



**CPUC Public Agenda 3458**  
**Thursday, March 26, 2020 10:00 a.m.**  
**Remotely**



**Commissioners:**  
**Marybel Batjer, President**  
**Liane M. Randolph**  
**Martha Guzman Aceves**  
**Clifford Rechtschaffen**  
**Genevieve Shiroma**

[www.cpuc.ca.gov](http://www.cpuc.ca.gov)





# CPUC Mission

We Empower California through:

- Assuring utility services are clean and safe.
- Providing for critical services and infrastructure.
- Designing rates that are fair and reasonable.
- Protecting the interests of consumers and ratepayers.





# CPUC Core Values

Accountability  
Excellence  
Integrity  
Open Communication  
Stewardship





# Commissioner Code of Conduct

- **I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.**
- **II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.**
- **III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.**
- **IV. Commissioners are public officials who should uphold the integrity of their office at all times.**





# Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

## **Public Comment is not permitted on the following items:**

- 13, 14, 23, 24, 26, and 27.
- All items on the Closed Session Agenda





# Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are: **1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, and 17.**
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **Item 31** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **No Item** has been moved to the Regular Agenda.
- **No Item** has been withdrawn.
- The following items have been held to future Commission Meetings:  
Held to 4/16/20: **8, 15, 16, and 32.**





# Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: [www.cpuc.ca.gov](http://www.cpuc.ca.gov).
- Late changes to agenda items are available on the Escutia Table.





## Regular Agenda – Energy Resolutions

### Item #18 [18054] – Extended Agreement Between Pacific Gas and Electric Company and DBB San Francisco

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R.12-06-013

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

**Ratesetting**

**Comr Batjer - Judge Doherty - Judge Park**

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#### **PROPOSED OUTCOME:**

- Authorizes extension of agreement between Pacific Gas and Electric Company (PG&E) and DBB San Francisco, a division of DBB Worldwide Communications Group, Inc. to provide Strategy and Content Development Work in support of the transition of residential customers to time-of-use rates through 2021.
- Authorizes approximately \$7.7 million in new funding for the extended agreement.
- Disposes of Order to Show Cause from March 2016.
- Closes the proceeding.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this decision.

#### **ESTIMATED COST:**

- Approximately \$7.7 million in new ratepayer funding, to be divided among PG&E, Southern California Edison Company and San Diego Gas & Electric Company ratepayers according to the formula adopted in Decision 17-12-023.







## Regular Agenda – Energy Resolutions (continued)

### **Item #18A [18198] – President Batjer's Alternate to Item 18054**

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R.12-06-013

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

**Ratesetting**

**Comr Batjer**

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#### **PROPOSED OUTCOME:**

- Authorizes extension of agreement between Pacific Gas and Electric Company (PG&E) and DDB San Francisco, a division of DDB Worldwide Communications Group, Inc. to provide Strategy and Content Development Work in support of the transition of residential customers to time-of-use rates through 2021.
- Authorizes approximately \$7.7 million in new funding for the extended agreement.
- Authorizes approximately \$781 thousand in new funding for updating and maintaining multicultural marketing content.
- Authorizes approximately \$4.8 million in new funding to coordinate Community Based Organization efforts.
- Disposes of Order to Show Cause from March 2016.
- Closes the proceeding.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this decision.

#### **ESTIMATED COST:**

- Approximately \$13.3 million in new ratepayer funding, to be divided among PG&E, Southern California Edison Company, and San Diego Gas & Electric Company's ratepayers according to the formula adopted in Decision 17-12-023.





## Regular Agenda – Energy Resolutions (continued)

### Item #19 [18179] – Building Decarbonization Pilot Programs

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R.19-01-011

Order Instituting Rulemaking Regarding Building Decarbonization.

**Quasi-Legislative**

**Comr Randolph - Judge Rizzo**

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#### **PROPOSED OUTCOME:**

- Implements Senate Bill 1477's (Stern, 2018) two building decarbonization pilot programs: (1) the Building Initiative for Low-Emissions Development program; and (2) Technology and Equipment for Clean Heating initiative.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this order.

#### **ESTIMATED COST:**

- Senate Bill 1477 makes \$200 million in funding for both building decarbonization pilot programs available from revenue generated from the greenhouse gas emission allowances directly allocated to natural gas corporations and consigned to auction as part of the California Air Resources Board's Cap-and-Trade program.





## Regular Agenda - Energy Orders (continued)

### Item #20 [18190] – 2019-2020 Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning

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R.16-02-007

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.

**Ratesetting**

**Comr Randolph - Judge Fitch**

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#### **PROPOSED OUTCOME:**

- Maintains a 2030 greenhouse gas emissions target for the electric sector at 46 million metric tons, the same level adopted in the previous integrated resource plan (IRP) cycle.
- Adopts a new reference system portfolio (RSP) for use as the optimal 2030 electricity portfolio guide by all electricity load-serving entities required to file IRPs on July 1, 2020.
- Forwards the preferred system portfolio, with minor updates, from the previous IRP cycle, to the California Independent System Operator for its 2020-21 Transmission Planning Process (TPP) as the reliability and policy-driven base case; the RSP adopted in this decision, along with another scenario designed to gather information about congestion, will be the policy-driven sensitivity cases for the TPP.
- Denies several petitions for modification filed in this proceeding.

#### **SAFETY CONSIDERATIONS:**

- Planning work in this proceeding is intended to ensure safe and reliable electric service for all customers through provision of adequate electricity supply that meets the state's greenhouse gas emissions goals by 2030.

#### **ESTIMATED COST:**

- Total electricity resources considered in this proceeding result in statewide costs of approximately \$45 billion per year by the year 2030.





## Regular Agenda - Orders Extending Statutory Deadline

### Item #21 [18189] – Order Extending Statutory Deadline

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R.17-09-020

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

**Ratesetting**

**Comr Randolph - Judge Allen Judge Chiv**

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#### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until September 28, 2020.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda - Orders Extending Statutory Deadline (continued)

### Item #22 [18196] – Order Extending Statutory Deadline

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A.18-02-017, A.18-02-018, A.18-05-020, and A.18-06-017 - Related matters.

Application of the California High-Speed Rail Authority for Approval to Construct Two New Grade Separated Crossings Over the Proposed High-Speed Rail Tracks Operated by California High-Speed Rail Authority at Kansas Avenue (MP 231.18) and Kent Avenue (MP 232.21) Located in the County of Kings, State of California.

**Ratesetting**

**Comr Shiroma - Judge Ayoade**

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#### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until July 31, 2020.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda - Orders Extending Statutory Deadline (continued)

### Item #23 [18209] – Order Extending Statutory Deadline

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C.19-04-005

Fred Sahadi, individually and as Trustee of the Fred Sahadi Revocable Living Trust vs. San Jose Water Company.

**Adjudicatory**

**Comr Randolph - Judge Ferguson**

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#### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until October 4, 2020.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda - Orders Extending Statutory Deadline (continued)

### Item #24 [18214] – Order Extending Statutory Deadline

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C.10-10-010

Michael Hetherington and Janet Hetherington vs. Pacific Gas and Electric Company.

**Adjudicatory**

**Comr Guzman Aceves - Judge Wercinski**

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#### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until June 15, 2020.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda - Orders Extending Statutory Deadline (continued)

### Item #25 [18215] – Order Extending Statutory Deadline

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A.15-12-007

In the Matter of the Application of Southern California Edison Company for a Permit to Construct Electrical Facilities with Voltages Between 50 kV and 200 kV: Circle City Substation and Mira Loma-Jefferson Subtransmission Line Project.

**Ratesetting**

**Comr Batjer- Judge Poirier**

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#### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until October 23, 2020.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.







## Regular Agenda - Orders Extending Statutory Deadline (continued)

### Item #26 [18216] – Order Extending Statutory Deadline

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(ECP) C.19-04-007

Mervat G. Kelada vs. Pacific Bell Telephone Company d/b/a AT&T California.

**Comr Randolph - Judge MacDonald**

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#### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until June 9, 2020

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda - Orders Extending Statutory Deadline (continued)

### Item #27 [18222] – Order Extending Statutory Deadline

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C.17-08-003, C.18-01-005 - Related matters.

Pacific Bell Telephone Co. d/b/a AT&T California vs. TruConnect Communications, Inc. f/k/a Telscape Communications, Inc. and Blue Casa Telephone, LLC.

**Adjudicatory**

**Comr Rechtschaffen - Judge Haga**

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### **PROPOSED OUTCOME:**

- Extends Statutory Deadline for completion of this proceeding until June 30, 2020.

### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this Order Extending Statutory Deadline.

### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





# Management Reports





## Regular Agenda - Management Reports and Resolutions

**Item #29 [18238] –**

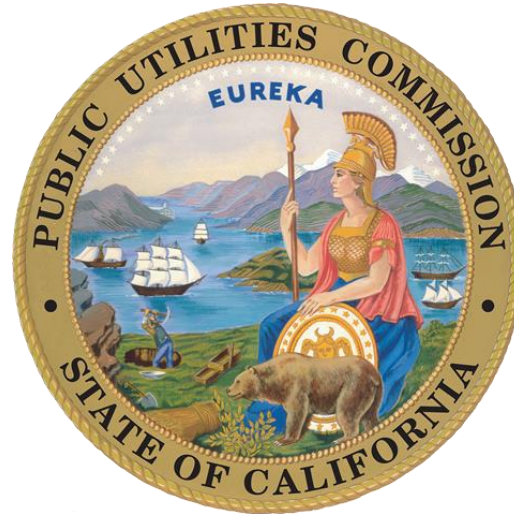
### **Management Report on Administrative Activities**

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# Employee Recognition of CPUC Employees



**Alice Stebbins**  
*Executive Director*

**California Public Utilities Commission**

March 26, 2020



# Employee Recognition

## Retirement Resolution to Jody Ferrara

Jody is retiring from the California Public Utilities Commission on April 3, 2020. We thank her for 37 years of state service and wish her a wonderful retirement.





## Regular Agenda - Management Reports and Resolutions

**Item #29 [18238] –**

### **Management Report on Administrative Activities**

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## Regular Agenda - Management Reports and Resolutions

**Item #30 [18260] –**

**Update from Energy Division on Rates and Cost Tracking Tool**

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# Utility Cost & Rate Tracking Tool

## Q1 2020 Update

**Energy Division**  
**CPUC Business Meeting**  
**March 26, 2020**





# Purpose and Objectives

The Retail Rates Section of Energy Division is developing a quarterly **cost, rate, and bill tracking tool** that models comprehensive forecasted cost information from our large electric investor owned utilities (IOUs).

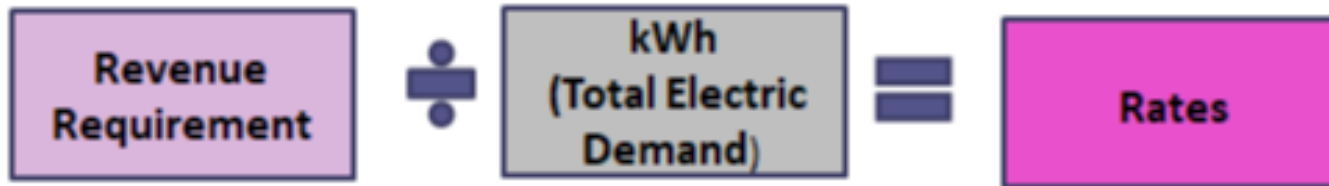
The purpose of this tool is to enable greater visibility into rate and bill impacts of individual and cumulative pending cost recovery applications for programs and policies.

- **Objective: To provide a user-friendly tool to Commissioners and CPUC staff in order to:**
  - Inform cost recovery decision-making
  - Support internal staff with projected rate and bill impacts resulting from a forecasted revenue requirement.





## Evolution of Calculating Rate and Bill Impacts



- Formula works for both **System Average Rates (SAR)** and individual class average rates such as **Residential Average Rates (RAR)**.
- For affordability assessments, the **bundled RAR** is of interest. This is the bundled portion of revenue requirement allocated to the residential class divided by bundled forecasted residential sales.
- **For Bills:** Staff would offer a snapshot of bill impacts by multiplying the estimated incremental rate by an average usage figure such as 500 kWh/month for residential usage for an average monthly bill impact.





# The Cost & Rate Tracking Tool: How We Got Here

## Prior to the Tracker Tool development, our analyses had some key limitations:

- The timing of the cost recovery (especially if multi-period).
- The cumulative effects of any other cost recovery during the cost recovery timeframe.
- The rate component through which the revenue requirement will be collected.

## Recent Developments:

- In April 2019, Cal Advocates presented an analysis called “Rates Trends 2009 – 2019” that called for “better tools to identify the trade-offs involved in approving new IOU spending across various proceedings.” (Affordability proceeding)
- Energy Division has worked with Cal Advocates and the IOUs to develop a user interface tab of Energy Division’s Cost and Rate Tracking Tool workbook, which allows for flexibility in selecting the projected rate and bill impacts of:
  - A single pending revenue requirement request, or
  - The cumulative effect of two or more pending revenue requirement requests.





# The Cost & Rate Tracking Tool - Components

The tool was developed in an Excel workbook and consists of **two main components**, updated on a quarterly basis:

- **Forecasted Revenue Requirement:** The IOUs forecast revenue requirements corresponding to cost recovery for periods beyond the reporting period of the tool, with best known information about amounts and cost recovery timelines as of the tool reporting quarter. This information is currently based on information in the cost recovery application.
- **Rate and Bill Calculator:** An embedded calculator performs the projected rate and bill calculations based on the forecasted revenue requirements.





# The Cost & Rate Tracking Tool: Forecasted Incremental Revenue Requirement Component

- **The IOU-forecasted incremental revenue requirement component** is broken out by operational requests (related to safety, affordability and reliability) and by public policy program requests, with separate sections for:
  - **Authorized** revenue requirement base amounts upon which to forecast.
  - **Pending** revenue requirement as projected in pending applications (only incremental portion is included in the forecast).
  - **Not-Yet-Filed** revenue requirements (not included in forecasts but included for informational purposes).
- Forecasted incremental revenue requirement is by rate component to reflect the proposed cost recovery mechanism in the IOU's cost recovery application.





## The Cost & Rate Tracking Tool – Rate and Bill Calculator Component

**The rate calculator** calculates average rates based on:

- Current rates using authorized revenue requirement (the “before” rate, using rates in effect)
- Proposed rates using authorized revenue requirement for a future reference year (the “before” rate for the reference year scenario)
- Proposed rates using authorized + **pending** revenue requirement for a future reference year (the “after” rate for the reference year scenario).

**The bill calculator** calculates average monthly bills based on:

- Climate Zone
- Service Territory ( i.e. all climate zones)
- Non-CARE or CARE status
- Non-CARE and CARE status (i.e. all customers).

The bill calculator component can also calculate proposed standard tiered baseline rates which is expected to help inform affordability assessments being developed in the Affordability OIR.





## Status of Tracker Tool Development and Assumptions

Energy Division has received tracking tool workbooks from SCE and PG&E and a partial submission from SDG&E with a reporting date of 12/31/19 (Q4-2019). SDG&E's tool has the forecasted revenue requirement component but does not yet have calculator functionality. The Q4-2019 tracking tools include the following assumptions:

- **Q4-2019 trackers use 2019 as current year and 2020 – 2023 as scenario reference years.**
  - Scenario rate impacts are based on sales forecasts in the most-recently filed applications (ERRA Forecast applications for SCE and PG&E).
  - **Sales forecasts are held constant for all scenario years. Energy Division will work with the IOUs to incorporate sales forecasts used for each year in the IOU's most-recently filed GRC application in future versions of the tracker tool.**
  - PG&E and SCE have tools that produce bill impacts using the standard tiered rate. **SDG&E's tool, when functional, should be designed around the default TOU standard rate.**
- **Note:** Bill impacts are currently based on 2018 Recorded Average Monthly Usage data this will change to 2019 recorded data when Q1-2020 data requests are issued on March 31.







## Example - Tracking Tool Inputs (SCE)

The following example is from the user-interface tab of the tool and shows for **SCE**:

- Reference year and climate zone inputs (yellow-highlighted area, by drop-down menu).
- User-selected pending public policy programs for cumulative rate and bill impact outputs.

### Inputs:

Rate Impact for Year (2020-2023)	2020
Baseline Region - (Residential bill)	9 warm

Pending Proceedings	Include in Impact (Y)	Applicable Year(s)
2021 GRC (With Attrition Years)		2021-2023
2020 ERRA Forecast		2020-2023
Grid Safety & Resiliency Program		2020
WEMA		2020-2021
CEMA		2021
Wheeler North Reef Expansion	y	2020
Charge Ready 2	y	2020-2023
Energy Efficiency	y	2020-2023





## Example - Tracking Tool Output (SCE)

The tool output shows:

- A projected rate impact of one-tenth of one cent
- A projected bill impact for all bundled residential customers of \$0.39/month.

Outputs:

	(A)	(B)	(C)	(D)	(D)/(A)	(D)/(B)	(D)/(C)
<b>Bundled Average Rates - ¢/kWh</b>							
Customer Group	1/1/2019	7/26/2019	2020 Authorized	2020 w/Pending	% Change over 1/1/2019	% Change over 7/26/2019	% Change over Authorized
Residential	18.0	18.3	<b>18.7</b>	<b>18.8</b>	4.5%	2.9%	0.4%
System	15.9	15.9	16.5	16.5	3.9%	3.9%	0.3%
<b>Bundled Residential Monthly Average Bills</b>							
	1/1/2019	7/26/2019	2020 Authorized	2020 w/Pending	% Change over 1/1/2019	% Change over 7/26/2019	% Change over Authorized
Non-CARE	\$ 122.88	\$ 124.74	\$ 128.55	\$ 129.00	5.0%	3.4%	0.3%
CARE	\$ 59.66	\$ 60.04	\$ 61.87	\$ 62.08	4.0%	3.4%	0.3%
Total	\$ 107.07	\$ 108.56	<b>\$ 111.88</b>	<b>\$ 112.27</b>	4.9%	3.4%	0.3%

This output represents rate and bill impacts based on all known authorized revenue requirements to be implemented in 2020 reference year **plus** projected incremental revenue requirements of the three selected pending public policy proceedings.





# Tracking Tool Development in 2020

**Modeling Development:** The two main development areas to be addressed in 2020 are:

- For reference year scenarios, work with the IOUs to incorporate sales forecasts used for each year in the IOU's most-recently filed GRC application (i.e. sales forecasts not yet approved).
- In determining their forecasted incremental revenue requirements, orient the IOUs toward using the most up-to-date information, which may be in a proposed settlement agreement or in a Proposed Decision, particularly for multi-year proceedings.
- The goal of these refinements is to foster IOU ownership of modeling data, which may not necessarily be based on "approved" sales forecasts and revenue requirements, in order to provide the Commission with the best available data at the time of implementation.

**Implementation Development:** Once the tool functionality is fully developed, likely by the Q3-2020 submission date, pilot the tool by working with Commissioner Advisors with respect to upcoming Commission agendas.





## How Decisionmakers Might Use This Tool

- Commissioners and Advisors can use the cost and rate tracking tool to calculate rate and bill impacts for strategic planning and/or to evaluate an application decision (or combination of decisions) on an agenda.
  - Facilitation of long term planning and prioritization of decisions that will impact ratepayers' bills.
- While being developed primarily for analysis of rate impacts at class level *e.g.* residential average rate (RAR), the tool is capable of producing rate design elements such as standard tiered rates.
  - Tier 1 baseline rates are used to determine **essential electric utility service** charges used as inputs for various affordability metrics under development as part of the **Affordability OIR (R.18-07-006)**.
  - The tool could be used to validate proposed Tier 1 baseline rates submitted by the IOUs in their applications; however, proposed Tier 1 baseline rates would need to be separately input into the affordability metrics calculator (database).





## And Finally, A Blast from the Past

Rate-setting has been an activity at the Commission for over one-hundred years. From D.19-10-055 (“D.19...” as in 1919):

*“In D.134, the Commission created new rate classes and rates that were ordered to “prevail until either by complaint of the patrons, application of the utility or in this Commission’s own initiative, the matter shall be investigated thoroughly and the proper rates determined, if... it is possible to determine what is a proper rate.”<sup>98</sup>*

FN 98 states “D.134 at 316. Also demonstrating that the question of a “proper” rate has always vexed the Commission.”





## Regular Agenda - Management Reports and Resolutions

**Item #30 [18260] –**

**Update from Energy Division on Rates and Cost Tracking Tool**

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# Commissioners' Reports





# **The CPUC Thanks You For Participating in Today's Meeting**

**The Public Meeting is adjourned.  
The next Public Meeting will be:**

**April 16, 2020 at 10:00 a.m.  
Remote**

