

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 10, 2020

**PG&E Advice Letter 5679-E**

Erik Jacobson  
Director of Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Disposition of Pacific Gas and Electric's Advice Letter Regarding 2015-2016 Residential Rate Reform Memorandum Account Costs Authorized for Recovery in Decision 19-09-004 and Associated with Online Rate Comparison Tool Functionalities**

Dear Mr. Jacobson:

Pacific Gas & Electric Company (PG&E) Advice Letter (AL) 5679-E requesting approval of \$312,563 of 2015-2016 Residential Rate Reform Memorandum Account (RRRMA) costs associated with development of online rate comparison tool functionalities to be recovered through PG&E's generation rates, is approved with an effective date of June 10, 2020.

The appendix of this letter provides a summary of the protest to the advice letter, PG&E's response and Energy Division's disposition of the issues.

Please contact Ankit Jain at [ankit.jain@cpuc.ca.gov](mailto:ankit.jain@cpuc.ca.gov), if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "ER" or "ERAND", followed by the word "FOR" in capital letters.

Edward Randolph,  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

cc:

Laura Fernandez, Attorney for CCA Parties

## **Appendix: Energy Division Technical Review and Analysis**

### **Background**

The Residential Rate Reform Decision (D.) 15-07-001 ordered each investor owned utility to track costs related to Residential Rate Reform activities in a memorandum account (RRRMA). PG&E requested recovery of their 2015-2016 RRRMA costs of \$20.5M in their 2017-2019 General Rate Case application through distribution rates. A Joint Settlement agreement authorized the recovery of approximately \$16.2M of these costs. However, Community Choice Aggregation (CCA) parties argued that a portion of these costs solely benefited bundled customers, and as such should be allocated for cost recovery through generation rates. The Commission agreed in (D.) 19-09-004. Specifically, it was recognized that “the rate comparison tool functionality was not available to or functional for CCA customers during this time period”.<sup>1</sup>

Therefore, it was ordered in ordering paragraph 2 of (D.) 19-09-004 that PG&E “shall file a Tier 2 advice letter identifying the 2015-2016 costs recorded in the Residential Rate Reform Memorandum Account that are authorized for recovery in this decision and associated with the online rate comparison tool functionalities that were unavailable to community choice aggregator customers during the 2015-2016 time period. These costs shall be recovered through PG&E’s generation rates.” The amount associated with this activity could not be discerned from PG&E’s testimony, requiring PG&E to file an advice letter identifying those costs.

PG&E filed AL 5679-E on November 1, 2019 identifying a total of \$312,563 associated with development of their online rate comparison tool (\$267,563 for development of the rate comparison online tool for net energy metering customers and \$45,000 for modeling rates for online comparison tools). This advice letter requests approval to transfer this amount from RRRMA to the Energy Resource Recovery Account (ERRA), with the remainder of the \$16.2M authorized for recovery to be transferred to the Distribution Revenue Adjustment Mechanism (DRAM).

### **CCA Parties Protest, PG&E Reply, and Energy Division Data Request**

CCA Parties filed a protest on November 21, 2019 and PG&E filed a reply on December 2, 2019.

#### ***CCA Parties Protest***

CCA Parties had three objections to AL 5679-E: 1) PG&E did not provide sufficient background and context as to why an advice letter was required, 2) PG&E did not sufficiently clarify that costs allocated to ERRA would not be borne by CCA customers, and 3) PG&E failed to provide sufficient supporting data to justify that only \$312,563 were associated with the development of the online comparison tools.

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<sup>1</sup> D.19-09-004 at 9

CCA Parties addressed the first issue by providing additional relevant background, which has been summarized in this disposition letter.

The second issue was brought up due to concerns that costs allocated to ERRRA could be indirectly recovered from CCA customers through the Power Charge Indifference Adjustment (PCIA). CCA Parties requested that the cost associated with the development of the online comparison tools be placed in a sub-account within ERRRA that would explicitly not be borne by CCA customers.

The third issue stems from the fact that CCA Parties were unable to reconcile the costs specified by PG&E in the advice letter with the costs enumerated in their Proposal for Recovery of 2015-2016 Residential Rate Reform Memorandum Account Costs Errata to Prepared Testimony, dated March 22, 2019 (PG&E Testimony). Specifically, CCA Parties note that within the IT cost category “the contract labor totals \$2,517,348 and the consultant/agency costs are \$1,032,814.<sup>2</sup> In light of the fact that over half of the RRRMA costs are associated with “Contract Labor Costs” and “Consultant/Agency,” it is unreasonable to state, with no additional support or verification, that a meager \$312,563 (less than 10 percent) is associated with development of the online rate comparison tool and associated rate modeling.” CCA Parties requested additional data to show how the \$312,563 fits in with the rest of the RRRMA costs.

### ***PG&E Reply***

PG&E’s reply to the CCA Parties’ protest noted that PG&E provided sufficient background in AL 5679-E and that it quoted Ordering Paragraph 2 of (D.) 19-09-004 which explains why an advice letter is required.

The reply goes on to state that a separate sub-account is not needed for the costs transferred to ERRRA, since “ERRRA records costs and revenues attributable to bundled customers only, as indicated in the preliminary statements’ “Purpose,” Section 1. The Electric Preliminary Statement Part CP, Energy Resource Recovery Account (ERRRA), can be found in PG&E’s Web Tariff book, here: [https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC\\_PRELIM\\_CP.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_PRELIM_CP.pdf).”

The reply also provides additional descriptions of the IT activities associated with the 2015-2016 RRRMA costs, which includes development of the online comparison tools, as well as a breakdown of the \$5.4M of costs associated with those IT activities. This cost breakdown simply shows how much of the \$5.4M are associated with development of the online comparison tools (\$312,563) while the rest of the costs were for contract labor (\$2,517,348), labor (\$1,846,807), and consultant/agency (\$720,250). The cost data provided did not breakdown the \$5.4M of IT costs by activity.

### ***Additional Energy Division Data Request***

Energy Division (ED) Staff submitted a data request to PG&E requesting a breakdown of the \$5.4M of IT costs associated with the 2015-2016 RRRMA by IT activity, in order to confirm that only \$312,563 was spent on development of the online comparison tools. On March 26, 2020, PG&E provided the cost breakdown shown in Table 1.

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<sup>2</sup> PG&E Testimony, Appendix A

**Table 1**  
**Cost Category (8) – Information Technology**  
**2015-16 RRRMA Costs**

<b>Activities</b>	<b>2015-16 RRRMA Costs (\$s)</b>
Rate Modeling & Microsite for NEM Customers	312,563
E1 Tier Flattening	97,543
E-TOU-A, E-TOU-B, FERA, Minimum Bill, Energy Alerts	1,469,368
E6, E7, E8	190,899
Rate Comparison Mailer	1,238,270
Opt-in Pilot Rates	968,697
Opt-in Pilot Smart Phone App	257,976
High Usage Alerts	861,409
<b>Total</b>	<b>5,396,724</b>

**Disposition**

The central issues in the CCA Parties’ protest to AL 5679-E are: 1) the potential recovery of costs associated with development of online comparison tools from CCA customers even if they have been allocated to ERRA, and 2) the potential omission of costs associated with the development of online comparison tools.

PG&E has provided documentation demonstrating that ERRA costs can only be recovered from bundled customers. ED Staff agrees that there is no need for these costs to be allocated to a sub-account within ERRA.

PG&E provided supplemental information in response to an ED data request seeking clarification and substantiation of the RRRMA IT costs in order to address the CCA Parties’ protest that costs associated with development of the online comparison tools may not have been properly accounted for. ED Staff has reviewed this information and finds that it substantiates the costs assigned to the development of the online rate comparison tool.

As such, the CCA protest is rejected and AL 5679-E is approved and effective as of June 10, 2020.

November 1, 2019

**Advice 5679-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: 2015-2016 Residential Rate Reform Memorandum Account Costs Authorized for Recovery in Decision 19-09-004 and Associated with On-line Rate Comparison Tool Functionalities**

**Purpose**

This advice letter identifies the 2015-2016 costs recorded in PG&E's Residential Rate Reform Memorandum Account (RRRMA) authorized for recovery in (D.) 19-09-004 associated with the online rate comparison tool functionalities that were unavailable to community choice aggregator (CCA) customers during the 2015-16 time period. As directed by the California Public Utilities Commission (CPUC or Commission) in (D.) 19-09-004, these costs shall be recovered through PG&E's generation rates.

**Background**

The Residential Rate Reform Decision (D.) 15-07-001 ordered each investor owned utility to track costs related to Residential Rate Reform activities in a memorandum account, including but not limited to: time of use (TOU) Pilots, TOU studies, marketing, education and outreach (ME&O) costs associated with the rate changes approved in the decision and other reasonable expenditures.<sup>1</sup> PG&E requested recovery of the 2015-2016 costs recorded in the RRRMA in PG&E's 2017-2019 General Rate Case Application (A.) 15-09-001. A Joint Settlement agreement<sup>2</sup> and (D.) 17-05-013 in the 2017-2019 General Rate Case (GRC) specified recovery procedures for PG&E's 2015-

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<sup>1</sup> (D.) 15-09-001, OP 12.

<sup>2</sup> In response to (A.) 15-09-001, a settlement agreement regarding rate reform cost recovery was reached as part of the overall Joint Settlement among the Office of Ratepayer Advocates, The Utility Reform Network, Alliance for Nuclear Responsibility, Center for Accessible Technology, Coalition of California Utility Employees, Collaborative Approaches to Utility Safety Enforcement, Consumer Federation of California, Environmental Defense Fund, Marin Clean Energy, Merced Irrigation District, Modesto Irrigation District, National Diversity Coalition, Small Business Utility Advocates, South San Joaquin Irrigation District and Pacific Gas and Electric (Joint Motion filed August 2, 2016). These terms were revised by the Settling Parties in April 24, 2017 comments on the (A.) 15-09-001 Proposed Decision.

2016 RRRMA costs. Specifically, Section 3.1.5.2.1 of the Joint Settlement Agreement specifies that PG&E may seek recovery in rates of 2015-2016 costs booked to the RRRMA through an application and testimony for cost recovery in Rulemaking (R.) 12-06-013 that would be subject to litigation (including discovery and cross-examination, as necessary), after the Commission's issuance of a final decision in the 2017 GRC. Prior to filing the application or proposal and testimony, PG&E shall share a draft of the filing, and an accounting of the costs to be recovered, with Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) and other interested parties, for their comment, which PG&E shall take into account in its submission of the advice letter.<sup>3</sup>

On July 11, 2018, PG&E submitted a proposal and testimony in (R.) 12-06-013 and (A.) 15-09-013, requesting recovery of \$20,520,369 of the 2015-2016 Residential Rate Reform costs. On January 15, 2019, the CPUC issued a scoping memo and ruling for Phase 4 of (R.) 12-06-013, including PG&E's proposal to recover 2015-2016 costs recorded to the RRRMA, which set a date of March 8, 2019 for Intervenor Comments or Testimony. PG&E responded to multiple data requests submitted by Cal Advocates and the Community Choice Aggregation Parties (CCA Parties). Cal Advocates subsequently stipulated that \$16.2 million of the costs were reasonable and should be approved.<sup>4</sup>

Evidentiary hearings addressing PG&E's cost recovery proposal for 2015-2016 were held on April 9, 2019 and (D.) 19-09-004 (addressing all (R.) 12-06-013 Phase 4 issues) was issued on September 12, 2019, including PG&E's cost recovery proposal.

Ordering paragraph (OP) 2 of (D.) 19-09-004 states: "Within 45 days of the issuance of this decision, Pacific Gas & Electric Company (PG&E) shall submit a Tier 2 advice letter identifying the 2015-16 costs recorded in the Residential Rate Reform Memorandum Account that are authorized for recovery in this decision and associated with the online rate comparison tool functionalities that were unavailable to community choice aggregator customers during 2015-16 time period. These costs shall be recovered through PG&E generation rates."

### **2015-2016 RRRMA Costs Authorized for Recovery and Associated with On-line Rate Comparison Tool Functionalities**

Of the 2015-2016 RRRMA costs authorized for recovery, there are only two activities associated with online rate comparison tool functionalities, totaling \$312,563, shown in Table 1 below. Upon approval of this Advice Letter, PG&E will transfer \$312,563 and associated interest from the RRRMA to the Energy Resource Recovery Account

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<sup>3</sup> (D.) 17-05-013, p. 89.

<sup>4</sup> After review of the proposal and testimony, Public Advocates Office recommended that PG&E be authorized to recover \$14.1 million, a downward adjustment of \$6.4 million for internal labor costs. PG&E later identified that it has misclassified \$2.1 million of contractor costs as internal labor, resulting in an agreed upon cost recovery of \$16.2 million.

(ERRA). The remaining balance and associated interest will be transferred from the RRRMA to the Distribution Revenue Adjustment Mechanism (DRAM), grossed up with Revenue Fees and Uncollectibles.

**Table 1****2015-16 RRRMA Cost Categories**

	<b>2015-16 Costs Associated with On-line Rate Comparison</b>	<b>Amount</b>
a.	Development of rate comparison online tool for Net Energy Metering (NEM) customers (Microsite)	\$ 267,563
b.	Modeling rates for online rate comparison tools	\$ 45,000
	<b>Total</b>	<b>\$ 312,563</b>

With reference to item a. above, the online rate comparison tool for Net Energy Metering customers was never released to customers and was only used by PG&E's customer service representatives in the contact center to support both bundled and unbundled customers. This tool was initially developed in the event that PG&E's vendor, Oracle (formally Opower) was unable to provide online rate comparison tools for NEM customers before the end of 2016 as committed by PG&E.<sup>5</sup> Oracle completed the online rate comparison tool functionality for NEM customers before the end of 2016. The costs for Oracle to develop rate comparison tool functionality for NEM customers were not recorded to the RRRMA in 2015-16.<sup>6</sup> The online rate comparison functionality for NEM customers is available to both bundled and unbundled customers. The functionality was accessible to unbundled customers after the CCAs agreed to use PG&E rates as an approximation for online rate comparisons in 2017 and 2018. There were no other online rate comparison tool development or associated costs for PG&E bundled or unbundled customers in 2015 or 2016.

To support the assessment of the costs for online rate comparison tools in 2015-2016, the two online rate comparison tool activity costs, as described above in Table 1, were only assigned to cost category (8) Information Technology: a) development of rate comparison online tool for Net Energy Metering customers (Microsite), and, b) modeling rates for online rate comparison tools.<sup>7</sup>

The submittal would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

<sup>5</sup> PRRR, May 2, 2016, p. 25.

<sup>6</sup> These funds were collected in rates in the same manner as other distribution costs.

<sup>7</sup> PG&E's Errata Testimony in this proceeding included a breakdown of costs into eight categories (Pacific Gas and Electric Company Errata Testimony, Exh. PGE-401, March 22, 2019, p. App-A-2, Table 1.)

**Protests**

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than November 21, 2019, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

PG&E requests that this Tier 2 advice submittal become effective on regular notice, December 1, 2019, which is 30 calendar days after the date of submittal.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list R.12-06-013. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

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/S/

Erik Jacobson  
Director, Regulatory Relations

cc: Service List R.12-06-013



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5679-E

Tier Designation: 2

Subject of AL: 2015-2016 Residential Rate Reform Memorandum Account Costs Authorized for Recovery in Decision 19-09-004 and Associated with On-line Rate Comparison Tool Functionalities

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-09-004

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 12/1/19

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Praxair
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	
	Energy Management Service	
Alta Power Group, LLC	Engineers and Scientists of California	Redwood Coast Energy Authority
Anderson & Poole	Evaluation + Strategy for Social Innovation	Regulatory & Cogeneration Service, Inc.
	GenOn Energy, Inc.	SCD Energy Solutions
Atlas ReFuel	Goodin, MacBride, Squeri, Schlotz & Ritchie	
BART	Green Charge Networks	SCE
	Green Power Institute	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Hanna & Morton	
P.C. CalCom Solar	ICF	SPURR
California Cotton Ginners & Growers Assn	International Power Technology	San Francisco Water Power and Sewer
California Energy Commission	Intestate Gas Services, Inc.	Seattle City Light
California Public Utilities Commission	Kelly Group	Sempra Utilities
California State Association of Counties	Ken Bohn Consulting	Southern California Edison Company
Calpine	Keyes & Fox LLP	Southern California Gas Company
	Leviton Manufacturing Co., Inc. Linde	Spark Energy
Cameron-Daniel, P.C.	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunshine Design
Cenergy Power	MRW & Associates	Tecogen, Inc.
Center for Biological Diversity	Manatt Phelps Phillips	TerraVerde Renewable Partners
	Marin Energy Authority	Tiger Natural Gas, Inc.
Chevron Pipeline and Power	McKenzie & Associates	
City of Palo Alto		TransCanada
	Modesto Irrigation District	Troutman Sanders LLP
City of San Jose	Morgan Stanley	Utility Cost Management
Clean Power Research	NLine Energy, Inc.	Utility Power Solutions
Coast Economic Consulting	NRG Solar	Utility Specialists
Commercial Energy		
County of Tehama - Department of Public Works	Office of Ratepayer Advocates	Verizon
Crossborder Energy	OnGrid Solar	Water and Energy Consulting Wellhead Electric Company
Crown Road Energy, LLC	Pacific Gas and Electric Company	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	Peninsula Clean Energy	Yep Energy
Day Carter Murphy		
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		