

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Michael Picker, President, California Public Utilities Commission
Ontario Smith, Senior Government Relations Representative, Pacific Gas and Electric Company
Barry Anderson, Vice President of Emergency Preparedness and Operations, Pacific Gas and Electric Company
Harlan Kelly, Jr., General Manager, Public Utilities Commission
Deborah Raphael, Director, Department of the Environment
Jason Fried, Executive Officer, Local Agency Formation Commission

FROM: Erica Major, Assistant Committee Clerk
Public Safety and Neighborhood Services Committee

DATE: December 8, 2015

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Public Safety and Neighborhood Services Committee has received the following proposed legislation, introduced by Supervisor Avalos on December 1, 2015:

File No. 151231

Resolution urging the California Public Utilities Commission ("CPUC") to reject the Pacific Gas and Electric Company's proposed increase to the Power Charge Indifference Adjustment ("PCIA") in Application 15-06-001 and support alternatives that will mitigate the impacts of proposed rate increases on Community Choice Aggregation ("CCA") customers and prospective CCA customers; and to express support for the CPUC's re-examination of how the PCIA is calculated and applied to CCA customers.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: erica.major@sfgov.org.

c: Mike Florio, California Public Utilities Commission
Catherine Sandoval, California Public Utilities Commission
Carla Peterman, California Public Utilities Commission
Liane Randolph, California Public Utilities Commission
Juliet Ellis, Public Utilities Commission

Donna Hood, Public Utilities Commission
Guillermo Rodriguez, Department of the Environment
Monica Fish, Department of the Environment
Mei Ling Hui, Department of the Environment

1 [Urging the California Public Utilities Commission to Re-Examine Fairness of Proposed
2 Increase to Power Charge Indifference Adjustment]

3 **Resolution urging the California Public Utilities Commission (“CPUC”) to reject the**
4 **Pacific Gas and Electric Company’s proposed increase to the Power Charge**
5 **Indifference Adjustment (“PCIA”) in Application 15-06-001 and support alternatives that**
6 **will mitigate the impacts of proposed rate increases on Community Choice**
7 **Aggregation (“CCA”) customers and prospective CCA customers; and to express**
8 **support for the CPUC’s re-examination of how the PCIA is calculated and applied to**
9 **CCA customers.**

10
11 WHEREAS, State law allows cities and counties to develop Community Choice
12 Aggregation (“CCA”) programs, through which local governments may choose to supply
13 electricity to serve the needs of participating customers within their jurisdictions while the
14 existing utility continues to provide services such as meter reading, customer billing,
15 maintenance, outage response and transmission and distribution; and

16 WHEREAS, For many years, the City has considered developing a CCA program to
17 allow San Francisco residents and businesses the option to receive cleaner, more sustainable
18 electricity at rates comparable to the incumbent utility, via Board of Supervisors Ordinance
19 Nos. 86-04, 147-07, 232-09, 45-10, 200-12 and 78-14; and Resolution Nos. 348-12, and
20 331-13; and

21 WHEREAS, The Public Utilities Commission (“SFPUC”) has developed a CCA program
22 called CleanPowerSF; and

23 WHEREAS, On May 12, 2015, in SFPUC Resolution No. 15-0112, on file with the Clerk
24 of the Supervisors in File No. 151123, the SFPUC approved initial not-to-exceed rates and a
25 rate-setting methodology for CleanPowerSF; and

1 WHEREAS, The SFPUC has taken subsequent steps necessary to launch
2 CleanPowerSF's first phase that would initially be 30 to 50 megawatts ("MW") in Spring 2016,
3 including contracting for electric supply and back office services; developing a customer
4 outreach program to ensure potential customers are informed of the program and their
5 participation options; and assessing the costs, risks, and opportunities of the program; and

6 WHEREAS, The program objectives are to (1) provide electricity and related services
7 at affordable and competitive rates while promoting long-term rate stability, energy security
8 and reliability for San Francisco; (2) reduce, and eventually eliminate, the greenhouse gas
9 emissions associated with the use of electricity in San Francisco; (3) support, to the greatest
10 extent possible and affordable, the development of new clean energy infrastructure and new
11 employment opportunities for San Franciscans; and (4) provide long-term rate and financial
12 stability to the CleanPowerSF program and its customers; and

13 WHEREAS, The California Public Utilities Commission ("CPUC") authorized the
14 investor-owned utilities to charge customers participating in CCA programs an "exit fee" called
15 the Power Charge Indifference Adjustment ("PCIA") which may be annually revised to take
16 account of the cost of IOU electric supply that exceeds a market benchmark; and

17 WHEREAS, In Application 15-06-001, Pacific Gas & Electric Company ("PG&E")
18 requested the PCIA be adjusted upward by approximately 95%, effective January 2016; and

19 WHEREAS, A 95% increase in the PCIA implemented all at once will impose a form of
20 rate shock to CCA customers, and confound the efforts of jurisdictions like San Francisco to
21 implement CCA; and

22 WHEREAS, The CPUC has a long-standing tradition and precedent of protecting
23 ratepayers from rate shock by taking steps to mitigate the impacts of proposed rate increases;
24 and

1 WHEREAS, Parties to the proceeding have submitted argument on the CPUC record
2 describing alternative methods for collecting the PCIA without imposing the rate shock
3 inherent in PG&E’s proposal; now, therefore, be it

4 RESOLVED, That the San Francisco Board of Supervisors urges the CPUC to reject
5 PG&E’s proposed increase to the PCIA; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors urges the CPUC to adopt an
7 alternative that will mitigate the impacts of the proposed rate increases on CCA customers
8 and prospective CCA customers; and, be it

9 FURTHER RESOLVED, That San Francisco supports the CPUC’s reexamination of
10 how the PCIA is calculated and applied to CCA customers.