California Public Utilities Commission

Report to the Legislature

Issues and Progress on the Implementation of Community Choice Aggregation

First Quarterly Report
Submitted January 31, 2011

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Executive Summary

The Public Utilities Commission prepared and submits this report to the Legislature in compliance with supplemental report language (SRL) from the 2010-11 Budget Act, that directs the PUC to report on its activities related to Community Choice Aggregation (CCA).

The report's findings address three required topics, as follows:

1. First, as required, this report describes the rules and process established by the Commission to enable prospective and existing CCAs to obtain timely utility compliance with the statutory requirements surrounding the Legislatively-established CCA program.
2. Second, this report provides information regarding the utilities' activities and expenditures made to facilitate, or oppose, community choice aggregation.
3. Third, this report provides a detailed description of the actions taken by the Commission to ensure proper implementation of the customer "opt out" requirements established in the CCA law, as well as actions taken by the Commission to ensure full compliance by the utilities.

Most of the activities described in this report relate to the formation and launch of the first operational CCA in California: Marin Clean Energy (MCE) in parts of Marin County. MCE is administered by the Marin Energy Authority (MEA), a joint powers authority formed for this purpose by a number of communities in Marin County. Thus, the majority of utility activity described in this report is that of Pacific Gas and Electric (PG&E), the distribution utility serving Marin County.

As the Legislature is no doubt aware, the formation and launch of Marin Clean Energy, and PG&E's activities surrounding these activities, engendered a great deal of controversy and frustration. Before, during, and since the launch of Marin Clean Energy, CPUC staff have been engaged in mediating disputes, as well as modifying implementation rules, to create a level playing field and allow the potential for a fair and informed choice by Marin County customers.

To date, at best, these efforts are incomplete and still in progress. CPUC staff continue to mediate disputes and work toward fair resolution of remaining and ongoing issues between PG&E and Marin. As required in the 2010-2011 Budget Act, we will continue to report to the Legislature on progress on these issues. As we work through these issues, we also suggest that some structural changes should be evaluated for smoother functioning of this program in the future to minimize or eliminate the potential for further customer confusion or possible anti-competitive behavior by utilities as future CCA efforts emerge.

Finally, the CPUC staff believe that the obligation to prepare this report has created value for the CCA implementation process, by ensuring that PG&E responds to CCA requests in a timely manner, and by providing a means of "sunshining" the activities and expenditures made by PG&E, Southern California Edison, and San Diego Gas and Electric Company. We hope that the remaining three quarterly reports, as they are submitted over the remainder of 2011, will provide the assurance sought by the Legislature that its intent in creating Community Choice Aggregation by passing AB 117 is being fully honored and followed by the utilities, the CCAs, and the CPUC.

Introduction

The Public Utilities Commission prepared and submits this report to the legislature in compliance with 2010-2011 Budget Act supplemental report language (SRL) that directs the PUC to report as follows:

> *On or before January 31, 2011, and quarterly thereafter, the California Public Utilities Commission shall submit to the relevant fiscal and policy committees of each house of the Legislature, a report on its activities related to Community Choice Aggregation. The report shall include detailed information on the formal procedures established by the Commission in order to monitor and ensure compliance by electrical corporations with Chapter 838, Statutes of 2002.* (the entire SRL language is provided in Attachment 1)

The SRL requires information covering three broad areas:

a. A detailed description of the commission's process for enabling communities interested in becoming community choice aggregators, communities currently in the process of becoming community choice aggregators, and existing community choice aggregators to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2, which, among other things, requires the utility to "cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs."

b. A detailed description of information obtained by the commission from the electrical corporations in order to monitor the electrical corporations' activities and expenditures made to facilitate, or oppose, community choice aggregation.

c. A detailed description of the actions taken by the commission to ensure customer "opt out" requirements established pursuant to the Public Utilities Code Section 366.2 are properly implemented and to ensure full compliance by an incumbent electrical corporation.

In order to comply with the requirements listed above, the CPUC staff took the following actions to establish processes and obtain information from the investor-owned utilities (IOUs or utilities) that interact with prospective or existing CCAs:

1. established a standardized process to enable prospective and existing CCAs to obtain timely utility compliance (pursuant to part (a) of the SRL);
2. obtained information about the IOU's activities and expenditures made to facilitate, or oppose, community choice aggregation (pursuant to part (b) of the SRL);
3. compiled data summarizing all opt-out activity with respect to CCAs that have commenced operation (pursuant to part (c) of the SRL).

This report is the first of four quarterly reports required by the SRL.[1] After providing some background, the following three sections of this report correspond to the three required reporting items, and provide the results of the formal procedures established by the Commission in order to monitor and ensure compliance by electrical corporations with Chapter 838, Statutes of 2002.

[1] The remaining reports will be provided by April 30, July 31, and October 31, 2011.

Background

This section of the report provides brief background on the CCA statute and the actions taken by the Commission to implement the law.

AB 117 was passed by the legislature and signed by the Governor in August and September 2002, respectively. At the time, the legislation was either supported or not opposed by all investor-owned utilities under the regulatory authority of the CPUC.

AB 117 added several sections to the Public Utilities Code requiring the Commission to take certain actions. After spending first half of 2003 taking informal, short-term actions to support CCAs, the Commission opened a formal Rulemaking in October, 2003 to complete the actions necessary to implement the law.

The Commission issued major implementing decisions in 2003, 2004 and 2005, following several informal public workshops that supported its Rulemaking activity. The Commission believed by the end of 2005 that its efforts to implement AB 117 were essentially complete.

In 2006 and 2007, the San Joaquin Valley Power Authority (SJVPA) began efforts to implement a CCA program. During the course of those efforts, in June 2007, SJVPA filed a formal Complaint with the Commission, alleging that PG&E was acting in violation of Decision 05-12-041 in its efforts to address the formation of a CCA by SJVPA. That complaint was eventually the subject of a settlement between SJVPA and PG&E, which was adopted by the Commission in June 2008.

The Complaint proceeding was the first indication that the Commission had that PG&E intended to oppose the formation of CCAs in an organized manner and that PG&E had formally changed its corporate stance with respect to Community Choice Aggregation. As mentioned above, when the CCA law was passed, PG&E did not oppose it. However, by the time period of April or May 2007, public statements by PG&E indicated its intent to view CCAs as competitors and actively campaign against them.[2] However, after adoption of the settlement agreement between SJVPA and PG&E, Commission staff concluded from the outcome of the complaint proceeding that PG&E's efforts to oppose CCA would be conducted in an above-board manner, and would be conducted at shareholder expense.

As to the efforts of SJVPA to form a CCA, the Commission certified its CCA implementation plan in April, 2007. In June, 2009 SJVPA announced the temporary suspension of its CCA program activities. Along with the tight credit market, the volatility in energy prices and the uncertainty with California's energy

[2] See Commission Decision 08-06-016 June 12, 2008, page 4 citing Settlement Agreement in Attachment A, Article 3 and Section 4.1, http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/84216.htm

regulations, SJVPA cited strong opposition from PG&E as one of the factors leading to its decision to suspend the program.[3]

Another issue emerged in March, 2009, when SJVPA raised a concern with CPUC staff regarding PG&E efforts to convince customers in the SJVPA area to "opt out" of CCA service, even though SJVPA had neither notified these customers that CCA service was beginning, nor offered them the terms and conditions of that service. Although there was no formal tariff or other rule prohibiting this activity, these activities appeared to Commission staff to be contrary to the spirit of AB117, which requires CCA notification of terms of service prior to processing opt out requests from individual consumers. PG&E declined to implement some, but not all, informal Commission staff requests to halt or amend this activity, arguing, correctly, that there was nothing in the existing tariffs that prohibited their activity.

In order to clarify the opt-out rules, CPUC staff prepared a Resolution for the Commission's consideration and approval. However, due to the complexity and controversial nature of the topic, a total of 13 months passed between the time the issue was first raised by SJVPA in March 2009 and the adoption of Resolution E-4250 by the Commission in April, 2010. Concerns with interpretation of opt-out rules continue, as detailed further below.[4]

Consideration of this resolution coincided with the efforts of MEA to commence operations of a CCA program for parts of Marin County. Beginning in late 2009, Commission staff held numerous meetings with MEA and PG&E to try to resolve implementation issues to allow MEA to commence CCA service by May of 2010.

This was also the period in which PG&E was conducting its public relations campaign in support of Proposition 16, which was on the statewide ballot in June 2010 and would have required a 2/3 vote of the residents of each community prior to forming a CCA. Consequently, the convergence of these activities made for a great deal of controversy and acrimony between PG&E and MEA, as well as other communities exploring CCA formation including the City and County of San Francisco (CCSF).

During this period, to help clarify the requirements of AB 117 and the implementation rules developed by the CPUC, and at the request mainly of MEA, Commission staff began attending community events in Marin County where the CCA program was being discussed.

In March and April, 2010, in an effort to mediate ongoing disputes between MEA and PG&E, CPUC senior staff, including the Executive Director and General Counsel, initiated several informal negotiating sessions designed to reach resolution on the servicing agreement required to be signed by PG&E and MEA prior to commencement of CCA service. These sessions resulted in successful

[3] "PG&E's marketing and lobbying efforts continue unabated, creating obstacles and demands upon our limited resources." July 1, 2009 letter from SJVPA General Manager David Orth to CPUC Executive Director Paul Clanon.

[4] Marin County has raised a related "opt-out" issue, item 1.10 below, where PG&E is questioning the interpretation in Resolution E-4250 regarding treatment of new or relocating customers.

resolution of those disputes and a servicing agreement was signed on February 16, 2010. Marin Clean Energy began serving customers on May 7, 2010. However, a number of ongoing implementation issues remain between PG&E and MEA.

Finally, in May 2010, the Commission issued Decision 10-05-050, in response to a petition for modification to one of the original Commission implementation decisions for AB 117 by CCSF. This decision mainly clarified the permissible extent of utility marketing with regard to Community Choice Aggregation programs. The Decision also allowed CCAs to manage their customer opt-out processes and clarified the Commission's authority regarding IOU violations of Commission policy.

The remainder of this report provides additional detail regarding this brief history, the actions taken in response by the Commission, and its ongoing efforts to implement the CCA law.

Report Section (a): "Timely IOU compliance"

Part (a) of the Budget Act Supplemental Report Language requires detailed information on the following:

> ***"A detailed description of the commission's process for enabling communities interested in becoming community choice aggregators, communities currently in the process of becoming community choice aggregators, and existing community choice aggregators to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2, which requires the utility to "cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs."***
>
> ***The description shall include the process provided by the commission to allow prospective or existing community choice aggregators to identify specific matters on which the utility is not considered to be cooperating fully. For each identified matter, the prospective or existing community choice aggregator shall detail in writing the issue, the lack of full cooperation, and the personnel at the utility with whom the community choice aggregator is working. The utility shall be required to respond in writing by providing a specific solution to the matter raised by the prospective or existing community choice aggregator, including a date-specific timeline for accomplishing the solution, and the names of personnel responsible for providing the solution.***
>
> ***The commission's report to the Legislature shall provide a detailed summary of each matter identified and initiated by the community choice aggregator, and a detailed verification of the utility's actions taken to address and resolve these issues, including verification of the satisfaction of the community choice aggregator. The report shall also itemize any matters that have been improperly raised by the community choice aggregator using this process."***

As described in the Background section above, the early efforts of Commission staff to implement the CCA law and to facilitate the formation of CCAs in California relied heavily on informal collaborative efforts, and were premised on the assumption that the utilities would cooperate fully in any such activities initiated by Commission staff. The expectation that utilities would do so is reflected in Commission decisions on CCA implementation and reflects the fact that the IOUs either supported or did not oppose the CCA law when originally passed.[5]

Unfortunately, informal and collaborative approaches are less effective, as has been the case between PG&E and SJVPA or MEA, when the issues at hand involve directly competing interests or behaviors. What became clear, over the course of the past several years, was that PG&E, as an institution, took the position of viewing the CCAs as competitors, rather than partners with customers in common. This approach was not

[5] See, e.g., D.05-12-041, page 18.

contemplated in the law or in the PUC decisions originally implementing the law. Thus, when issues arose, there was no clear framework within which to view the activities of the utilities or the CCAs.

It is likely that the Commission will need to consider additional rule changes to handle issues that continue to arise with the implementation of CCAs, both in Marin and in other jurisdictions that choose to pursue CCA programs. The CPUC staff will continue to monitor this situation and report back to the Legislature, as appropriate, with recommendations for any statutory changes that may be required or advisable, as the state gains more experience with CCA implementation.

Specifically regarding the contents of this section of the report, part (a) of the SRL requires:

> *"A detailed description of the commission's process for enabling communities interested in becoming community choice aggregators, communities currently in the process of becoming community choice aggregators, and existing community choice aggregators to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2, which requires the utility to 'cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs.'"*

To comply with this section of the SRL, the CPUC staff developed a three-step process and met with PG&E and MCE (as the only currently operating CCA) and obtained their agreement to follow the process. Briefly, the process is structured as follows:

Step 1 The CCA is required to submit a form that identifies each specific matter on which the utility is not considered to be cooperating fully with the CCA.

Step 2 The utility is required to respond to each issue identified by the CCA, providing a solution and a timeline for implementing that solution.

Step 3 The Commission staff verifies that the solution is acceptable to the CCA..

Beginning December 10, 2010 MCE submitted a total of 13 outstanding issues as part of this process. PG&E responded to each of the 13, and CPUC staff have reviewed those responses, and discussed with MCE whether the solutions proposed by PG&E are adequate. The table below lists the issues, and the details of that record are provided in Attachment 2.

Issue #	**Subject**
1.0	Phone banking impacts verification
1.1	No differentiation between generation & non-generation charges on bill
1.2	Bundled rate factors showing up on MCE bills
1.3	Need for third-party viewing of customer bills

1.4	PG&E call center providing mis-information to customers
1.5	CARE data not being provided to MCE
1.6	Balanced Payment Plan customers being double billed for generation
1.7	"Return to Bundled Service" form directs customer to PG&E for opt out
1.8	PG&E not providing usage to MCE
1.9	Net energy metering: bill presentment
1.10	New customers being opted out by PG&E
1.11	Invoice cancellation transaction support
1.12	Conservation Incentive Adjustment

In reviewing these issues as raised by Marin, and in reviewing PG&E's responses, it is important to note here that one basic challenge of the CCA implementation process is that the new market entrant, the CCA, must depend on the well-established market participant, in this case a monopoly utility, to act in good faith to facilitate its commencement of service. This is clearly contemplated by AB 117 and has been the focus of the CPUC. In addition, it also appears that some structural changes may be worth considering to allow for the smoother functioning of this program, such as enabling the CCAs to undertake their own billing for their service instead of the utility being the only entity to bill.

Please refer to Attachment 2 for a complete discussion of each issue.

Report Section (b): "IOU activities and expenditures"

Part (b) of the SRL requires detailed information on the following:

> ***"A detailed description of information obtained by the commission from the electrical corporations in order to monitor the electrical corporations' activities and expenditures made to facilitate, or oppose, community choice aggregation. The information shall include an itemization of all activities undertaken by an electrical corporation, as identified by the commission or by a community pursuing community choice aggregation, the costs of those activities, and whether the costs were paid by ratepayers or shareholders of the electrical corporation. For each activity, the commission shall provide a detailed explanation as to whether the activity or expenditure is legally permissible, and, if not, of the actions taken by the commission in response."***

In order to comply with this part of the SRL requirement, CPUC staff collected information from each utility regarding its expenditures to either facilitate, or oppose, community choice aggregation.

In general, if the Commission orders a utility to undertake activity to implement a law or a program, and that activity creates new, incremental costs for the utility, that utility is allowed to seek funding for this activity by requesting an increase in its revenue requirement, which is subsequently collected in rates from all ratepayers. Such funding requests are processed in each utility's General Rate Case.

On the other hand, if a utility undertakes activities that are not required by normal operations, the Commission requires that utility shareholders pay these costs.

This distinction is summarized in PG&E's publication entitled "***Below The Line Accounting Procedures"***:

> In general, expenses attributable to normal utility operations are "above the line" (ATL) and recoverable in rates. The California Public Utilities Commission requires that certain other costs be borne solely by shareholders, not customers, and therefore those costs are classified "below the line." (The terms "above the line" and "below the line" refer to whether an income or expense item appears above or below the operating income line on a utility's regulatory income statement.) Examples of below-the-line activities/expenses include:
>
> Political activities and contributions
> Charitable contributions
> Brand image advertising
>
> Source: PG&E "***Below The Line Accounting Procedure",*** Updated: 10/16/2007
> Obtained by CPUC Energy Division, November 2009

With the above distinction in mind, the CPUC staff sought information from each utility that summarized both its CCA-related GRC-approved expenses (a proxy for expenditures to facilitate Community Choice Aggregation) and its "below the line" expenditures funded by shareholders related to the CCA program. This information has

been obtained by means of a standardized "data request" issued to each utility by CPUC staff.

For SCE and SDG&E, that information will be provided in the second installment of this report, due to the Legislature April 30, 2011.

PG&E

PG&E Expenditures to Facilitate Community Choice Aggregation

PG&E's reported "above the line" expenses funded by ratepayers are provided in the Table below. As the Table shows in the "Unclassified" column, a substantial part of these expenses are not attributable to a specific CCA but rather apply to CCA activities in general.

SF, Marin & SJVPA Above the Line Spending: 2007 to Nov 2010

	SJVPA	San Francisco	Marin County	Unclassified	Totals
2007 Labor and Labor Related	$30,334	$ 4,776	$1,679	$125,422	$162,211
2007 Materials and Contracts	$ -	$ -	$ -	$ -	$ -
Subtotal	**$30,334**	**$ 4,776**	**$1,679**	**$125,422**	**$162,211**
2008 Labor and Labor Related	$2,484	$ 1,300	$2,111	$184,833	$190,727
2008 Materials and Contracts	$ -	$ -	$ -	$96	$ 96
Subtotal	**$2,484**	**$1,300**	**$2,111**	**$184,929**	**$190,823**
2009 Labor and Labor Related	$3,642	$ 273	$ 407	$203,647	$207,969
2009 Materials and Contracts	$ -	$ -	$ -	$149,149	$149,149
Subtotal	**$3,642**	**$273**	**$407**	**$352,796**	**$357,118**
2010 Labor and Labor Related	$1,190	$ 26,037	$ 39,315	$5,757,535	$5,824,076
2010 Materials and Contracts	$ -	$ -	$ -	$221,656	$221,656
Subtotal	**$1,190**	**$ 26,037**	**$ 39,315**	**$5,979,191**	**$6,045,733**
Grand Totals	**$37,650**	**$ 32,386**	**$ 43,511**	**$6,642,338**	**$6,755,885**

San Joaquin Valley Power Authority

PG&E Shareholder Expenditures to Oppose Community Choice Aggregation

As part of the settlement of the complaint case, PG&E agreed to provide information to SJVPA regarding its shareholder spending. CPUC staff obtained this information for the period covering February 2007 through Nov 2010. From the information provided by PG&E, we see that PG&E shareholders funded approximately 13,360 hours of

PG&E staff time on CCA related activities over a period of two years from May 2007 to June 2009. Approximately, these hours were spent by 140 separate individuals at PG&E. These shareholder funds were spent by PG&E as part of its anti-CCA campaign. We note that these activities continued to be funded by shareholders with respect to SJVPA, even after the settlement was reached in August 2007. As the Table below shows from February 2007-Novemebr 2010, PG&E shareholders spent approximately $4 million on CCA-related activities for SJVPA.

San Joaquin Valley Power Authority (SJVPA) Below the Line Spending:
Feb 2007 - Nov 2010

Feb 2007 - Dec 2007	
Labor and Labor Related	$ 837,235
Materials and Contracts	$ 35,808
Subtotal	$ **873,043**
Jan 2008 - December 2008	
Labor and Labor Related	$ 515,668
Materials and Contracts	$ 983,178
Subtotal	$ **1,498,846**
January 2009	
Labor and Labor Related	$ (21,903)
Materials and Contracts	-
Subtotal	$ **(21,903)**
Feb 2009 - Dec 2009:	
Labor and Labor Related	$ 380,421
Materials and Contracts	$ 35,808
Subtotal	$ **416,229**
Jan 2010 - Nov 2010:	
Labor and Labor Related	$ 5,049
Materials and Contracts	$ 7
Subtotal	$ **5,055**
Unclassified – BTL	
Labor and Labor Related	$ 507,779
Materials and Contracts	$ 669,169
Subtotal	$ **1,176,948**
TOTALS	
Labor and Labor Related	$ **2,224,249**
Materials and Contracts	$ **1,723,969**
Grand Total	$ **3,948,218**

Marin Clean Energy

Shareholder Expenditures to Oppose Community Choice Aggregation

Once it became clear that PG&E was conducting extensive activity in Marin County to oppose the formation of a CCA, CPUC staff requested the same information for PG&E's Marin activities as it had obtained for PG&E's SJVPA activities.

That information is provided in the table below:

MARIN COUNTY "BELOW THE LINE" CCA EXPENSES					
FOR THE PERIOD: JANUARY 1, 2007 THROUGH JUNE 30, 2010					
	2007	**2008**	**2009**	**January 1, 2010 Through June 30, 2010**	**Totals**
Labor and Labor Related	$ 97,573	$ 487,422	$ 251,399	$ 469,739	**$1,306,133**
Materials and Contracts	$ 25,900	$ 325,095	$ 496,088	$ 1,955,619	**$2,802,702**
Totals	**$ 123,473**	**$ 812,517**	**$ 747,487**	**$ 2,425,359**	**$4,108,836**

A separate, but related, category of expenditure by PG&E in 2010 was the company's creation and support for Proposition 16, a ballot measure that would have made it much more difficult for CCAs to form, had it been approved by voters. The measure was defeated in the June 2010 election. This report takes no position on the ballot measure itself, simply noting that PG&E reports spending $46 million on Proposition 16.

City and County of San Francisco

Shareholder Expenditures to Oppose Community Choice Aggregation

Again with respect to CCSF, once it became clear that PG&E was conducting extensive activity in San Francisco to oppose the formation of a CCA, CPUC staff requested the same information for PG&E's San Francisco activities as it had obtained for PG&E's SJVPA activities.

That information is provided in the table below:

SAN FRANCISCO "BELOW THE LINE" CCA EXPENSES					
FOR THE PERIOD: JANUARY 1, 2007 THROUGH APRIL 30, 2010					
	2007	**2008**	**2009**	**January 1, 2010 Through June 30, 2010**	**Totals**
Labor and Labor Related	$187,326	$37,145	$66,960	$ 119,118	**$410,549**
Materials and Contracts	$194,078	$57,840	$19,079	$ 879,645	**$1,150,642**
Totals	**$381,404**	**$94,984**	**$86,038**	**$ 998,764**	**$1,561,190**

"For each activity, the commission shall provide a detailed explanation as to whether the activity or expenditure is legally permissible, and, if not, of the actions taken by the commission in response."

Expenditures approved as part of General Rate Cases have already been reviewed and found permissible by the Commission. Thus, they are deemed legally permissible.

Expenditures funded by shareholders are not subject to regulation by the CPUC. However, the Commission has the authority to inspect records and the duty to ensure that there is no improper subsidization of shareholder directed activities by regulated utility staff. The Commission has a legitimate interest in ensuring that the utility does not enrich shareholders by not spending the funds authorized by the Commission to undertake activities to meet its needs as a public utility. Pursuant to this authority, Commission staff requested PG&E, SDG&E and Southern California Edison data to check whether and how ratepayer-funded utility personnel spend part of their time on activities that are reimbursed by shareholders. As the above tables show, substantial time was spent by PG&E's staff on shareholder directed activity paid for by shareholders.

Another thing to note about the "below the line" spending presented in the tables above is that it is, at this time, self-reported by the utility. Thus, it is difficult to say with confidence, absent a formal audit, that the expenditures reported by PG&E are accurate.

PG&E's accounting standards involve the use of work "orders" that direct certain activity to be undertaken on behalf of shareholders. The work orders, 36 of which are listed below with respect to Marin County and San Francisco CCA activity, do not seem to exist beyond the list itself. To date they have not been produced by PG&E to the CPUC staff. The Tables below indicate the nature of the work "orders" put in place for activities related to CCAs in Marin County and San Francisco. Only a formal audit could determine the validity of the spending reports provided by PG&E. CPUC staff would like to undertake a formal audit of PG&E's CCA-related activities but lack the auditing personnel or contractual funding resources to do so at this time.

PG&E "Below the Line" Spending "Orders" for Marin and San Francisco CCA Activity
(2007 – April, 2010)

Line No.	Order Number	Order Description	Responsible Cost Center	Responsible Cost Center Description
1	9014119	Rates CCA Marin (BTL)	13849	Rate Design
2	8082658	SA - CCA-SF	13727	Service Analysis (A)
3	8083198	BTL- Serv and Sales - Area 1- SF/Peninsu	11764	Sales & Service Area 1 - SF/PN
4	8084757	SA - Marin County - CCA Below-The-Line	13727	Service Analysis (A)
5	8085224	BTL-Serv and Sales -ESP Svcs	11113	ESP Services
6	8085228	BTL- Serv and Sales -Corp Sales	12866	Corporate Inside Sales
7	8085762	SA - CCA General Charges -Below-The-Line	13727	Service Analysis (A)
8	8086117	Sust Comm BTL CCA Activities – Marin	13701	CARE & FERA
9	8086119	CAT BTL CCA Activities – Marin	11168	Clean Air Transportation
10	8086471	PEP BTL CCA Activities – Marin	13727	Service Analysis (A)
11	8086665	CCA-BRC-Records	11717	Billing Operations (Records)
12	9013909	CCA – Marketing - LglSvs - BTL - 4264	10448	Law Department
13	304002	BTL - CCA Marin/U#3010537	20001	Holding Co - President & CEO
14	3006058	Area 2: Research & Polling	10305	State Government Relations
15	3006097	Area 1: Consulting	10305	State Government Relations
16	3008078	Political Consulting	10305	State Government Relations
17	3010357	SF Competitive Efforts	10306	Political Affairs
18	3010417	BTL -Marin-CC-10306	10306	Political Affairs
19	3010418	BTL -Marin-CC-12248	12248	Local Govt Relations - Area 6
20	3010440	BTL - CCA Media Relations	10314	External Communications (News)
21	3010537	Marin CCA – BTL	10306	Political Affairs
22	3010557	San Francisco CCA - BTL	10940	Affiliate Charges and Allocated Costs
23	3010578	BTL - CCA Customer Communications	12285	Customer Communications
24	8082496	Competitive Threat Abatement Proj.	10305	State Government Relations
25	8085078	CCA - San Francisco - BTL	12750	VP-Energy Procurement
26	8085082	CCA - Marin – BTL	12750	VP-Energy Procurement
27	8099500	BTL Competitive Outreach	10306	Political Affairs
28	202440	BTL - Community Choice Aggregation	20020	Holding Co - SrVP General Counsel
29	3013498	BTL - CCA Area 1	10306	Political Affairs
30	8085219	IV-BTL- CCA Corp and Inside Sales	11018	Sales & Service San Jose
31	8100456	CCA - Below the Line	14041	Solution Marketing Director
32	8100658	CCA - Below the Line - CENG Sr Dir	13720	Customer Engagement Senior Director
33	8101594	BTL - CCA SF	12285	Customer Communications
34	8101595	BTL - CCA Marin	12285	Customer Communications
35	9015469	SHS - CCA BTL	10446	Corporate Secretary
36	9015491	Marin BTL	10405	President & CEO - PG&E Utility Co

PG&E "Below the Line" Spending "Orders" and Amounts for Marin CCA Activity
(2007 – April, 2010)

	Order	Order Description	Total
1.	202440	BTL - Community Choice Aggregation	$3,934
2.	304002	BTL - CCA Marin - U#3010537	$9,095
		BTL - CCA Marin/U#3010537	$157
3.	3008078	Political Consulting	$25,130
4.	3010417	BTL -Marin-CC-10306	$537,165
5.	3010418	BTL -Marin-CC-12248	$506,534
		CCA - Marin	$362
6.	3010440	BTL - CCA Media Relations	$10,998
7.	3010537	Marin CCA - BTL	$8,069
8.	8082496	Competitive Threat Abatement Proj.	$175,533
9.	8084757	SA - Marin County - CCA Below-The-Line	$454,504
10.	8085082	CCA - Marin - BTL	$46,505
11.	8085219	IV-BTL- CCA Corp and Inside Sales	$966
12.	8085228	IV: BTL- Serv and Sales - SS North	$63,902
13.	8085762	SA – CCA General Charges -Below-The-Line	$6,966
14.	8086117	Sust Comm BTL CCA Activities - Marin	$396
15.	8086119	CAT BTL CCA Activities - Marin	$1,526
16.	8086471	PEP BTL CCA Activities - Marin	$14,463
17.	8099500	BTL Competitive Outreach	$850,000
18.	8100456	CCA - Below the Line	$1,433,928
19.	8100658	CCA - Below the Line - CENG Sr Dir	$4,730
20.	8101595	BTL - CCA Marin	$7,685
21.	9013909	CCA - Marketing - LglSvs - BTL - 4264	$147,845
22.	9014119	BTL CCA Marin	$514
		Rates CCA Marin (BTL)	$11,266
23.	9015469	SHS - CCA BTL	$98
24.	9015491	CCA - Marin Below the Line	$143
		Marin BTL	$282
	Grand Total		$4,322,693

Report Section (c): "Implementation of customer "opt out" requirements"

Part (c) of the SRL requires detailed information on the following:

A detailed description of the actions taken by the commission to ensure customer "opt out" requirements established pursuant to the Public Utilities Code Section 366.2 are properly implemented and to ensure full compliance by an incumbent electrical corporation. The description shall include an itemization of all actions taken to date by the commission to ensure compliance with these requirements, and a detailed description of the commission's formal process for monitoring and ensuring timely compliance with the requirements.

Overview

The Commission has taken extensive action to ensure compliance with the customer "opt out" requirements established pursuant to the Public Utilities Code Section 366.2. As noted earlier, when PG&E continued to offer "early opt-out" throughout its territory despite the apparent inconsistency of that approach with respect to the intent of AB 117, the Commission adopted Energy Resolution E-4250 in April 2010, which directed PG&E, SCE, and SDG&E to modify their CCA tariffs and clarified rules as follows:

1. Provided detailed direction on when customers may opt out of Community Choice Aggregation (CCA) service.
2. Clarified that the utilities cannot discriminate against CCAs and refuse to sell electricity to them simply because they are CCAs.
3. Clarified that utilities are prohibited from offering goods, services, or programs as an inducement for a local government not to participate in a CCA.

When PG&E continued to solicit customer opt-outs in Marin County and San Francisco, the Commission acted immediately:

- On May 3, 2010: A letter from the Commission's Executive Director put PG&E on notice over violations regarding Community Choice Aggregation. Please refer to Attachment 3.
- On May 12, 2010: The Commission's Executive Director sent a second letter to PG&E regarding PG&E's apparent continuing violations of CCA Rules. Please refer to Attachment 4.
- In the May 12 letter, the Commission's Executive Director directed PG&E to immediately: (1) render ineffective every opt-out received since May 3, 2010, subject to later disposition by the Commission, (2) agree to provide a communication piece, to be prepared by Commission staff, to all customers who received any version of the attached letter, and (3) take effective steps internally at PG&E to prevent any further violation of the direction in his May 3 letter. PG&E was directed to do all of this at no cost to PG&E's ratepayers.

- On May 20, 2010: The Commission issued Decision 10-05-050, which further refined utility marketing rules with respect to Community Choice Aggregation.

The Commission's staff will continue to collect information from each utility regarding its actions to implement Public Utilities Code Section 366.2.

For SCE and SDG&E, that information will be provided in the second installment of this report, due to the Legislature April 30, 2011.

For PG&E, the table below provides data showing the number of customer opt outs from February, 2010, when MCE began the legally required customer opt-out process, pursuant to AB 117. MCE offered only the first two options to customers wishing to opt out, consistent with statutory requirements. The table shows that, of the 2,000 opt-out requests received during this period, 24% were obtained by PG&E by methods found to be impermissible. Furthermore, of the 76% of opt-outs that appear "valid," it is unknown how many of these customers were responding to the terms and conditions provided by MCE, and how many opted out without seeing these terms and conditions.

Report Section (c): "Implementation of customer "opt out" requirements"

Weekly reports summarizing customer opt-outs in Marin County 2/5/2010 – 4/30/2010	
Customer calls to (866) 743-0335	
Phase 1a Opt Outs	532
Phase 1b Opt Outs	158
Sub-Total Phase 1 (a and b) Opt Outs	**690**
Customer visits www.pge.com/cca	
Phase 1a Opt Outs	700
Phase 1b Opt Outs	198
Sub-Total Phase 1 (a and b) Opt Outs	**898**
Customer is directly contacted via marketing call then transferred to a Customer Service Representative to opt-out.	
Phase 1a Opt Outs	79
Phase 1b Opt Outs	38
Sub-Total Phase 1 (a and b) Opt Outs	**117**
Account Manager (AM) contacts customer to discuss various programs (including CCA) or customer directly contacts AM to opt out. AM receives opt outs verbally and/or via e-mail/fax.	
Phase 1a Opt Outs (Commercial)	52
Phase 1a Opt Outs (Residential)	14
Phase 1b Opt Outs (Commercial)	0
Phase 1b Opt Outs (Residential)	10
Sub-Total Phase 1 (a and b) Opt Outs	**76**
Account Manager receives opt outs in written form (letter).	
Phase 1a Opt Outs (Commercial)	0
Phase 1a Opt Outs (Residential)	1
Phase 1b Opt Outs (Commercial)	0
Phase 1b Opt Outs (Residential)	0
Sub-Total Phase 1 (a and b) Opt Outs	**1**
Account Manager receives mail-in opt out form (from the Marin Independent Journal).	
Phase 1a Opt Outs (Commercial)	0
Phase 1a Opt Outs (Residential)	19
Phase 1b Opt Outs (Commercial)	0
Phase 1b Opt Outs (Residential)	8
Sub-Total Phase 1 (a and b) Opt Outs	**27**
"Other": Customer Service Representative receives opt-out.	
Phase 1a Opt Outs	**233**
Phase 1b Opt Outs	**53**
Sub-Total Phase 1 (a and b) Opt Outs	**286**
Total	**2,095**

Conclusion

For the Commission and its staff, the processes of resolving concerns and gathering data for this report have been helpful in documenting the challenges faced by prospective and recently launched Community Choice Aggregation programs in California. The Commission will continue to monitor CCA activity around the state actively, pursue the remedies made available by the Legislature and our own jurisdiction, and, if warranted, make recommendations to the Legislature for further improvements to this nascent program.

ATTACHMENTS:

Attachment 1: Supplemental Report Language, *"General Government, Item 8660-001-0462—California Public Utilities Commission"*

Attachment 2: Detailed Results of Process for existing and prospective CCAs to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2

Attachment 3: May 3, 2010 CPUC Executive Director Letter to PG&E

Attachment 4: May 12, 2010 CPUC Executive Director Letter to PG&E

General Government

Item 8660-001-0462—California Public Utilities Commission

1. Community Choice Aggregation Oversight. On or before January 31, 2011, and quarterly thereafter, the California Public Utilities Commission shall submit to the relevant fiscal and policy committees of each house of the Legislature, a report on its activities related to Community Choice Aggregation. The report shall include detailed information on the formal procedures established by the Commission in order to monitor and ensure compliance by electrical corporations with Chapter 838, Statutes of 2002. The report shall include, but not be limited to, all of the following information:

   (a) A detailed description of the commission's process for enabling communities interested in becoming community choice aggregators, communities currently in the process of becoming community choice aggregators, and existing community choice aggregators to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2, which requires the utility to "cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs." The description shall include the process provided by the commission to allow prospective or existing community choice aggregators to identify specific matters on which the utility is not considered to be cooperating fully. For each identified matter, the prospective or existing community choice aggregator shall detail in writing the issue, the lack of full cooperation, and the personnel at the utility with whom the community choice aggregator is working. The utility shall be required to respond in writing by providing a specific solution to the matter raised by the prospective or existing community choice aggregator, including a date-specific timeline for accomplishing the solution, and the names of personnel responsible for providing the solution. The commission's report to the Legislature shall provide a detailed summary of each matter identified and initiated by the community choice aggregator, and a detailed verification of the utility's actions taken to address and resolve these issues, including verification of the satisfaction of the community choice aggregator. The report shall also itemize any matters that have been improperly raised by the community choice aggregator using this process.

   (b) A detailed description of information obtained by the commission from the electrical corporations in order to monitor the electrical corporations' activities and expenditures made to facilitate, or oppose, community choice aggregation. The information shall include an itemization of all activities undertaken by an electrical corporation, as identified by the commission or by a community pursuing community choice aggregation, the costs of those activities, and whether the costs were paid by ratepayers or shareholders of the electrical corporation. For each activity, the commission shall provide a detailed explanation as to whether the activity or expenditure is legally permissible, and, if not, of the actions taken by the commission in response.

   (c) A detailed description of the actions taken by the commission to ensure customer "opt out" requirements established pursuant to the Public Utilities Code Section 366.2 are properly implemented and to ensure full compliance by an incumbent electrical corporation. The description shall include an itemization of all actions taken to date by the commission to ensure compliance with these requirements, and a detailed description of the commission's formal process for monitoring and ensuring timely compliance with the requirements.

Attachment II

Detailed Results of Process for existing and prospective CCAs to obtain timely utility compliance with paragraph (9) of subdivision (c) of Public Utilities Code Section 366.2

Issues Raised by Marin Clean Energy, PG&E's responses and CPUC Staff Analysis and Follow up on the Issues

Issue #	Subject
1.0	Phone banking impacts verification
1.1	No differentiation between generation & non-generation charges on bill
1.2	Bundled rate factors showing up on MCE bills
1.3	Need for third-party viewing of customer bills
1.4	PG&E call center providing mis-information to customers
1.5	CARE data not being provided to MCE
1.6	Balanced Payment Plan customers being double billed for generation
1.7	"Return to Bundled Service" form directs customer to PG&E for opt out
1.8	PG&E not providing usage to MCE
1.9	Net energy metering: bill presentment
1.10	New customers being opted out by PG&E
1.11	Invoice cancellation transaction support
1.12	Conservation Incentive Adjustment

1.0 Phone banking impacts verification

MCE description of the specific issue

Phone banking by PG&E to MCE customers caused many opt outs under false pretenses and MCE has never received verifiable data on which customers were contacted and which method customers used to opt out.

PG&E's Response/ Proposed specific solution

PG&E disagrees with the allegations by MCE that PG&E's phone calls or other communications to customers were unlawful, false or misleading in any respect, and MCE has failed to provide any documentation to support its allegations. PG&E responded to MCE's allegations in a letter dated April 14, 2010 to MCE Counsel Gregory W. Stepanicich.

Notwithstanding the inaccuracy of MCE's allegations, PG&E believes that this issue has been fully resolved. On May 11, 2010, PG&E responded to a data request from the CPUC Energy Division and provided to the Energy Division and MCE the aggregate number of opt-outs received by PG&E through a variety of channels, including through phone marketing calls. PG&E also complied with the direction of the CPUC Energy Division to rescind certain opt-outs received through the phone marketing calls. Based on this information provided to MCE and the customer accounts that were enrolled under in MCE's Phases 1A and 1B, MCE is currently able to identify which specific customers opted-out through CPUC-approved channels.

The phone marketing calls were entirely funded by PG&E's shareholders and PG&E's CCA marketing activities are subject to review and audit by the CPUC for compliance with CPUC directives and regulatory requirements.

CPUC Staff Analysis

This issue relates to alleged opt-outs by PG&E under false pretenses when PG&E was in charge of processing opt-outs. The issue has been resolved going forward since MCE is in charge of processing opt outs pursuant to CPUC action take in resolution E-4250. To resolve this issue, PG&E has "provided to the Energy Division and MCE the aggregate number of opt-outs received by PG&E through a variety of channels, including through phone marketing calls," and this information is provided in this Report. It is unclear to CPUC staff what additional information MCE expects PG&E to provide, but we will continue to work informally with PG&E and MCE to find a mutually acceptable solution.

1.1 No differentiation between generation & non-generation charges on bill

MCE description of the specific matter:

There is no differentiation between generation and non-generation electric charges on MCE customer bills, leading customers to believe they are being double charged for electricity.

PG&E's proposed specific solution

It's PG&E's understanding that this issue was addressed as part of a suite of bill presentment changes that have or will occur in the near term.

CPUC Staff Analysis

PG&E is the billing entity for MCE according to the terms of AB117. PG&E's customer bills show separately what the customer is being billed by PG&E for its service and by MCE for MCE service. The bill format followed the same format as was used by PG&E for Direct Access customers who buy their electricity from non-utility suppliers and pay PG&E for transmission, distribution and other charges that PG&E is authorized to recover from these customers.

MCE believes that looking at PG&E and MCE charges on the bill can lead a customer to believe that they are being double billed by PG&E and MCE and may opt-out of MCE service. MCE requests that PG&E label PG&E charges as non-generation charges and MCE's charges as generation charges to minimize customer confusion.

This issue has consumed considerable staff time at MCE, PG&E and CPUC since it was first raised in April, 2010. As PG&E notes, the PG&E bill format has in fact been changed with bills mailed as of January 1, 2011. However, MCE still believes that the exact format changes are different from what it requested. CPUC staff will continue to work with both parties to resolve the billing issues to mutual satisfaction.

We also note that some customer confusion may be inherent in combined billing by PG&E and CCA. It is not clear at this time whether AB 117 prohibits a CCA from taking on its own billing function and sending a separate bill to customers for its service. We will explore this issue further and see if any legislative change is required to enable a CCA to do its own billing.

1.2 MCE customer bills show bundled rate factors instead of unbundled rate factors

MCE description of the specific matter:

All PG&E bills going out to MCE customers are showing the "bundled" rate factors rather than the "unbundled" rate which the customer is actually paying. This leads customers to believe they are being double-charged for electricity.

PG&E's proposed specific solution

When MCE raised this issue with PG&E in the summer of 2010, PG&E addressed the issue by initiating certain bill presentment changes to distinguish the bundled rates on PG&E's consolidated bills from MCE's separate charges. Specifically, after mutual discussions with MCE, PG&E completed a change to its consolidated PG&E-MCE bill on November 30, 2010 to accomplish the following: 1) suppression of bundled rates on PG&E's detailed section of the bill, and 2) inclusion of the non-generation rates for standard residential (E-1) customers in the notes section of the detailed section of PG&E's bill.

The next phase of this project will include the non-generation rates for other customer classes, which will be completed in late spring/early summer, 2011 due to current restrictions on changes to PG&E's current billing system. However, in order to provide clarified information regarding other rate classes at this time, PG&E is in the process of posting both generation and non-generation rates to its CCA webpage in January 2011. These rates will initially include current rate classes serviced by MCE, but is expected to be expanded to cover all rate classes in the future. A draft of the rate sheet was provided to MCE and CPUC staff on November 30, 2010.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

Partially implemented for bills generated after November 30, 2010. Full implementation anticipated by June 2011.

CPUC Staff Analysis

As with Issue 1.1 above, this related matter has consumed considerable staff time at MCE, PG&E and the CPUC since it was first raised in July, 2010. Again, as PG&E notes, the PG&E bill format has in fact been changed, albeit only for the residential customer bills at this point. At this time the solution itself is more of a "work-around" than directly addressing the problem. It is unclear exactly what constraints on PG&E billing system changes are inhibiting a full solution to this problem, but CPUC staff will continue to work with PG&E and MCE until a satisfactory resolution is reached.

On both this issue and the previous one, it may also be prudent for the Legislature to consider the possibility of allowing separate billing of CCA customers by the CCA for charges related to their service. As with direct access service by electric service providers, this may remove these types of disputes and minimize customer confusion, though it would not be without implementation cost. CPUC staff will continue to monitor

the billing issues and may recommend Legislative options as part of the next report to the Legislature.

1.3 Need for third-party viewing of customer bills

MCE description of the specific matter:

PG&E is not allowing MCE staff, data manager or call center access to customer bills to allow for effective customer service and customer support for MCE customers who call with confusion and questions about their bills.

PG&E's proposed specific solution

PG&E consistently has informed MCE that, should questions arise on the overall nature of the bill or charges associated with PG&E electric transmission and distribution charges on PG&E-MCE consolidated bills, then the customers should be referred to or directly contact PG&E. If there are situations where MCE and PG&E need to collaborate to address a mutual customer's concern regarding the overall bill, PG&E is willing to work with MCE to develop common responses to FAQs. PG&E points out that while privacy concerns exist, implementation of a third-party viewer would be a significant, costly and time-consuming initiative to undertake. Consistent with individual customer privacy requirements, MCE also may obtain consolidated billing information directly from customers if the customers consent and address customers' questions directly.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

As discussed above, PG&E has no plans or capability to implement a separate process for third parties to view customers' consolidated bills, except where the customer consents and provides the billing information directly to MCE. However, PG&E is available to collaborate with MCE to develop common responses to FAQs on consolidated billing questions.

CPUC Staff Analysis

This issue presents a situation that may arise due to the structure of the CCA program itself. As structured, the CCA program assumes that since customers have a relationship both with PG&E and MCE, there is a mutual interest in providing accurate and helpful information to consumers. If the CCA and utility approach customers as competitors, then it makes resolution of billing and other inquiries more difficult if handled only by one entity, namely the utility. There is no easy resolution to this problem. To date, CPUC staff are relying on the good will of the utility and the hope that it is in their interest to provide customer service to customers. We will continue to mediate and discuss this issue with MCE and PG&E. However, this may be an area where it may be prudent for the Legislature to consider a structural change to the program to allow MCE to handle its own customer service inquiries, or to allow a third party to do so on behalf of its customers without confidentiality impediments, etc. CPUC staff will continue to analyze this situation and may provide a recommendation in the next report to the Legislature.

1.4 PG&E call center providing mis-information to customers

MCE description of the specific matter:

PG&E telephone representatives provide inaccurate and misleading information to MCE customers causing confusion, frustration and opting out under false pretenses.

PG&E's proposed specific solution:

PG&E does not agree that additional staffing or organizational changes are required to respond to customers' CCA-related calls.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

PG&E will monitor this issue and may reconsider a dedicated CSR staff based on future call volumes.

CPUC Staff Analysis

The exact nature of this dispute is unclear. The issue should be able to be resolved by PG&E providing clear scripts to its customer service representatives to deal with issues related to the CCA program. CPUC staff will continue to discuss this issue with MCE and PG&E and attempt to work toward mutually acceptable resolution. We will follow up with PG&E and MCE on the idea of a dedicated customer service representative to respond to CCA related calls.

1.5 CARE data not being provided to MCE

MCE description of the specific matter:

PG&E will not provide data on CARE customers to MCE.

Summary of PG&E's proposed specific solution

PG&E is open to sharing customer-specific CARE eligibility information provided that the individual customers consent to provide such information to MCE or the Commission authorizes the sharing of the information without customer consent consistent with the Commission's customer privacy rules and policies.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

PG&E is willing to move forward immediately with mutual changes to CCA tariffs and the CCA NDA to accomplish the sharing of CARE-related information consistent with customer privacy rights and protections.

CPUC Staff Analysis

A mutually acceptable solution here is necessary to provide benefits to low-income customers, a population the Commission is committed to assisting. We will follow up with PG&E and MCE to see if PG&E could provide a list of CARE customers to MCE short of consumption data so MCE could make sure that those customers receive the benefit of CARE rates. However, confidentiality laws and rules are an impediment to mutual resolution. This may be an area where Legislature assistance is needed, to allow utilities to provide income information to CCAs without the potential of violating confidentiality requirements. CPUC staff will continue to work with PG&E and MCE on this issue and may recommend further action in the next report to the Legislature.

1.6 Balanced Payment Plan customers being double billed for generation

MCE description of the specific matter:

PG&E double-billing MCE customers by charging them for PG&E generation twice.

PG&E's proposed specific solution

PG&E disagrees with the characterization by MCE that customers on a Balanced Payment Plan (BPP) who joined MCE were charged twice for generation service. This is explained below in the second paragraph. However, PG&E does agree that it initially encountered a problem when BPP customers were enrolled with MCE.

To remedy the situation, PG&E performed a manual recomputation of 385 impacted customers, which was subsequently provided to the Energy Division via e-mail on November 15, 2010. Because of privacy concerns per PG&E Electric Rule 9.M and CPUC Decision No. 90-12-121, PG&E wasn't able to provide this information directly to MCE. It was PG&E's impression that the Energy Division would validate the recomputation based on input from MCE.

PG&E's understanding is that this issue has been addressed.

CPUC Staff Analysis

CPUC staff is waiting for more information from PG&E to understand the nature and extent of this issue.

1.7 "Return to Bundled Service" form directs customer to PG&E for opt out

MCE description of the specific matter:

PG&E's "Return to Bundled Service" form does not direct customer to contact MCE to opt out, but instead directs the customer to reply directly to PG&E.

PG&E's proposed specific solution

The existing standard CCA tariff, adopted by the Commission, implemented in PG&E Rule 23, and confirmed in CPUC Resolution E-4250, requires a customer to initiate a return to bundled service directly with the utility by notifying the utility directly and submitting Form 79-011. See Rule 23.L.2 and .3 and Resolution E-4250, pp. 7 and 9. This approach and Form 79-011 are used by both customers of Energy Service Providers (ESPs) and CCAs. The form is required to establish a customer's stated desire to return to bundled service as well as to set the 6 months mark for returning to bundled service (or the 6 months clock on the TBCC rate schedule for immediate returns).

PG&E is willing to discuss a mutual revision to the CCA standard tariffs and Rule 23 to provide a process by which customers can contact either MCE or PG&E to initiate return to bundled service. This mutual proposal would be designed to ensure that customer requests are properly handled in a timely manner.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

The Commission can approve a PG&E advice filing revising the standard CCA tariffs (PG&E Rule 23) to implement a mutual process for returns to bundled service. PG&E is open to suggestions on undertaking changes to the tariff.

CPUC Staff Analysis

This issue appears to be one where PG&E and MCE agree on a solution. The form in question will be re-designed and submitted to the Commission for approval using the Commission's "advice letter" process. CPUC staff will treat this matter as "open" and will continue to work with PG&E and MCE toward reaching a mutually acceptable solution.

1.8 PG&E not providing usage to MCE

MCE description of the specific matter:

PG&E not providing energy usage to MCE to allow for customer billing.

PG&E's proposed specific solution

PG&E is equally concerned with this situation. Upon identification of the impacted customers, PG&E issued mid-cycle bills for MCE's charges in early December at its own expense to avoid a greater impact to customers that would have resulted if PG&E carried over MCE's unbilled charges to the following month's bills. With that said, as part of the company's Customer Care and Billing (CC&B 2.3) system upgrade – to be completed by May 2011 – PG&E is moving all of its interfaces to a new technology. With this upgrade, PG&E believes there would be a better audit trail if problems arise.

With respect to the automation of usage data, the current process for providing this information involves placing the data on PG&E'server for access by all third-party providers, including CCAs, ESPs, and CTAs. Because of the varying nature of meter read data and the subsequent system processing it is impractical for it to be provided at an exact point in time each day.

Due to the possibility of anomalies both on PG&E's and MCE's end of the process, it is recommended that MCE consider keeping estimated usage data in case actual usage data is unavailable. Such estimated data could be substituted for actual usage and would allow for the timely processing of bills.

CPUC Staff Analysis

CPUC staff has discussed this matter further with PG&E and finds that it was a one-time instance of human error that is unlikely to be repeated. We will follow up with MCE if the problem persists.

1.9 Net energy metering: bill presentment

MCE description of the specific matter:

Customers who are enrolled in Marin Clean Energy's Net Energy Metering (NEM) program receive inaccurate bills leading the customers to believe that credits produced are applied to incorrect portions of the bill. This is a bill presentment issue.

PG&E's proposed specific solution

PG&E acknowledges that its billing system was not designed to assign an MCE Net Energy Metering (NEM) credit in the exact manner specified in MCE's NEM program. MCE is the first third-party supplier of any type who is utilizing PG&E's consolidating billing system to offer a NEM program. At this time, PG&E has taken steps to identify NEM customer accounts and avoid situations where such a customer would receive a shut-off notice due to an over-due balance on the customer's PG&E charges.

One possible solution would be for MCE to track the applicable customer credits of its NEM program separately, and then to communicate those credits to the program customers in the manner and time frame specified by MCE's NEM program standards. In contrast, a long-term modification to PG&E's billing system to address the crediting design of MCE's NEM program would require labor and financial resources to design and implement needed modifications.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

If MCE seeks to pursue a long-term modification to PG&E's billing system, PG&E is willing to meet with MCE in January 2011 to discuss the scope of work. PG&E and MCE will need to discuss labor and financial resources needed to design and implement the modifications, and, ultimately, confirm which party will fund the modifications needed to support the customer credits applicable to MCE's NEM program.

CPUC Staff Analysis

This issue appears to be one where CPUC staff can work with PG&E and MCE to mediate a solution. Although PG&E's billing system cannot currently accommodate the complexities of NEM billing as required by the specific nature of MCE's NEM program, alternative approaches may be available that will solve the underlying problem, which is customer confusion.

CPUC staff will treat this matter as "open" and will continue to work with PG&E and MCE toward reaching a mutually acceptable solution.

1.10 New customers being opted out by PG&E

MCE description of the specific matter:

New customers moving into MCE addresses are being opted out by PG&E in violation of the directive from the CPUC Energy Division.

PG&E's proposed specific solution

PG&E's new customer start process defaults to CCA unless the customer explicitly chooses to selected full bundled service with PG&E. MCE's claim that this activity "is in clear violation of the CPUC directive to not interfere with the opt out process" is incorrect because the CPUC has reserved the issue for mutual resolution. CPUC Resolution E-4250, Ordering Paragraph 6, stated the CPUC's intent regarding a process for resolving this issue as follows:

"Staff shall convene an informal meeting of interested parties to see if consensus can be reached on the tariff language needed to specify how the opt-out process for new or relocated customers in a CCA service area will work. This tariff language shall ensure that customers who are unaware of the terms and conditions of the CCA service will be informed of those terms and conditions before being given the opportunity to opt out. If consensus cannot be reached, and if the issue is not resolved in the resolution of the CCSF Petition To Modify D.05-12-041 in R.03-10-003, staff should prepare a resolution for our consideration."

PG&E is open to meeting and addressing this issue with MCE and Energy Division per the guidance provided in E-4250.

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

Resolution of this issue can be immediate based on mutual informal discussions among PG&E, MCE and the CPUC staff per the CPUC's direction in Resolution E-4250.

CPUC Staff Analysis

PG&E's interpretation of Resolution E-4250 and its approach appears contrary to existing Commission direction. CPUC staff working on these issues have raised this concern with PG&E in conversations that have taken place to resolve the outstanding issues.

PG&E states "PG&E's new customer start process defaults to CCA **unless the customer explicitly chooses to select full bundled service with PG&E"** (emphasis added). PG&E cites Commission Resolution E-4250 in support of its approach. On the contrary, E-4250 provides direction to PG&E that it is required under AB 117 that customers receive terms and conditions before they opt out. These terms and conditions can only be provided by MCE, not PG&E. Therefore, all new customers must begin service as MCE customers, then they may choose to opt out. The meeting between interested parties, as directed in E-4250, can certainly take place, but PG&E must not act contrary to Commission directive, and the PU Code, in the mean time.

CPUC staff will follow up with PG&E to establish a clear understanding and interpretation of the existing rules on this issue.

1.11 Invoice cancellation transaction support

MEA description of the specific matter:

MCE states it is not getting sufficient Invoice Cancellation Transaction Support.

PG&E's proposed specific solution

PG&E's Bill Ready Billing Process allows for billable charges and cancelations to be submitted within a small window. Once the bill window closes the steps begin for generating a bill for the customer in a timely manner. Today's Bill Ready cancelations are associated with actual charges presented by the utility; therefore, canceling charges that may be sent in error or after the window closes would delay the customer's bill. Furthermore, delaying the close of the Bill Window may also impact other Service Agreements (SAs) on the customer's account which are not related to MCE charges (e.g., Bundled or other Direct Access charges).

PG&E's date-specific timeline that the IOU will follow in order to accomplish the solution:

PG&E is open to having further discussions on clarifying how it currently processes MCE's billable charges.

Energy Division Analysis

Energy Division staff discussed this matter with PG&E's technical staff in order to fully understand the underlying problem. It appears that part of the problem lies in Marin's choice to utilize "bill ready billing" as its means of billing its customers. This method happens to be rarely utilized by other non-utility suppliers, so it is possible that PG&E was not fully prepared to handle the resulting operational glitches.

This issue appears to be one where Energy Division can work with PG&E and MCE to mediate a solution. Energy Division will treat this matter as "open" and will continue to work with PG&E and MCE toward reaching a mutually acceptable solution before submitting its second quarterly report on April 30, 2011.

1.12 Conservation Incentive Adjustment

MEA description of the specific matter:

PG&E's current rate restructuring proposal to impose a conservation incentive adjustment (CIA) in Phase 2 of its Test Year 2011 General Rate Case has been aggressively pursued by PG&E and would create a rate structure that would impose substantially higher costs on MEA customers while effectively eliminating a key policy tool of MEA: establishing tiered generation rates to encourage energy conservation, promote increased renewable energy deliveries and reduce greenhouse gas (GHG) emissions among other socially and environmentally focused concerns. PG&E's proposal would also disrupt MEA's progress in furthering California's broader-based environmental mandates, including the achievement of RPS and AB 32 objectives.

PG&E's proposed specific solution

The CIA is a proposed tariff filed for approval by the CPUC, consistent with similar rates and tariffs previously approved by the CPUC for SCE and SDG&E. The proposed PG&E tariff is currently subject to evidentiary hearings and a future decision by the full Commission. Therefore, the issue is beyond the scope of administrative and operational matters subject to the CPUC's report to the Legislature.

Energy Division Analysis

This issue is beyond the scope of this report and the CCA program in general. It goes to the structure of rate design that utilities establish to bill their customers. Though it may influence the economics of a CCA program, it also influences a number of other policy dimensions of energy service overall. Bill and rate design changes are considered in the context of general rate cases for all utilities, and that is the appropriate venue for MCE or other CCAs and potential CCAs to intervene and make their concerns known to the Commission.

Attachment 3: May 3, 2010 CPUC Executive Director Letter to PG&E

Attachment 4: May 12, 2010 CPUC Executive Director Letter to PG&E

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

May 3, 2010

Brian Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

Dear Mr. Cherry:

This is to respond to your March 12 letter offering PG&E's ideas on how it intends to solicit customer opt-outs from Marin Energy Authority's community choice aggregation (CCA) program. I have also been copied on an April 14, 2010 letter sent by PG&E's Sanford L. Hartman to Gregory W. Stepanicich; my response to you references certain aspects of that letter as well, detailed below. Finally, I also wish to address the mailers that PG&E is sending to its customers in Marin County encouraging them to opt out. As I will discuss below, some of the procedures outlined in these letters, and other practices that have come to our attention, are in violation of your tariffs and must cease. In addition, the PG&E mailers that we have reviewed are misleading, and PG&E must refrain from sending any mailers of this nature in the future.

The purpose of this letter is to call to your attention certain aspects of Commission decisions and Commission-approved tariffs related to Community Choice Aggregation so that PG&E understands its obligations, as well as its rights, with respect to its communications with its customers in Marin County and other jurisdictions that may be considering or implementing a CCA program. On the whole, your suggested approach to customer communications, and the content of the mailers, indicate a fundamental misunderstanding of PG&E's role under AB 117 and the Commission's actions to implement that law.

The Commission—and PG&E—must comply with the entirety of AB 117, not just selected portions. PG&E may not implement alternatives to the approach to CCA implementation contemplated by AB 117. Public Utilities Code Section 366.2, among others, codifies AB 117, and provides in part:

> *(c)(9) All electrical corporations shall cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs.*

Commission Decision (D.) 05-12-041, among others, was issued to implement AB 117, and includes Conclusion of Law 8:

> *The use of the term "fully cooperate" in Section 366.2(c)(9) is reasonably interpreted to mean that utilities shall facilitate the CCA program and a CCA's efforts to implement it to the extent reasonable and in ways that do not compromise other utility services.*

Violations of PG&E's Tariff

PG&E's Calling Practices Violate PG&E's Tariffs

In your letter, you suggest that PG&E may initiate a telephone call with one of its customers for the purpose of soliciting the customer's opt-out from CCA service, then transfer that customer to the same PG&E customer service representatives who handle incoming telephone contacts from customers who have actually received one of the statutorily-required opt-out notices from the CCA that plans to serve them. This proposed practice is contrary to your tariff, and I expect PG&E not to implement it, and if it has, to cease any such practices currently underway. Pursuant to Resolution E-4250 (effective April 8, 2010), Rule 23 B.22 of PG&E's electric tariffs describes the process for opting out of CCA service as follows:

> . . . In order to exercise its right not to participate in CCA Service, a customer must request to "opt out" of CCA Service through the required action as prescribed in the CCA Notification. . . .

MEA's CCA notification described two methods of opting out: "To opt out, you may phone (866) 743-0335 or visit www.pge.com/cca." Accordingly, in order to opt out, *the customer* must telephone the listed number or visit the listed webpage.

Prior to its amendment by Resolution E-4250, Rule 23 B.22 provided: "In order to exercise its right not to participate in CCA Service, a customer must request to 'opt-out' of CCA Service through the required action as prescribed in the CCA Notification or by contacting utility." This language is equally clear that the customer must contact PG&E to effectuate an opt-out.

Under neither version of this language is the utility authorized to contact its customers by telephone for the purpose of obtaining an opt-out during that utility-initiated call, as your letter suggests. More broadly, in no circumstances may the utility transfer any call that it has initiated to the telephone number that customers use to opt out. That would be in violation of either version of this tariff provision.[1]

Accordingly, PG&E must cease attempting to obtain opt-outs by this means. Furthermore, any attempted opt-outs that PG&E has obtained by this method are not valid. If any opt-outs were obtained in this manner, PG&E must work with Energy Division staff and MEA to (1) identify the specific customers who have opted out of MEA service in this manner, and (2) develop a means of informing these customers that their opt-out is invalid.

PG&E Misunderstands the Limits on What it Can Do to Secure Opt-outs

On a directly related matter, I have been copied on a letter sent by PG&E's Sanford Hartman to Gregory W. Stepanicich, dated April 14, 2010. Based on my review of this letter, I conclude that PG&E misunderstands its tariff requirements with respect to its ability to interact with its customers in order to solicit opt-outs from MEA. In a section titled "The Opt-Out Process" Mr. Hartman makes numerous inaccurate assertions regarding actions that are permissible by PG&E.

[1] Your letter also suggested that PG&E might send a representative to a residential customer's home for the purpose of obtaining from that customer, during the visit, an opt-out request. As this method of obtaining an opt-out is not authorized by the CCA Notification, if this proposal were to be implemented it would violate PG&E's tariffs.

First, Mr. Hartman states: "With respect to the use of opt-out forms, you believe that the only means by which a customer may opt-out of the MEA CCA Program are those means identified in Marin Energy Authority's opt-out notice. There is no such limitation in any tariff, CPUC order or statute." The tariff language quoted above (Rule 23 B.22) clearly provides such a limitation. Furthermore, the tariff language contained in Rule 23 B.22 does not conflict with the tariff language in Rule 23 I.1 that Mr. Hartman quotes in his letter. That provision provides:

> 1 The utility shall provide an opt-out process *to be used by* all *CCAs*. The utility shall *offer* at least two (2) of the following options as a part of its opt-out process:
>
> a. Reply letter or postcard (postage paid) enclosed in CCA Customer Notifications.
> b. Automated phone service.
> c. Internet service.
> d. Customer Call Center contact.
>
> (Emphasis added.)

MEA's notice specifies two options: a phone number for the customer to call, and a website. Those are the two options that PG&E must offer, and no others. Mr. Hartman states: "We therefore intend to continue … soliciting and processing opt-out notices, even if some of these procedures are not included in the Marin Energy Authority opt-out notices." PG&E must not act in this manner. Accordingly, PG&E must meet immediately with Energy Division staff to identify any opt-outs that occurred as a result of any unauthorized means, for the purpose of informing those customers that their opt-out was not properly obtained.

Second, Mr. Hartman makes a number of additional statements with respect to "soliciting" opt-outs and PG&E's claimed right to do so. For example, Mr. Hartman states: "In Resolution E-4250, the CPUC specifically reconfirmed the right of PG&E to solicit opt-outs, including soliciting such opt-outs through telephone or other means to its customers." In fact, Resolution E-4250 makes no such statement. To the extent that the text of the Resolution refers to "soliciting" opt-outs, it does not over-ride the tariff language imposed by the Resolution. Accordingly, opt-outs by customers may occur only by those methods included in the notification provided by the CCA discussed elsewhere in this letter.

PG&E Newspaper Advertisements Violate PG&E's Tariffs

It has also come to our attention that PG&E has placed advertisements in the *Marin Independent Journal* that included a mail-in form that customers could use to opt out of MEA's CCA service. Pursuant to Rule 23 I.1 of PG&E's tariffs, there are four authorized methods of effectuating an opt-out, of which only two have been selected by MEA. A newspaper coupon is not one of these methods. Accordingly, PG&E's creation of these forms is a violation of PG&E's tariffs, and any newspaper opt-out forms received by PG&E are not valid opt-outs. PG&E must work with Energy Division staff and MEA to (1) identify the specific customers who have opted out of MEA service in this manner, and (2) develop a means of informing these customers that their opt-out is invalid.

Violations of the Public Utilities Code

PG&E's Mailers in Marin County

Commission staff have received several examples of mailers that PG&E is sending to its customers in Marin County for the purpose of encouraging these customers to opt out of the community choice

aggregation program established by the Marin Energy Authority. These mailers have the appearance of an official opt-out notice, and are thus likely to create unnecessary customer confusion. The mailers therefore violate the statutory requirement that PG&E "shall cooperate fully with any community choice aggregators". (Public Utilities Code section 366.2(c)(9)). As the Commission has noted, it is important for utilities to cooperate in good faith with a CCA in order to avoid "unnecessary customer confusion". Accordingly, PG&E must cease sending to customers any materials that could be mistaken for an official opt-out notice.

PG&E's mailers directly undermine the opt-out process contemplated by the statute, as described in Resolution E-4250. This is the case because the mailers are provided on PG&E-logo cardstock, include instructions for opting out, and omit any information from which the customer would readily conclude that they are merely marketing material encouraging customers to opt out, and not the official opt-out notice, which is required by statute to contain the terms and conditions of CCA service.

As the Commission stated in Decision (D.) 05-12-041, the statutory language requiring that utilities shall "cooperate fully" means that "utilities shall facilitate the CCA program and a CCA's efforts to implement it to the extent reasonable and in ways that do not compromise other utility services."

I hope this letter clarifies the Commission's expectations of PG&E with respect to acting cooperatively and collaboratively to implement the Community Choice Aggregation law in California. All of PG&E's customer communications--as well as those initiated on behalf of PG&E by PG&E's agents—should comport with the guidance provided in this letter. PG&E must immediately cease the practices described in this letter that are in violation of its tariffs. Please arrange to meet with the Energy Division immediately in order to determine which opt-outs are not valid and how to inform the customers involved. Please indicate within three days PG&E`s willingness to abide by the terms set forth in this letter and your specific plan to reverse any opt-outs that are invalid.

Sincerely,

Paul Clanon

Paul Clanon
Executive Director

cc: Attorney General (Clifford Rechtschaffen)
Sanford L. Hartman
Gregory W. Stepanicich
Dawn Weisz
Frank Lindh
Julie Fitch

STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

ARNOLD SCHWARZENEGGER, *Governor*

May 12, 2010

Brian Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

Dear Mr. Cherry:

On May 3, 2010, I sent you a letter to notify Pacific Gas and Electric Company (PG&E) that certain recent actions by the utility in Marin County related to Community Choice Aggregation (CCA) have violated Commission tariffs and rules, and I directed PG&E to cease such actions immediately. Specifically, I informed you that PG&E may not send mailers that have the appearance of an official opt-out notice to its customers in Marin County for the purpose of encouraging these customers to opt out of the CCA program established by MEA. As I explained in my letter, these mailers are likely to create unnecessary customer confusion and therefore violate the statutory requirement that PG&E cooperate fully with community choice aggregators.

You responded to me by letter on May 6, saying "we are prepared to take the course of action you outline".

I have since learned that beginning on May 4, PG&E mailed a letter to every customer that had not opted out of MEA's service, formatted in a manner that directly conflicts with the direction I provided to PG&E just one day earlier (see attached example, postmarked May 5, 2010).

PG&E's immediate violation of my direction suggests that PG&E may be, in fact, acting in a deliberate manner to subvert the plain meaning of AB 117, the law that created Community Choice Aggregation. As the Commission noted in one of its Decisions implementing that law, *"if we find that a utility has failed to comply with Section 366.2(c)(9) [of AB 117] or relevant Commission orders, we retain authority to impose substantial penalties on the utility and cooperate in any law suit that seeks material damages."*

PG&E's violation of my direction places PG&E in danger of the Commission's imposing significant and continuing fines and other penalties.

You must act immediately to (1) render ineffective every opt-out received since May 3, 2010, subject to later disposition by the Commission, (2) agree to provide a communication piece, to be prepared by Commission staff, to all customers who received any version of the attached letter, and (3) take effective steps internally at PG&E to prevent any further violation of the direction in my May 3 letter. All of this must be done at no cost to PG&E's ratepayers.

Please inform me within 24 hours that PG&E agrees to the above actions.

Sincerely,

Paul Clanon

Paul Clanon
Executive Director

Attachments

cc: Attorney General (Clifford Rechtschaffen)
Sanford L. Hartman
Gregory W. Stepanicich
Dawn Weisz
Frank Lindh
Julie Fitch

Pacific Gas and Electric Company®

Post Office Box 997310
Sacramento, CA 95899-7310

PRESORTED
FIRST CLASS

CMXKSA1 94941

Pacific Gas and Electric Company®

May 04, 2010

[redacted]

[redacted]

[redacted]

Re: Notification of New Electricity Supplier - Community Choice Aggregation Program

Dear [redacted]

This letter confirms that you have been automatically switched to the Community Choice Aggregation (CCA) program in your area. Your electric generation and supply services will now be provided by the CCA, and not Pacific Gas and Electric Company (PG&E), unless you elect to opt out as described below. The rates for these services will be set by the CCA, not PG&E, and will no longer be subject to direct regulation by the California Public Utilities Commission. This will affect the Service ID referenced above.

During the initial 60-day period after starting CCA service, you are allowed to opt out of the CCA program without paying an exit fee. You will receive two notices from the CCA program informing you of your continuing right to opt out. After this 60-day period, PG&E rules allow you to return to PG&E at any time. However, the CCA program may charge you an exit fee to return to PG&E and/or may limit the periods of time during which you would be allowed to exit the program. Additionally, you may be subject to higher rates than your existing PG&E service, as well as certain rules and notice requirements upon returning to PG&E.

If you elect to opt out, you can do this online at www.pge.com/cca or by calling 1-866-743-0335.

If you do not opt out, your new electricity supplier will be MARIN ENERGY AUTHORITY, effective on May 18, 2010. As a new electricity supplier, MARIN ENERGY AUTHORITY has not previously engaged in buying and selling electricity and PG&E provides no guarantee of the CCA's financial or operational capability.

Your new electricity supplier will be solely responsible for purchasing and/or generating electricity for you and will not have access to PG&E's existing sources of electricity. PG&E will continue to be responsible for delivering the CCA's electricity to your home or business and should still be your first point of contact for safety and outage information only. You will receive and pay one bill from PG&E that includes both PG&E and CCA charges. Once automatically switched, questions concerning the amount you are paying for your electricity as well as other CCA program-related questions will be answered by the CCA.

If you have questions about CCA or require additional information, please contact PG&E at 1-866-743-0335. Thank you.

Sincerely,

Thomas Varghese

Thomas Varghese
Manager, ESP Services
Pacific Gas and Electric Company

CCA-15.5

Both PG&E and MARIN ENERGY AUTHORITY are interested in selling electric energy to you. You do not need to buy your electric energy from PG&E in order to receive other regulated services and programs from PG&E, except for those programs we are not allowed by law to provide if you buy your electric energy from someone other than PG&E. Our shareholders are paying for this communication and it reflects their views, not necessarily those of our customers.