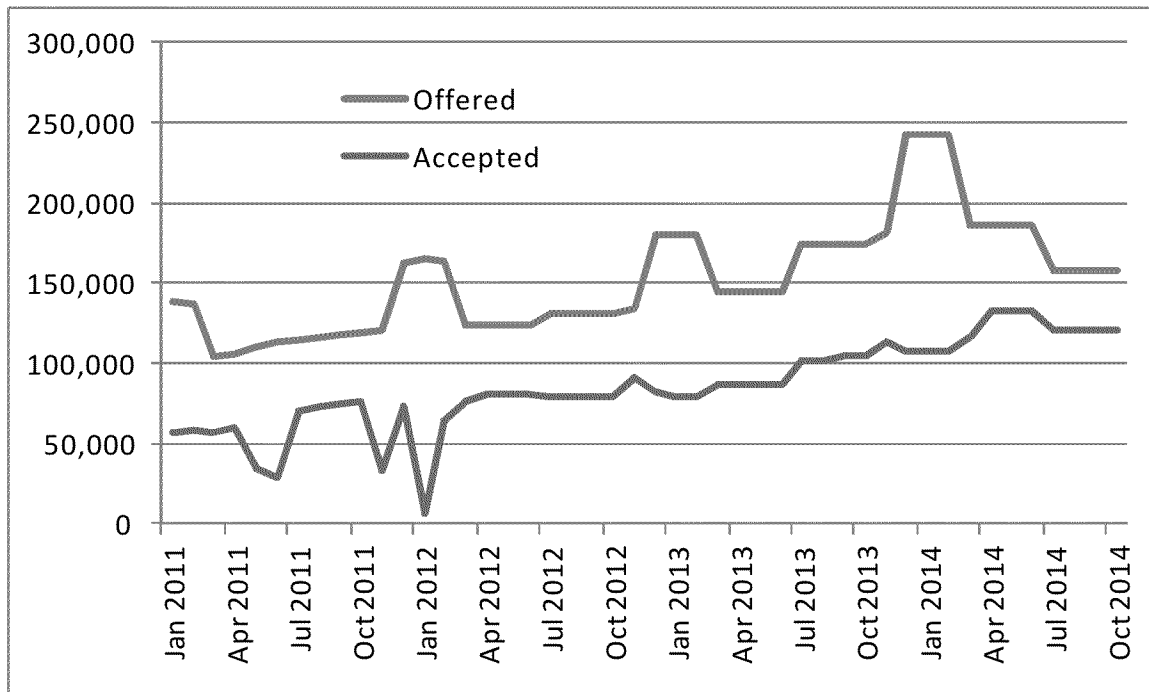
7 **A.** No. PG&E Core Gas Supply's firm intrastate pipeline capacity holdings and planning
8 should only include its bundled core load. As described herein, it is neither necessary for
9 reliability purposes nor economically sound to force PG&E Core Gas Supply to hold firm
10 backbone pipeline capacity to serve CTA load.

11 CTAs have been rejecting core backbone capacity allotments but still reliably
12 serving their customers. Figure 1 below shows the amount of backbone capacity offered
13 to and accepted by CTAs. As Figure 1 shows, CTAs have been rejecting from 25% to
14 40% of the offered backbone capacity with no ill operational effects (i.e., incurred no
15 more than one Operational Flow Order violations nor have any other operations actions
16 taken against CTAC members).³

³ A.13-06-011, First Set of Discovery and Data Requests of PG&E to CTAC, December 11, 2013, Response 21. Included as Attachment B.

1

Figure 1. Backbone Pipeline Capacity Offered to, and Accepted by, CTAs⁴



2

3

4 **Q: How does this create unneeded challenges for CTAs?**

5

6 A: Like with the case for interstate capacity, pro-rata assignation of intrastate pipeline
7 capacity and pipeline paths has the effect of forcing CTAs into the same procurement
8 structure as PG&E. Thus, if 35% of PG&E’s core portfolio is on the Baja path, then each
9 CTA’s backbone portfolio will have 35% of its intrastate capacity on the Baja path.
10 While it is true that CTAs can reject that assigned capacity, they may do so only on a
11 take-or-pay basis.⁵ Thus, this assignation simply adds to the cost and complexity of
12 CTAs doing business: before a CTA can implement the supply portfolio that best meets
13 the needs and desires of its customers, it must see how it overlaps with what it is assigned
14 by PG&E and deal with the mismatches.

⁴ Calculated from PG&E response to Data Request CTAC_002-Q01, A.13-12-012, July 7, 2014, Attachment 01.

⁵ Full take-or-pay responsibility is set to occur in March 2015. See PG&E Gas Schedule G-CT, Sheet 13.

1 Further, CTA's rejecting the Core Gas Supply's capacity allotment would not
2 result in CTAs avoiding paying for the use of backbone capacity. CTAs are responsible
3 for delivering gas to PG&E at the Citygate. Even if the CTA purchases gas at the
4 Citygate, that gas must be deliverable there, which implies that the CTA (or the
5 marketer(s) retained by the CTA) pays to get the gas from the border to the Citygate. The
6 bottom line is that one way or the other, the price a CTA pays for gas necessarily includes
7 the costs of moving that gas to the Citygate.

8 **A. CTAs Should Be Allowed to Manage Their Own Intrastate Capacity**

9 **Q: In light of the fact that the current methodology does not serve the CTAs or their**
10 **customers' needs, what do you recommend?**

11 **A:** I recommend that PG&E's Core Gas Supply be responsible for holding intrastate pipeline
12 capacity for only the bundled core customers. Each CTA in turn would be responsible
13 for meeting its winter firm capacity requirements. Any backbone capacity in excess of
14 what is required for PG&E Core Bundled Procurement would be offered to market
15 participants (including CTAs) at standard market rates. CTAs would not be required to
16 accept or pay for any excess capacity, and be fully responsible for insuring that their
17 procured gas can reach the Citygate.

18 In addition, each time the PG&E Core Gas Supply changes, or has an opportunity
19 to change, its backbone pipeline capacity, such as in a GT&S rate case like this one, the
20 CTAs should be allowed to participate in an "open season" whereby each could nominate
21 an amount of backbone pipeline capacity it wished to procure at the rate applicable to
22 Core Procurement Groups in Schedule G-AFT. This open season would occur within 90
23 days of the approval of the proceeding in which PG&E Core Gas supply changed (or

1 could have changed) its backbone allocation. No CTA could request more backbone
2 capacity than it would have received using the current pro-rata assignment methodology.
3 Each CTA would be responsible for the full amount nominated on a take-or-pay basis at
4 the Core Procurement Group Schedule G-AFT rate until the next open season.

5 **Q. How can the Commission be assured that CTAs will plan for and serve their**
6 **customers' gas needs?**

7 A. First, current PG&E tariffs specify CTA planning and gas delivery requirements, the gist
8 of which I do not propose changing. Second, the Commission should also remember that
9 each CTA is contractually obligated to serve their customers.

10 **Q. Which PG&E tariffs are you referring to here?**

11 A. There are a number of tariffs that state CTA planning and operating requirements. The
12 primary tariff is Gas Schedule G-CT, Core Gas Aggregation Service, which addresses the
13 Firm Winter Capacity Requirement and the Core Firm Storage Alternate Resources and
14 CTA Certification requirement. In addition, other operational tariffs and rules place
15 requirements on CTAs that help assure that they are able to reliably serve their
16 customers.⁶

17 **Q. Please summarize the Firm Winter Capacity requirements that CTAs must meet in**
18 **order to operate in PG&E's service territory?**

19 A. The PG&E tariff imposes, as a condition of the CTA providing gas aggregation services,
20 that CTAs must meet the Firm Winter Capacity Requirement. The Firm Winter Capacity
21 Requirement specifies that the "CTA contract for firm Backbone pipeline capacity or

⁶ E.g., Gas Schedule G-BAL, Gas Balancing Service for Intrastate Transportation Customers and Gas Rule 14, Capacity Allocation and Constraint of Natural Gas Service, address such operational issues as Operational Flow Order and Emergency Flow Order, and compliance and charges and Diversion of Customer Owned Gas compliance and charges.

1 firm PG&E storage capacity and withdrawal rights equal to the Group's [CTA's] pro rata
2 share of firm Backbone pipeline capacity PG&E has reserved for Core End-Use
3 customers."⁷

4 **Q. How can a CTA meet its Firm Winter Capacity Requirement?**

5 A. According to the PG&E tariff, a CTA has the ability to meet its Firm Winter Capacity
6 Requirement in any combination of the following:

- 7 1. Under the terms of Schedules G-SFT or G-AFT, contract with PG&E for
8 all or part of the CTA's path-specific proportionate share of firm
9 Backbone pipeline capacity PG&E has reserved for Core End-Use
10 Customers.
- 11 2. Contract with a party other than PG&E for guaranteed use of that party's
12 firm Backbone pipeline capacity or for guaranteed use of that party's firm
13 PG&E storage capacity and withdrawal rights in conjunction with Mission
14 Path capacity under Schedules G-AA or G-NAA.
- 15 3. Contract with PG&E for firm Backbone pipeline capacity or firm
16 storage capacity and withdrawal rights in conjunction with Mission Path
17 capacity under Schedules G-AA or G-NAA.⁸

18
19
20
21 Furthermore, capacity held to satisfy core firm storage requirements may not
22 simultaneously be used to satisfy the Firm Winter Capacity Requirement.

23 I note that once a CTA has proven itself reliable by meeting these criteria and has
24 complied with all Emergency Flow Order ("EFO") and has incurred no more than one
25 Low Inventory Operational Flow Order ("OFO") non-compliance event for a two-year
26 period, it need not demonstrate compliance with these criteria every year.⁹

27 **Q: Do you propose any changes to these requirements?**

28 A: Yes. The second and third options listed above for complying with the Firm Winter
29 Capacity Requirement specifies the use of PG&E firm storage capacity. I propose that the

⁷ PG&E, Gas Schedule G-CT, Core Gas Aggregation Service, Sheet 9.

⁸ *Ibid.*

⁹ *Ibid.*

1 use of third-party firm storage capacity should also be considered compliant with the
2 Firm Winter Capacity Requirement.

3 Second, I propose adding a fourth option for meeting the Firm Winter Capacity
4 Requirement:

- 5 4. Contract with a party other than PG&E demonstrating firm gas delivery to
6 the PG&E Citygate. This can be met by providing a letter from the firm gas
7 supplier guaranteeing Citygate delivery.

8 This option would provide the same reliability as the first three and allow CTAs greater
9 flexibility in meeting the requirement.

10 **B. CTAs Managing their Own Intrastate Capacity Will Not Impact Core**
11 **Reliability**

12
13 **Q: In A.13-06-011, PG&E raised the specter that pipeline capacity could be abandoned**
14 **removed from service, to the detriment of California gas consumers. Is there a risk**
15 **of that here?**

16 A: No. There is no danger of intrastate transmission being taken out of service to the
17 detriment of California gas consumers, as PG&E could not do so without express
18 Commission approval.

19 **Q: Is there a realistic possibility that if PG&E doesn't hold intrastate capacity on**
20 **behalf of CTAs, CTAs might not be able to get it?**

21 A: No. There is sufficient backbone pipeline capacity to serve load. Table 17A-1 in PG&E's
22 testimony shows that the projected 2015 backbone utilization rate to be 70.32% and
23 forecast to fall over two percentage points over the next two years to 68.18%. This is

1 supported by the 2012 California Gas Report, which showed approximately 1 Bcf/day of
2 excess intrastate pipeline capacity for the high demand case.¹⁰

3 Furthermore, PG&E's Core Gas Supply is requesting that it adjust its 1-Day-In-
4 10-Year Core Capacity Planning Standard ("Reliability Standard") to allow for 318
5 thousand dekatherms per day (MDth/d) of firm gas supply at PG&E's Citygate;¹¹ and that
6 "[i]n modifying the Reliability Standard, PG&E proposes to assume that 330 MDth/d of
7 reliable gas supply will be available at PG&E's Citygate for the purposes of calculating
8 compliance with the standard."¹² Thus, PG&E's own Core Gas Supply is recommending
9 that it be allowed to rely on Citygate supplies and not fully on firm backbone capacity for
10 meeting its Reliability Standard. If backbone capacity were not plentiful and readily
11 available, PG&E Core Gas Supply would not be requesting a reduction to its intrastate
12 pipeline capacities and replacing that reduction, for reliability compliance purposes, with
13 Citygate supply.¹³

14 PG&E further showed that the sum of pipeline and storage capacity (5,800
15 MMcf/Day) was still 1,000 MMcf/day greater than its Abnormal Peak Demand (4,800
16 MMcf/Day) and 1,588 MMcf/Day greater than its Cold Day sendout (4,212).¹⁴ Figure 2
17 graphically shows these differences.

¹⁰ 1 Bcf/day=7.6 Bcf/day minus approximately 6.5 Bcf/day (high case). Data from *2012 California Gas Report*, July 2012, pp. 8, 56, 57, 104, 105.

¹¹ A.13-12-012, Pacific Gas and Electric Company 2-15 Gas Transmission and Storage Rate Case Prepared Testimony, Volume 2, December 19, 2013 ("PG&E Testimony"), page 19-12

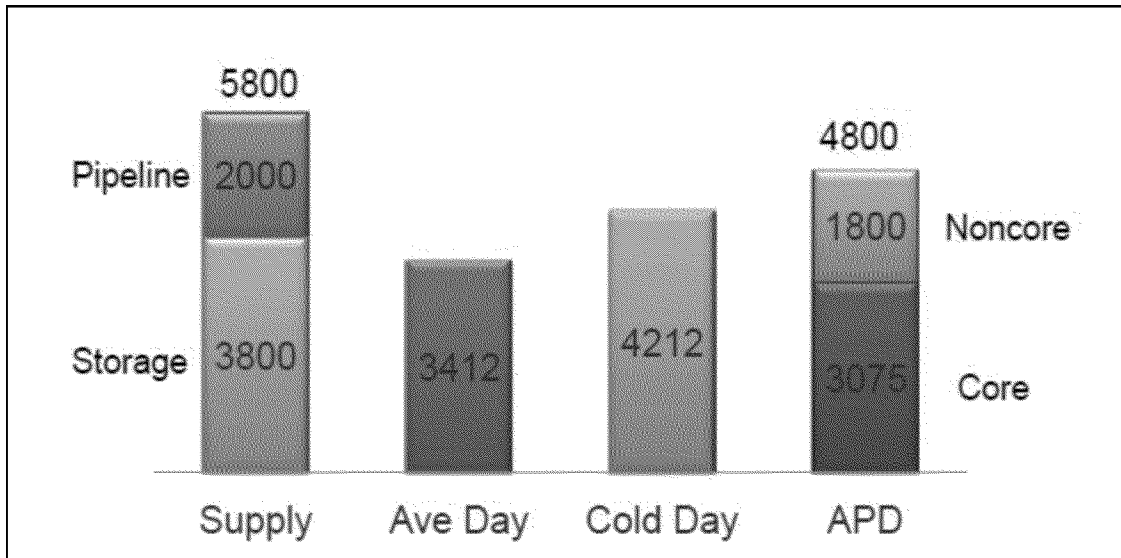
¹² PG&E Testimony, page 19-13

¹³ PG&E Testimony, page 19-2

¹⁴ "PG&E Gas Storage Overview for California Energy Commission," April 24, 2013, page 6.

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Figure 2. PG&E Gas Capacity - Requirement Balance (2013)¹⁵



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This peak-day sufficiency, coupled with projected flat gas demand growth in California through 2030,¹⁶ strongly supports my position that CTAs will be able to reliably access pipeline (and storage) capacity without harming reliability on PG&E’s gas system.

8

9

C. CTAs Managing Their Own Intrastate Capacity Will Not Create Stranded Costs

10

Q: Won’t having CTAs acquire and manage their own intrastate capacity create stranded costs for the remaining Core to bear?

11

12

A: No. As demonstrated in this proceeding, PG&E’s Core Gas Supply is free to adjust their backbone pipeline holdings to best suit their load. As shown in PG&E’s Table 19-1 (reproduced as Table 1 below), PG&E Core Gas Supply is proposing reducing its winter

13

14

¹⁵ “PG&E Gas Storage Overview for California Energy Commission,” April 24, 2013, page 6.

¹⁶ California Gas and Electric Utilities, *2012 California Gas Report*, July 2012, page 8.

1 backbone capacity by over 333,000 Dth/d (26%) and its summer backbone capacity by
2 nearly 170,000 Dth/d (18%).¹⁷

3 **Table 1. PG&E Core Intrastate Transmission Capacity Allocation Request**

Description	Dth/d		
	Existing	New	Change
Redwood Path Annual	608,766	605,088	(3,678)
Baja Path Annual	348,000	182,000	(166,000)
Baja Path Seasonal (New: November to March)	321,000	157,000	(164,000)
Total – November to March	1,277,766	944,088	(333,678)
Total – April to October	956,766	787,088	(169,678)

4
5
6 **Q: What is PG&E’s reasoning for reducing its backbone capacity allocation?**

7 A: PG&E states that the Core Gas Supply’s request is “consistent with both the interstate
8 capacity ranges proposed in PG&E’s Application to Set New Core Interstate Pipeline
9 Capacity Planning Range, Application 13-06-011 (Interstate Capacity Range
10 Application), and PG&E’s current core interstate capacity contracts.”¹⁸ Furthermore, as
11 noted above, PG&E Core Gas Supply is effectively replacing the winter capacity
12 reduction with Citygate supplies.¹⁹

13 **Q: What do you conclude from this?**

14 A: First, PG&E’s Core Gas Supply has the flexibility to select whatever backbone pipeline
15 capacity that it needs, without regard to stranded costs that may be created at the
16 corporate level. (This is appropriate, as PG&E’s core customers should not be saddled
17 with excess costs simply because their commodity provider is PG&E Core Gas Supply.)

18 This in turn means that in this case, no stranded costs would be created if PG&E Core

¹⁷ PG&E Testimony page 19-2

¹⁸ PG&E Testimony page 19-2

¹⁹ PG&E Testimony page 19-13

1 Gas Supply reduced its intrastate pipeline capacity requests even further so as to serve
2 only its bundled load and not the CTA-served load, too.

3 Second, the Core Gas Supply's backbone capacity allocation request is explicitly
4 predicated on its position in the Interstate Capacity Range Application. This application
5 has yet to be decided. CTAC vigorously challenged PG&E's interstate pipeline capacity
6 planning needs. If CTAC prevails and the Commission finds that PG&E Core Gas Supply
7 need not hold upstream interstate pipeline capacity on behalf of CTAs, then PG&E Core
8 Gas Supply's interstate holdings would similarly need to be adjusted downward. This,
9 too, would not create any stranded costs for the bundled core customers.

10 **Q: In the event that the Commission does not adopt your proposal concerning the**
11 **allocation of intrastate pipeline capacity for PG&E Core Gas Supply and CTAs,**
12 **what do you propose?**

13 A: In the event that the Commission does not find that my proposal sufficiently addresses
14 the stranded costs, then the Commission should direct that the take-or-pay pipeline
15 capacity amounts allocated to CTAs be phased out over three years, starting in 2016.
16 Given the phase-in period, plus the time between now and when the phase-in begins,
17 PG&E Core Gas Supply could take appropriate steps to reduce its exposure.

18 **Q: Please explain how the Commission can specifically address customers that exit**
19 **CTA service and move to PG&E's bundled core service prior to next GT&S rate**
20 **case.**

21 A: In A.13-06-011, various parties expressed concern that PG&E would be saddled with
22 extra costs if PG&E stopped reserving capacity for CTA customers and then such
23 customers reverted back to PG&E procurement service. A similar argument can be made

1 here with respect to intrastate capacity. In A.13-06-011, I suggested a way to address any
2 such concern might be by instituting a cross-over rate.²⁰ PG&E currently has tariff
3 language applicable to noncore customers requesting bundled core service²¹ that provides
4 insight as to how such a cross-over core customer may be treated. Noncore customers
5 requesting a reclassification from noncore service to core service (and taking
6 procurement service from PG&E) pay a “crossover” procurement rate, set forth in PG&E
7 Schedule G-CPX, Crossover Gas Procurement Service to Core Enduse Customers. The
8 Crossover charge equals the greater of the otherwise applicable core procurement rate or
9 the greater index rate for gas from Malin or Topok (including transport).

10 On the electric side, similar rules exist for customer who are taking direct access
11 service who elect to return to bundled utility service.²² These rules specify certain
12 waiting and notification periods as well certain circumstances under which a customer is
13 placed on Schedule TBCC. (Schedule TBCC is akin to the Crossover Gas Procurement
14 rate for those former direct access customers who return to bundled without providing the
15 required notification.)

16 **Q: Are you recommending that the Commission adopt the Crossover Rate for**
17 **customers who were being served by CTAs but who then elect to take bundled core**
18 **service?**

19 Q: I am not recommending at this time that the Commission adopt a specific crossover rate
20 and associated rules for CTA-served customers electing bundled core service. I do
21 recommend that if the Commission is particularly concerned with the hypothetical impact

²⁰ A.13-06-011, Testimony Of Mark Fulmer On Behalf Of The Core Transport Agent Consortium Concerning Pacific Gas & Electric Company’s Core Gas Capacity Planning Range, November 20, 2013, page 10.

²¹ PG&E, Gas Rule No. 12, Rates and Optional Rates, Sheet 4.

²² PG&E, Electric Rule No. 22, Section N, Sheets 54-59.

1 associated with CTA-served core customers returning to bundled core service then a
2 separate rulemaking should be instituted to create such a rate.

3 **Q. Are there regulatory or statutory requirements that help ensure that bundled core**
4 **customers are financially protected in the event that CTA-served customers are**
5 **involuntarily returned to bundled core service due to the failure of their CTA?**

6 A. Yes. California Senate Bill 656 (“SB 656”) signed into law on October 5, 2013, provides
7 a safeguard for PG&E with regard to any involuntarily returned core customers to
8 PG&E.²³ SB 656 enables PG&E’s core bundled customers to be unaffected by CTAs
9 involuntarily returning core aggregation customers to PG&E bundled sales service.

10 **III. EACH CTA SHOULD SPECIFY ITS OWN STORAGE CAPACITY**

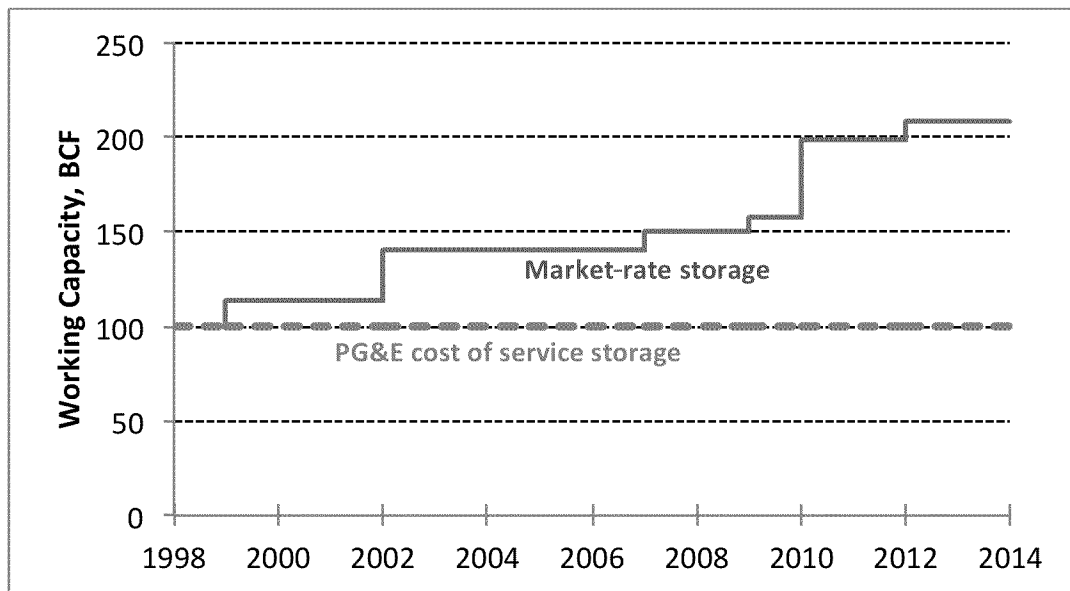
11 **Q. How has the amount of storage working gas changed in PG&E’s service area over**
12 **the past 15 years?**

13 A. As shown in Figure 3, over the past 15 years, PG&E’s territory has seen gas storage
14 capacity increase from roughly 100 Bcf in 1998 to the current working capacity of 208.3
15 Bcf.

16
²³ Section 983.5(d).

1

Figure 3. Gas Storage Working Capacity in PG&E Service Area



2

3 Over that same time period, the demand for gas in PG&E’s service area—both in total
4 and for the Core—has not discernibly increased (Figure 4).

5

6

Figure 4. PG&E Historic System and Core Loads²⁴



7

8

²⁴ California Gas and Electric Utilities, *2013 California Gas Report*, July 2012, page 25; and *2006 California Gas Report*, July 2007, pages 37-39.

1 **Q: PG&E holds ~33.5 BCF of working gas capacity for core customers, including both**
2 **bundled customers and those served by CTAs. Has that amount changed in light of**
3 **the changes in storage in California?**

4 A: No. This amount was set in 1996 in the first Gas Accord (D.97-09-035).²⁵ At the time,
5 PG&E was the only storage provider in northern California. This amount has simply
6 been carried over in every Gas Accord since then.²⁶

7 **A. CTAs Should Be Allowed to Manage Their Own Storage**

8 **Q: In light of the fact that the current methodology does not serve the CTAs or their**
9 **customers' needs, what do you recommend?**

10 A: Consistent with my recommendation concerning backbone pipeline capacity, I
11 recommend that CTAs be free to acquire needed storage from any storage provider, be it
12 PG&E or independent. Further, PG&E Core Gas Supply should not be required to hold
13 capacity on behalf of CTAs. Any storage capacity in excess of what is required for PG&E
14 Core Gas Supply would be offered to market participants (including CTAs) at standard
15 market rates. CTAs would not be required to accept or pay for any excess capacity.

16 **Q. Please describe the CTA Core Firm Storage Requirement.**

17 A. Gas Schedule G-CT, Core Gas Aggregation Service specifies how PG&E will calculate
18 each CTA's Initial Storage as well as the Minimum Storage Inventories that must be
19 maintained by the CTAs during the firm withdrawal period. This can be satisfied by
20 acceptance and use of PG&E storage or by Alternate Resources, such as "CPUC-

²⁵ PG&E Response to CTAC Data Request 001-Q02, June 9, 2014 (Attachment C).

²⁶ *Ibid.*

1 certified” storage providers (Lodi, Wild Goose, etc.), contracted firm backbone capacity
2 and associated contracted supply, or third-party peaking supply arrangements.²⁷

3 **Q: Do you recommend any changes to the Firm Storage Requirement in Schedule G-**
4 **CT?**

5 A: Yes. I believe that CTAs should not be required to meet firm storage requirements with
6 PG&E storage services; instead, they should be able to use any CPUC-certificated
7 storage service provider.

8 **Q: Why would a CTA want to reject the assigned storage capacity?**

9 A: First, PG&E’s core customers pay significantly more for storage services than its non-
10 core customers. This is because they are locked into a monopoly source: PG&E.

11 **Q: Is there any evidence that PG&E’s core storage is expensive?**

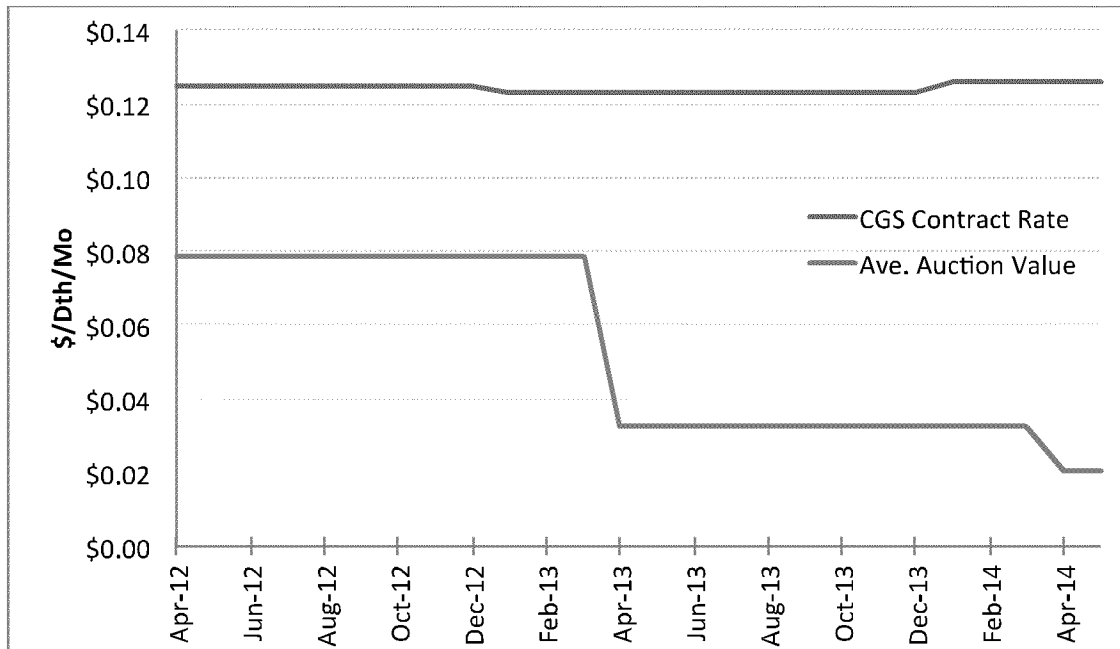
12 A: In response to a CTAC data request, PG&E provided the amount it receives from
13 auctioning off storage capacity that CTAs have rejected.²⁸ In 2012, PG&E received 63%
14 of the tariffed amount for the auctioned storage capacity. In 2013, PG&E received 26%
15 of the tariffed amount for the auctioned storage capacity, and in 2014, this percent has
16 decreased to 16%. This progression is shown graphically in Figure 5.

²⁷ PG&E, Gas Schedule G-CT, Core Gas Aggregation Service, Sheet 12.

²⁸ Calculated from PG&E response to Data Request CTAC_002-Q01, Attachment 01.

1
2

Figure 5. Capacity Rate for PG&E Core Storage
Versus Value of Released Storage



3
4

5 **Q: What does this mean?**

6 A: This means two things. First, it illustrates that the market prices paid for storage
7 provided by entities not under cost-of-service rates are much less than that what PG&E
8 charges its monopoly customer (i.e., the cost of service rate). If PG&E's core storage
9 tariffed rate were competitive, then the prices it receives for released capacity should be
10 comparable to the tariffed rate. But this is clearly not the case. This further begs the
11 question, what value is PG&E bringing to its core customers, both CTA-served and
12 bundled, with its costly storage?

13 Second, the primary reason that the market prices are so much lower is that the
14 demand for storage is actually much less than that reflected in the prices that PG&E
15 charges its monopoly customers. In other words, with the large amount of storage noted

1 earlier, PG&E's service area might not actually need all of the expensive storage PG&E
2 holds for its monopoly core customers.

3 **Q: Are there operational reasons that CTAs would prefer to use other storage**
4 **providers?**

5 A: Yes. PG&E Core Storage injection rates and cycling rules, especially for all but the
6 largest CTAs, can be restrictive compared to that offered by the independent storage
7 providers. Per Schedule G-CT, for a CTA whose storage capacity allotment is less than 1
8 million Dth, the mandated injection rate equals effectively a flat amount throughout the
9 injection season.²⁹ Wild Goose's tariff does not impose such a stringent protocol on
10 injection. For that matter, the storage injection rules for largest CTAs (those with
11 allocated storage of 1,000 MDth or more) are specified in Schedule G-FS, which, while
12 still limiting, provide some degree of flexibility, which is not available in Schedule G-
13 CT.

14 **Q: Schedule G-CT allows the CTA to fill its storage in time for winter. Why would this**
15 **lack of flexibility in injection rates matter?**

16 A: CTAs use the storage for other purposes beyond stocking up on gas for the winter.
17 Storage allows them to better manage their overall portfolio and maximize customer
18 value through various actions in the market (i.e., inject more when the gas price is lower,
19 less when it is higher, and hedge and arbitrage prices). The current rigid structure in
20 Schedule G-CT cannot allow for such actions.

²⁹ Specifically, Sheet 10 of Schedule G-CT says: "To determine each Group's allocation, PG&E will calculate the ratio of the Group's Winter Season Usage to PG&E's total core Winter Season forecast throughput, as adopted in PG&E's latest Cost Allocation Proceeding (CAP). This ratio, expressed as a percentage, will then be multiplied by the Annual Inventory above to determine the amount of inventory that will be allocated to the CTA. *For CTAs whose Allocated Storage inventory is up to 1,000 MDth, the percentage will also be applied to the Average Daily Injection and Average Daily Withdrawal to determine the daily injection and withdrawal limits.*" (Emphasis added)

1 **B. CTAs Managing Their Own Storage Capacity Will Not Impact Core**
2 **Reliability**

3 **Q: You recommend that each CTA should be able to craft its own storage portfolio**
4 **using PG&E storage and market storage. Will this negatively impact core**
5 **reliability?**

6 A: I don't believe that it will. First, I am not recommending any fundamental changes to the
7 storage requirements prescribed in Schedule G-CT: CTAs will still need to be able to
8 demonstrate they have the same fraction of storage in their portfolio as PG&E Core Gas
9 Supply has for its bundled customers.

10 Second, as I noted at the beginning of this section, storage resources available in
11 PG&E's service area have increased markedly over the past 16 years. Thus, it is less
12 likely that increases in bundled load would be at risk because PG&E Core Gas Supply
13 wasn't holding the prescribed amount of capacity (i.e., the amount that it thought it would
14 need at the beginning of the heating season).

15 Third, just as is the case for backbone pipeline capacity, there is no danger of
16 independent (or PG&E) storage being taken out of service without express Commission
17 approval.

18 Fourth, PG&E itself reported that "[t]here is ample storage capacity in Northern
19 California,"³⁰ and as noted earlier, that that the sum of pipeline and storage capacity in its
20 service areas is 1,000 MMcf/day greater than its Abnormal Peak Demand.³¹

³⁰ "PG&E Gas Storage Overview for California Energy Commission," April 24, 2013, page 9.

³¹ *Ibid*, page 6.

1 **C. CTAs Managing Their Own Storage Will Not Create Stranded Costs**

2 **Q: You've noted that PG&E Core Gas Supply hasn't changed its allocation of PG&E**
3 **cost of service storage since 1996. Is Core Gas Supply locked into this amount?**

4 A: I don't believe that it is. PG&E has simply reaffirmed the storage amount in each
5 successive GT&S case.³² Thus, even though they have not exercised it, PG&E's Core
6 Gas Supply has the flexibility to select the storage capacity that it needs (within the
7 physical constraints), without regard to stranded costs that may be created at the
8 corporate level. Again, like with backbone pipeline capacity, this is appropriate as
9 PG&E's core customers should not be saddled with excess costs simply because their
10 commodity provider is PG&E Core Gas Supply.

11 Therefore, like with the backbone capacity, I believe that PG&E Core Gas Supply
12 should be able to select what amount of storage is required to serve its bundled core
13 needs without creating stranded costs for CTA-served core customers.

14 **Q: In the event that the Commission does not adopt your proposal concerning how**
15 **CTA's can meet their storage requirements, what do propose?**

16 A: In the event that the Commission does not find that my proposal sufficiently addresses
17 the stranded costs, then the Commission should direct that the take-or-pay storage
18 capacity amounts allocated to CTAs be phased out over three years, starting in 2016.
19 Given the phase-in period plus the time between now and when the phase-in begins,
20 PG&E Core Gas Supply could take appropriate steps, such as not refurbishing
21 underperforming storage wells or otherwise retiring costly and/or underutilized storage
22 assets, so to reduce or eliminate any potential stranded cost.

³² PG&E Response to CTAC Data Request 001-Q02, June 9, 2014. (Included as Attachment C).

1 **Q: When addressing stranded costs for backbone capacity, you referred to the**
2 **protections provide by SB 656 as well as the ability of a crossover rate to provide**
3 **core bundled customer protections against stranded costs. Are those protections**
4 **applicable to stranded storage costs, too?**

5 A: Yes.

6 **IV. THE COMMISSION SHOULD REJECT PG&E’S PROPOSAL TO**
7 **ALLOW CHANGES TO THE CORE PROCUREMENT INCENTIVE**
8 **MECHANISM WITHOUT PUBLIC REVIEW AND COMMENT**

9 **Q: What is the Core Procurement Incentive Mechanism (“CPIM”)?**

10 A: The CPIM is an incentive-based mechanism that is designed to provide “PG&E with a
11 direct financial incentive to procure and manage gas supplies and transportation at the
12 lowest reasonable cost by calculating shareholder award or penalties through comparison
13 of total gas costs to a market-based composite benchmark.”³³ If core supply and
14 transportation costs are below the benchmark minus a “Tolerance Band,” then PG&E
15 shareholders receive 20 percent of the amount below the lower limit of the Tolerance
16 Band.³⁴

17 **Q: PG&E is proposing a number of changes to the CPIM. Please summarize PG&E’s**
18 **proposal.**

19 A: Per Chapter 19 of PG&E’s testimony, PG&E would:

³³ PG&E, “Core Procurement Incentive Mechanism (CPIM) Application 96-08-043,” May 17, 2013, (“PG&E CPIM Report”), page 2.

³⁴ PG&E CPIM Report, page 1.

- 1 • **Change the monthly Citygate index.** PG&E Core Gas Supply is proposing to add a
2 monthly index component at PG&E’s Citygate to “reflect the volume of actual 30-day
3 baseload purchases” PG&E Core Gas Supply makes at the Citygate.³⁵
- 4 • **Reflect PG&E’s new capacity holdings:** Elsewhere in Chapter 19, PG&E Core Gas
5 Supply is requesting to reduce its Baja Path capacity holdings. The reduced Baja Path
6 capacity holding would need to be reflected in the CPIM calculations.
- 7 • **Adjustments to the CPIM Benchmarks.** PG&E Core Gas Supply is proposing that
8 changes to the CPIM benchmarks, including “the method of calculating the
9 benchmark load, the setting of the benchmark sequence, the items to be included in
10 the calculation of the capacity demand charges benchmark, and the determination of
11 benchmark gas index pricing,” be made upon simple agreement between PG&E and
12 ORA.³⁶ These changes would be made public in the first CPIM Annual Report to
13 which they apply.

14 **Q: Does CTAC have any concerns about any of these changes?**

15 A: Yes. CTAC is concerned with the last of PG&E’s proposals that would allow it to change
16 the CPIM benchmarks with only the acquiescence of ORA. In instances that do not
17 materially affect the CPIM outcomes, such as if a relied-upon index changes its name,
18 such an un-reviewed adjustment to the CPIM could be reasonable. However, this
19 proposal is significantly broader than a mechanism to implement the “minor changes”
20 that PG&E is proposing.³⁷ There is no limit as to the changes to the benchmark allowable
21 in these un-reviewed agreements. While ORA is qualified and well positioned to review

³⁵ PG&E Testimony, page 19-15.

³⁶ *Ibid.*

³⁷ *Ibid.*

1 proposed changes to the CPIM, other parties, let alone the Commission, also have an
2 interest in how PG&E is compensated via the CPIM. These parties, including CTAC and
3 its members, would not even be aware of the changes until the next CPIM Annual Report
4 and would have no opportunity to review, comment or oppose these changes.

5 **Q: What are your recommendations concerning the CPIM?**

6 A: Parties such as CTAC should retain the ability to review and address non-trivial potential
7 changes in the CPIM prior to their implementation. Thus, PGE's overly-broad request to
8 be able to change the benchmarks in the CPIM with only ORA approval should either be
9 rejected or more narrowly and specifically defined.

10 **V. MISCELLANEOUS OPERATIONAL ISSUES**

11 **Q: What issues does this section of your testimony address?**

12 A: This section addresses operational issues that impact how core transport agents do
13 business with PG&E.

14 **A. Consolidated Billing Issues**

15 **Q: What is Consolidated Billing?**

16 A: Consolidated Billing is an optional service provided by PG&E whereby a CTA provides
17 PG&E either the amount to charge a CTA customer or a rate (e.g., dollar per therm) that
18 PG&E uses to calculate the CTA charges. PG&E then bills the CTA's customer on
19 behalf of the CTA, collects charges for the CTA-provided gas on behalf of the CTA, and
20 electronically transmits that payment to the CTA. The precise description of
21 Consolidated Billing can be found in Gas Rule 23, Section C.1.c.

22 **Q: What type of issues does CTAC have concerning consolidated billing?**

1 A: As described below, in general I would characterize most of the consolidated billing
2 issues as unfair payment protocols used by PG&E that lack effective communication.

3 **1. PG&E Must Make Timely Customer Payments to CTAs**

4 **Q: Please summarize the issue that CTAC has with PG&E's payments to CTAs for**
5 **customer with consolidated billing.**

6 A: CTAs have found that PG&E does not consistently release timely customer payments to
7 suppliers even though PG&E has received payment from the customer. Specifically,
8 CTAs are discovering that as they decide to turn the supposedly delinquent accounts back
9 to default service, customers are calling saying they are not delinquent.

10 **Q: What are the current rules on remission of payments to CTAs?**

11 A: Rule 23, Section C.1.c.4, "Payment and Collection Terms," states the rules of remission
12 when PG&E is conducting Consolidated Billing on behalf of the CTA. It specifies that
13 PG&E must remit payment to the CTA the latter of: "17 days after the bill was rendered
14 to the Customer or the next business day after the payment is received."³⁸

15 **Q: How does PG&E explain the payment lapses identified by CTAs?**

16 A: In response to discovery, PG&E states:

17 PG&E does acknowledge that there are times where some funds may not be
18 released in full at the time of customer payment, but this is in limited specific
19 situations such as when there are Commission-mandated credits applied to the
20 customer's account, or where certain combinations of rate schedule/customer (i.e.
21 master metered accounts, CARE, rebating/rebilling) exist which result in monthly
22 credits, and other unique situations. If a situation exists where a reallocation of
23 customer payments can be made to resolve the issue, the issue is addressed
24 immediately by PG&E.³⁹
25

³⁸ PG&E Gas Rule No. 23, Sheet 13, Section C.1.c.4.a.

³⁹ PG&E Response to CTAC Data Request 022-05Supp01, July 16, 2014, part a. Provided as Attachment D.

1 Furthermore, PG&E reports that payments can be delayed due to “schedule system
2 maintenance.”⁴⁰ PG&E reports that in these instances, affected CTAs are notified in
3 advance.

4 **Q: Have CTAs experienced specific issues when there are credits or other adjustments
5 to a CTA-served customer’s bill?**

6 A: Yes. My understanding is that when a gas- or electric-service credit or refund is provided
7 on a customer bill, such as the recent Climate Credit, a portion of that credit is applied to
8 CTA commodity charges, thus reducing the amount remitted to the CTA.⁴¹ While the
9 CTA is eventually made whole, CTAs have found that the process can take months
10 (rather than simply the next billing cycle, as PG&E stated in response to discovery).

11 Furthermore, in the event that a CTA-served customer using PG&E Consolidated
12 Billing is mistakenly under-billed for PG&E service, be it gas or electric, PG&E’s
13 practice is to take funds that are paid by the customer for the CTA balance and apply
14 such funds to the PG&E bill to make up the difference for the mistakenly under-billed
15 electricity service. CTAs are not paid the amounts they are owed until the customer is re-
16 billed and pays the incremental corrected electricity charge.

17 This practice improperly requires CTAs to bear the adverse consequences of
18 PG&E’s billing mistakes. Moreover, PG&E does not inform CTAs that it made an error
19 and reallocated CTA funds to the customer’s PG&E service. Thus, such customers
20 appear to CTAs to be in arrears, which could result in CTAs erroneously dunning such
21 customers.

22 **Q: What do you recommend?**

⁴⁰ PG&E Response to CTAC Data Request 002-Q05Supp01, July 16, 2014, part b. Provided as Attachment D.

⁴¹ PG&E Response to CTAC Data Request 005-Q13. August 4, 2014. Provided as Attachment E.

1 A: The remittance timing laid out Gas Rule 23, Section C.1.c.4 is reasonable. However, this
2 Rule should be amended to address the situations that I have described. Thus, in addition
3 to receiving the payment due in that time frame, the Rule should be modified to specify
4 that in any instance that PG&E cannot remit payment, it must also inform the CTA that it
5 cannot do so and provide the CTA an explanation by the time the next bill is created.

6 Furthermore, any billing adjustments due to Commission-ordered credits or
7 PG&E billing errors should be addressed solely within the PG&E portion of the bill.
8 There is no reason to adjust the amount remitted to CTAs for such credits or error
9 corrections.

10 2. Customer Disconnections

11 **Q: Please summarize the issue that CTAC has with PG&E's disconnections of**
12 **customers on consolidated billing.**

13 **A:** In cases where a residential customer is at risk of disconnection, PG&E's current
14 payment hierarchy calls for partial payments to be applied to the outstanding distribution
15 charges first, with any remaining payment balances applied to the CTAs outstanding
16 balance.⁴² In the event a customer pays only that amount equal to the outstanding
17 distribution balances, or an amount sufficient to be reconnected, the CTA's balance
18 remains delinquent; however the consumer continues to be provided service. This
19 practice is inequitable to CTAs because delinquent customers can continue to receive
20 service from PG&E (and perhaps even another CTA) without paying their original unpaid
21 CTA invoice.

22 **Q: What do you recommend?**

⁴² PG&E, Gas Rule No. 11.

1 **A:** Gas Rules 23 and 11 should be amended to require that any time partial payments are
2 received by PG&E from CTA served customers using PG&E Consolidated Billing, the
3 funds received should be apportioned between the utility and the CTA based on the
4 percentage of PG&E charges and CTA charges outstanding in relation to the total amount
5 outstanding. Remember that PG&E is acting as a collections agent for the CTA, who has
6 a contract in place with the customer that specifies payment terms.

7 **3. Reversed Customer Issues**

8 **Q: Please summarize the issue that CTAC has with PG&E's treatment of reversed**
9 **customer accounts.**

10 **A:** It is my understanding that in the event a CTA-served customer using PG&E
11 Consolidated Billing is reversed (i.e., the responsibility for collecting the CTA's balance
12 is given to the CTA), PG&E's practice is to immediately cease forwarding payments to
13 CTAs that are received by that customer. Any payments PG&E receives from that
14 customer for CTA charges are returned to that customer.⁴³ Additionally, PG&E fails to
15 reverse customers after a customer switches to a new CTA or PG&E bundled service and
16 continues to carry any balance owing to the CTA until the PG&E account is closed,
17 thereby preventing the CTA from initiating timely collection efforts against delinquent
18 customers. This lack of timeliness lessens the probability that the CTA will ultimately be
19 able to collect the amount due from a delinquent customer.

20 **Q: What do you recommend?**

21 **A:** PG&E should be required to keep an accounting of all "reversed" amounts owed to
22 CTAs, even if they are no longer actively collecting on their behalf. Any payments

⁴³ PG&E Response to CTAC Data Request 002-Q05Supp01, July 16, 2014, part d. Provided as Attachment D.

1 received on those accounts by PG&E should be held for CTAs to claim, or be remitted to
2 the appropriate CTA. This would allow the CTA with the reversed customer to not only
3 receive its payment in a more timely fashion but also reduce customer confusion that
4 might be associated with PG&E returning money (the entity they have always paid) while
5 at the same time being contacted for payment by the CTA.

6 4. Consolidated Billing Payment Coordination Issues

7 **Q: What is a negotiated payment plan?**

8 A: Under Gas Rule 11, Section D.1, residential customers have a number of options to
9 address circumstances where they are not able to pay their gas bills. These include an
10 Amortization Agreement, whereby the amount in arrears is paid over a period not more
11 than 12 months (while also paying subsequent bills); an Extension Agreement, whereby
12 the customer agrees to pay the amount in arrears by a certain date; or the Commission's
13 Consumer Affairs Branch may mediate an agreement between the customer and PG&E.⁴⁴
14 Collectively, I am referring to these as negotiated payment plans.

15 **Q: Please summarize the issue that CTAC has with CTA customers on consolidated**
16 **billing on a PG&E's negotiated payment plans.**

17 A: PG&E does not share with a CTA when a customer is paying negotiated payments. Thus,
18 the CTA does not know that customer is attempting to make good on his debt; only that
19 the CTA is not being reimbursed the amount owed on each billing cycle. This is also true
20 of any time a CTA-served customer makes a partial payment: PG&E does not share with
21 a CTA when a customer has made a partial payment.

22 **Q: Why is this harmful?**

⁴⁴ PG&E, Gas Rule No. 11, Sections D.1 a, b and c., Sheets 3-6.

1 A: This obviously creates uncertainty for the CTA, as it is not clear when it is not fully
2 reimbursed by PG&E if there is an error in the CTA's or PG&E's billing system or if the
3 customer simply did not remit the full amount due. It can also result in customer
4 confusion and inconvenience. If a CTA is not paid for the gas it provides to a customer
5 and PG&E won't say why the CTA is not being paid, the only choice the CTA has is to
6 contact the customer (or in the most extreme case, return the customer involuntarily to
7 PG&E). The customer has already worked out a payment plan, and could be confused or
8 alarmed by the CTA contacting him. Further, such contact does not make for a positive
9 customer experience from the perspective of the CTA-customer relationship nor for the
10 customer-PG&E relationship. CTAC Witness Cusati provides some examples of
11 problems customers have experienced when their CTAs are not aware of PG&E's billing
12 arrangements.

13 This confusion and alarm can be averted by PG&E simply informing the CTA for
14 whom it is functioning as a billing agent about the payment terms PG&E has reached
15 with the CTA's customer. Of course if it were a PG&E bundled core customer, then this
16 confusion would not occur, as the customer care department would automatically inform
17 billing about the payment arrangement.

18 **Q: You have noted that when a CTA-served customer makes a payment that does not**
19 **equal the full amount of the bill, PG&E does not inform the CTA. Why doesn't**
20 **PG&E simply tell the CTA that the customer in question has arranged negotiated**
21 **payment plan or has made a partial payment?**

1 A: In response to discovery, PG&E cites to gas Rule 9.M saying that it provides notification
2 that a customers is on a negotiated Pay Plan “only with the written consent of the
3 customer.”⁴⁵

4 **Q: What is Gas Rule 9.M?**

5 A: Gas Rule 9.M addresses the “privacy of customer information.” In general, it specifies
6 that PG&E cannot release confidential information to a third party without customer
7 consent.⁴⁶ The exception to this general principle is if the release is required by
8 “regulatory, legislative or court order.”⁴⁷

9 **Q: Do you agree with PG&E that this Rule prohibits PG&E from sharing payment**
10 **data with CTAs?**

11 A: No. First it is not clear that a CTA should be seen in this context as a “third party” from
12 whom data should be shielded. PG&E obviously assumes that it is. However the CTA
13 has a contractual relationship with the customer as well as a relationship with PG&E as
14 its billing agent. These interlocking relationships hinge on proper communication of
15 usage, rates, charges and payments among the three parties. PG&E’s excessively
16 conservative interpretation of Rule 9M thwarts these relationships: the CTA-customer
17 relationship is thwarted by PG&E’s restriction of billing information while the PG&E is
18 not living up to what I see as its obligations as a billing agent by withholding billing
19 information from its client (the CTA).

⁴⁵ PG&E Response to Data Request CTAC_022-05Supp01, parts e and f. Included as Attachment D.

⁴⁶ PG&E Gas Rule No. 9, Sheet 7.

⁴⁷ *Ibid.*

1 Even if the CTA is lumped into “third parties” in this rule, the last phrase of the
2 Rule clearly states that the Commission has the authority to direct PG&E to provide a
3 CTA with information concerning a customer’s billing-plan status.

4 The bottom line with respect to confidentiality is that a customer’s data must be
5 protected **by** their CTA, not **from** their CTA.

6 **Q: What does Senate Bill 656 say concerning the protection of customer data by CTAs?**

7 A: SB 656 included a number of requirements on CTAs, including the creation of Public
8 Utilities Code section 985 (a), which specifies that CTAs must keep customer
9 information confidential without the customer’s written consent.⁴⁸ This places the CTAs
10 under the same legislative obligation as PG&E with respect to protecting customer
11 confidentiality.

12 **Q: What do you recommend?**

13 A: I note that the form signed by customers entering into Core Aggregation Service
14 (Attachment A to the Request for Gas Aggregation Service: Customer Authorization for
15 Core Gas Aggregation Service, referred hereafter as “Attachment A”) includes language
16 that can be read to already authorize PG&E to provide a customer’s CTA the billing
17 information. Specifically, Attachment A includes: “PG&E May provide my CTA with an
18 information-only statement of my PG&E charges.” This language, coupled with the
19 CTA-customer relationship plus the confidentiality provisions placed on CTAs by SB
20 656 provide the Commission and PG&E with appropriate assurance that CTAs will

⁴⁸ Section 985 of SB 656 states: “Rules that implement the following minimum standards shall be adopted by the commission for core transport agents offering gas services to core gas customers and the governing body of a public agency offering gas services to core gas customers within its jurisdiction:

(a) Confidentiality. Customer information shall be confidential unless the customer consents in writing. This shall encompass confidentiality of customer-specific billing, credit, or usage information.”

1 appropriately protect customer billing information. As such, PG&E should be directed to
2 provide full billing data to a customer's CTA.

3 If the Commission does not believe that this affirmative statement authorizing
4 PG&E to provide the CTA billing data is sufficient for PG&E to provide the billing data
5 being discussed here (i.e., if the customer is in a negotiated payment plan or are in some
6 way in arrears), then I recommend that the Commission direct PG&E to build into
7 Attachment A explicit customer approval to allow PG&E to share partial payment and
8 negotiated billing status and details with the CTA.

9 Second, PG&E should be directed to automatically notify the CTA if a customer
10 has made a partial payment or has entered into a negotiated repayment plan.

11 Alternatively, PG&E should provide information concerning customer payments and
12 delinquencies to CTAs within one business day of a receipt of a request for such
13 information from CTAs. Such information should include documentation showing when
14 payments are made on a customer account, details surrounding PG&E's application of
15 such funds, and an accounting of any unapplied cash.

16 Last, CTAs should be given the right, upon reasonable advance notice, to audit
17 PG&E's books and records in connection with customer payment information. Included
18 in this right, CTAs should be able to request documentation from PG&E to verify the
19 date cash was received on a customer account and review details of the associated
20 application. In addition, PG&E should be required to report their unapplied cash, and
21 allow CTAs to prove claims over those funds.

1 **B. Persistent Problem with Electronic Data Interchange (“EDI”)**
2 **Payments Must Be Remedied**

3 **Q: What issues does CTAC have concerning EDI payments?**

4 A: One CTAC member reported that a persistent error in the EDI payment detail file that
5 PG&E sends to CTAs financial institutions which causes a formatting issue with the file.
6 The CTAs is forced to use a lengthy work around to post the payments each day.

7 According to the CTA, PG&E has acknowledged there is a problem and that other
8 suppliers are affected. However, PG&E has provided no completion date for the fix and
9 they advised the CTA to use a work around indefinitely. This workaround is labor
10 intensive and unnecessary. In response to discovery, PG&E said:

11 The program used to process payments to all third party vendors is owned by
12 SAP. PG&E is looking into the issue and determining how to correct it. To
13 PG&E’s knowledge, the error in the EDI payment detail file does not in any way
14 affect the timely and accurate delivery of customer payment of CTA charges to
15 the CTAs.⁴⁹

16
17 **Q: What do you recommend?**

18 A: PG&E should be directed to implement a timely and permanent fix to this the formatting
19 issue as soon as practical. This fix would reduce costs and increase efficiencies for all
20 parties.

21 **C. PG&E Pipeline Allocation Report**

22 **Q: What are the PG&E Pipeline Allocation Reports?**

23 A: Pursuant Decision 11-04-031, PG&E provides each CTA three times a year a report that
24 presents the CTA’s January throughput, the fraction of overall Core load the CTA’s load

⁴⁹ PG&E Response to CTAC Data Request 005-Q14, August 7, 2014. (Included as Attachment F).

1 represents, PG&E Core Gas Supply's capacity on each pipeline, and the amount of
2 capacity on each pipeline that is offered to the CTA.⁵⁰ This is referred to in the CTA
3 community as the PG&E Pipeline Allocation Report ("Report"). Each CTA uses the
4 Report to determine how much pipeline and storage capacity it wishes to accept from
5 PG&E Core Gas Supply and now it will structure its overall supply portfolio.

6 **Q: What are CTAC's concerns with the Report?**

7 A: CTAC has two concerns. First, the Report is currently provided three times a year.
8 Given that each CTA must make decisions concerning how to structure its pipeline and
9 storage arrangements, it would be more helpful if the Report was provided concurrent
10 with when the CTAs had to inform PG&E as to how much PG&E Core Gas Supply
11 pipeline and storage capacity they will be accepting. Since these decisions are made more
12 frequently than the Report is provided, the information the CTA is relying upon to make
13 the decision may not be current or accurate. Second, CTAs sometimes wish to verify the
14 amount that PG&E reports for its January throughput. This value is important as the
15 pipeline and storage offerings are based on the amount of January throughput relative to
16 the Core's January throughput.

17 **Q: What do you recommend?**

18 A: First, I recommend that PG&E provide CTAs the Pipeline Allocation Report coincident
19 to when the CTAs must specify capacities, be it intrastate pipeline, interstate pipeline or
20 storage. The report should have enough information so that each CTA could validate its
21 allocation. This allows the CTA to make informed decisions as to the pipeline and
22 storage capacities it accepts or turns back.

⁵⁰ PG&E Core Gas Aggregation Service Agreement, Form 79-845-Attachment C.

1 Furthermore, CTAs should be able to acquire the detailed historical customer
2 usage data PG&E uses to allocate the pipeline capacity. This would allow a CTA to better
3 understand and validate the January throughput that PG&E reports for the CTA. This
4 need not be provided with the Pipeline Allocation Report, but be provided in a timely
5 fashion by PG&E upon request of the CTA.

6 **D. Core Gas Load Forecast Model**

7 **Q: PG&E proposes adjustments to the Core Load Forecast Model (“CLFM”). What is**
8 **the CLFM used for?**

9 A: The output of the CLFM is used to determine the daily sendout requirements of both
10 PG&E Core Gas Supply and each CTA.

11 **Q: What adjustments are PG&E proposing to make to the CLFM?**

12 A: PG&E states “The CLFM will be modified to use an average of 24 hourly temperature
13 forecasts, one for each hour in the gas day, rather than a simple average of the forecast
14 daily high and low.”⁵¹ It further notes that “Transitioning from a simple high-low average
15 to one composed of 24 separate data points should lead to increased forecast accuracy.”⁵²

16 **Q: Does CTAC support these adjustments?**

17 A: CTAC supports improvements to the CLFM. However, given the implications of changes
18 to the CLFM for CTAs’ gas purchasing and load balancing activities, as the model
19 improvements are implemented CTAs would like an opportunity to review and comment
20 upon the work. This could include (a) a detailed list of all meters used to derive the
21 forecast for each CTA; (b) the monthly historic aggregate usage for each CTA; and (c)

⁵¹ PG&E Testimony, page 10-43

⁵² *Ibid.*

1 any weather modification factors it will apply to that load for the current and future
2 month(s).

3 **E. Smart Meter Data**

4 **Q: What are CTAC’s concerns about accessing data from their customers’
5 SmartMeters?**

6 A: When PG&E initially rolled out its SmartMeters, CTAs were told by PG&E that they
7 would have access to the detailed usage data generated by the SmartMeters via “EDI
8 867” files.⁵³ When asked in discovery about potential future access to more detailed
9 (daily) usage data, PG&E responded that it “currently does not have plans approved for
10 disclosing to CTAs daily gas consumption by CTA customers.”⁵⁴ It further noted that it
11 has “not decided” what data to would be available to CTAs.⁵⁵

12 **Q: What do you recommend?**

13 A: PG&E is gathering immense amounts of valuable data about CTAs’ customers’ usage. It
14 is unreasonable for PG&E not to provide this data to the CTAs. Specifically, each CTA
15 should be allowed to access any single customer’s daily consumption data as well as the
16 consumption data of its customers in aggregate.

17 **Q: Does this conclude your testimony?**

18 A: Yes.

⁵³ Personal communication with Michael Rochman, Executive Director of SPURR.

⁵⁴ PG&E response to CTAC Data Request 005-Q07, August 7, 2014. (Included as Attachment G)

⁵⁵ *Ibid.*

Table of Attachments

Attachment A: Qualifications of Mark Fulmer

Attachment B: First Set of Discovery and Data Requests of Pacific Gas and Electric Company to the Core Transport Agent Consortium, A.13 -06-011, December 11, 2013, Response 21

Attachment C: PG&E Response to CTAC Data Request 001-Q02, June 9, 2014

Attachment D: PG&E Response to CTAC Data Request 002-05Supp01, July 16, 2014

Attachment E: PG&E Response to CTAC Data Request 005-Q13, August 4, 2014

Attachment F: PG&E Response to CTAC Data Request 005-014, August 7, 2014

Attachment G: PG&E Response to CTAC Data Request 005-Q07, August 7, 2014

Attachment A: Qualifications of Mark Fulmer

MARK E. FULMER

PROFESSIONAL EXPERIENCE

Principal
MRW & Associates, LLC
(1999 - Present)

Conduct economic and technical studies in support of clients involved in regulatory and legislative proceedings and power project development. Advise clients on the economic issues associated with taking electricity service from non-utility sources or self-generating power. Work includes expert testimony on rate matters; economic analysis of end-use energy-efficiency projects, retail rate and wholesale price forecasting, and pro forma analysis of cogeneration and distributed generation facilities.

Project Engineer
Daniel, Mann, Johnson & Mendenhall
(1996 - 1999)

Acted as project manager and technical advisor on energy efficiency projects. Work included management of PG&E program to promote innovative energy efficient technologies for large electricity users. Coordinated the implementation of an intranet-based energy efficiency library. Directed technical and market analyses of small commercial and residential emerging technologies.

Associate
Tellus Institute
(1990-1996)

Advised public utility commissions in five states on electric and gas industry deregulation issues. Submitted testimony on the rate design of a natural gas utility to the Pennsylvania Public Utilities Commission. Testified before the Hawaii PUC on behalf of a gas distribution utility concerning a competing electric utility's demand-side management plan. Analyzed national energy policies for a set of non-governmental agencies, including critiquing the DOE's national energy forecasting model. Developed model to track transportation energy use and emissions and used the model to evaluate state-level transportation policies. Developed model to track greenhouse gas emission reductions resulting from state-level carbon taxes.

Research Assistant
Center for Energy and Environmental Studies, Princeton University
(1988-1990)

Researched the technical and economic viability of gas turbine cogeneration using biomass in the cane sugar and alcohol industries. First researcher to apply "pinch" analysis and a mixed-integer linear programming model to minimize energy use in cane sugar refineries and alcohol distilleries.

EDUCATION

M.S.E., Mechanical and Aerospace Engineering, Princeton University, 1991
B.S., Mechanical Engineering, University of California, Irvine, 1986

SELECTED PUBLICATIONS

1. A Technical and Economic Assessment of the Co-Production of Electricity and Alcohol From Sugar Cane. Presented at the *International Engineering Conference on Energy Conversion (IECEC-90)*. American Institute of Chemical Engineers. New York, NY. August 1990. Principal author and presenter.
2. Cogeneration Applications of Biomass Gasifier/Gas Turbine Technologies in the Cane Sugar and Alcohol Industries. Proceedings, *Energy and Environment in the 21st Century*, MIT Press. Cambridge, Massachusetts. 1991. Co-author.
3. The Environmental Impacts of Demand-Side Management. Electric Power Research Institute report TR-101673. 1992. Co-author.
4. The Role of Gas Heat Pumps in Electric DSM. Presented at the 6th National Demand-Side Management Conference. Miami Beach, Florida. March 1993. Principal author and presenter.
5. Applying an Integrated Energy/Environmental Framework to the Analysis of Alternative Transportation Fuels. Invited paper at the European Council for an Energy Efficient Economy (ECEEE) 1993 Summer Study. Principal author.
6. Mistakes, Misconceptions, and Misnomers in DSM Cost-Effectiveness Analysis. Peer reviewed paper at the ACEEE 1994 Summer Study. Principal author and presenter.
7. A Social Cost Analysis of Alternative Fuels for Light Vehicles. *Energy Strategies for a Sustainable Transportation System*, ACEEE. Washington, DC. 1995.
8. Strategies for Reducing Energy Consumption in the Texas Transportation Sector. Project for the Texas Sustainable Energy Development Council. Austin, Texas. June 1995. Co-author.
9. Evaluation of Food Processing Effluent Treatment Alternatives. Paper presented at the American Chemical Society meeting, Las Vegas, Nevada. December 1997. Co-Author.
10. Market Transformation Effect Indicators for Government, Utilities, Retailers and Manufacturers. Invited panelist in a roundtable discussion at the American Council for an Energy Efficient Economy (ACEEE) 1998 Summer Study.
11. California: Crisis Over? Project Finance NewsWire, Chadbourne & Parke. October 2001. Co-author.
12. California: Back to Basics or Déjà Vu? *Natural Gas & Electricity*, Volume 20, Number 12. July 2004. Co-author.
13. Nuclear Fuel Reprocessing: Issues and Future Prospects. Report for the California Energy Commission. (Final Draft). March 2006. Co-author.
14. AB 1632 Assessment of California's Operating Nuclear Plants. California Energy Commission, CEC-100-2008-005-F. October 2008. Co-author.

15. Framework for Evaluating Greenhouse Gas Implications of Natural Gas-fired Power Plants in California. California Energy Commission, CEC-700-2009-009-F. May 2009. Co-author.

PREPARED TESTIMONY

1. Rhode Island Public Utilities Commission No. 2025
Prepared Testimony on Behalf of Rhode Island Department of Public Utilities and Carriers (Commission Staff). Testimony addressed the costs, savings, and cost-effectiveness of the proposed demand-side management programs of Providence Gas Company. April 1993.
2. Pennsylvania Public Utility Commission R-943029
Prepared Testimony on Behalf of the Pennsylvania Office of Consumer Advocate. Testimony reviewed 1307(f) filing of Columbia Gas of Pennsylvania, particularly the impact of the proposed gas cost recovery mechanism on residential customers. May 1994.
3. Public Utilities Commission of the State of Hawaii No. 94-0206
Prepared Testimony on Behalf of the Gas Company of Hawaii (Gasco). Testimony identification of Gasco's concerns regarding HECO's proposed DSM programs for competitive energy end-use markets. December 1994.
4. Arizona Corporation Commission No. E-00000A-02-0051, E-01345A-01-0822, E-00000A-01-0630. E01933A-02-0069, E-01933A-98-0471
Rebuttal Testimony on Behalf of Constellation NewEnergy, Inc. and Strategic Energy, L.L.C. Testimony addressed the future of the Arizona Independent System Administrator. July 28, 2002.
5. FERC Docket Nos. EL00-95-075 and EL00-98-063
Affidavit on Behalf of Duke Energy Trading and Marketing LLC. March 20, 2003.
5. CPUC Rulemaking 01-10-024
Prepared Testimony on Behalf of the Alliance for Retail Energy Markets. Testimony addressed the utility procurement plans with respect to resource adequacy. June 23, 2003.
6. CPUC Rulemaking 01-10-024
Rebuttal Testimony on Behalf of the Alliance for Retail Energy Markets. July 14, 2003.
7. Arizona Corporation Commission No. E-00000A-02-0051
Reply Testimony on Behalf of Constellation NewEnergy, Inc. and Strategic Energy L.L.C. August 29, 2003.
8. Arizona Corporation Commission No. E-01345A-03-0437
Direct Testimony on Behalf of Constellation NewEnergy and Strategic Energy, Inc. February 3, 2004.

9. Arizona Corporation Commission No. E-01345A-03-0437
Cross Rebuttal Testimony of Mark E. Fulmer on Behalf of Constellation NewEnergy and Strategic Energy, Inc. March 30, 2004.
10. CPUC Rulemaking 03-10-003
Direct Testimony of Mark E. Fulmer on Behalf of The City and County of San Francisco on Community Choice Aggregation Transaction Costs. April 15, 2004.
11. CPUC Rulemaking 03-10-003
Reply Testimony of Mark E. Fulmer on Behalf of The City and County of San Francisco on Cost Responsibility Surcharge for Community Choice Aggregation. May 7, 2004.
12. CPUC Rulemaking 03-10-003
Rebuttal Testimony of Mark E. Fulmer on Behalf of The City and County of San Francisco on Cost Responsibility Surcharge for Community Choice Aggregation. May 20, 2004.
13. CPUC Rulemaking 04-04-003
Testimony of Mark Fulmer on Behalf of Strategic Energy LLC and Constellation NewEnergy concerning the Long Term Procurement Plans of PG&E, SCE and SDG&E. August 6, 2004.
14. CPUC Rulemaking 04-04-003
Rebuttal Testimony of Mark Fulmer on Behalf of Strategic Energy LLC and Constellation NewEnergy concerning the Long Term Procurement Plans of PG&E, SCE and SDG&E. August 20, 2004.
15. CPUC Rulemaking 03-10-003
Opening Testimony of Mark E. Fulmer on Behalf of the City and County of San Francisco on Allocation of Costs for Community Choice Aggregation Phase 2. April 28, 2005.
16. CPUC Rulemaking 04-12-014
Testimony of Mark E. Fulmer on Behalf of the Alliance for Retail Energy Markets Concerning SCE's Test Year 2006 General Rate Case Application. May 6, 2005.
17. CPUC Rulemaking 03-10-003
Rebuttal Testimony of Mark E. Fulmer on Behalf of the City and County of San Francisco on Allocation of Costs for Community Choice Aggregation Phase 2. May 16, 2005.
18. CPUC Rulemaking 04-12-014
Testimony of Mark E. Fulmer on Behalf of the Alliance for Retail Energy Markets Concerning SCE's Test Year 2006 General Rate Case Application. May 25, 2005.
19. CPUC Application 06-03-005
Testimony of Mark E. Fulmer on Behalf of the Direct Access Customer Coalition Concerning Phase 2 of the PG&E's 2007 General Rate Case Marginal Cost, Revenue Allocation and Rate Design. October 27, 2006.

20. CPUC Application 07-01-045
Testimony of Mark E. Fulmer on Behalf of The Alliance for Retail Energy Markets and The California Manufacturers and Technology Association Concerning SCE's Application to Update its Direct Access and Other Service Fees. June 22, 2007.
21. CPUC Rulemaking 08-03-002
Testimony of Mark Fulmer Behalf of Debenham Energy, LLC. Concerning Tariffs Supportive of Green Distributed Generation. October 31, 2008.
22. CPUC Application 09-02-022
Testimony of Mark E. Fulmer on Behalf of The Direct Access Customer Coalition Concerning PG&E's 2009 Rate Design Window Application. July 31, 2009.
23. CPUC Application 09-02-019
Testimony of Mark E. Fulmer on Behalf of the Direct Access Customer Coalition Concerning the Cost Recovery Proposed By PG&E in its Application to Implement a Photovoltaic Program. August 14, 2009.
24. Superior Court of San Francisco
Deposition of Mark E. Fulmer on Behalf of the City and County of San Francisco in PG&E v. CCSF. (Verbal deposition only.) September 2, 2009.
25. California Superior Court of San Francisco Court Case No. CGC-07-470086 Testimony of Mark E. Fulmer on Behalf of the City and County of San Francisco in PG&E v. City and County of San Francisco. (Trial exhibits only in electronic file.) September 25, 2009.
26. CPUC Application 09-12-020
Testimony of Mark E. Fulmer on Behalf of The Direct Access Customer Coalition Concerning Phase 1 of PG&E's Test Year 2011 General Rate Case. May 19, 2010.
27. CPUC Application 10-03-014
Testimony of Mark E. Fulmer on Behalf of the Direct Access Customer Coalition Concerning Phase 2 of PG&E's Test Year 2011 General Rate Case Application. October 6, 2010.
28. CPUC Rulemaking 07-05-025
Testimony of John P. Dalessi, Mark E. Fulmer, Margaret A. Meal on Behalf of the Joint Parties on a Fair and Reasonable Methodology to Determine the Power Charge Indifference Adjustment (PCIA) and the Competition Transition Charge (CTC). January 31, 2011.
29. CPUC Rulemaking 07-05-025
Testimony of Mark E. Fulmer on Behalf of the Direct Access Parties Concerning the Transitional Bundled Service Rate, Direct Access Switching Rules, Minimum Stay Provisions, and Energy Service Provider Financial Security Requirements. January 31, 2011.
30. CPUC Rulemaking 07-05-025
Rebuttal Testimony of Mark E. Fulmer on Behalf of The Direct Access Parties Concerning the Transitional Bundled Service Rate, Direct Access Switching Rules, Minimum Stay Provisions, and Energy Service Provider Financial Security Requirements. February 25, 2011.

31. CPUC Rulemaking 07-05-025
Rebuttal Testimony of John P. Dalessi, Mark E. Fulmer, Margaret A. Meal on Behalf of The Joint Parties on a Fair And Reasonable Methodology to Determine the Power Charge Indifference Adjustment (PCIA) and the Competition Transition Charge (CTC). February 25, 2011.
32. CPUC Application A.11-03-001, 11-03-002, 11-03-003
Testimony of Mark E. Fulmer on Behalf of The Direct Access Customer Coalition and The Alliance for Retail Energy Markets Concerning Competitive Issues in the 2012-2014 Demand Response Program Proposals. June 15, 2011.
33. CPUC Application 11-03-001, 11-03-002, 11-03-003
Rebuttal Testimony of Mark E. Fulmer on Behalf of The Direct Access Customer Coalition and The Alliance for Retail Energy Markets Concerning Competitive Issues in the 2012-2014 Demand Response Program Proposals. July 11, 2011.
34. CPUC Application 11-06-004
Testimony of Mark E. Fulmer on Behalf of the Direct Access Customer Coalition and the Alliance for Retail Energy Markets concerning PG&E's 2012 Energy Resource Recovery Account (ERRA) and 2012 Generation Non-bypassable Charges Forecast. August 26, 2011.
36. CPUC Application 11-05-023
Testimony of Mark Fulmer on Behalf of the Direct Access Customer Coalition, the Alliance for Retail Energy Markets and the Western Power Trading Forum concerning the Application of SDG&E for Authority to Enter into Purchase power Tolling Agreements with Escondido Energy Center, Pio Pico Energy Center, and Quail Brush Power. September 22, 2011.
37. CPUC Application 11-06-007
Testimony of Mark Fulmer on Behalf of the Direct Access Customer Coalition Concerning Phase 2 of SCE's Test Year 2012 General Rate Case Application. February 6, 2012.
38. CPUC Application 11-12-009
Testimony of Mark E. Fulmer on Behalf of the Direct Access Customer Coalition, the Alliance for Retail Energy Markets and the City and County of San Francisco Concerning PG&E's Application to Revise Direct Access and Community choice Aggregation Service Fees. May 14, 2012.
39. CPUC Rulemaking 12-03-014
Testimony on Behalf of the Alliance for Retail Markets, Direct Access Customer Coalition, and Marin Energy Authority. With Sue Mara. June 25, 2012.
40. CPUC Rulemaking 12-03-014
Reply Testimony on Behalf of the Alliance for Retail Energy Markets, Direct Access Customer Coalition, and Marin Energy Authority. With Sue Mara. July 23, 2012.

41. CPUC Application 12-03-001
Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets Concerning PG&E Company's Application to Implement Economic Development Rates for 2013-2017. August 24, 2012.
42. CPUC Application 12-02-001
Rebuttal Testimony of Mark E. Fulmer on Behalf of the Alliance for Retail Energy Markets Concerning PG&E's Application to Implement Economic Development Rates for 2013-2017. October 19, 2012.
43. CPUC Application 12-04-020
Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets, the Direct Access Customer Coalition and 3 Phases Renewables Regarding PG&E's Application to Establish a Green Option Tariff. October 19, 2012.
44. CPUC Application 12-04-020
Rebuttal Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets, the Direct Access Customer Coalition and 3 Phases Renewables Regarding PG&E's Application to Establish a Green Option Tariff. November 9, 2012.
45. CPUC Application 11-11-002
Testimony of Mark Fulmer on Behalf of the City of Long Beach. November 16, 2012.
46. CPUC Application 11-11-002
Rebuttal Testimony of Mark Fulmer on Behalf of the City of Long Beach. December 14, 2012.
47. CPUC Investigation 12-10-013
Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition Regarding the Rate Treatment of the San Onofre Nuclear Generating Station. September 10, 2013.
48. CPUC Application 13-06-015
Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition Regarding SDG&E's Application for Approval of an Amended Power Purchase Tolling Agreement with Pio Pico Energy Center. September 20, 2013.
49. CPUC Investigation 12-10-013
Rebuttal Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition Regarding the Rate Treatment of the San Onofre Nuclear Generating Station. September 23, 2013.
50. CPUC Application 13-06-015
Rebuttal Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition Regarding SDG&E's Application for Approval of an Amended Power Purchase Tolling Agreement with Pio Pico Energy Center. October 24, 2013.
51. CPUC Application 13-08-004

Testimony of Mark Fulmer on Behalf of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition Regarding the SCE's 2014 "ERRA" Forecast. November 20, 2013.

52. CPUC Application 13-06-011

Testimony of Mark Fulmer on Behalf of the Core Transport Agent Consortium Concerning PG&E's Core Gas Capacity Planning Range. November 20, 2013.

53. CPUC Application 13-04-012

Testimony of Mark E. Fulmer on Behalf of the Direct Access Customer Coalition Concerning Phase 2 of PG&E's Test Year 2014 General Rate Case Application. December 13, 2013.

54. CPUC Application 13-06-011

Testimony of Mark Fulmer on Behalf of the Core Transport Agent Consortium Concerning PG&E's Core Gas Capacity Planning Range. December 18, 2013.

Attachment B: First Set of Discovery and Data Requests of
PG&E to CTAC, A.13-06-011, December 11, 2013, Response 21

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Date: December 11, 2013

BY E-MAIL

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Lisa K. Lieu
Pacific Gas and Electric Company
Case Manager
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Email: LKL1@pge.com

**Re: A.13-06-011: First Set of Discovery and Data Requests of Pacific Gas
and Electric Company to the Core Transport Agent Consortium**

Dear Mr. Fogelson and Ms. Lieu:

The Core Transport Agent Consortium ("CTAC") hereby responds to the First Set of Discovery and Data Requests of Pacific Gas and Electric Company ("PG&E") to CTAC, served on November 21, 2013 ("Discovery"), as follows. Each of CTAC's responses to the Discovery ("Responses") is set forth below. Unless otherwise noted, the Responses are attributable to CTAC's witness Mark Fulmer.

The documents identified in the Responses by the following Bates numbers are attached hereto: CTAC_PG&E_00000001 through CTAC_PG&E_00000052. Pursuant to the Nondisclosure Agreement between CTAC and PG&E effective as of December 6, 2013 ("NDA"), all documents attached hereto that are "Confidential Material" (as such term is defined in the NDA) are marked as such (i.e. CTAC_PG&E_00000001 through CTAC_PG&E_00000025). Confidential Material is made available only to "Reviewing Representatives" (as such term is

Question 19. Based on the responses received, CTAC understands that CTAs contract with their gas suppliers/pipelines (including PG&E) to ensure gas sourced to their customers is delivered to the PG&E citygate and to customers. CTAC understands that CTAs comply with all applicable rules and regulations designed to ensure reliability of gas service under normal gas market conditions.

Question 20 (Michael Rochman)

20. What does each member of CTAC do to ensure reliability of gas service under stressed gas market conditions?

Response 20:

CTAC incorporates by reference each of its General Objections as if set forth in full herein. In addition, CTAC objects to this request as overly broad and unduly burdensome to the extent it requests that CTAC compile information not in its possession, custody or control. Furthermore, CTAC objects to this request to the extent it seeks to compel CTAC to search and/or produce information that is not within its possession, custody or control. CTAC further objects to this request as unduly burdensome and oppressive, overly broad, and irrelevant to the extent it seeks information not related to the testimony offered on behalf of CTAC or the issues in Application 13-06-011.

Subject to and without waiving the foregoing objections, CTAC responds as follows: pursuant to CTAC and PG&E's agreement referenced above, CTAC polled its members with respect to Question 20. Based on the responses received, CTAC understands that CTAs contract with their gas suppliers/pipelines (including PG&E) to ensure gas sourced to their customers is delivered to the PG&E citygate and to customers. CTAC understands that CTAs comply with all applicable rules and regulations designed to ensure reliability of gas service under stressed gas market conditions.

Question 21

21. At any time during the period January 1, 2010 to September 2013, did any member of CTAC avail itself of any of the options listed on page 12, lines 14-25 of Mark Fulmer's testimony with respect to meeting the Firm Winter Capacity Requirement? If so, please provide details and supporting documentation.

Response 21:

CTAC incorporates by reference each of its General Objections as if set forth in full herein. In addition, CTAC objects to this request as overly broad and unduly burdensome to the extent it requests that CTAC compile information not in its possession, custody or control. Furthermore, CTAC objects to this request to the extent it seeks to compel CTAC to search and/or produce information that is not within its possession, custody or control. CTAC further objects to this request as unduly burdensome and oppressive, overly broad, and irrelevant to the extent it seeks

information not related to the testimony offered on behalf of CTAC or the issues in Application 13-06-011.

Subject to and without waiving the foregoing objections, CTAC responds as follows: pursuant to CTAC and PG&E's agreement referenced above, CTAC polled its members with respect to Question 21. Based on the responses received, CTAC understands that some CTAC members were exempt from the Firm Winter Capacity Requirement during the time period in question, as they had incurred no instances of non-compliance with an EFO, and no more than one such instance with a Low Inventory OFO. Not all CTAC members responded to this question, so one cannot infer that all other CTAC members were not exempt. That said, some CTAC members reported that they did contract for backbone pipeline capacity during various times during this period under schedules G-AFT and G-AA. Some CTAC members also reported contracting for PG&E firm storage capacity, although, as noted above, this was not used to comply with the Firm Winter Capacity Requirement.

Question 22

22. Does each member of CTAC have adequate gas supply to meet its respective 2013-2014 winter load? If yes, please provide documentation to support the assertion.

Response 22:

CTAC incorporates by reference each of its General Objections as if set forth in full herein. In addition, CTAC objects to this request as overly broad and unduly burdensome to the extent it requests that CTAC determine whether each member of CTAC has adequate supplies to meet their respective 2013-2014 winter load. Furthermore, CTAC objects to this request to the extent it seeks to compel CTAC to search and/or produce information that is not within its possession, custody or control. CTAC further objects to this request as unduly burdensome and oppressive, overly broad, and irrelevant to the extent it seeks information not related to the testimony offered on behalf of CTAC or the issues in Application 13-06-011.

Question 23

23. How would each member of CTAC expect to meet its respective core customer demands during an abnormal peak day event ("APD," defined as the coldest temperature that will be exceeded every 90 years, on average in PG&E's service area. The PG&E system weighted mean temperature for an APD is estimated to be 28 degrees Fahrenheit)?

a. Please list the sources of supplies and or storage that would be utilized to serve core customers during an APD.

b. During an APD event, would all CTA core customers be served by CTA-sourced gas supplies?

Attachment C: PG&E Response to CTAC Data Request 001-Q02,
June 9, 2014

PACIFIC GAS AND ELECTRIC COMPANY
Gas Transmission and Storage Rate Case 2015
Application 13-12-012
Data Response

PG&E Data Request No.:	CTAC_001-02		
PG&E File Name:	GTS-RateCase2015_DR_CTAC_001-Q02		
Request Date:	May 30, 2014	Requester DR No.:	001
Date Sent:	June 9, 2014	Requesting Party:	Core Transport Agent Consortium
PG&E Witness:	David Elmore	Requester:	Mark Fulmer

QUESTION 2

Re: Testimony page 19-8, line 5-6:

- a. When was the first gas accord reached?
- b. Please confirm that PG&E's Core Gas Supply storage inventory amount has not changed that date.

ANSWER 2

- a. The first gas accord was adopted on August 1, 1997 in Decision 97-08-055.
- b. PG&E's Core Firm Storage reservation has remained at 33.5 Bcf since the first gas accord decision.

Attachment D: PG&E Response to CTAC Data Request 002-
05Supp01, July 16, 2014

PACIFIC GAS AND ELECTRIC COMPANY
Gas Transmission and Storage Rate Case 2015
Application 13-12-012
Data Response

PG&E Data Request No.:	CTAC_002-05Supp01		
PG&E File Name:	GTS-RateCase2015_DR_CTAC_002-Q05Supp01		
Request Date:	June 20, 2014	Requester DR No.:	002
Date Sent:	July 16, 2014	Requesting Party:	Core Transport Agent Consortium
PG&E Witness:		Requester:	Mark Fulmer

QUESTION 5

The following questions concern “operational issues” that CTAC wishes to address in this proceeding (per the April 17 Scoping Memo, page 4, item 23.) Re: PG&E Consolidated Billing for CTAs:

- a. Does PG&E's have any policies concerning the amount of time PG&E holds customer payments to CTAs? If so, please provide the policy and describe how PG&E complies with that policy (or not).
- b. What is the actual average time between when PG&E receives payment from a customer to when that payment is provided to the customer's CTA?
- c. Does PG&E have any policies concerning notifying a CTA if a customer has been disconnected for non-payment? If so, please provide the policy and describe how it complies with that policy (or not). If there is no policy, what is PG&E's practice?
- d. Does PG&E have a policy concerning payment of amounts owed a CTA for a customer who has been disconnected but reversed? If so, please provide the policy and describe how it complies with that policy (or not). If there is no policy, what is PG&E's practice?
- e. Does PG&E have a policy concerning notifying a CTA if a customer is on a Balanced Payment Program? If so, please provide the policy and describe how it complies with that policy (or not). In there is no policy, what is PG&E's practice?
- f. Does PG&E have a policy concerning notifying a CTA if a customer is on a negotiated payment plan (so as to bring the account current)? If so, please provide the policy and describe how it complies with that policy (or not). In there is no policy, what is PG&E's practice?
- g. Does PG&E have a policy concerning notifying a CTA if a customer makes a partial payment (and thus the full amount owed to the CTA is not provided)? If so, please provide the policy and describe how it complies with that policy (or not). If there is no policy, what is PG&E's practice?

ANSWER 5 SUPPLEMENTAL 01

a. PG&E's policy is stated in gas Rule 23 Section C.1.c.4.a. (see below).

"a) Except as specified in B.4.b above, PG&E is required to pay the CTA the amounts paid to PG&E for CTA charges only after the Customer's payment is received by PG&E. Payments will be transferred to the CTA specifying the amount paid by each specific service account. On the billing statement for the following month, PG&E will debit to the CTA any amounts resulting from returned payments and assess returned payment charges (i.e., a charge for each returned payment) to the appropriate Customers. Payments are due on or before the later of:

- i) 17 days after the bill was rendered to the Customer, or*
- ii) the next business day after the payment is received."*

PG&E does acknowledge that there are times where some funds may not be released in full at the time of customer payment, but this is in limited specific situations such as when there are Commission-mandated credits applied to the customer's account, or where certain combinations of rate schedule/customer (i.e. master metered accounts, CARE, rebating/rebilling) exist which result in monthly credits, and other unique situations. If a situation exists where a reallocation of customer payments can be made to resolve the issue, the issue is addressed immediately by PG&E.

b. PG&E follows the payment timeline stated in the tariff, Rule 23 Section C.1.c.4.a. and, unless there is scheduled system maintenance, makes payment to the CTA the next business day after the payment is received from the customer. In the event of scheduled system maintenance, the CTA is provided advanced notification of the event and the delay in remitting payments. In 2013, there were three scheduled maintenance events.

c. PG&E policy is stated in gas Rule 23.C.1.c.6)a), Service Disconnections and Reconnections (see below).

"PG&E will notify the Customer of PG&E's right to disconnect gas service for the non-payment of PG&E charges pursuant to gas Rules 8 and 11. The Customer, not PG&E, is responsible for contacting the CTA in the event it receives notice of late payment or service termination from PG&E for any of its service accounts. If a Customer has been disconnected and is not reconnected within two (2) days, PG&E will promptly notify the CTA. To the extent authorized by the CPUC, a service charge will be imposed on the Customer if a field call is performed to disconnect gas service."

The generation of most disconnect orders are automated within our Customer Information System (CIS) and the recording of the completion of those orders is also automated. When the customer is disconnected, the CTA is notified through an Electronic Data Interchange (EDI) transaction, commonly called a "Disconnect Direct Access Service Request (DASR)." Once a customer has

been disconnected and there is no order to restore the service, the customer's account will go through our final collections process (write-off process) where we will make a final attempt to collect the CTA balance. If we are unable to collect the CTA balance, it will be reversed back to the CTA.

- d. Once a customer balance has been reversed back to the CTA, PG&E's Customer Information System (CIS) will no longer display a balance owed to the CTA and therefore any subsequent customer payments will not be allocated to the CTA. If a payment is received that is greater than the amount owed to PG&E following the reversal, PG&E's CIS will issue a refund for the credit balance to the customer.
- e. PG&E provides CTAs with notification that a customer is on a Balanced Payment Plan only with the written consent of the customer. This policy is in compliance with PG&E's gas Rule 9.M.
- f. PG&E provides CTAs with notification that a customer is on a Pay Plan only with the written consent of the customer. This policy is in compliance with PG&E's gas Rule 9.M.
- g. PG&E provides CTAs with notification that a customer has made a partial payment only with the written consent of the customer. This policy is in compliance with PG&E's gas Rule 9.M.

Attachment E: PG&E Response to CTAC Data Request 005-Q13,
August 4, 2014

PACIFIC GAS AND ELECTRIC COMPANY
Gas Transmission and Storage Rate Case 2015
Application 13-12-012
Data Response

PG&E Data Request No.:	CTAC_005-13		
PG&E File Name:	GTS-RateCase2015_DR_CTAC_005-Q13		
Request Date:	July 24, 2014	Requester DR No.:	CTAC 005
Date Sent:		Requesting Party:	Core Transport Agent Consortium
PG&E Witness:	August 4, 2014	Requester:	Mark Fulmer/ Joseph M. Karp

**SUBJECT: A.13-12-012: PG&E GAS TRANSMISSION AND STORAGE RATE CASE CORE
TRANSPORT AGENT CONSORTIUM FOURTH SET OF DATA REQUESTS**

QUESTION 13

What is PG&E's practice if such a credit exceeds the CTA-served customer's monthly bill?

ANSWER 13

PG&E incorporates its response to GTS-RateCase2015_DR_CTAC_005-Q12.

Non-cash credit

If a non-cash credit exceeds the residential customer's total current and delinquent charges, the credit is applied to the customer's future PG&E-energy related charges.

Cash credit

If a customer's bill payment creates a bill credit, the credit will be applied to the customer's future PG&E and CTA energy charges, unless that customer requests a refund of that credit.

Attachment F: PG&E Response to CTAC Data Request 005-014,
August 7, 2014

PACIFIC GAS AND ELECTRIC COMPANY
Gas Transmission and Storage Rate Case 2015
Application 13-12-012
Data Response

PG&E Data Request No.:	CTAC_005-14		
PG&E File Name:	GTS-RateCase2015_DR_CTAC_005-Q14		
Request Date:	July 24, 2014	Requester DR No.:	CTAC 005
Date Sent:	August 7, 2014	Requesting Party:	Core Transport Agent Consortium
PG&E Witness:		Requester:	Mark Fulmer/ Joseph M. Karp

**SUBJECT: A.13-12-012: PG&E GAS TRANSMISSION AND STORAGE RATE CASE CORE
TRANSPORT AGENT CONSORTIUM FOURTH SET OF DATA REQUESTS**

QUESTION 14

CTAs have found that there is an error in the EDI payment detail file that PG&E sends to CTAs' financial institutions. Is PG&E aware of the problem? If so, how is PG&E addressing the problem?

ANSWER 14

The program used to process payments to all third party vendors is owned by SAP. PG&E is looking into the issue and determining how to correct it. To PG&E's knowledge, the error in the EDI payment detail file does not in any way affect the timely and accurate delivery of customer payment of CTA charges to the CTAs.

Attachment G: PG&E Response to CTAC Data Request 005-Q07,
August 7, 2014

PACIFIC GAS AND ELECTRIC COMPANY
Gas Transmission and Storage Rate Case 2015
Application 13-12-012
Data Response

PG&E Data Request No.:	CTAC_005-07		
PG&E File Name:	GTS-RateCase2015_DR_CTAC_005-Q07		
Request Date:	July 24, 2014	Requester DR No.:	CTAC 005
Date Sent:	August 7, 2014	Requesting Party:	Core Transport Agent Consortium
PG&E Witness:		Requester:	Mark Fulmer/ Joseph M. Karp

**SUBJECT: A.13-12-012: PG&E GAS TRANSMISSION AND STORAGE RATE CASE CORE
TRANSPORT AGENT CONSORTIUM FOURTH SET OF DATA REQUESTS**

QUESTION 7

Does PG&E currently have any plans to allow CTAs to view their customers' daily gas consumption? If "yes," please:

- a. Describe those plans.
- b. Describe what data, in what format, and under what conditions those data would be available to the CTA.
- c. An estimated implementation date.
- d. The PG&E application and authorizing decision(s) and resolutions facilitating PG&E provision of that data.

ANSWER 7

PG&E objects to the request as vague and ambiguous. Subject to this objection, and without waiver, PG&E responds as follow:

- a. PG&E currently does not have plans approved for disclosing to CTAs daily gas consumption by CTA customers. PG&E has held internal discussion to consider the appropriateness of permitting CTAs to view their customer's daily gas consumption.
- b. Because PG&E does not have plans approved for release of daily gas consumption data to CTAs, PG&E has not decided the specific data that would be available to CTAs, the format of that data, or the conditions under which this data would be made available to CTAs.
- c. PG&E does not have a current implementation date for reasons discussed in sections a and b above.
- d. N/A.