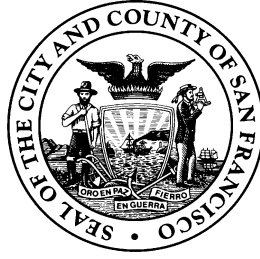


BOARD of SUPERVISORS



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

PUBLIC SAFETY AND NEIGHBORHOOD SERVICES COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Eric Mar, Chair
Public Safety and Neighborhood Services Committee

FROM: Erica Major, Assistant Committee Clerk

DATE: December 15, 2015

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, December 15, 2015

The following file should be presented as a COMMITTEE REPORT at the Board meeting, Tuesday, December 15, 2015. This item was acted upon at the Special Joint Meeting of the Public Safety and Neighborhood Service Committee and Local Agency Formation Commission on Friday, December 11, 2015, at 1:15 p.m., by the votes indicated.

Item No. 49 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.

AMENDED, AMENDMENT OF THE WHOLE BEARING SAME TITLE

Vote: Supervisor Eric Mar - Aye
Supervisor David Campos - Aye
Supervisor Aaron Peskin - Excused

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Eric Mar - Aye
Supervisor David Campos - Aye
Supervisor Aaron Peskin - Excused

Cc: Board of Supervisors
Angela Calvillo, Clerk of the Board
Rick Caldeira, Legislative Deputy
Jon Givner, Deputy City Attorney

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

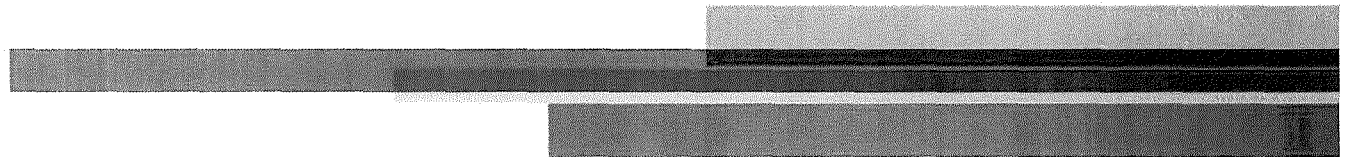
9 FURTHER RESOLVED, That San Francisco supports the CPUC's reexamination of
10 how the PCIA is calculated and applied to CCA customers; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board
12 to transmit copies of this resolution to the CPUC and San Francisco's representatives in the
13 State Legislature.



PGE&S Proposed 2016 PCIA Rate Hike
Impacts and Remedies

San Francisco Local Area Formation Commission
December 11, 2015



1. Unprecedented Increase

- Nearly 100% PCIA increase proposed in PG&E service territory
- Estimated at \$2.3 cents/Kwh in 2016
- A potential \$8.4M hit to CleanPower SF (phase 1 only)
- \$40 M hit for Peninsula Clean Energy (phase 1 only)
- Especially hard on CARE customers
- Reduces ability to implement local energy programs through CCA
- Reduces ability to provide stable rates for customers; creates uncertainty
- The effect is anti-competitive, contrary to state policy

2. PCIA Calculations are in a “Black Box”

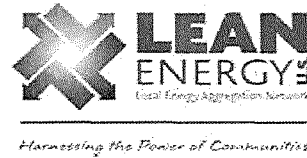
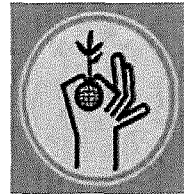
- Contracts and costs included in annual vintaging calculations are complex and unknown; some cost/contract information is not available to parties
- Inadequate transparency and verification/validation by CPUC undermines credibility of results

The Remedies



1. Propose an alternate decision; defer decision to January
2. Increase transparency and credibility by conducting a 3rd party audit of the calculations and assumptions underlying them
3. Consider a balancing/smoothing account to mitigate intense spikes; propose an annual PCIA cap and offer ability to amortize PCIA payments over time
4. Open a proceeding at the CPUC to address these and other issues related to the future of PCIA, including vintaging methodology and time horizon for PCIA charges once CCAs are launched

Please Join Us



**Please join us for a Press Conference co-sponsored by LEAN Energy,
SF-PUC, Sierra Club, and Communities for a Better Environment:**

**Thursday, December 17th, 8:30 -9:15 am on the CPUC Steps
505 Van Ness Avenue, San Francisco**

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

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Tuesday, December 08, 2015 4:59 PM
To: 'mp6@cpuc.ca.gov'; 'public.advisor@cpuc.ca.gov'; 'ods1@pge.com'; Kelly, Jr, Harlan (PUC); Raphael, Deborah (ENV); Fried, Jason (BOS)
Cc: Ellis, Juliet (PUC); Hood, Donna (PUC); Rodriguez, Guillermo (ENV); Fish, Monica (ENV); Hui, Mei Ling (ENV)
Subject: RE: REFERRAL FYI (151230) - Urging the California Public Utilities Commission to Reject the Pacific Gas and Electric Company's Proposed Increases to Net Energy Metering Fees
Attachments: 151231 - FYI.pdf

Correction this referral is for Board File No. 151231, titled "Urging the California Public Utilities Commission to Re-Examine Fairness of Proposed Increase to Power Charge Indifference Adjustment" see attached.

Erica Major

Assistant Committee Clerk


Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244

San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

Erica.Major@sfgov.org | www.sfbos.org

 Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form.

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Major, Erica (BOS)

Sent: Tuesday, December 08, 2015 4:58 PM

To: 'mp6@cpuc.ca.gov' <mp6@cpuc.ca.gov>; 'public.advisor@cpuc.ca.gov' <public.advisor@cpuc.ca.gov>; 'ods1@pge.com' <ods1@pge.com>; Kelly, Jr, Harlan (PUC) <hkelly@sfgov.org>; Raphael, Deborah (ENV) <deborah.raphael@sfgov.org>; Fried, Jason (BOS) <jason.fried@sfgov.org>

Cc: Ellis, Juliet (PUC) <jellis@sfgov.org>; Hood, Donna (PUC) <dhood@sfgov.org>; Rodriguez, Guillermo (ENV) <guillermo.rodriguez@sfgov.org>; Fish, Monica (ENV) <monica.fish@sfgov.org>; Hui, Mei Ling (ENV) <meiling.hui@sfgov.org>

Subject: REFERRAL FYI (151230) - Urging the California Public Utilities Commission to Reject the Pacific Gas and Electric Company's Proposed Increases to Net Energy Metering Fees

Greetings:

This matter is being forwarded to your department for informational purposes. If you have any 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.

Thank you.

Erica Major

Member, Board of Supervisors
District 1
市參議員、第一區



City and County of San Francisco

ERIC MAR
馬兆光

RECEIVED
BOARD OF SUPERVISORS
STREET VALLEY
2015 DEC -4 PM 2:51
AK

DATE: December 4, 2015

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Eric Mar
Chairperson

RE: Public Safety and Neighborhood Services Committee
COMMITTEE REPORTS

A handwritten signature in black ink that reads "ERIC MAR".

APPROVED DEC 04 P.M.
2015

Pursuant to Board Rule 4.20, as Chair of the Public Safety and Neighborhood Services Committee, I have deemed the following matters are of an urgent nature and request they be considered by the full Board on December 15, 2015, as a Committee Report:

151230 Urging the California Public Utilities Commission to Reject the Pacific Gas and Electric Company's Proposed Increases to Net Energy Metering Fees

Resolution urging the California Public Utilities Commission to reject the Pacific Gas and Electric Company's proposed increased fees to net energy metering program, and support alternatives that will minimize fees and ensure that customers receive a fair price for excess electricity they export to utilities.

151231 Urging the California Public Utilities Commission to Re-Examine Fairness of Proposed Increase to Power Charge Indifference Adjustment

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.

These matters will be heard at the Special Joint Meeting of the Public Safety and Neighborhood Services Committee on December 11, 2015, at 1:30 p.m.

NOTICE PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO CHANGE RATES FOR ELECTRICITY PRODUCTION IN 2016 AND THE RETURN OF REVENUES FROM THE SALE OF GREENHOUSE GAS ALLOWANCES (A.15-06-001)

Summary

On June 1, 2015, Pacific Gas and Electric (PG&E) Company filed an application with the California Public Utilities Commission (CPUC) requesting approval for the forecasted funding required in 2016 to obtain electricity on behalf of its customers. In addition, PG&E also requests approval of forecasted revenues from the sale of emissions allowances associated with California's Greenhouse Gas (GHG) reduction program. This application is referred to as the 2016 Energy Resource Recovery Account and Generation Non-bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (Application 15-06-001). If approved, this application will change electrical rates and customers' electric bills effective January 2016. PG&E's application primarily includes requests for approval of:

1. The forecasted recovery of \$4.77 billion in electricity costs. These costs are associated with the fuel needed to produce electricity as well as the costs of buying electricity from third parties, such as renewable energy producers
2. The forecast spending of \$0.8 million for administrative and outreach expenses associated with California's GHG reduction program
3. The return of \$311 million to eligible customers from the sale of emissions allowances

The use of all funds collected and the exact amounts of returned revenues from the GHG program may change and are subject to CPUC regulatory approval.

About the filing

The CPUC regulates and oversees all requests for any rate changes. PG&E would not profit from any of the requests in this application. The cost of energy is passed directly to PG&E's customers without any markup. If the CPUC approves the application, PG&E will begin to recover its costs in electric rates, effective January 1, 2016. At the same time, PG&E will apply eligible GHG allowance revenue to rates because PG&E is required to pass the revenue received from the sale of allowances on to its customers. This is done through rates and with California Climate Credits. The revenue will be returned to PG&E's residential, small business customers and some industrial customers, based on legislative and CPUC determined methods. The GHG allowance revenue bill credits reduce the electric rate impacts of the GHG costs. At the end of 2016, to ensure all funds are used on the customers' behalf, PG&E will compare the actual costs to produce and purchase energy against revenues collected from customers and will incorporate any differences in next year's application.

How will PG&E's application affect me?

PG&E's request would result in a rate decrease for most customers. Altogether, PG&E proposes to reduce revenues collected from bundled service customers, those who receive electrical production, as well as transmission and distribution service from PG&E, by \$322 million.

A table presenting a more illustrative description of the impact of this application was included in a bill insert announcing this filing that was sent directly to customers in the June 2015 billing cycle.

PG&E estimates that a typical residential customer using 500 kWh per month would see no change in the average bill of \$89.30. Individual customers' bill will differ. Eligible residential customers will receive a California Climate Credit twice a year in April and October on their electricity bills of approximately \$20.94.

How will PG&E's application affect non-bundled customers?

Direct Access (DA) and Community Choice Aggregation (CCA) customers only receive electric transmission and distribution service from PG&E. Since PG&E does not obtain energy for these customers, PG&E's application addresses the cost responsibility of DA customers and CCA customers that purchase electricity from another provider but transport it through PG&E's electrical system. Eligible DA and CCA customers will receive GHG revenues. The net impact of PG&E's application on DA and CCA customers is \$63 million, or an average increase of 6.9 percent.

Another category of non-bundled customers is Departing Load (DL) customers. These customers do not receive electric generation, transmission or distribution services from PG&E for their departing load. However, like DA and CCA customers, they are required to pay certain non-bypassable charges as required by law or Commission decision. The net impact on DL customers is -\$0.4 million, or an average decrease of 1.4 percent.

How do I find out more about PG&E's proposals?

If you have questions about PG&E's application, please contact PG&E at 1-800-743-5000. For TDD/TTY (speech-hearing impaired), call 1-800-652-4712. Para más detalles llame al 1-800-660-6789 • 詳情請致電 1-800-893-9555.

If you would like a copy of PG&E's filing and exhibits, please write to PG&E at the address below:

Pacific Gas and Electric Company
2016 ERRR & GHG
P.O. Box 7442
San Francisco, CA 94120

A copy of PG&E's filing and exhibits are also available for review at the CPUC, 505 Van Ness Avenue, San Francisco, CA 94102, Monday-Friday, 8 a.m.-noon. PG&E's application (without exhibits) is available on the CPUC's website at www.cpuc.ca.gov/puc.

CPUC process

This application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents, necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are parties of record can participate.

After considering all proposals and evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision which may adopt PG&E's proposal, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

As a party of record, the Office of Ratepayer Advocates (ORA) will review this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering.

Other parties of record will also participate in the CPUC's proceeding to consider this application. For more information about ORA, please call 1-415-703-1584, email ora@cpuc.ca.gov or visit ORA's website at <http://ora.ca.gov/default.aspx>.

Stay informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribe.puc.ca.gov/>. If you would like to learn how you can participate in the proceeding, or if you have informal comments about the application, or questions about the CPUC processes, you may access the CPUC's Public Advisor Office (PAO) webpage at www.cpuc.ca.gov/puc and click on "Public Advisor" from the CPUC Information Menu. You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov
Mail: Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102
Call: 1-866-849-8390 (toll-free) or 1-415-703-2074
TTY 1-866-836-7825 (toll-free) or 1-415-703-5282

If you are writing or emailing the Public Advisor's Office, please include the proceeding number (ERRR & GHG, A.15-06-001). All comments will be circulated to the Commissioners, the assigned Judge and appropriate CPUC staff, and will become public record.

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisors Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Tang, Wiener, Yee

Subject:

Resolution Urging California Public Utilities to Re-Examine Fairness of Proposed Increase to Power Charge Indifference Adjustment

The text is listed below or attached:

[Empty box for text listing]

Signature of Sponsoring Supervisor:

For Clerk's Use Only: