

1 SAN FRANCISCO, CALIFORNIA, MAY 26, 2005 - 9:05 A.M.

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3 ADMINISTRATIVE LAW JUDGE MALCOLM: We'll please  
4 come to order.

5 We have on the stand this morning the joint  
6 utility panel. Mr. Huard has cross-examination for  
7 them, right?

8 MR. HUARD: Yes, your Honor.

9 ALJ MALCOLM: And I think that's all.

10 MR. COMO: Your Honor.

11 ALJ MALCOLM: Mr. Como.

12 MR. COMO: What came up last night was that there  
13 are some questions that regard fees that are actually  
14 related to PG&E's tiered rates that are more appropriate  
15 for us to ask questions in Chapter 5 than they are in  
16 Chapter 6. So if it's okay, I'd like to ask a few  
17 questions of the panel or specifically Mr. Yee with  
18 regard to the tiering rates.

19 ALJ MALCOLM: That's fine. I have you down for  
20 wanting to cross-examine him on that and also Mr. Fenn.

21 MR. FENN: Yes, please, your Honor.

22 ALJ MALCOLM: And there were two procedural things  
23 I want to take care of before we resume with  
24 cross-examination. One is the striking the energy  
25 efficiency testimony, and the other is that Mr.  
26 Szymanski would like to clarify for the record SDG&E's  
27 position on marketing and maybe net metering.

28 MR. SZYMANSKI: Yes.

1 ALJ MALCOLM: And were you going to have Ms.  
2 Osborne present that or just a statement of counsel?

3 MR. SZYMANSKI: Yeah. Thank you, your Honor.  
4 With regard to the marketing discussion first, yesterday  
5 during the context of Mr. Huard's cross-examination of  
6 Mr. or Dr. Jazayeri there was an issue about whether  
7 SDG&E's position that Mr. Jazayeri indicated would be  
8 the same as for SDG&E. A little bit later in the day  
9 Sandy Burns on behalf of PG&E further clarified PG&E's  
10 statements with regards to marketing on the stand. And  
11 SDG&E would just like to indicate that SDG&E's views on  
12 this whole matter are not unlike PG&E's. And I think  
13 that is about as much as I would like to say as counsel  
14 on this matter.

15 ALJ MALCOLM: Okay.

16 MR. SZYMANSKI: But hopefully it indicates what we  
17 intended with respect to that testimony that occurred  
18 earlier.

19 ALJ MALCOLM: Okay.

20 MR. SZYMANSKI: And regarding the net energy  
21 metering question, there was some Q and A regarding net  
22 energy metering, and since we have Ms. Osborne here and  
23 she is able to testify regarding that, if I can just do  
24 one or possibly two Q and As with her before she leaves  
25 the stand at the conclusion of her testimony as a panel  
26 witness that would be useful, I think, to clarify for  
27 the record what SDG&E's views are on that matter.

28 ALJ MALCOLM: All right. Are we ready to look at

1 the --

2 MR. HUARD: Your Honor, there's one other  
3 procedural matter. And I spoke to Mr. Szymanski this  
4 morning. My cross-examination of Ms. Osborne in her  
5 separate role on the charges for SDG&E, I've indicated  
6 I'm waiving cross. So I will not be cross-examining her  
7 when she appears separately.

8 ALJ MALCOLM: Oh, okay. All right.

9 MR. HUARD: I may be the only one that was listed  
10 for cross for her. So when she is off the panel, I  
11 believe she would be dismissed.

12 ALJ MALCOLM: Okay. Thank you. Anything else?

13 (No response)

14 ALJ MALCOLM: Let's go off the record.

15 (Off the record)

16 ALJ MALCOLM: Let's go on the record.

17 While we were off record we talked a little  
18 bit about the utilities' proposal to strike energy  
19 efficiency testimony. I understand that Mr. Huard  
20 objects to striking portions of Ms. London's opening and  
21 rebuttal testimony.

22 MR. HUARD: That's correct, your Honor.

23 ALJ MALCOLM: Should we go through that, Mr.  
24 Huard?

25 MR. HUARD: Yes, your Honor. First, I think, sort  
26 of as a background, Ms. London's testimony differs from  
27 the remainder of the witnesses in with regard to that  
28 her suggestion and her discussion was whether there

1 should be a tariff provision required of either form of  
2 tariff that is adopted by the Commission to address the  
3 Commission's current policy and does not disagree with  
4 the Commission's current policy or reargue it in any  
5 form.

6           Secondly, the issue of the collection and use  
7 of public goods charges, funds for energy efficiency  
8 program, was listed as the last bullet point on the  
9 scoping order in this matter, and the Commission in  
10 D.03-07-035 and then again in D.05-01-055 said:

11           We have interpreted our decisions  
12 that allow CCAs and other third  
13 parties to apply for PGC funds  
14 consistent with this requirement  
15 while at the same time recognizing  
16 that as a procedure for allowing  
17 CCAs to begin serving customers  
18 evolve, we may need to revise --  
19 revisit the issue.

20           The issue that Ms. London has raised was that  
21 the status of a CCA either as a -- not as an  
22 administrator or as an administrator is just not  
23 addressed in the tariff, and that was her sole point.  
24 We also would not -- we would agree that Mr. Rodrigues's  
25 testimony, to the extent to which he addresses Ms.  
26 London's testimony, should remain in as well, and we  
27 have waived cross of Mr. Rodrigues.

28           ALJ MALCOLM: Okay.

1 MR. HUARD: So I think it would be appropriate for  
2 the record and would not unduly delay the proceeding.

3 ALJ MALCOLM: Mr. Buchsbaum, do you have any  
4 response?

5 MR. BUCHSBAUM: Yes, I do. I think our basic  
6 point is we don't believe that there's any need to  
7 address the tariff. We believe all of the issues that  
8 have -- that are necessary for a CCA to apply for energy  
9 efficiency funds were addressed in 03-07-034. And if  
10 you notice, when Ms. London clarifies the overall  
11 purpose of her testimony, which, if you look at the  
12 initial testimony, it actually is fairly broad-ranging  
13 in terms of the various matters it raises.

14 She draws back from that in her rebuttal and  
15 says, and I'm quoting from line 13 through 15 of page  
16 13: "The purpose of my testimony was simply to point  
17 out that there currently is no tariff provision if such  
18 a circumstance should arise," i.e., that the CCA were to  
19 apply for energy funding and somehow obtain some grant.  
20 It's not clear to me what tariff in that circumstance  
21 you would need. The CCA goes out. It gets the money  
22 directly from the Commission, and the Commission is  
23 going to tell the utility what to pay. I mean this is a  
24 matter -- this is just another attempt to move issues  
25 and specifics that should be resolved in the other  
26 docket in our docket.

27 ALJ MALCOLM: Okay. I disagree. I think Ms.  
28 London's proposal is just to have existing policy stated

1 in the tariff, and I don't think that's outside the  
2 scope of this proceeding. As long as she isn't  
3 proposing to change the policy but only to have it  
4 reflected in tariffs, it's okay.

5 MR. HUARD: Thank you, your Honor.

6 ALJ MALCOLM: So I won't strike Ms. London's  
7 testimony. Well, I guess I wouldn't be striking any of  
8 Ms. London's testimony. I've just read it, and I just  
9 don't see anywhere that she's proposing a change to  
10 policy.

11 Other than that, there are no objections to  
12 the list you've provided the parties as far as you know?  
13 This will be for Mr. Nelson's testimony, Mr. Florio's  
14 testimony, Ms. George's testimony, and then --

15 MR. SZYMANSKI: So, your Honor, if I could just  
16 clarify. This testimony would be admitted but for the  
17 sole purpose of the scope that you mentioned and not for  
18 any other purpose that might in any way change any  
19 existing policy; is that correct?

20 ALJ MALCOLM: Right. As far as I can tell from  
21 reading this, it looks like she's just proposing that  
22 language from past decisions that is current be included  
23 in the tariff.

24 MR. HUARD: That's correct, your Honor.

25 ALJ MALCOLM: Okay.

26 MR. SZYMANSKI: Okay. And only for that purpose.  
27 I just want to make sure.

28 ALJ MALCOLM: Yeah.

1           MR. HUARD: Your Honor, I mean it speaks for  
2 itself, and it addresses only what it addresses. I  
3 don't think that, you know, it's appropriate at this  
4 juncture for you to rule on a restriction more than what  
5 it says. I think Mr. Szymanski's characterization of it  
6 is correct. I just don't think it's appropriate that  
7 you have a ruling at this juncture. We have no idea  
8 what the cross-examination is going to be or anything  
9 else at this point. So any other purpose includes, for  
10 instance, briefing, and I think that may be  
11 inappropriate to have a restriction at this point.

12           ALJ MALCOLM: Okay. Well, as we move through the  
13 testimony, we'll strike pieces of it pursuant to this  
14 then.

15           MR. BUCHSBAUM: Your Honor, just for the record, I  
16 want to make certain that in addition to the various  
17 items that are struck on the printed document, we also  
18 are adding page 15, line 28, through page 16, line 11,  
19 of Mike Nelson's rebuttal testimony on behalf of the  
20 Community Environmental Council under the question and  
21 answer for, quote:

22                   Do you agree with the utility's  
23                   concerns regarding CCA authority  
24                   to raise the PGC?

25           ALJ MALCOLM: PG&E's -- the utility's authority  
26 to?

27           MR. BUCHSBAUM: The question reads, quote:

28                   Do you agree with the utility's

1           concerns regarding CCA authority  
2           to raise the PGC?  
3           Period, end quote.

4           ALJ MALCOLM:   And that's a reference to energy  
5 efficiency?  I haven't read that part of his testimony.

6           MR. BUCHSBAUM:   Yes.

7           ALJ MALCOLM:   Okay.

8           MR. BUCHSBAUM:   The PGC funding.

9           ALJ MALCOLM:   Okay.

10          MR. BUCHSBAUM:   The public purpose.

11          ALJ MALCOLM:   And you haven't heard from Mr.  
12 Nelson?

13          MR. BUCHSBAUM:   No, we haven't.

14          ALJ MALCOLM:   Well, it's his responsibility to be  
15 here or at least pay attention to his e-mail.  So.

16          MR. BUCHSBAUM:   Or -- and the transcript was sent  
17 out last night, your Honor.

18          ALJ MALCOLM:   Okay.

19          MR. HUARD:   Your Honor, there probably is one  
20 necessary clarification.  We probably will need to  
21 modify this as you are not rebutting -- you are not  
22 removing all of Mr. Rodrigues's testimony.

23          ALJ MALCOLM:   Right.  That was my next thing.  Can  
24 you let me know either now or a little later which of  
25 Mr. Rodrigues' testimony would be --

26          MR. BUCHSBAUM:   Can we go off the record?

27          ALJ MALCOLM:   Off the record.

28                         (Off the record)

1 ALJ MALCOLM: Back on the record.

2 While we were off the record we talked about  
3 what of Mr. Rodrigues' testimony would be stricken  
4 because it replies to or rebuts testimony on energy  
5 efficiency issues that has been stricken. So we will  
6 strike all of Mr. Rodrigues' testimony, rebuttal  
7 testimony in Exhibit 3-A, Chapter 11. So that's Roman  
8 11-1 through Roman 11-9. And we will also strike in  
9 Exhibit 2-A Mr. Rodrigues' testimony beginning at line 3  
10 on 11-5 and ending at line 7 on 11-7. There is no  
11 cross-examination for Mr. Rodrigues. So he's excused.

12 MR. BUCHSBAUM: Your Honor, one point of  
13 clarification. Can we also for the record state that  
14 the items that we have listed on our document providing  
15 the motion to strike, that those items also would be  
16 officially struck at this time?

17 ALJ MALCOLM: On this document?

18 MR. BUCHSBAUM: Yes. Except for -- except for the  
19 testimony of Jody London.

20 MR. MONTOYA: Craig, I don't believe the document  
21 is in the record. So I think we'll probably either have  
22 to read this in --

23 MR. BUCHSBAUM: Yes.

24 MR. MONTOYA: -- or put the document into the  
25 record as an exhibit. It's probably easier just to read  
26 that into the record.

27 MR. BUCHSBAUM: I think I agree with you.

28 ALJ MALCOLM: Yes. As we call the witnesses, we

1 will strike their testimony on the record consistent  
2 with what you've handed out with the exception of Ms.  
3 London.

4 MR. BUCHSBAUM: I'm a little concerned about -- I  
5 would rather not -- I would be concerned that our  
6 testimony is struck at this time unless the -- unless  
7 the material is simply read in and the testimony that is  
8 itemized there is --

9 ALJ MALCOLM: You don't trust me. Okay.

10 MR. BUCHSBAUM: -- is struck at this time.

11 ALJ MALCOLM: You know I wouldn't strike it if I  
12 had to. That's fine.

13 Let's go off the record.

14 (Off the record)

15 ALJ MALCOLM: Back on the record.

16 I will strike from the prepared testimony of  
17 Michael Nelson, page 4, line 5, through page 16, line 3.

18 MR. MONTROYA: Did you say 4 or 14?

19 ALJ MALCOLM: Page 14, line 5, through page 16,  
20 line 3. And then from his rebuttal testimony, page 12,  
21 line 9, through page 15, line 27, and page 15, line 28,  
22 through page 16, line 11. And then from the rebuttal  
23 testimony of Michael Florio for TURN, I'm striking page  
24 5, line 3, through page 9, line 6. All of Ms. George's  
25 testimony -- I'm sorry -- reply testimony on behalf of  
26 Local Power and WEM is stricken. And we've already  
27 stricken the testimony of Mr. Rodrigues that's related  
28 to these energy efficiency issues.

1           And I will -- I'll raise this again when the  
2 witnesses are on the stand since I don't know if any of  
3 them are here. I don't think any of them are here  
4 except Mr. Rodrigues.

5           Let's go off the record.

6           (Off the record)

7                           JAMES A. NAVARRETE,

8                                   CALVIN M. YEE,

9   and

10                                   DAWN E. OSBORNE

11 resumed the stand and testified further as follows:

12           ALJ MALCOLM: Be back on the record.

13           MR. HUARD: Thank you, your Honor.

14                           CROSS EXAMINATION (resumed)

15 BY MR. HUARD:

16           Q Good morning, panel.

17           ALL PANEL WITNESSES: A Good morning.

18           Q I think where we left off yesterday was Roman  
19 5-9 and 5-10 of your testimony, and in it I was asking  
20 some questions basically related to going through the  
21 chronology that you provide there of which documents are  
22 which and which ones are in the record. So I'm trying  
23 to straighten, in my mind, any way, your Phase 1 three  
24 bullets, your Phase 2 four bullets, as it relates to  
25 certain documents that are here.

26           And so yesterday we discussed briefly the  
27 detailed processes, and I asked you basically was that  
28 the document that was, you know, eventually submitted

1 into evidence in this proceeding that's referred to in  
2 the order and that was shown to you. Can you confirm  
3 that yes, that's the one you're referring to?

4 WITNESS NAVARRETE: A Yes.

5 Q The second question was related to a document  
6 that was submitted again in the first phase that related  
7 to the -- was referred to as Attachment A to Exhibit 24  
8 that went through the individual charges by fee title,  
9 and that was the only area of questions that I asked  
10 yesterday, not as to the unit or the amount or the cost  
11 or the type, but literally just the fee title and then  
12 basically the description.

13 And you indicated that was the position in  
14 Phase 1 at least as to SDG&E; is that correct?

15 WITNESS OSBORNE: A Yes. It was a specific SDG&E  
16 document that was included in my testimony.

17 WITNESS NAVARRETE: And it was not included in  
18 SCE's testimony.

19 Q And it was not included in PG&E's testimony?

20 WITNESS YEE: A That is correct.

21 Q And there was no testimony submitted either by  
22 SCE or PG&E either against it or for it?

23 WITNESS NAVARRETE: A That's correct.

24 WITNESS YEE: A That is correct.

25 Q Now, in this phase there was a -- you refer to  
26 on the second bullet on page Roman 5-10 under Phase 2 as  
27 a fee matrix. Now, was that matrix attached -- is that  
28 the same matrix as attached to Mr. Burke's testimony as

1 I believe his Attachment B?

2 WITNESS OSBORNE: A Yes. That was the matrix  
3 that we provided as part of the Phase 2 workshops.

4 Q And then subsequently there has been attached  
5 to the back a revision for -- I'm not exactly sure what  
6 we call it. In Chapter 12-1, Roman 12-1, there is a  
7 page on net metering, and it's followed at least in the  
8 PDF file I received by a document that's called Appendix  
9 A, Comparison Matrix of the Utilities, and it appears to  
10 be redlined.

11 A That Appendix A was submitted as a part of  
12 Chapter 6 in the Phase 2 filing, yes.

13 Q And so this is jointly -- individually  
14 sponsored by the three people who are testifying as to  
15 Chapter 6?

16 WITNESS NAVARRETE: A Well, Chapter 6, 7, and 8.

17 WITNESS OSBORNE: Oh, I'm sorry.

18 Q Thank you. And it is -- and the witnesses are  
19 labeled underneath the -- under fee category you have  
20 PG&E service fees, and with the exception of Ms.  
21 Higashi, the other two are basically on the panel; is  
22 that correct?

23 WITNESS OSBORNE: A Yes.

24 WITNESS YEE: A Yes.

25 Q Of the three witnesses. So Mr. Yee, Ms.  
26 Osborne and Ms. Higashi are the sponsors of that  
27 exhibit. And that exhibit or attached appendix is a red  
28 line and now reflects -- is this your final for purposes

1 of recommendation to the Commission of your matrix  
2 with -- are these changes basically what you now are  
3 adopting as the final form for this comparison matrix?

4 WITNESS OSBORNE: A Yes.

5 WITNESS YEE: A Yes.

6 WITNESS OSBORNE: The only change on the summary  
7 is to -- is an attempt to bring the names of the fees  
8 more consistent. They were fairly consistent. The  
9 redlining shows that they're -- those are the only  
10 changes that we made to the titles of the fees. There  
11 had been input by intervenors in testimony that they  
12 were confused by the different titles of the fees. And  
13 so to assist, we went ahead and looked at how we could  
14 further perhaps bring the titles -- well, in most cases  
15 are now exactly consistent, although I think the  
16 description of the titles before were very similar.

17 Q Okay. And to the extent to which there was  
18 any differentiation between the utilities before, that  
19 is, one being offered, one not being offered, would  
20 there be a different fee version or a basis for a fee,  
21 that's been maintained in this exhibit as it was within  
22 the exhibit that was attached to Mr. Burke's testimony?  
23 So effectively just changed the names to protect the  
24 innocent, so to speak?

25 WITNESS NAVARRETE: A Well, we changed the names  
26 per request of intervenor.

27 Q I was requested to make a joke early on.  
28 Feeble attempt. I apologize.

1           Yes. So effectively this just revises names  
2 and makes no other changes; is that correct?

3           A Well, I've made a couple of corrections. I  
4 think that's identified in each Chapter 6, 7, and 8,  
5 depending on who made the corrections.

6           Q Would those changes have been redlined as  
7 well? Because I don't see any.

8           A I don't believe so. The intent of the matrix  
9 was to show that with very few changes we could make the  
10 names consistent. ]

11          Q Okay.

12          A And where the actual fee was changed, that  
13 would be in the testimony of whoever made the change.

14          Q Okay. So that the name consistency in this  
15 matrix isn't -- is the change, but that the changes on  
16 the fees or any other changes that are in your  
17 individual testimony are not reflected on this?

18          A I believe there's only a couple of fees that  
19 were changed.

20          WITNESS OSBORNE: A They are reflected, but they  
21 are not redlined -- they may not be redlined.

22          Q Okay. If there are only a few, could you  
23 individually -- I mean, you appear to be familiar with  
24 them. Could you point them out?

25                 It always easier to deal with one updated  
26 document than with multiple cross-references.

27          WITNESS NAVARRETE: A I would have to turn to  
28 Ms. Higashi's testimony.

1 Q If that works for you, that's fine with me.

2 WITNESS NAVARRETE: Can I ask to go off the  
3 record, your Honor?

4 ALJ MALCOLM: Off the record.

5 (Off the record)

6 ALJ MALCOLM: Back on the record.

7 MR. HUARD: Q And we can take any order you like  
8 as to how you want to make the changes.

9 If we could -- I would suggest we just go in  
10 order: Mr. Yee, Ms. Osborne and then Mr. Navarrete.

11 MR. MONTOYA: Your Honor, could I add one caveat.  
12 As Mr. Navarrete indicated, Ms. Higashi was the offered  
13 witness on the specific fees and any changes to the  
14 fees, so I believe Mr. Navarrete is simply identifying  
15 where in Ms. Higashi's testimony she explained or made  
16 the change. So I think he's simply identifying and  
17 reading --

18 ALJ MALCOLM: Okay.

19 MR. MONTOYA: -- and not purporting to be an  
20 expert.

21 MR. HUARD: Your Honor, that's all I've asked for.

22 WITNESS YEE: Thank you.

23 For PG&E, the only change as stated in our  
24 testimony was a correction to one of our billing  
25 services fees. It was actually in the Appendix A  
26 line --

27 MR. HUARD: Q Could you speak up, please.

28 WITNESS YEE: A In Appendix A, line No. 18.

1 Q So page 2 of 3?

2 A Page 2 of 3 in Appendix A.

3 Q Uh-huh.

4 A It was corrected from \$0.70 to \$2.15.

5 Q Okay. Thank you.

6 Were there any others, Mr. Yee?

7 A No, there were not, other than the name  
8 changes.

9 Q Thank you.

10 WITNESS OSBORNE: A For San Diego, in our  
11 rebuttal testimony on service fees, that would be  
12 chapter 8, question 12 on page 10. We identified that  
13 our CCASR fee had been updated to correct for an  
14 arithmetic error found in the calculation of that fee.  
15 And the fee had been changed from \$1.79 to \$1.12.

16 Also as a result, being that there were three  
17 additional fees that basically utilized the CCASR fee,  
18 three additional fees changed as well. So looking at  
19 the chart, line 13 under SDG&E Service Fees, the \$1.12  
20 updates for that change. Line 14, Customer Re-Entry Fee  
21 is updated to reflect \$4.

22 Q What was it?

23 A I'm sorry. What was it before?

24 Q Yeah.

25 A It was \$5.

26 Q Thank you.

27 A Line 15 for the new customer fee, the new  
28 amount of \$1.81 is shown. That was \$2.55 before. And

1 on line 16, CCASR Without a Confirmation Letter, the new  
2 amount is \$0.69, and it had formally been \$1.36.

3 Q Are those all the changes?

4 A Yes, sir.

5 Q Mr. Navarrete?

6 WITNESS NAVARRETE: A Reading from Ms. Higashi's  
7 testimony on page 7-12, the Customer Re-Entry Fee has  
8 been corrected from \$4.04 to \$3.75 per service account.

9 Q Can you tell me where that is?

10 A That's line 14 in the matrix.

11 Q I'm sorry can you repeat?

12 A The Customer Re-Entry Fee has been corrected  
13 from \$4.04 to \$3.75 per service account.

14 Q Thank you.

15 A And then on the Internet Opt-Out Fee has been  
16 corrected from \$1.77 to \$1.93. The Internet Opt-Out Fee  
17 is line 11.

18 Q What was the first number, what was it?

19 A \$1.77.

20 Q Are there any others, sir?

21 A That's all.

22 WITNESS YEE: A PG&E does have additional  
23 correction that is not reflected in this current  
24 Appendix A.

25 We have a change to line -- well, actually,  
26 it's not a line number, but it's the one directly after  
27 line 26 under Other Billing Services for the fee name of  
28 Account Assistance.

1 Q Could you just hold for a second.

2 Line 26, Account Assistance which is  
3 unnumbered?

4 A Unnumbered, yes.

5 The current fee listed on the appendix  
6 indicates it's \$51. There's a corrected amount that  
7 should be \$54.

8 Q Were there any other changes to the fees other  
9 than those that you have given me that you are aware of?

10 A No.

11 WITNESS OSBORNE: A No.

12 MR. HUARD: Thank you, your Honor. That's all  
13 the questions I have.

14 ALJ MALCOLM: Thank you, Mr. Huard. No more  
15 questions for the panel, right?

16 MR. COMO: Your Honor, except for the question in  
17 Chapter 5 which relates to testimony sponsored by  
18 the panel, but it's specifically on tiered rates for  
19 PG&E. So it's going to be directed to Mr. Yee. As long  
20 as Mr. Yee can answer the question when he's separately  
21 up for fee questions, I can ask him at this point.

22 ALJ MALCOLM: Why don't you do ahead and ask your  
23 question.

24 MR. COMO: Okay.

25 CROSS-EXAMINATION resumed

26 BY MR. COMO:

27 Q Good morning, panel.

28 WITNESS NAVARRETE: Good morning.

1 WITNESS YEE: Good morning.

2 Q This time I mean it. It is morning.

3 Would you turn to the reply testimony, page  
4 5-27.

5 And like I say, my questions are specifically  
6 for PG&E on this.

7 Turning in line 17, you state the CCA  
8 providers and ESPs today can accomplish the objective of  
9 billing customers an amount equal to or less than  
10 utility bundled service rate by using any of the four  
11 standard options currently available.

12 Do you see that?

13 WITNESS YEE: A Yes, I do.

14 Q Do you believe a CCA can accomplish  
15 the objective of billing customers an amount equal to or  
16 less than utility energy commodity rate for residential  
17 customers by using one of those four options?

18 A As far as I know, I believe so, yes. And  
19 that's based upon my current experience with an ESP who  
20 does exactly that.

21 Q Can we turn to your proposed CCA tariff on  
22 page 28. I think it's an attachment to Exhibit 1.

23 MR. MONTROYA: For the record, that's 1A,  
24 I believe; right?

25 MR. COMO: The attachment number?

26 MR. MONTROYA: No. You said the attachment to  
27 Exhibit 1. You meant 1A, right?

28 You did.

1 MR. COMO: Okay.

2 ALJ MALCOLM: We're putting A's after our exhibit  
3 numbers.

4 MR. COMO: Oh, I'm sorry.

5 MR. HUARD: Your Honor, can I just clarify  
6 Mr. Montoya?

7 Does that mean this is now considered  
8 Exhibit 1A?

9 ALJ MALCOLM: Yes.

10 Off the record.

11 (Off the record)

12 ALJ MALCOLM: Back on the record.

13 MR. COMO: Q Mr. Yee, you stated in  
14 the testimony -- and I don't need to refer you back to  
15 it unless you need to -- but CCA surmised: Our intent  
16 is basically to copy PG&E's five-tiered billing set up  
17 for the residential customers.

18 WITNESS YEE: A That's what I understood.

19 Q So looking at those four options under 2A, we  
20 can provide a nonvolumetric fixed price, one tier or two  
21 tier or time of use rate option. Do you see that?

22 A Yes.

23 Q Can you explain in each one of those how we're  
24 able to, in your mind, accomplish either billing  
25 the same as PG&E to residential customers or an amount  
26 less than?

27 A Well, my understanding, and maybe this is --  
28 I might be corrected, but my understanding is you're --

1 one would attempt to at least mirror PG&E's rates, at  
2 least not to be over PG&E's rates. One way to  
3 accomplish that is to do this on an average basis and  
4 utilizing one of the options available and develop your  
5 own ratesetting algorithms to accomplish that.

6 An analogy might be as you're purchasing items  
7 in the grocery store, frequently manufacturers package  
8 their products differently, different sizes, different  
9 volumes for similar products, and it helps me, when  
10 I see at the grocery store where we have a sort of  
11 underlining reference by -- in terms of a common unit to  
12 like number per ounce or some other similar measure  
13 of measure.

14 And in reference to some of the comments made  
15 in testimony, I think that a CCA would only need to  
16 provide that level of detail to their customers in order  
17 for them to make a basis of comparison between  
18 the existing bundled service rates and a proposed CCA  
19 rate, and --

20 Q If the CCA was to offer a one tier or two  
21 tiered price rate and a residential customer was to have  
22 to compare that to a five tiered rate provided by PG&E,  
23 then for residential customers, they're going to have to  
24 judge it based on their own individual energy use?

25 A Yes.

26 Q So on an average basis, you're saying we can  
27 provide the same service -- at the same price, excuse  
28 me, the same price, but it would just be on an average?

1           A    Right.  An individual customer's actual bill  
2 may vary.

3           Q    So based on an average then, assuming a bell  
4 curve, then half are going to be above the average and  
5 half are going to be below the average?

6           A    It depends how you set your rates.

7           Q    But as to a specific residential customer's  
8 bill with one of the four options, we're not able to  
9 match PG&E's rates for individual residential customers?

10          A    If you are looking to match exactly, that may  
11 be difficult.  But if you are looking to ensure that  
12 they're lower, that's entirely possible.

13          Q    But to be lower for all customers, then we  
14 would have to have a rate that is much lower than PG&E's  
15 overall -- our average rate would have to be much lower  
16 than PG&E's average rate for residential customers,  
17 wouldn't you agree?

18          A    I guess it would depend again on what your  
19 ratesetting algorithm would be, so I can't really speak  
20 to that.

21          Q    Well, how do you think that would influence  
22 the answer to your question?

23          A    All I can say is I'm aware of an ESP  
24 performing that type of service today.  They have  
25 probably the same sort of questions that you have of how  
26 can they market their services at a price that would be  
27 comparable or less than the utility's bundled rate.  And  
28 so depending on how they design their rates, they would

1 have to price it at perhaps different levels and set a  
2 certain price at different tiers to accomplish that  
3 goal.

4 Q Do you have some example of an ESP that does  
5 that currently so that I can understand better how that  
6 can be structured?

7 A The example that I can probably cite today is  
8 in order to -- one ESP uses a two tier price structure.  
9 And I don't -- and they can set that tier level at any  
10 level and it doesn't need to exactly mirror the existing  
11 utility's tiers. So they can structure that in a way  
12 that would meet their pricing goals or their pricing  
13 objectives, whatever their -- as a result of whatever  
14 their costs are.

15 Q Is that an ESP that serves residential  
16 customers?

17 A Yes.

18 Q Can you tell me who that is?

19 A I'm not sure if that's of a confidential  
20 nature.

21 Q Do you know how many customers the ESP has?

22 A Again, I'm not sure if that's -- the amount  
23 of -- I'm not sure if that would be considered  
24 confidential or -- as well.

25 Switching records are available. Certain  
26 switching records are available at -- for public comment  
27 or public review on the Commission's website.

28 Q Do any of the ESPs that you're referring to

1 that you believe the name of which are confidential, do  
2 any of them serve a large number of residential  
3 customers, say several thousand?

4 A Several thousand, yes.

5 Q Several thousand. Would you say over a  
6 hundred thousand?

7 A No.

8 Q So can you box it in a little bit more for me?

9 A I believe the total number -- if I'm not  
10 mistaken, the total number of residential customers  
11 served by ESPs today number approximately 10,000.

12 Q Are you aware that if San Francisco becomes a  
13 CCA, assuming opt-out isn't too extraordinary, we're  
14 going to be serving maybe 375,000 customers?

15 A Yes.

16 Q And you believe that on a two-tier model that  
17 we could match or beat PG&E's rates?

18 A Not all of those 375,000 would be residential,  
19 first of all. And I believe you can -- for  
20 the residential, you can somehow design your rate  
21 schedules with a two-tier structure to beat PG&E's  
22 rates.

23 Now, that doesn't mean that we cannot provide  
24 a five-tier structure for a CCA. What I'm saying is  
25 it's not absolutely critical in order to accomplish that  
26 goal.

27 So, to the extent that you wish PG&E to  
28 provide additional service to provide that level of

1 programming, it may not be impossible to program for a  
2 five-tier structure if you so desire. But that would be  
3 on a for-fee basis.

4 Q So absent an additional cost for programming,  
5 then we would -- in order to have something that is an  
6 identical five-tier structure within our program, we  
7 would have to accept a bill-rating bill option?

8 A If you want to choose to do that yourself,  
9 yes. And I imagine you would have to do that or a CCA  
10 outside of PG&E's service territory would have to do  
11 that.

12 Q Could you repeat that one more time. I didn't  
13 fully get that.

14 A I'm saying -- yes. The answer to your  
15 question would be yes. And to the extent a CCA outside  
16 of PG&E's service territory would seek billing services,  
17 they would have to do the same since the other two  
18 utilities do not offer a rate-ready service, to my  
19 understanding.

20 MR. COMO: Thank you, Mr. Yee.

21 That's all the questions I have, your Honor,  
22 for the panel portion.

23 ALJ MALCOLM: Thank you.

24 Mr. Fenn, do you have questions for the panel  
25 or just Mr. Yee?

26 MR. FENN: Well, your Honor, I have questions  
27 regarding Rule 23/27, so I believe that would apply to  
28 the panel as a whole.

1 ALJ MALCOLM: Okay, go ahead.

2 CROSS-EXAMINATION

3 BY MR. FENN:

4 Q Good morning, panel. I'm Paul Fenn with Local  
5 Power.

6 THE PANEL: Good morning.

7 Q I'll go straight to the attachment or Appendix  
8 D to Exhibit 1A which is the Rule 23/27, page 2 of 37.  
9 In the first paragraph, you say that -- just a  
10 description, but that CCA permits cities-counties or  
11 cities and counties whose governing boards have elected  
12 to acquire their electric power needs to provide such  
13 services on behalf of utility end-use customers.

14 Is there not the possibility that a CCA would  
15 form which would not provide for its own, that is  
16 municipal power, needs but would provide for the needs  
17 of residential and commercial customers within its  
18 jurisdiction?

19 WITNESS NAVARRETE: A I'm not sure I understand  
20 the question.

21 Q Well, the characterization is that a CCA -- or  
22 that cities-counties or cities and counties have elected  
23 to acquire their power needs; in other words the  
24 municipal government power needs. Is it not possible  
25 that under AB 117 that a CCA would form that does not  
26 provide for municipal service to municipal load but only  
27 to residential or to commercial load?

28 A In this case, there is referring to

1 cities-counties or cities and counties and it's not  
2 referring to necessarily a municipal load. It's  
3 referring to the load of that city-county or city and  
4 county. So that could be residential, commercial,  
5 industrial load.

6 Q But then down at the end it says to provide  
7 such services on behalf of utility end-use customers  
8 located within their service area.

9 Is that not a little confusing? Because it  
10 does seem to apply that the CCA is providing for its own  
11 needs as a jurisdiction, as a government, and then being  
12 allowed to provide such services to residences and  
13 businesses.

14 A Well, we weren't trying to be confusing.

15 Q Oh, I understand. It just struck me as a  
16 little confusing and I wanted to ask if you saw that  
17 ambiguity there. I mean, you recognize that in the case  
18 of City and County of San Francisco whose government  
19 agencies are served by Hetch Hetchy, that it's unlikely  
20 that its CCA would provide service to city agencies. So  
21 there's an issue there regarding Hetch Hetchy.

22 The rule somehow implies that a CCA has to  
23 provide service first to its municipal accounts. Is  
24 there --

25 A That wasn't the intention.

26 Q That was not the intention. Thank you.

27 If you go down to page 4 of the same appendix  
28 in the first paragraph, you state in C, subsection C, as

1 requirement of this rule, CCA providers providing  
2 electric power shall have one or more scheduling  
3 coordinators.

4 Down below in section 5 in the second sentence  
5 of that section, CCA providers must meet all resource  
6 adequacy requirements and comply with all ISO schedule  
7 coordinating rules and tariffs as set forth if the CCA  
8 Open Season Rule 23.2.7.2.

9 Would this not imply that an ESP or that a CCA  
10 would not have the option of requiring its ESP to assume  
11 load serving entity obligations?

12 A Is your question does the CCA have a right to  
13 hire a third party to do some of the requirements that  
14 are included in this tariff?

15 Q Well, just to clarify, my concern is, in  
16 particular, that you're familiar with the load serving  
17 entity requirement the Commission has established that  
18 CCAs or ESPs must assume the obligations of load serving  
19 entities with respect to resource adequacy. Would this  
20 language not preclude a CCA from designating the ESP as  
21 the entity with LSE responsibility?

22 A Well --

23 MR. SZYMANSKI: Your Honor, I just am trying to be  
24 mindful of a direction that you gave shortly before  
25 hearings, which is that we're not going to get into  
26 issues about jurisdiction and broader policy issues.  
27 And I'm getting a little bit more concerned as this line  
28 of questioning goes on, that we're get into areas of

1 LSEs and other issues that are not really squarely  
2 within the scope of the expertise that is here on  
3 the stand right now. They may have some knowledge about  
4 what the Commission has said about LSEs and other issues  
5 about municipal practice. They may have that as an  
6 incidental matter, but this panel is here to opine on  
7 the contents of the tariff and squarely so.

8 I really don't want this to be registered as  
9 an objection, but it's a concern that we're getting  
10 closer and closer to policy issues.

11 MR. FENN: Your Honor, I'm attempting to just  
12 limit my comments to the text of the tariff itself. And  
13 I'll try not to --

14 ALJ MALCOLM: Go ahead.

15 MR. FENN: -- opine beyond the context of  
16 the tariff. I'll try to restate the question.

17 Q If a CCA provider is required to have one or  
18 more scheduling coordinator, would that not imply that  
19 the CCA provider itself is not the scheduling  
20 coordinator?

21 WITNESS NAVARRETE: A I believe there is a  
22 provision for the CCA to apply to be the scheduling  
23 coordinator in here.

24 Q Okay. Second question. Should a CCA wish an  
25 ESP to be its scheduling coordinator and should a CCA  
26 wish an ESP to assume resource adequacy responsibilities  
27 under section 5, would that not be precluded by  
28 the language that I've quoted to you here today?

1           A    No, I don't believe so.  The CCA's always  
2 ultimately responsible for complying with -- excuse  
3 me -- with these requirements.  But in the service  
4 agreement, there is a section that allows a CCA to make  
5 certain assignments and to hire independent contractors.  
6 But just because they hire an ESP to work with the ISO  
7 or to meet the resource adequacy requirements doesn't  
8 transfer that responsibility to the ESP.  The CCA is  
9 still ultimately responsible.

10           Q    Thank you.

11                    Please, if we can go down to page 6, section  
12 17, subsection B:  The utility shall not be liable to  
13 the customer or CCA provider for any damages caused  
14 by --

15           A    I'm sorry, Mr. Fenn.  I didn't hear where you  
16 were at.

17           Q    Excuse me, sir.  Page 6 and section 17,  
18 subsection B.

19           ALJ MALCOLM:  You don't need to read it.

20           MR. FENN:  Oh, I don't need to read it?  Just  
21 characterize it.

22           Q    You said that the utility would not be liable  
23 to the customer or the CCA for damages caused by  
24 the utility's conduct in compliance with the service  
25 agreement.  Would that not cause potential incentive for  
26 the utility not to comply?

27           WITNESS NAVARRETE:  A   I don't believe that  
28 utilities ever have an incentive not to comply.  I don't

1 understand what you're referring to.

2 Q Well, why should a utility not be liable for  
3 its failure to comply with the CCA provider service  
4 agreement?

5 A I believe what this statement's referring to  
6 is that the utility must comply with its regulations.

7 Q But it states it shall not be liable. Am I  
8 incorrect?

9 A If we comply with our tariffs and somehow that  
10 causes an impact to the CCA provider, that we're not  
11 liable because we're following our tariffs. We're in  
12 compliance.

13 Q Okay. Thank you.

14 Go down to page 10 and subsection E,  
15 subsection H. ]

16 A I'm again sorry, Mr. Fenn. You are going a  
17 little fast. You're in what section?

18 Q Excuse me. Page 10, which is under Section E,  
19 subsection H. It's under the specialized service  
20 requests.

21 You know, actually, I'm going to pass on that  
22 one. Let me go down to the next, please.

23 On page 12, it's in Section 4 there.

24 The utility shall implement the  
25 CCA Provider's CCA Service in  
26 accordance with a mutually agreed  
27 upon date . . . .

28 You have provisions here for six-month notice

1 in advance of offering service.

2 What is the basis for mutually agreeing?

3 I mean would that not create possibility for  
4 interminable delay if there were no kind of binding  
5 commitment for the utility to -- to implement?

6 A I see no reason that the utilities would --  
7 I'm sorry, did you say interminably delay?

8 Q Well, yeah, that it could. If it's mutually  
9 agreeable and there's no binding date, you could delay  
10 till the end of time if you like, right?

11 A Is that something that the CCA and the utility  
12 would mutually agree to?

13 Q Well, the question is if you can't come to a  
14 mutual agreement, would it not fail to bind the utility  
15 to cooperate with the CCA in this respect?

16 A The intent of this section wasn't to  
17 interminably delay implementation. It was to make sure  
18 that we all in agreement on when we could implement.

19 The reason there is a six-month advance notice  
20 there is because in the case where we have the first CCA  
21 come to us, it wouldn't be reasonable to think that the  
22 utility or to expect that the utility could implement  
23 such a large program into its systems and processes in  
24 30 days or in two days or whatever -- whatever time  
25 frame is shorter than six months.

26 So the intent was, let's take a look at what  
27 the requirements are. And in implementing the first CCA  
28 through, we would need some time to be able to implement

1 the changes.

2 Q Understood. But we have at least six months,  
3 but there's no cap. It's just other than at least six  
4 months. It depends upon the mutual agreement, correct?

5 A That's true, it does depend on the -- both the  
6 utility and the CCA cooperating together to successfully  
7 implement this program.

8 WITNESS OSBORNE: A We should clarify, too, the  
9 six-month requirement is only for the first CCA that  
10 requests service within the utility's service territory.

11 Thereafter, any CCA requesting service, we  
12 would -- the intent is to just be able to have a  
13 mutually agreed upon date no sooner than the earliest  
14 date the Commission allows CCA to implement where we  
15 both agree that we would implement the service.

16 If CCA parties would feel more comfortable  
17 with a time frame 30 days after the -- naturally after  
18 the first one, first program rolls out, 30 days or  
19 45 days to provide some security if they feel the  
20 utility is not going to implement, the utilities are not  
21 opposed to that.

22 Q Thank you.

23 Please, if you would go down to page 13.  
24 Actually, I'll skip that, please.

25 If we could go down to page 14 in Section G,  
26 subsection 2. You say that customers taking service  
27 under an optional utility commodity rate schedule such  
28 as Net Energy Metering could not be included in

1 automatic enrollment or for direct access, in  
2 subsection 3.

3 What is the basis for this component in the  
4 tariff?

5 I mean is there a basis in AB 117 for it, for  
6 excluding these customers from the opt-out provisions in  
7 AB 117?

8 WITNESS YEE: A Yes, I mean in thinking through  
9 what would make practical sense operationally, customers  
10 that are under a specific commodity rate such as Net  
11 Energy Metering probably requires a little bit more  
12 thought about whether or not a particular CCA would be  
13 able to offer services for those particular rate  
14 schedules.

15 You might be familiar that Net Energy Metering  
16 has its own sort of additional complexities associated  
17 with it, but it doesn't preclude them from going --  
18 taking CCA service, but it offers them to review that to  
19 make sure that the CCA can support that service in doing  
20 so.

21 Q Do you feel that an opt-out approach to these  
22 customers would deprive them of the opportunity to  
23 rationally choose between their existing service and the  
24 service being offered?

25 A Well, the intent of just taking a step back  
26 and not just automatically switching them and allowing  
27 the opportunity for a CCA to review these specific  
28 customers to ensure that their program and processes are

1 in place to be able support Net Energy Metering, you can  
2 do that.

3 It wouldn't -- I don't think it would benefit  
4 customers or the CCA to switch it only to find out  
5 afterwards that they needed to provide a more complex  
6 level of support in dealing with customers under certain  
7 commodity rate tariffs, such as Net Energy Metering.

8 But to the extent -- I think we were saying  
9 this globally to all CCAs, but I think to the extent  
10 that any individual city knowingly in advance can  
11 support Net Energy Metering in this example, I don't  
12 think that -- we would probably make an arrangement to  
13 include them within the mass enrollment.

14 The whole intent on here is to make sure that  
15 the CCAs and the customers are aware of this impending  
16 switch because the utilities were thinking on the basis  
17 for -- for just customer service and for less customer  
18 confusion and to avoid billing problems down the road  
19 that this be tackled in advance.

20 Q Understood. Thank you.

21 All right. Please, quickly go down to  
22 page 16.

23 You indicate that -- that the notification of  
24 customers would not be included in scheduled monthly  
25 electric utility bills. Yet, under the -- under AB 117,  
26 does it not include provisions for a CCA to request that  
27 a utility insert that -- I'm sorry -- the request that  
28 the Commission order the utility to insert notifications

1 within month electric utility bills?

2 MR. SZYMANSKI: Is Local Power referring to any  
3 particular provision of the tariff in front of you or --

4 MR. FENN: Yes.

5 WITNESS NAVARRETE: So you were quoting AB 117 as  
6 saying --

7 WITNESS OSBORNE: He's getting you the specific  
8 reference.

9 MR. FENN: Q Well, I'm looking here at that --  
10 it's actually Section 3, subsection C, which appears on  
11 page 16 of your 23 -- Rule 23/27 draft -- that the CCA  
12 customer notifications will not be included in the  
13 utility customer bills.

14 So I'm asking just is -- do you recognize the  
15 provisions of AB 117 that provide CCAs with the  
16 opportunity to request the Commission to order utilities  
17 to insert these notifications into -- into customer  
18 bills?

19 WITNESS NAVARRETE: A Yes --

20 MR. SZYMANSKI: I object, only to point out that  
21 the answer calls for the witness or witnesses to form a  
22 legal opinion for what's in the statute.

23 This issue is more than what it may appear to  
24 be from its face. And while I don't have an objection  
25 if the question is to read what's in the statute and see  
26 whether our statute -- our tariff language is consistent  
27 with what's on the face of the tariff language, I do  
28 object to the extent that it would require the witnesses

1 to render a legal opinion about the validity of what  
2 appears in the tariff language.

3 ALJ MALCOLM: I understand that. You know, they  
4 can refer to their understanding of the tariff.

5 The attorneys can argue the interpretation in  
6 their briefs.

7 MR. SZYMANSKI: Sure. So the witness may respond  
8 as to whether or not the -- whether, as I understand the  
9 question, whether they are aware of a statutory  
10 provision that discusses the issue of Commission  
11 directing the utilities to do certain things; is that  
12 the question?

13 ALJ MALCOLM: The witnesses -- when you say that,  
14 you look like you are coaching them.

15 MR. SZYMANSKI: Well, I'm not.

16 I am trying to make an important distinction  
17 because we're entering into, frankly, a legal quagmire  
18 here.

19 ALJ MALCOLM: I'm going to allow the question. I  
20 understand your concern.

21 I don't expect the witnesses to provide, you  
22 know, legal interpretation but they can refer to their  
23 understanding of the statute under which they drafted  
24 this proposed tariff.

25 MR. SZYMANSKI: That's fine.

26 MR. FENN: I'll just read a section of statute,  
27 and this is in Chapter 838, which is AB 117. It appears  
28 in 366.2(c)13(b):

1           A community choice aggregator may request the  
2 Commission to approve and order the electrical  
3 corporation to provide the notification required in  
4 subparagraph A. If the Commission orders the electrical  
5 corporation to send one more of the notifications  
6 required pursuant to subparagraph A in the electrical  
7 corporation's normally scheduled --

8           ALJ MALCOLM: Whoa.

9           MR. FENN: Too fast? Excuse me.

10           If the Commission orders the electrical  
11 corporation to send one or more of the notifications  
12 required pursuant to subparagraph A in the electrical  
13 corporation's normally scheduled month billing process,  
14 the electrical corporation shall be entitled to recover  
15 from the community choice aggregator all reasonable and  
16 incremental costs it incurs related to the notification  
17 or notifications.

18           So I'll stop there and ask: Does your tariff  
19 provide for the opportunity of a CCA to request the  
20 Commission to order the utility to insert one or more of  
21 its notifications into its monthly electric bills?

22           WITNESS NAVARRETE: A The tariff the way it's  
23 written doesn't allow for that because our proposal is,  
24 even though the Commission always has the right to order  
25 us to do whatever they believe is necessary, our  
26 position is that it would not be a good thing for the  
27 Commission to order us to do that.

28           There's a number of reasons we have for not

1 including such notifications in our bills.

2 First, I believe there's other language in  
3 AB 117 that refers to other utility services that cities  
4 have today, or cities or counties have today -- sewer  
5 bills, electric bills. So there are other means for a  
6 CCA to explore providing notification to its customers,  
7 including direct mailing. And before we go and insert a  
8 notification into the electric utility's bill, those  
9 other areas should be explored.

10 Also, the amount of information that would be  
11 included in our utility bill could -- could be  
12 substantial. And our utility bills currently are  
13 already full with other legal notices and with our own  
14 bills. So there isn't going to be a lot of room to add  
15 in additional notification into our bills.

16 In addition, it will in most cases -- I  
17 believe all cases, but in most cases, a notice would  
18 send the -- would exceed the one-ounce limit that we  
19 currently have for our billing, which means that there's  
20 not going to be much savings in including additional  
21 information on our bills because the -- once you exceed  
22 the one ounce, you are paying for a large part of  
23 additional postage.

24 And one of our main concerns is we have a lot  
25 of legal notices that we're already required to put into  
26 our bills. And it would be difficult to -- for our  
27 customers to see those other legal notices if there was  
28 an additional bill insert involved that was due to a CCA

1 starting up a program.

2 Q Is it true that your tariff would preclude  
3 CCAs willing to pay for the costs associated with this  
4 insert from requesting the Commission to order the  
5 utility to provide the service?

6 A Well, my understanding of process is that  
7 parties would request that in this proceeding. And if,  
8 at the end of this proceeding, the Commission orders us  
9 to insert -- to insert CCA notifications in our bills,  
10 our tariff would be updated to reflect that order.

11 But again, we don't believe that's the right  
12 way to go.

13 Q Understood.

14 Given that there are CCAs not present in this  
15 proceeding and the statute states that the community  
16 choice aggregator may request, would that not preclude  
17 CCAs not present from the opportunity to request the  
18 Commission to order this service as provided in statute?

19 MR. SZYMANSKI: Objection. The witness would have  
20 no way of knowing what other CCAs would know or not  
21 know.

22 ALJ MALCOLM: Well, overruled.

23 He's just asking whether there are CCAs who  
24 might not be able to make that request if the Commission  
25 decided here to make it -- to not make it an option.

26 I understand what he's getting at.

27 MR. SZYMANSKI: Could I hear the question one more  
28 time, please?

1           MR. FENN:   Q  Given that there are CCA or potential  
2 CCAs not participating in this -- in this process, would  
3 your tariff not preclude them from requesting the  
4 Commission to order the utilities to insert  
5 notifications into electric bills as provided for in  
6 AB 117?

7           WITNESS NAVARRETE:   A  I believe what you're asking  
8 me is should the tariff have an option that allows the  
9 Commission on a per CCA basis to require us to include  
10 the bill insert or not include the bill insert; is that  
11 correct?

12           ALJ MALCOLM:   That's not what he's asking.

13           WITNESS NAVARRETE:   I'm sorry.

14           ALJ MALCOLM:   He's asking you whether if your  
15 tariff were adopted the way it is, are there CCAs or  
16 potential CCAs who might not have an opportunity to  
17 request a bill insert.

18           WITNESS NAVARRETE:   Yes, that could happen; but,  
19 again, it would be by Commission order.

20           MR. FENN:   Q  It could happen, or it would happen?

21           WITNESS NAVARRETE:   A  Well, you are making an  
22 assumption that there are CCAs out there that do want  
23 this and that will request it in the future and not be  
24 aware of it.

25                       I don't know if that's true or not, so I would  
26 say "could" happen.

27           Q   Okay.  Thank you.

28                       Please, if we could proceed, I'd like to go to

1 page 19, Section K. This concerns customer relocation  
2 processes. And if you go actually -- the section goes  
3 down into page 20, excuse me, in subsection E, where you  
4 state that -- that customer enrollments defined in this  
5 section, that is, customer enrollments from customer  
6 relocation, shall be subject to the same notification  
7 requirements applicable to all or to normal -- the  
8 normal CCA notification process.

9 Now do I understand this correctly that  
10 relocations to or within a CCA would require the same  
11 four notifications over a 120-day period and the same  
12 opt-out process?

13 WITNESS OSBORNE: A No, that's not what this  
14 provision says.

15 First, this section -- this -- this particular  
16 provision that you're talking about is only related to  
17 new customers moving into a CCA service territory. It  
18 does not refer to customers moving within the service  
19 territory. That's handled in subsection 1 above.

20 Q Thanks for that clarification.

21 A And so related to new customers moving in, the  
22 provision states that they are required or subject to  
23 the notification requirements of the follow-up  
24 notification period and opt-out rights.

25 So based on the -- AB 117, and which indicates  
26 under that -- under community choice aggregation no  
27 written positive declaration is needed by the customer,  
28 but all customers must be informed of their right to opt

1 out.

2 And the additional provisions that CCA  
3 programs shall allow any customer to opt out and to be  
4 served by the utility.

5 And it specifies, once enrolled may opt out  
6 within 60 days without penalty, is another provision of  
7 AB 117, as well as another provision of AB 117 speaks to  
8 following enrollment, CCA must fully inform customers  
9 for two consecutive months.

10 So our provision here responds to those areas  
11 of AB 117 where a new customer is moving in to the  
12 service territory, and the utility is automatically  
13 enrolling the customer at the time that they turn on  
14 service for that customer.

15 That automatic enrollment is not a positive  
16 written declaration, and so the requirements of AB 117  
17 would be appropriate.

18 And so the CCA would be responsible for  
19 providing two notifications to that customer after  
20 enrollment and for the customer to be able to opt out of  
21 service within 60 days without penalty.

22 Q Okay. Thank you.

23 Please, I'd like to proceed down to page 22.  
24 This is Section M. And this -- this section is  
25 particular -- you say in Subsection 4 that CCASRs must  
26 identify the utility account information, as determined  
27 by the utility, of the customer participating in  
28 community choice aggregation, and that a CCASR that does

1 not contain the information shall be considered  
2 materially incomplete.

3 I'm trying to understand the implications of  
4 this, so I'd like to just go through a progression.

5 So the utilities -- am I correct that the  
6 utility would determine whether a CCASR was materially  
7 incomplete?

8 WITNESS NAVARRETE: A There are rules, procedures,  
9 built around what information is required by a CCASR,  
10 and those rules each utility publishes on its Web site.  
11 In that sense, you need information like the service  
12 account number, because without the service account  
13 number we can't define it.

14 And then there's other pieces of data that we  
15 ask for to confirm, much like -- I mean you might --  
16 excuse me -- a CCA might send us a CCASR with just the  
17 service account number. And it may be transposed.  
18 There might be something wrong with it. So we ask for  
19 other pieces of information so that we can confirm that  
20 the CCA was actually referring to that specific service  
21 account.

22 Q So the utility would be adjudicating that  
23 process, correct?

24 A Adjudicating, I don't quite understand. It  
25 seems like a legal term.

26 We're talking about a process, an operation.  
27 We have operational people who -- who, in essence,  
28 manage the CCASR process. It's a very automated

1 process, but if a CCASR comes in and certain information  
2 doesn't match, then it's going to be an exception. And  
3 our operational people will take a look at it to see  
4 what happened, and we will contact the CCA to say this  
5 doesn't look correct to us.

6 Q Okay.

7 A So it's very operational. I wouldn't use  
8 legal terms with an operation -- about an operation.

9 Q Thank you.

10 Now down at Subsection 6, if a CCASR is held  
11 pending further information, it shall be rejected if the  
12 CCASR is not completed within 11 working days.

13 And then at Subsection 7 you say the utility  
14 has the right to deny the CCA provider's request for  
15 service for a particular customer if the information  
16 provided by the customer is false and incomplete or  
17 inaccurate in any material respect.

18 So that refers back, does it not, to  
19 materially incomplete; but you are providing within this  
20 tariff the authority of the utility, are you not, to  
21 make a determination for the completeness of the  
22 application and then to deny service based upon that  
23 determination?

24 A If the CCASR is not complete and the CCA has  
25 not corrected it, or if the -- or if the information  
26 provided by the customer is false, yes, we would not  
27 accept the CCASR.

28 Q Okay. Thank you.

1 ALJ MALCOLM: Mr. Fenn, can you tell me where it  
2 would be a good place to break.

3 MR. FENN: I would -- I understand I've gone a bit  
4 long here.

5 ALJ MALCOLM: I just want to take a break.

6 MR. FENN: I think I can -- your Honor, I think I  
7 could probably require just another five minutes.

8 Shall I proceed now?

9 ALJ MALCOLM: Sure.

10 MR. FENN: Okay. Thank you.

11 Q Down on the same page, 23, Section 13, you  
12 provide that the Commission or the ISO governing board  
13 may declare an emergency --

14 WITNESS YEE: A I'm sorry --

15 Q I'm sorry. It's section -- subsection 13 on  
16 page 23.

17 You provide -- in particular, I'm concerned  
18 that you provide that the ISO governing board may  
19 declare an emergency and institute a moratorium of  
20 utility processing of CCA requests.

21 Please, what is the basis of that -- the  
22 authority, I mean, of the ISO to suspend utility  
23 processing of CCA requests?

24 WITNESS NAVARRETE: A I'm not sure what you mean  
25 by "authority."

26 The Commission -- the statement itself says  
27 the Commission or the ISO board declares an emergency  
28 and institutes a moratorium of processing that request.

1           If we were to get such an order from the  
2 Commission or the ISO, we would comply with that  
3 decision, and we're saying that -- and that we would  
4 comply with the decision, and we would inform the CCA  
5 providers of the details of the emergency.

6           ALJ MALCOLM: Right; but his question was what  
7 authority does the ISO have to direct a utility to stop  
8 processing CCAs; do you know?

9           WITNESS NAVARRETE: I actually don't know.

10          ALJ MALCOLM: Okay.

11          MR. FENN: Q Thank you.

12                 Please, if we could go down to -- sorry. I'm  
13 going to skip a few things just in the interests of time  
14 and, in fact, appropriately go down to timing  
15 requirements on page 29.

16                 Under subsection (c) there, you say that CCA  
17 provider charges must be received by PG&E the day  
18 following PG&E's actual meter read date.

19                 Would you explain to me how that would be  
20 accomplished?

21                 WITNESS YEE: A Under a normal metering cycle, the  
22 utility would read the meter on the assigned scheduled  
23 meter reading date. And I believe that evening or the  
24 day after, that meter usage data would be transmitted to  
25 the CCA electronically over established EDI protocols.

26                 And the CCA would, in turn, calculate their  
27 charges under a bill-ready scenario and return the CCA's  
28 charges to the utility the next day via the same EDI

1 protocols established for -- for this billing service.

2 Q So that -- so am I to understand that you're  
3 not saying here that that CCA provider payments must be  
4 received?

5 A No, charges.

6 Q Thank you. I just wanted to -- I was confused  
7 about that. Thank you.

8 Please, if we could go down to page 30 and  
9 section -- subsection 4.b. You state that if the  
10 utility determines there has been unauthorized use of  
11 energy, the utility shall have the legal right to  
12 recover from any customer, CCA provider, or other person  
13 that caused or benefited from such an unauthorized use,  
14 the total estimated amount.

15 Now if the -- how -- you're suggesting that if  
16 a CCA customer were to -- are you not, that if a CCA  
17 customer were to -- were to use energy in an  
18 unauthorized manner, that the CCA provider could be  
19 charged for that unauthorized use? ]

20 A Well, the way that the section reads is that  
21 the -- that it is any person that has caused or  
22 benefited from that unauthorized use. So to the extent  
23 in your example that a CCA provider did benefit from it,  
24 yes, they would be liable.

25 Q So how would a -- assuming that the  
26 customer -- that the customer caused the unauthorized  
27 use and the CCA provider somehow benefitted from that  
28 use. Let me rephrase the question.

1           Assuming that a CCA customer caused the use,  
2 how, under what circumstances would a CCA provider  
3 benefit from the customer's use?

4           A    In that particular example, I'm not sure. I  
5 guess the -- this paragraph here is meant to protect the  
6 utility from unauthorized use by any party.

7           Q    Understood. But I mean, I'm just wondering  
8 what the purpose of the construction here is beyond  
9 saying that whoever is responsible for unauthorized use  
10 may be charged. What would be the purpose of making  
11 this -- would this not expose a CCA to the unauthorized  
12 use of energy by its customers over which it has no  
13 control?

14           WITNESS OSBORNE:   A   Only if they benefited from  
15 it.

16           Q    That's -- okay. Thank you. Please, if we  
17 could go down to page -- page 22 -- I'm sorry -- page  
18 33, excuse me, under section T, subsection 1(c): The  
19 CCA provider ceases or fails to perform obligations --  
20 I'm sorry. If a CCA provider fails to abide by the  
21 terms of its implementation plan, that would cause  
22 service of electricity to be changed involuntarily; is  
23 that correct?

24           WITNESS NAVARRETE:   A   It would cause the CCA  
25 service to be changed involuntarily, yes.

26           Q    So you're viewing the implementation plan as a  
27 binding document on the nature of a CCA's service; is  
28 that correct?

1           A    Yes, that's correct.

2           Q    Thank you. Please, if we could go down to  
3 page 34. I'm going to skip that. I know I'm running  
4 short on limited time. I want to get to the most  
5 important sections here. So I'd like to actually go  
6 down to your, I think it's Exhibit 2-A, which is the  
7 reply document, on 5-4 in which you remark that ECI's  
8 testimony provided only speculative opinion on potential  
9 cost savings related to a CCA, no evidence.

10                   Please, do you, given the reply and rebuttal  
11 testimony of Robert Freehling on behalf of Local Power,  
12 do you feel that his testimony may contribute to this  
13 question of potential benefits associated with a CAA?

14           WITNESS OSBORNE:   A   This -- this question and  
15 answer was related to savings associated with service  
16 fees.

17           Q    Understood.

18           A    I believe that Local Power's testimony was  
19 related more to the savings associated with CRS, if I'm  
20 correct, if that's correct.

21           Q    Yes. I just noticed that on page 5-5 that  
22 states, the Commission -- or I would ask then, within  
23 this discussion -- in fact, I'm going to skip it. I  
24 think you're right about that. I'm going to drop it.

25                   Please, if we could go down to -- in fact, I  
26 think I've reached my time limit, virtually.

27           ALJ MALCOLM:   You don't have a time limit.

28           MR. FENN:   I'm sorry?

1 ALJ MALCOLM: You don't have a time limit.

2 MR. FENN: I don't. Thank you, your Honor.

3 ALJ MALCOLM: Yet.

4 (Laughter)

5 ALJ MALCOLM: But I would like to take a break.

6 MR. FENN: Would you like to immediately, your  
7 Honor?

8 ALJ MALCOLM: Can we take a break for ten minutes  
9 and then we can come back?

10 MR. FENN: Of course. Thank you.

11 ALJ MALCOLM: All right. We'll be in recess for  
12 10 minutes. Off the record.

13 (Recess taken)

14 ALJ MALCOLM: Be back on the record.

15 Mr. Fenn.

16 MR. FENN: Thank you, your Honor.

17 Q I just have one last series of questions  
18 concerning the Community Choice Aggregation provider  
19 registration form that the utilities file with their  
20 tariff. This is Appendix B to Exhibit 1-A. If we go to  
21 the --

22 WITNESS OSBORNE: A Before we go any further, I  
23 don't believe that was part of Chapter 5.

24 Q No. This was a part of Exhibit 1-A of the  
25 opening, joint opening testimony.

26 A Which was sponsored by Suzanne Middelburg.

27 WITNESS YEE: Chapter 4.

28 WITNESS OSBORNE: In Chapter 4.

1 Q Oh, I see. So this wouldn't be the  
2 appropriate time to discuss this. Would it be the  
3 appropriate time to discuss the standard notification  
4 form?

5 WITNESS NAVARRETE: A That's also --

6 MR. FENN: That's also. Thank you. Then that  
7 would conclude my questions.

8 ALJ MALCOLM: Thank you, Mr. Fenn.

9 Is there any more cross-examination for these  
10 witnesses, any of them individually or as a group? Is  
11 there any redirect?

12 MR. BUCHSBAUM: Your Honor, I have some short  
13 redirect.

14 MR. SZYMANSKI: I think I have short redirect, and  
15 I also just want as a reminder to have a short piece on  
16 net energy metering that I want to do with Ms. Osborne.

17 ALJ MALCOLM: Sure. Why don't you do that now.

18 MR. SZYMANSKI: Can we go off the record for just  
19 a moment?

20 ALJ MALCOLM: Off the record.

21 (Off the record)

22 ALJ MALCOLM: Back on the record. Mr. Szymanski.

23 MR. SZYMANSKI: Thank you, Judge Malcolm.

24 REDIRECT EXAMINATION

25 BY MR. SZYMANSKI:

26 Q Ms. Osborne, in yesterday's cross-examination  
27 of Dr. Jazayeri by Mr. Florio of TURN regarding the  
28 utilities' proposal for net energy metering for CCAs,

1 Dr. Jazayeri stated that he believed SDG&E may have  
2 provided an option for netting out of the other charges  
3 the utility charges.

4 And by the way, the transcript cite for that  
5 was Volume 9, pages 1153 to 1154.

6 Ms. Osborne, is this statement true?

7 WITNESS OSBORNE: A Yes. SDG&E's Schedule NEM  
8 currently nets out utility charges for customers on DA,  
9 and we would propose the same treatment for CCA  
10 customers. And that, in that regard, the CCA would net  
11 commodity charges, and SDG&E would net utility charges.

12 MR. SZYMANSKI: Thank you, Ms. Osborne. That's  
13 all we have on that.

14 ALJ MALCOLM: Okay.

15 MR. HUARD: Your Honor, I actually couldn't hear  
16 part of the answer. Can I ask one or two questions?

17 ALJ MALCOLM: Sure.

18 RECROSS EXAMINATION

19 BY MR. HUARD:

20 Q What was the rate schedule you were referring  
21 to?

22 WITNESS OSBORNE: A If I could just repeat my  
23 answer.

24 Q If you'd do it a lot louder, it would be  
25 helpful. You have a very soft voice.

26 What was the rate schedule you were referring  
27 to?

28 A NEM.

1 Q And is it referenced at all in your -- it's  
2 not Rule 22 for you. Rule 20. What's the DA rule for  
3 you? Is it referenced in any of the DA rate schedule or  
4 tariff?

5 A I'm sorry?

6 Q Is it referenced in your direct access tariff?

7 A It is referenced in our direct access tariff  
8 in the area of CCA customer eligibility. Did you need  
9 that cite?

10 Q It would be helpful.

11 A I'm sorry. It is section C. Oh, wait.  
12 Wrong. Section G, section G 2.

13 Q Thank you.

14 MR. BUCHSBAUM: Your Honor, since we are on this  
15 topic, I thought Mr. Yee might be able to also speak to  
16 any differences that we might have with San Diego at  
17 this time.

18 WITNESS YEE: Yes. PG&E's process --

19 ALJ MALCOLM: Okay.

20 WITNESS YEE: I can respond then?

21 ALJ MALCOLM: Go ahead.

22 WITNESS YEE: PG&E's process for net energy  
23 metering customers under DA is not unlike San Diego's  
24 process. We -- PG&E nets out the T&D charges for net  
25 energy metering to customers, and we basically have an  
26 annualized true-up process at the end of the year.

27 ALJ MALCOLM: Okay. Any follow-up questions?

28 MR. HUARD: I have one.

1 Q Is there anything within your proposed Rule  
2 23/27 that addresses what you just discussed? I just --  
3 I'm blanking.

4 A This -- the details around Schedule NEM would  
5 be in Schedule NEM.

6 Q Okay.

7 WITNESS YEE: Same for PG&E.

8 Q The schedule is Schedule NEM?

9 WITNESS YEE: A The schedule, I believe it's  
10 called NEM, yes.

11 Q And that's in your direct access tariff?

12 A No. That's a separate tariff for the utility  
13 in general.

14 MR. HUARD: No further questions, your Honor.

15 ALJ MALCOLM: All right. And you had some  
16 redirect, Mr. Buchsbaum.

17 MR. BUCHSBAUM: Yes, I did. Thank you, your  
18 Honor.

19 REDIRECT EXAMINATION

20 BY MR. BUCHSBAUM:

21 Q First, with regard to the various issues about  
22 using the PG&E billing envelope, Mr. Yee, are you  
23 generally aware that there was a US Supreme Court  
24 decision involving the use of PG&E's billing envelope?

25 WITNESS YEE: A Yes, I'm generally aware there  
26 was a Supreme Court decision in that matter.

27 Q And you are aware that in the specific facts  
28 of that case, although I know you're not aware of all

1 the details, you are aware that in that particular  
2 instance the Court --

3 MR. COMO: Your Honor, I want to object to this  
4 line of questioning because I think that -- first of  
5 all, I want to clarify, is it responding to Mr. Fenn's  
6 question about the bill insert?

7 MR. BUCHSBAUM: That's correct.

8 MR. COMO: I think the question that Mr. Fenn was  
9 asking was whether the language of AB 177 allowed CCAs  
10 to pass the Commission for that -- to be able to do  
11 that. And so I think that arguing the legalities of why  
12 the Commission should not allow it is outside the scope  
13 of the questions.

14 ALJ MALCOLM: First of all, Mr. Como, he hasn't  
15 finished his question. Did you?

16 MR. BUCHSBAUM: I asked the first question,  
17 whether he was generally aware of the Supreme Court  
18 decision involving billing envelopes, and he said yes.

19 Q And I'm just -- my next question was, are you  
20 aware that that decision, the particular facts involved,  
21 ruled that PG&E did not in that instance have to be a  
22 courier for someone else's message?

23 ALJ MALCOLM: I'm going to allow the question for  
24 the same reason I allowed Mr. Fenn's question. I'm not  
25 expecting any legal analysis here, just a context for  
26 why and how the witnesses created their tariff  
27 proposals. So go ahead.

28 MR. BUCHSBAUM: Yes. And part of the -- I know,

1 your Honor, and I have tried to refrain from objecting  
2 to many questions just because this a rulemaking, and I  
3 know that we're trying to get information before the  
4 hearings. So that's the main purpose of this.

5 WITNESS YEE: My answer is yes. That's my general  
6 understanding.

7 MR. BUCHSBAUM. Thank you.

8 WITNESS YEE: The decision concluded that.

9 MR. BUCHSBAUM: Q Now, Mr. Como also asked you a  
10 series of questions about the five tier, the potential  
11 for use of five-tier billing?

12 WITNESS YEE: A Yes.

13 Q And I'd just like to go through just a bit  
14 some of the issues that would be involved if someone  
15 sought to compare their rates to our rates.

16 It's true, is it not, that our rates go  
17 through a number of changes during the course of a year?

18 A Yes, that's true.

19 Q And isn't it correct that from time to time we  
20 have rate refunds that go back retroactively and adjust  
21 rates?

22 A Yes, that occurs.

23 Q So trying to compare one set of rates to --  
24 one set of procurement rates to our rates would not  
25 necessarily be a simple process, would it, Mr. Yee?

26 A In that regard, no.

27 Q Now, you don't have any objection to PG&E  
28 trying to do this as long as the CCA pays for it; isn't

1 that correct?

2 A Yes. As I responded earlier, yes. We could  
3 do that. If that's exactly what the CCA prefers, we  
4 could develop a five-tier structure, but it would be,  
5 you know, special programming which we would expect to  
6 be charging the specific CCA for.

7 Q And that would be a form of rate-ready  
8 billing; is that correct?

9 A I believe that's what they were asking for,  
10 yes.

11 MR. BUCHSBAUM: Okay. I have no further  
12 questions.

13 ALJ MALCOLM: Is there any recross?

14 MR. SZYMANSKI: Excuse me, your Honor. I also had  
15 a small amount of redirect too. And so I think --

16 ALJ MALCOLM: Let's start here, and then you can  
17 do your redirect and they can follow.

18 MR. COMO: Your Honor, I can address -- my  
19 redirect is specifically for what Mr. Buchsbaum was  
20 asking Mr. Yee right now.

21 ALJ MALCOLM: Yeah. Go ahead.

22 RECCROSS-EXAMINATION

23 BY MR. COMO:

24 Q Mr. Buchsbaum was referring to changes in  
25 billing rates over the year, and for clarification,  
26 though, when a customer is to compare what they're  
27 paying now under bundled service from PG&E versus the  
28 offer from the CCA at the time the CCA begins that

1 offer, those are fixed points in time, are they not?

2 WITNESS YEE: A Yes.

3 Q And they would be comparing documents that  
4 were fixed in that point and would not be -- would not  
5 reflect changes at some other point in time?

6 A No, they would not.

7 MR. COMO: Thank you.

8 MR. HUARD: Your Honor.

9 ALJ MALCOLM: Go ahead, Mr. Huard.

10 RECROSS-EXAMINATION (resumed)

11 BY MR. HUARD:

12 Q Mr. Yee, Mr. Buchsbaum asked you about a US  
13 Supreme Court case. Have you read the decision?

14 WITNESS YEE: A No. No, I haven't.

15 MR. HUARD: Thank you. That's the only question I  
16 have.

17 ALJ MALCOLM: Mr. Szymanski.

18 MR. SZYMANSKI: Thank you, Judge Malcolm. My  
19 redirect has to do with an entirely different topic just  
20 so we're understanding the context at least in part.

21 REDIRECT EXAMINATION

22 BY MR. SZYMANSKI:

23 Q Ms. Osborne, yesterday you were asked some  
24 questions from CCSF about partial payments. Do you  
25 recall that exchange?

26 WITNESS OSBORNE: A Yes.

27 Q And your testimony, if I recall, was that  
28 there are several reasons that partial payments should

1 not be prorated; is that correct?

2 A Yes.

3 Q And during that exchange did you refer to the  
4 charges of the CCA being unregulated or the CCA being  
5 unregulated as one of the bases for your opinion that  
6 the charges should not be prorated?

7 A Yes.

8 Q And what was the reason why you used the term  
9 "unregulated" or similar terms?

10 A I was actually trying to refer to the point of  
11 the statute, Section 779.2, that the utility cannot  
12 disconnect customers for nonutility charges. In  
13 retrospect, I confused the terminology.

14 Q Are you still of the view that it would be  
15 better and more fair for both bundled and CCA customers  
16 that partial payments not be prorated?

17 A Yes.

18 Q And can you please explain the basis for your  
19 views so that the record is clear?

20 A Yes. First, as I mentioned yesterday, a  
21 prorate -- a prorated payment proposal would force a  
22 customer to pay both utility and CCA charges in full in  
23 order to avoid disconnection. In contrast, our current  
24 procedure that's currently used for direct access is  
25 that any partial payment is first applied to the  
26 utility's disconnectable charges to avoid disconnection.

27 Second, under the prorated payment proposal  
28 cost shifting can occur. And we discussed yesterday

1 that cost shifting occurred in the instance where the  
2 CCA charges are higher than similar utility charges, and  
3 therefore, there's a greater pro -- a larger proportion  
4 of the partial payment that would be shifted to the  
5 CCA's charges than would normally be allocated to the  
6 utility's T&D charges.

7 The third item that we discussed was related  
8 to the meter deposits. Currently the utilities' meter  
9 deposit requirements is that we collect a security based  
10 on only T&D charges or the utility portion of the  
11 charges. So when a deposit is applied on a pro rata  
12 basis, a portion of that deposit is shared with the CCA,  
13 and the result is that the T&D charges would then be  
14 undercollected.

15 Q So given that there's several bases for your  
16 testimony including those mentioned in your written  
17 testimony as well, does your opinion on partial payments  
18 hinge on whether or not the CCA is regulated?

19 A No.

20 MR. SZYMANSKI: Thank you. That concludes my  
21 redirect.

22 ALJ MALCOLM: Is there any recross?

23 MR. COMO: Yes. A few questions.

24 RE-CROSS-EXAMINATION (resumed)

25 BY MR. COMO:

26 Q Ms. Osborne, in terms of what you just stated  
27 about cost shifting, that you could get cost shifting if  
28 the CCA's rates are higher, if the CCA rates are the

1 same or lower, would you get cost shifting?

2 WITNESS OSBORNE: A It wouldn't be cost shifting  
3 from the standpoint of if the customer had remained  
4 bundled versus CCA in the regards to their payment  
5 towards their charges. There would still be cost  
6 shifting associated with the meter deposit, the third  
7 item that we discussed.

8 Q But with regard to the rates themselves, if  
9 they're the same or lower, there would not be cost  
10 shifting?

11 A No.

12 Q So if the CCA was able to exactly mirror the  
13 charges of the utility, then for that aspect there  
14 wouldn't be cost shifting?

15 A No. But there would still be cost shifting as  
16 far as when the deposit is applied towards the account  
17 and a portion of the deposit is shared with the CCA, and  
18 that in turn would -- and the deposit is only intended  
19 to cover T&D charges or the utility charges, and that in  
20 turn would leave T&D charges uncollected.

21 MR. COMO: No further questions, your Honor.

22 ALJ MALCOLM: Thank you.

23 MR. HUARD: Your Honor, if I could, a couple on  
24 metering.

25 RECROSS-EXAMINATION (resumed)

26 BY MR. HUARD:

27 Q I just want to follow up a little bit on the  
28 disconnect issue. If the customer makes a partial

1 payment and that partial payment is basically equal to  
2 your disconnect charges and then doesn't pay the rest,  
3 the IOU is, or the utility is still the billing agent,  
4 right? You're still the one who has rendered the bill  
5 that's been partially paid?

6 A We're only passing through in -- in San Diego  
7 and SCE's billing option we're only passing through the  
8 CCA charges. So I don't see that I'm the billing agent  
9 for the CCA.

10 Q The bill the customer is partially paying is  
11 received from the utility?

12 A Correct. That is correct.

13 Q In the event that the CCA is not paid for  
14 its -- under your bill, who would be the person or  
15 entity that would be expected to enforce the remainder  
16 of the non- or the partial payment?

17 A Under our current payment allocation the  
18 payment is applied first towards nondisconnectable  
19 charges. And so if the customer made that payment and  
20 was not disconnected, then in fact the CCA could return  
21 that customer for nonpayment of their charges. They  
22 could return them back to the utility.

23 The utility, even under the current payment  
24 allocation that San Diego and SCE has, we make every  
25 attempt whenever we're in contact with the customer to  
26 collect the total bill including CCA charges. That  
27 would be if they're calling in to make payment  
28 arrangements or if we're out seeking payment based on

1 that they haven't -- that they haven't paid the total  
2 bill. So we would be continually asking for the total  
3 charge.

4 Q But if they hadn't paid the part that's  
5 attributable to the CCA, they could be then returned to  
6 bundled service, and they would have paid the bundled  
7 service charge. And under the rules, if they returned,  
8 are they then returned for that three-year lock-in  
9 period, the BPS concept?

10 A The switching rules would apply, yes.

11 Q So theoretically, if there was not an activity  
12 to enforce the payment of the part associated with CCA,  
13 the customer then is returned for a three-year period to  
14 utility service and the utility has been paid its basic  
15 charges; is that correct?

16 A I'm sorry. Could you repeat that last  
17 question?

18 Q If the payment is equal to your disconnect  
19 charges and nothing more and that customer does not pay  
20 the CCA component, that customer then could be returned  
21 to bundled service?

22 A That is an option, the CCA, yes.

23 Q And for potentially three years or an extended  
24 period?

25 A (Witness nods head.)

26 Q And the CCA would have to go then after that  
27 customer for the remainder of the bill that he did not  
28 pay but that the utility would be paid its total

1 disconnect charges under the scenario that I laid out?

2 A I think to -- to clarify my answer, what I'd  
3 like to do is maybe back up if it's all right with you.

4 Q Sure.

5 A Is that if the -- whatever payment, whatever  
6 amount that the customer hasn't paid will automatically  
7 flow over to the next month's bill as an unpaid balance.  
8 And so the utility, even if it's not paid during that  
9 month, the utility will continue to seek payment as its  
10 normal billing routine. So it's only in the case where  
11 an account is disconnected and/or the customer -- in  
12 this case the customer has been returned back by the  
13 CCA. In that situation the CCA would still send us --  
14 any billing that's due, we would include it on the  
15 customer's final bill, and we in turn would be seeking  
16 payment from that customer for the CCA charges.

17 Q At what -- I mean, I understand, but during  
18 that period of time obviously the utility would not be  
19 sending any funds to the CCA attributable to that  
20 customer?

21 A Only if we receive payment, yes.

22 Q At what point would, under your normal  
23 processes, that be considered a bad debt that you would  
24 go out and enforce?

25 MR. SZYMANSKI: Your Honor, I don't -- I'm  
26 wondering if we're getting beyond the scope of the  
27 redirect and the recross and we're back into basic  
28 cross-examination.

1 ALJ MALCOLM: Is that an objection?

2 MR. SZYMANSKI: Yes. It's an objection that the  
3 recross now is outside the scope of the redirect.

4 MR. HUARD: Your Honor, the ideas of disconnect  
5 and how they're handled and whether -- the billing and  
6 everything else was brought up by Mr. Szymanski. I'm  
7 pursuing exclusively what Ms. Osborne's understanding is  
8 of the matter that she clarified in her additional or  
9 her redirect testimony. I have not gone outside of the  
10 idea of the disconnect and the concept of the partial  
11 payments.

12 ALJ MALCOLM: Go ahead. I'll allow it.

13 MR. HUARD: I think I had a question pending.

14 WITNESS OSBORNE: Could you repeat the question  
15 for me, please?

16 MR. HUARD: Well, that's the test I always fail.  
17 We won't be able to ask the reporter to repeat it.

18 Q At what -- in the event it's rolled over, as  
19 you indicated, and the customer is continuing to pay the  
20 utility part of the bill but not presumably the  
21 commodity part of the bill, at what point under your  
22 current processes as the biller do you then seek  
23 enforcement action of one form or another?

24 A When you -- when you're suggesting  
25 enforcement, are you suggesting when do we go out and  
26 disconnect the customer for nonpayment or --

27 Q Well, that, and then further, whether you take  
28 legal action if you do not believe you can disconnect

1 because you continue to pay your basic connect fee?

2 A Well, as soon as the customer's bill becomes a  
3 two-month bill, then we will start credit action. As  
4 far as if the customer has not paid or made payment  
5 arrangements with us, and we're talking about a small  
6 percent of overall base, then they are subject to  
7 disconnection. So we would -- and in many of those  
8 cases the customer pays before they're disconnected. So  
9 it's within that, I would say, 60-day timeframe.

10 After, if the account is finalized is what  
11 you're talking about, then before the -- the utility  
12 would continue to try and collect from the customer, and  
13 any payments even at that point that were applied  
14 towards the account that included payments for the CCA,  
15 they would be received and sent to the CCA. I believe  
16 it's at the 180-day point, and I would have to check  
17 that to make sure, but at some longer point then we in  
18 essence write off the charges, but they continue to be  
19 sought through a collection agency. And again, if at  
20 any point, even if it's three years down the road, if we  
21 receive a payment from the customer and it includes  
22 charges for the CCA, those charges in turn are sent to  
23 the CCA, or the payment. I'm sorry. The payment is  
24 sent to the CCA.

25 MR. HUARD: Thank you. That's what I wanted to  
26 know.

27 ALJ MALCOLM: Anything else?

28 MR. SZYMANSKI: No thank you.

1 REDIRECT EXAMINATION (resumed)

2 BY MR. BUCHSBAUM:

3 Q I have just one question. The CCA itself is  
4 entitled to impose customer deposits --

5 WITNESS OSBORNE: A Yes.

6 Q -- on the customer, right, to protect itself?

7 MR. HUARD: Excuse me. Can you speak up, please?

8 I couldn't hear a word you said.

9 (Checking the microphone)

10 ALJ MALCOLM: It's not on.

11 MR. BUCHSBAUM: Q The CCA itself has the  
12 authority to impose customer deposits to cover  
13 deficiencies in its bill, does it not?

14 WITNESS OSBORNE: A As far as I'm aware, there is  
15 no restriction for them to apply terms and conditions  
16 associated with customer security deposit.

17 Q And for nonpayment they're entitled to return  
18 customers to the utility. Is that also true?

19 A Yes. There is a fairly quick timeframe. If  
20 they feel that the customer is not paying charges, that  
21 they can return the customer very soon, and the customer  
22 would be returned back to bundled on the next meter  
23 weekday.

24 MR. BUCHSBAUM: Thank you. I have no further  
25 questions.

26 MR. COMO: I have one recross on that issue Mr.  
27 Buchsbaum raised.

28 ALJ MALCOLM: Okay.



1 A Yes.

2 Q -- page?

3 A Yes.

4 Q Couple of lines down from that -- actually  
5 about five lines down, it says: Electrical corporations  
6 shall continue to provide all metering, billing,  
7 collection and customer service to retail customers that  
8 participate in community choice aggregation programs.

9 A And your question was?

10 Q Given that statement, do you still believe we  
11 have the legal right to require deposit from  
12 the customer separate from the utility's process to  
13 collect that deposit?

14 A I don't know if I'm the right party to give  
15 you my legal opinion on what the CCA has a right to do.

16 From reading AB 117, the CCA has a right to  
17 establish their terms and conditions of service. And  
18 I think that my impression of that they would be able to  
19 request a security deposit directly was based on that  
20 provision that it would be part of their terms and  
21 conditions of service.

22 Q Assuming that we would request that -- or  
23 let's just assume that we had to request that service  
24 from the utility, that would be an additional charge  
25 that is not already incorporated into your proposed  
26 charges; is that correct?

27 A If there was an agreement that we would do  
28 that type of service, yes, there would be an additional

1 charge. I'm not sure that the utility would feel that  
2 it would be in the position to ask a customer for -- ask  
3 third -- ask a customer for a security deposit related  
4 to a third party.

5 And there's many complications after that as  
6 far as then is that deposit released over to the CCA or  
7 is it retained by the utility. And I think it's a  
8 pretty complex area that we haven't given much thought  
9 to, but my initial reaction would be that we would  
10 probably have some initial concerns in even providing  
11 that type of service, at least for San Diego.

12 WITNESS NAVARRETE: A Can I answer on behalf of  
13 SCE?

14 Q Of course. This is a panel question.

15 A Well, except that the redirect I thought was  
16 directed at Ms. Osborne, so I just wanted to make sure  
17 that I was complying with whatever the rules are.

18 For SCE, and I'm not the billing manager, but  
19 in general, our billing allows the ESP or the CCA to  
20 provide us line item information what they would like to  
21 show up on the bill. So if a CCA wanted to charge a  
22 deposit to the customer there is a line that allows an  
23 amount to be charged to the CCA. We would not handle it  
24 as a deposit. It would just be money that we would  
25 collect and pass on to the CCA. And then later on it  
26 would be up to the CCA to handle the deposit however  
27 they believe the right process is.

28 WITNESS OSBORNE: A San Diego's billing would

1 allow that as well.

2 WITNESS YEE: A So would PG&E. We would allow a  
3 line item, but not specifically name it as a deposit  
4 per se. It would be an adjustment of some sort.

5 Q And that would be an additional charge not  
6 already incorporated into the charges you list in your  
7 testimony?

8 A I believe so, yes.

9 WITNESS NAVARRETE: A For us it would be part of  
10 our normal billing fee. There would be no additional  
11 charge for that.

12 WITNESS OSBORNE: A That would be true for San  
13 Diego. But these would only be seen as -- in  
14 the utility's perception, these would only be seen as  
15 pass through charges as a part of the CCA's billing.

16 MR. COMO: Thank you, your Honor.

17 ALJ MALCOLM: Thank you, panelists.

18 MR. SZYMANSKI: I don't have any further  
19 re-redirect or recross for my witnesses.

20 ALJ MALCOLM: It's a rulemaking.

21 You're excused. Thank you.

22 WITNESS NAVARRETE: Thank you, your Honor.

23 ALJ MALCOLM: Let's go off the record while they  
24 are getting off the stand.

25 (Off the record)

26 ALJ MALCOLM: We'll be back on the record.

27 Mr. Como, you have questions for Mr. Yee?

28 MR. COMO: Yes. Thank you, your Honor.

1 CALVIN YEE, recalled as a witness by  
2 Pacific Gas and Electric Company, having  
3 been previously sworn, resumed the stand  
4 and testified further as follows:  
5 MR. COMO: Still good morning, Mr. Yee.

6 THE WITNESS: Good afternoon.

7 MR. BUCHSBAUM: Your Honor, just a point of order  
8 before Mr. Como begins. If he is going to be testifying  
9 on Chapter 6, I'm not sure we've actually identified  
10 Mr. Yee as also testifying to that particular portion.

11 ALJ MALCOLM: Okay. Thank you. Why don't you do  
12 that now.

13 MR. BUCHSBAUM: Okay.

14 DIRECT EXAMINATION

15 BY MR. BUCHSBAUM:

16 Q Mr. Yee, you have before you Exhibits 1A, 2A,  
17 3A marked for identification purposes; is that correct?

18 A Yes.

19 Q And what portion of those exhibits are you now  
20 prepared to testify to?

21 A Well, I will be sponsoring Chapter 6 of --  
22 it's the PG&E service Chapter 6 of Exhibits 1A, 2A and  
23 3A.

24 Q Were those portions prepared by you or under  
25 your supervision?

26 A Yes, it was.

27 Q Are there any corrections that you have to  
28 make to those portions at this time?

A Not at this time. I made the correction  
earlier.

1           Q    Do you adopt those portions as your sworn  
2 testimony in this proceeding?

3           A    Yes, I do.

4           MR. BUCHSBAUM:   Your Honor, I have a few  
5 additional direct questions responding to Mr. Fulmer's  
6 rebuttal testimony, that raised various issues in  
7 response to our reply that I would like to put on  
8 the record at this time.

9           ALJ MALCOLM:   All right.

10          MR. COMO:   I'm sorry.   Could you say that again.  
11 You have --

12          MR. BUCHSBAUM:   I'm sorry.   It must be hard to  
13 hear back there.

14                   I have a few additional direct questions to  
15 ask in response to the rebuttal testimony submitted by  
16 Mr. Fulmer that obviously we haven't had a chance to  
17 respond to because it was responding to our reply.   And  
18 there were, for example, some specific questions that  
19 were raised in the rebuttal that I think I should have  
20 an opportunity to just put on the record our responses  
21 to.

22          MR. COMO:   Are these -- I'm not sure.   Is this a  
23 rebuttal to rebuttal?

24          MR. BUCHSBAUM:   It's basically responding to  
25 several questions that were raised.   For example, could  
26 I give a specific --

27          MR. COMO:   Sure.

28          MR. BUCHSBAUM:   -- example, and then you can

1 object if you feel that's appropriate.

2 Q Okay. On page 10 of Mr. Fulmer's rebuttal  
3 lines 3 to 5, Mr. Fulmer says an explanation is in order  
4 as to why labor rates apparently increase from \$35 an  
5 hour to \$54 an hour in PG&E's workpapers. Do you have  
6 an explanation?

7 A Yes, I do.

8 MR. COMO: That's fine, your Honor.

9 THE WITNESS: No one asked me that question.

10 That earlier figure --

11 ALJ MALCOLM: By the way, the microphones are on.  
12 Maybe they're not.

13 (Off the record)

14 THE WITNESS: The earlier figure of \$35 I believe  
15 was provided in a workpaper well over a year ago in  
16 the early stages of identifying charges and potential  
17 fees that might be associated with providing CCA  
18 service. And at that time, the \$35 was associated with  
19 I believe a classification of a customer service rep, if  
20 I'm not mistaken. But at that time, it did not include  
21 the, what we refer to as our fully loaded cost  
22 associated with that classification. All subsequent  
23 labor rates for all of our fees now include fully loaded  
24 costs associated with any particular individual which is  
25 why it now reflects, I believe now it's a \$54 charge.

26 MR. BUCHSBAUM: Q Okay. My second question. On  
27 page 3 of Mr. Fulmer's rebuttal, Mr. Fulmer compares  
28 PG&E's \$0.70 charge per bill for rate-ready billing to

1 SDG&E's \$0.22 charge. Is this an apples-to-apples  
2 comparison?

3 A No, it is not. The \$0.70 rate for PG&E  
4 reflects our fee for a rate-ready billing service.  
5 The \$0.22 referred to in San Diego's --

6 I believe you said San Diego.

7 Q Yes.

8 A -- fee is for a bill-ready service. So the  
9 processes and activities involved in each of those  
10 separate billing -- different billing options are, of  
11 course, different.

12 Q On page 6 of his rebuttal, Mr. Fulmer presents  
13 a table that indicates there would be a savings if  
14 opt-out confirmations were sent via postcard rather than  
15 by regular letter. Is this true?

16 A Yes. I guess if you follow his logic of if it  
17 were to be sent by postcard, the savings in just postage  
18 would amount to the figure that he cited. But I don't  
19 believe that the practicality of sending out a postcard  
20 is operationally equivalent to what we've proposed in  
21 our service fee.

22 Q Was there also, however, an issue relating to  
23 whether we could provide such services in-house and  
24 whether those actual cost estimates were realistic,  
25 given the differences between our ability to process a  
26 regular letter in-house and a postcard?

27 A Right. Our fee for providing the confirmation  
28 letter is based upon our existing processes that we have

1 today for DA. In terms of processing a switch, that  
2 confirmation letter is automatically generated by our  
3 system. So there wouldn't be any additional cost for  
4 just generating the letter itself. It's purely for  
5 basically the paper and postage. So our fees were  
6 developed around that basis.

7 To the extent that a city might request PG&E  
8 to provide such notifications via a postcard that would  
9 be outside of our existing process. And although it may  
10 be physically possible, using a postcard application  
11 would probably have to be done on a contracted basis  
12 through an outside vendor, and there would be different  
13 costs associated with that. Although if it were to be a  
14 postcard, the postage itself might be lower.

15 Q Okay. Finally my last question is, Mr. Fulmer  
16 identifies a \$6.13 savings on page 16 relating to MDMA  
17 fees, meter data management account fees or posting  
18 fees, relating to incremental software licensing points  
19 and licensing fees. Is that a correct analysis, what he  
20 provided on those pages?

21 A No. I think from what I gather, Mr. Fulmer  
22 believes that since there are existing interval meters  
23 in place for bundled service applications, that  
24 the incremental fee of \$6.13 should not be applicable  
25 for CCA accounts.

26 The distinction here is that the \$6.13 is  
27 actually an incremental activity because it's associated  
28 with the software license point for the data processing

1 aspect of it, not for the meter physical metering cost  
2 associated with that customer.

3 So if we didn't -- if it was a bundled service  
4 customer, we would be using a different validation  
5 routine. And this software license point applies to  
6 the specific VEE standards that would be applied for DA  
7 accounts and correspondingly CCA accounts.

8 MR. BUCHSBAUM: Thank you.

9 That's all the additional direct I have, your  
10 Honor.

11 ALJ MALCOLM: All right.

12 MR. COMO: Your Honor, I'd like to also have  
13 the opportunity to provide some new direct when  
14 Mr. Fulmer takes the stand, especially with regard to  
15 the last issue.

16 MR. BUCHSBAUM: That's fine.

17 ALJ MALCOLM: All right. Yeah. Yeah, go ahead.

18 CROSS-EXAMINATION

19 BY MR. COMO:

20 Q Mr. Yee, before I get into my prepared  
21 questions, with regard to Mr. Buchsbaum's question and  
22 your answer from page 3 of Mr. Fulmer's rebuttal  
23 testimony, you referred to the \$0.22 per bill for SDG&E.  
24 You said that was bill-ready billing?

25 A Yes.

26 Q What is PG&E's bill-ready billing charge?

27 A PG&E's bill-ready billing charge as proposed  
28 in our filing here is \$2.15.

1 Q Can you comment on why yours is so much  
2 higher than SDG&E's?

3 A Currently, PG&E does not have any accounts  
4 billed under that option, and we never have. So  
5 although we do offer that service, at this point it's  
6 totally a manual process, which would account for  
7 the level of charge that we've proposed.

8 Q So you've never recovered in rates anywhere an  
9 amount to set up a system to do bill-ready billing for  
10 direct access?

11 A I believe that's correct. We do not have that  
12 functionality in our system today.

13 MR. COMO: Your Honor, I would like to introduce  
14 or have an exhibit marked for identification. It is  
15 entitled "PG&E Workpaper Supporting Consolidating  
16 Bill-Ready Billing Services Fee."

17 ALJ MALCOLM: Yes. We'll mark that as Exhibit 4A.

18 (Exhibit No. 4A was marked for  
19 identification.)

20 MR. COMO: Q Mr. Yee, do you have that  
21 exhibit before you?

22 A I thought I did.

23 Q I can --

24 ALJ MALCOLM: Here. I have an extra copy.

25 MR. COMO: I have an extra copy of that.

26 Q Before I refer to that, I want to turn your  
27 attention to the opening testimony. On page 45, fee  
28 number 14 identified on this page, that's for bill-ready

1 bill presentation and processing; is that correct?

2 A Yes.

3 Q And we already know that's \$2.15 for  
4 bill-ready bill presentation.

5 And referring to the exhibit that was marked  
6 4A, would you say that the method that you used to  
7 derive this fee was consistent with the one used for  
8 deriving the rate-ready bill presentation charge?

9 A Not directly comparable. There are several,  
10 probably different -- several processes that may be  
11 different in the handling of the data and the problems  
12 that might be associated with that. So I couldn't say  
13 that there is a direct correlation.

14 Q Could you explain how it was derived?

15 A This estimate was derived based upon our  
16 forecast of the amount of time it would take to receive  
17 the CCA's charges and input that into our billing system  
18 in order to generate the corresponding bill for  
19 the customer. In that, there would be some anticipation  
20 of some exception processing, which would be normally  
21 anticipated in any operation, and those costs are also  
22 included in here.

23 Q So it's fair to say that you looked at the  
24 individual components and built it up from the bottom up  
25 to a total cost?

26 A Yes, that would be a fair statement.

27 Q On the workpaper -- excuse me. On the exhibit  
28 before you, under Description, it lists several tasks

1 performed by the senior customer service representative.  
2 Do you see that?

3 A Yes.

4 Q Manually input CCA billable charges is No. 1.  
5 No. 2 is processing missing CCA provider billing  
6 information. And the third item that I deduce from that  
7 is ensure rate labeled correctly on the third page of  
8 the bill. And then answering general billing inquiries  
9 is the fourth. Is that correct?

10 A Yes.

11 Q It shows that this task took 2-1/2 minutes or  
12 150 seconds to complete. Is that true?

13 A Yes, that's what it says.

14 Q Now, I want to take you through each one of  
15 those tasks.

16 Looking at the input to manual input -- manual  
17 input CCA billing charges, this task is needed for each  
18 bill; is that correct?

19 A Yes.

20 Q And how long does that particular part of the  
21 bill take?

22 A I'm not personally aware of the breakdown of  
23 the charges for each individual task.

24 Q Okay. So how did you estimate that portion of  
25 it then?

26 A This was information given to me by our  
27 billing department. So I'd have to refer to them for  
28 detail behind the breakdown of these specific tasks.

1 Q Okay. So you can't tell me how you estimated  
2 what the times were that were estimated for each one?

3 A No, I cannot.

4 MR. COMO: Your Honor, I would have to ask PG&E to  
5 provide a witness that could answer questions as to how  
6 they built these charges, because I thought that's what  
7 the witness was adopting.

8 ALJ MALCOLM: Mr. Buchsbaum.

9 MR. BUCHSBAUM: We'd be happy to so, your Honor.

10 ALJ MALCOLM: Do you know who that would be at  
11 this point?

12 MR. BUCHSBAUM: We'd have to go off the record and  
13 consult about that. This cross-examination exhibit just  
14 came to our attention, so that's part of the problem.

15 MR. COMO: Your Honor, it was actually sent out  
16 yesterday, and it's actually a response to data request  
17 that was provided by PG&E to us several weeks ago.

18 ALJ MALCOLM: Okay. All right. So you'll let us  
19 know, Mr. Buchsbaum, when you find out who you could get  
20 to sponsor this?

21 MR. BUCHSBAUM: I'll do that after lunch, your  
22 Honor.

23 ALJ MALCOLM: Okay.

24 MR. COMO: May have just a moment, your Honor.

25 Just to clarify your Honor, PG&E will provide  
26 a witness that will explain the details of this exhibit.  
27 Am I correct in assuming that?

28 ALJ MALCOLM: That's my understanding from

1 Mr. Buchsbaum, yeah.

2 MR. COMO: Your Honor, I'd like to move on to  
3 the next exhibit that I would like marked for  
4 identification.

5 ALJ MALCOLM: All right.

6 MR. COMO: It is entitled "PG&E Workpaper  
7 Supporting Consolidated MDMA Meter Data Posting Fee."

8 ALJ MALCOLM: We'll mark that as Exhibit 5A.

9 (Exhibit No. 5A was marked for  
10 identification.)

11 MR. COMO: Q Mr. Yee, do you have that before  
12 you?

13 A Yes, I do.

14 Q I'm going to take you through some questions  
15 with respect to how this was constructed. Are you  
16 the person to ask questions of that or is that the  
17 person that PG&E will provide?

18 A I guess that will depend on the detail of  
19 the questions.

20 Q Let's just go through some of it then.

21 I understand from this that you've -- you  
22 proposed \$9.28 per meter per month fee for the interval  
23 meter; is that correct?

24 A That's correct.

25 Q The workpaper also identifies 0.092 minutes  
26 per meter per month of CSR or the customer service rep  
27 labor required for usage validation and export; is that  
28 correct?

1           A    Yes.

2           Q    Can you identify how much time each of those  
3 two tasks take, one is usage validation and the other  
4 one's the export, usage export?

5           A    Not the breakdown, no.

6           Q    Is that a question that is more the purview of  
7 the other person that PG&E will provide?

8           A    Possibly.  But I believe that in the -- this  
9 question was -- the description of the service here was  
10 described in our earlier testimony about what this fee  
11 consists of.  And I believe this was the actual usage  
12 validation and exporting is done in a automated fashion.  
13 However, the fees associated with this, if I'm not  
14 mistaken, covers the provision of actually dealing with  
15 exceptions.  And it would be spread out over the total  
16 population of accounts in order to provide the CCA with  
17 the monthly data associated with any particular account.

18          Q    Can you describe what exactly usage validation  
19 is?

20          A    Usage validation, it primarily just is a  
21 system -- I mean, is a process where we do a system of  
22 checks that make sure that the data meets certain  
23 parameters, make sure that it's reasonable in order to  
24 bill.

25          Q    And that's an automatic process?

26          A    That is an automatic process.  But to the  
27 extent that something kicks out of it, that automatic  
28 process, it would require manual intervention to

1 determine the cause of that exception.

2 Q What percentage of exceptions do you  
3 anticipate?

4 A I believe that was described in earlier  
5 workpapers. I don't have that in front of me at the  
6 moment.

7 Q Can you identify what exhibit or testimony  
8 you're referring to?

9 (Witness reviewing documents)

10 MR. COMO: Your Honor, for the sake of time, we  
11 can get that citation later from PG&E --

12 THE WITNESS: We can provide additional detail.

13 MR. COMO: -- after lunch.

14 ALJ MALCOLM: All right.

15 MR. COMO: Q Continuing about the usage  
16 validation, is that usage from bundled service accounts  
17 validated as well?

18 A Bundled service accounts are validated, but  
19 not to the degree that we did for DA accounts or  
20 proposed for CCA accounts.

21 Q And what is that difference?

22 A The DA accounts are validated in accordance  
23 with the VEE rules adopted in the DA proceedings back in  
24 1997.

25 Q Why are you proposing to use the VEE rules for  
26 a CCA?

27 A Because the expectation is the process is that  
28 we would impose for CCA is intended to mirror

1 the processes that we have today for DA.

2 Q But what assumptions in direct access are  
3 applicable to CCA in this particular case that warrants  
4 using the same method?

5 A I think to the extent it follows -- it mirrors  
6 the practices and processes that ESPs follow today in  
7 servicing DA accounts and their corresponding  
8 interaction with their scheduling coordinator if they  
9 are not the scheduling coordinator themselves and in  
10 their settlement process and reconciliation process with  
11 the ISO settlement rules. So all of that is sort of a  
12 parallel that is comparable to DA service.

13 Q Okay. I guess I don't understand  
14 the connection between ISO settlement rules and a meter  
15 validation process for individual accounts. Could you  
16 explain why that is a factor in this validation process  
17 for CCAs?

18 A I don't believe I can answer for that level of  
19 detail. I just -- the way we're proposing this is we  
20 have proposed to apply the same rules that we use for  
21 CCA as we do for DA today as recommended in  
22 the rulemaking.

23 Q Let me move on to workpapers -- or I should  
24 say Exhibit 5A also shows that .96 minutes per meter per  
25 month programmer labor would be used -- excuse me,  
26 required for usage exports, storage, and disaster  
27 recovery for interval meters; is that correct?

28 A Yes.

1 Q And can you identify how much time it takes  
2 for each one of the tasks that contribute to that  
3 amount, particularly the usage export, storage and  
4 disaster recovery? ]

5 A No, I don't have the breakdown of those  
6 activities.

7 Q Is that question for another PG&E witness?

8 A Potentially, yes.

9 Q Is it accurate to say that the CCA customers  
10 will have a single meter whose output is used to  
11 calculate both the PG&E and CCA charges?

12 A Yes, for the most part. There are sites that  
13 have multiple meters, so -- but the majority of sites  
14 would only have a single meter, yes.

15 Q With regard to those sites that are multiple  
16 meters, wouldn't it also be true that you would -- each  
17 meter you would have both information that would go to  
18 the PG&E charge and the CCA charge?

19 A Yes, that's true.

20 Q So if there's a problem with any meter, then  
21 there's -- then both the PG&E and the CCA charges could  
22 have errors?

23 A I guess that could be a fair statement.

24 Q In terms of -- in terms of meter and billing  
25 data -- and you have to refresh my memory on this --  
26 doesn't PG&E propose to keep track of those -- that data  
27 in a separate database from their own database for  
28 bundled customers?

1           A    Yes, for archiving purposes, yes.  Bundled  
2 service data and VEE data for DA and CCA information  
3 would be stored separately.

4           Q    And why would -- why would PG&E need to  
5 maintain separate databases for CCA versus bundled  
6 customer data?

7           A    That -- I'm not aware of that level of detail.

8           ALJ MALCOLM:  Mr. Como, is this a good time to  
9 break?  You did finish your line of questions.

10          MR. COMO:  We might be, like, five more, maybe ten  
11 more minutes at the most.  We could break.  I'm happy to  
12 do that.

13          ALJ MALCOLM:  Yeah, let's break now.  We will be  
14 in recess until 1:30.

15                   (Whereupon, at the hour of  
16 12:05 p.m., a recess was taken until  
17 1:30 p.m.)

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AFTERNOON SESSION - 1:35 P.M.

\* \* \* \* \*

ALJ MALCOLM: We will please come to order.

CALVIN M. YEE

resumed the stand and testified further as follows:

ALJ MALCOLM: Mr. Como.

MR. BUCHSBAUM: Your Honor, before we go back on the record, a number of questions were raised about the particulars of bill-ready billing, and you had mentioned the need to bring in further expertise.

And due to the fact that we were getting into individual time-and-motion studies -- and I have to say, I take quite a bit of the responsibility for this. I tried to, rather than have a parade of utility witnesses each testifying on the time-and-motion study of the individual item, to put poor Mr. Yee in sort of the collection point for all of the various studies that had been done.

But given -- and I would ask CCSF if they have any other areas that they want to get into the various specifics of the time-and-motion studies so we can have the witnesses available.

We do have one witness available right now, Mr. Labberton, who testified during Phase 1 on rate-ready billing. He's available now to testify on the bill-ready billing time-and-motion study and the description that was provided to you.

We will not have -- depending on the level of

1 questions and whether written responses are acceptable  
2 or not, we can bring in the expert on meter-data posting  
3 issues Tuesday or Thursday, whichever is your  
4 preference. So we can clean up that way.

5 But if there are any other areas of specific  
6 types of questions like that that's going to get into  
7 the details of workpapers, if we knew that in advance,  
8 it would help so we could get somebody available right  
9 now.

10 ALJ MALCOLM: Okay Mr. Como.

11 MR. COMO: I could ask -- reask questions on  
12 bill-ready billing to Mr. Labberton Now if he's  
13 available.

14 As far as details, at this point, I have  
15 handed out some exhibits that I want to refer to. And  
16 to the extent I want to get into details, I'm foreseeing  
17 that that is the limit of the details at this point; but  
18 if the answers elicited on the questions go into other  
19 areas, then I can't predict where that's going to go.  
20 So it depends on the answers.

21 MR. BUCHSBAUM: That's fine. That's fine. We can  
22 wait and see how things turn out.

23 ALJ MALCOLM: Well, thank you for checking on  
24 that.

25 And so you do want to put Mr. Labberton on  
26 today?

27 MR. COMO: I want to ask questions on bill-ready  
28 billing. And if that is the witness, then I'd be happy

1 to cross-examine him now.

2 MR. BUCHSBAUM: As a matter of fact, a panel would  
3 work well because to the extent they're more generic in  
4 terms of the question, you know, Mr. Yee would be the  
5 appropriate witness. But to the extent they get into  
6 the specifics of the time-and-motion study, that would  
7 be Mr. Labberton.

8 MR. COMO: That would be acceptable.

9 ALJ MALCOLM: Do you want to put the witness on  
10 now?

11 MR. BUCHSBAUM: Yes.

12 ALJ MALCOLM: Okay.

13 MR. BUCHSBAUM: Your Honor, I call Mr. Peter  
14 Labberton to the stand.

15 PETER LABBERTON

16 resumed the stand and testified further as follows:

17 ALJ MALCOLM: Mr. Labberton is still under oath.

18 MR. BUCHSBAUM: His statement of qualifications,  
19 your Honor, appeared in Phase 1. I don't see any reason  
20 to resubmit that at this point.

21 ALJ MALCOLM: That's fine.

22 MR. BUCHSBAUM: And he is available to answer  
23 questions about the workpaper.

24 ALJ MALCOLM: All right. Thank you.

25 CROSS-EXAMINATION

26 BY MR. COMO:

27 Q Good afternoon, Mr. Labberton.

28 A Good afternoon.

1           Q    I'm Joe Como representing the City and County  
2 of San Francisco in this proceeding.

3                    I want to turn your attention to this  
4 Exhibit 4A; do you have that in front of you?

5           A    If that's -- yes, that's the one that -- yeah,  
6 yes, I do.

7           Q    Are you familiar with this --

8           A    Yes, I am.

9           Q    And was that the reply to -- reply to CCSF's  
10 data request to PG&E?

11          A    Yes, it was.

12          Q    Earlier I was asking Mr. Yee about the  
13 details, some details under the description column on  
14 that table, specifically about manual inputting and time  
15 for processing and ensuring rate labels correctly put on  
16 the bill and answering general billing questions.

17                    Can you tell me in order -- and I'll list  
18 them -- how much time it takes and how each bill was --  
19 how each segment was estimated?

20                    Let's look at the input to manual input.  
21 Input to manual input CCA billable. Is that task needed  
22 for each bill?

23          A    Yes.

24          Q    Is that -- so that's -- for all 100 percent of  
25 expected CCA bills, that's going to be needed?

26          A    If they're bill ready, yeah.

27          Q    And then how long does that take?

28          A    Probably about 2.3 of the 2.5 minutes is going

1 to be that. So that's by far the largest portion.

2 Q And how did you derive that number?

3 A Did a time-and-motion study of what it takes  
4 for us to go into our system, into the system, get to  
5 the account-specific screens, get to the subaccount-  
6 specific screens, get to the payment section of the  
7 screens, and then make those four entries.

8 And we don't -- again, we don't have bill  
9 ready today, so it was -- it was an estimate of what it  
10 would take. But we do have other types of billing that  
11 we do similar things for, and that was -- so we did a  
12 comparison both what we think it would do specifically  
13 on this one and then compared it to what it does cost  
14 take for --

15 Q Can you walk me through exactly how you  
16 specifically went through that process --

17 A Okay. So --

18 Q -- the basic assumptions you made --

19 THE REPORTER: Excuse me, one at a time, please.

20 MR. COMO: Sorry.

21 WITNESS LABBERTON: Well, basically what it takes  
22 is when we go into our customer information system, you  
23 started the general screen. I'm assuming we'd be  
24 working from a spreadsheet -- again, this whole thing is  
25 a manual process -- so working from a spreadsheet of a  
26 list of accounts. We'd have to input the account  
27 information onto that screen, go to the next level, go  
28 to the subaccount level of that screen.

1 Yes?

2 MR. COMO: Q I'm sorry. Maybe you didn't  
3 understand my question.

4 I wanted to know how you already performed the  
5 task of estimating the 2.3 minutes per task. It sounded  
6 like you were giving me an answer that predicted the  
7 future. I was asking you how you already did it.

8 A Okay. I'm -- how I did it? I mean I'm --

9 Q Okay. You estimated 2.3 out of the 2.5 is  
10 what it takes for -- to -- to manually input the CCA  
11 billable data?

12 A Right. So that was based on time-and-motion  
13 study. I went through the steps. I went through --

14 Q And I'd like to know what are the steps of the  
15 time-and-motion study.

16 A So that the steps -- again, so it was -- we  
17 took an account. We took and we figured out how long it  
18 takes us to get to the start -- starting at the first  
19 screen; input that account information; wait for the  
20 screen to go to the second screen; plug in the  
21 subaccount information; wait for that to come up; go to  
22 the third screen; get through that. And so we did that.  
23 And that was one assumption.

24 And then, like I said, we compared that with  
25 something we do similar for BART billing, which is more  
26 complex, but there's a lot fewer accounts.

27 And as an example, the BART billing, we have  
28 27, I think, only accounts. We have about nine or ten

1 items per account, and that takes us over four hours to  
2 get those -- just that number input. So it's a  
3 significant amount of time.

4 Q So you -- when you did that then, you sat a  
5 senior customer service rep down at a terminal --

6 A We used something different --

7 THE REPORTER: Excuse me. It's overlapping.

8 ALJ MALCOLM: Again, give Mr. Como time to finish  
9 his question.

10 MR. COMO: Q So am I to understand that you sat  
11 down a senior customer service rep at a computer and  
12 timed how long it took for them to go through those  
13 various steps?

14 A Yes, but it wasn't a senior service rep. It  
15 was one of my billing analysts, a different person.

16 Q Does that have any effect on the -- does that  
17 have any effect on the difference in time between senior  
18 customer rep and your billing analyst?

19 A It shouldn't.

20 Q And how did you estimate the process missing  
21 information and at what -- how long does that particular  
22 task take?

23 A Again, we went on an assumption here of --  
24 originally in my Phase 1 testimony also I was assuming  
25 500,000 accounts versus the smaller number I heard this  
26 time, but it still factors out okay.

27 But based on our 500,000 accounts, just in the  
28 nature of -- inherent in the human process there is

1 still a percentage of exceptions that's going to occur.  
2 And so we figured there would be a percentage of  
3 accounts that would not have information. We went with  
4 2 percent, which is the same thing that we'd used in the  
5 past. So it's 2 percent error of accounts or  
6 exceptions.

7 We figured it would probably take about  
8 five minutes to do -- to work those, figuring you are  
9 going to need to call the CCA, get corrected  
10 information, then go back into the system and manually  
11 input the same pieces. And so that came out to about  
12 another .1 minute.

13 Q And going on to the third item, which was  
14 ensure the third page label is correct, how long and  
15 what percentage of the bills?

16 A And that was de minimis. It was --  
17 originally, when I was putting all this together, I was  
18 thinking of work that we would be doing. So that's  
19 probably de minimis in nature.

20 There is going to be some work required, but  
21 that is going to be only the first time the account gets  
22 put into our system that we will need to manually make  
23 sure that we can input all the -- in addition to putting  
24 the billing information, we need to make sure the  
25 appropriate rate label gets input into the system.

26 And so once we do all that manually, there's  
27 going to be some reality checking and quality control  
28 checking to make sure that that was done. But it ended

1 up being minimal. So the next item that's on that list  
2 is where the other .1 minutes came from.

3 MR. BUCHSBAUM: Could we go off the record for one  
4 second.

5 ALJ MALCOLM: Off the record, please.

6 (Off the record)

7 ALJ MALCOLM: Back on the record.

8 MR. COMO: Q So are you saying that the third  
9 item, the ensuring that the label is correct, that  
10 doesn't add any cost to that \$2.13 line total?

11 A It's -- it's going to be an incremental cost  
12 that does take place, but, you know, when you calculate  
13 it out, the percentage of time was too small to count it  
14 in these numbers. But it is something that's going to  
15 be a piece -- be a component. But it's just -- you  
16 know, it's a -- it's a factor of minutes out there  
17 farther, so . . .

18 Q Okay. I just don't understand.

19 Is it or is it not part of the \$2.13?

20 You understand because, you know, when you  
21 multiply this by the number of accounts that you  
22 potentially have, it's a lot of money.

23 A Right. It was not included in the 2.5  
24 calculation. But it's -- my other numbers are  
25 estimates, and so I was just trying to reflect that this  
26 isn't all. There's other small components that help add  
27 to the general. So estimates high or low, there's other  
28 small pieces that factor in there.

1           Q    And you were going to tell me about the  
2    answering CCA inquiries.

3           A    Yeah.  You know, there's going to be times  
4    when just to be able to get the bill out, we're going to  
5    need to do some communicating that -- the example that I  
6    thought of that I used here for the calculation was  
7    based on PG&E's turnover rate on accounts is about  
8    25 percent.

9                    So figuring San Francisco would be at least  
10   that large, a part of group 2 -- they might be even  
11   more -- but there's going to be a large number.  So we  
12   again figured 2 to 2-1/2 or 2 percent turnover per month  
13   was in just -- in the nature of having that kind of  
14   turnover was going to generate some times where  
15   San Francisco on their spreadsheet is going to be  
16   sending me something that they say I should bill.  And  
17   it's, you know, so many account set-up process of it or,  
18   you know, it's left the system, and I'm -- so there's  
19   going to be just some -- some inherent point of time in  
20   that.

21                   So, again, I calculated some time for about  
22   2 percent of the accounts to go through that process  
23   also.

24           WITNESS YEE:  A  I think maybe a point of  
25   clarification that might assist you in understanding the  
26   process a little bit better:  There seems to be perhaps  
27   a little confusion on the part the role of the CCA or  
28   even an ESP that we have experience with today in

1 getting, you know, a bill out the door.

2           There are times when we get inquiries from the  
3 ESPs that we would expect to get from CCAs in the future  
4 in order to, you know, get a bill out the door. And it  
5 requires our sort of mutual cooperation on a routine  
6 basis so that a customer can get a timely and accurate  
7 bill. And I think that's something we all strive for.

8           And in terms of -- to the extent that there  
9 are inquiries that are not specifically of a  
10 get-the-bill-out-the-door nature, then those would be  
11 categorized in our account assistance fee. And we have  
12 provided for that fee in our tariff offering here.

13           But the other sort of account assistance are  
14 more of a routine nature that are more related to  
15 getting a bill out the door and wouldn't necessarily  
16 want to discourage a CCA from calling in fear of getting  
17 assessed a fee on an individual basis like that.

18           So that's sort of the -- the concept in which  
19 we built up our fees. So I hope that make sense.

20           MR. COMO: Your Honor, that's all the questions I  
21 have on the bill-ready billing portion.

22           I'd like to continue my questioning on the  
23 MDMA meter data portion.

24           Is that a question that Mr. Labberton is not  
25 going to be able to respond to?

26           I can continue with Mr. Yee on that, and we  
27 can wait until there is another witness.

28           MR. BUCHSBAUM: Your Honor, we had a fee witness

1 that was testifying as to those matters in Phase 1, and  
2 that would be the person that's available.  
3 Unfortunately, they're in the East Bay right now and not  
4 available.

5 So if you want to go into this level of detail  
6 again, that we would need to wait.

7 MR. COMO: That would be fine. I could wait. I  
8 don't have a lot of questions. I think if it goes  
9 smoothly, it's only about maybe 20 minutes of  
10 questioning.

11 MR. BUCHSBAUM: That would be fine.

12 Do you want, your Honor, to have him available  
13 Tuesday or Wednesday or Thursday?

14 ALJ MALCOLM: Tuesday would be good if Mr. Como is  
15 going to be here.

16 MR. COMO: I'll be here.

17 ALJ MALCOLM: All right. So does that mean you  
18 don't need Mr. Yee anymore until the other witness  
19 comes?

20 MR. COMO: As long as the other witness can answer  
21 questions on the -- the one exhibit that I already had  
22 marked on the MDA billing -- excuse me -- the MDA meter  
23 data posting fee.

24 And then I also have another exhibit that I  
25 would like marked for identification which I was going  
26 to pose to Mr. Yee. And if -- it has to do with -- it's  
27 the standards for validating, editing and estimating  
28 monthly and interval data that was provided to CCSF from

1 PG&E as part of our data request.

2 ALJ MALCOLM: Okay. So you want to cross-examine  
3 Mr. Yee on that now?

4 MR. COMO: I don't need to as long as the other  
5 witness can answer questions with regard to this  
6 document that they sent us.

7 MR. BUCHSBAUM: Your Honor, we would present  
8 another witness as well on that, as I understand it.

9 Is that correct, Mr. Yee?

10 WITNESS YEE: Yes. That will probably be best --  
11 better answer to Mr. Como's questions.

12 MR. BUCHSBAUM: I still think it would be helpful  
13 for the hearing to have a panel in the sense that to the  
14 extent it gets into a more general area, Mr. Yee is  
15 available. To the extent it's very specific again, we  
16 would have the expert available.

17 I think it would be most -- it would be more  
18 informative to do it that way, if that's acceptable to  
19 you.

20 MR. COMO: I have no objection to that. I'm just  
21 trying to get some more details on the -- on the  
22 unbundled costs.

23 MR. BUCHSBAUM: And we're happy to do it.

24 As I said, we were just trying to minimize the  
25 number of witnesses, and it turned out I made a -- I  
26 made an error in this, so . . .

27 ALJ MALCOLM: Okay.

28 MR. COMO: Could I have this marked for

1 identification, your Honor?

2 ALJ MALCOLM: Yeah. We will identify as  
3 Exhibit 6A the document entitled "Attachment-VEE,  
4 Standards For Validating, Editing And Estimating Monthly  
5 And Interval Data."

6 (Exhibit No. 6A was marked for  
7 identification.)

8 MR. COMO: Your Honor, I'll qualify that this is  
9 only part of the document that was submitted to us from  
10 PG&E. The whole document is about 50-some pages long.  
11 I could submit the whole thing, but I didn't want to  
12 burden the record with it unless PG&E really wanted it  
13 all in.

14 ALJ MALCOLM: All right. That's fine.

15 So we are putting off the rest of this until  
16 Tuesday?

17 MR. COMO: Yes.

18 ALJ MALCOLM: Thank you both. You are excused.

19 MR. BUCHSBAUM: Your Honor, I do have just one  
20 redirect on this subject.

21 ALJ MALCOLM: Oh. From Mr. Labberton?

22 MR. BUCHSBAUM: Well, from either witness,  
23 probably Mr. Yee.

24 ALJ MALCOLM: Okay.

25 REDIRECT EXAMINATION

26 BY MR. BUCHSBAUM:

27 Q Mr. Yee, currently we offer both rate-ready  
28 billing and bill-ready billing which is the --

1 bill-ready billing was the subject of Mr. Como's  
2 question.

3           Currently, do we have any, or have we ever had  
4 any, of our direct access ESPs use the bill-ready system  
5 that was the subject of the questioning that just took  
6 place?

7           WITNESS YEE: A To my knowledge, we have never had  
8 any ESP engage us in bill-ready billing.

9           Q So they all use rate-ready billing?

10          A Yes, that's correct.

11          MR. BUCHSBAUM: I have no further questions.

12          MR. COMO: No recross, your Honor.

13          ALJ MALCOLM: Okay. Thank you. Thank you very  
14 much.

15          Ms. DeAngelis, you may present ORA's witness.

16          MS. DE ANGELIS: Thank you, your Honor.

17          ALJ MALCOLM: Let's go off the record.

18                 (Off the record)

19          ALJ MALCOLM: We will be back on the record.

20          MS. DE ANGELIS: Your Honor, I'd like to mark for  
21 identification three exhibits: ORA's opening testimony,  
22 reply testimony, and rebuttal testimony.

23          ALJ MALCOLM: We will mark as Exhibit 7A ORA's  
24 opening testimony. Its reply testimony is Exhibit 8A,  
25 and its Exhibit 9A, the rebuttal testimony.

26                 (Exhibits No. 7A, 8A and 9A were  
27 marked for identification.)

28                                 DIRECT EXAMINATION

1 BY MS. DE ANGELIS:

2 Q Hello, Mr. Irwin.

3 A Hello.

4 Q Did you prepare exhibits marked for  
5 identification 7A, 8A and 9A?

6 A Yes.

7 Q Do you have any additions or corrections to  
8 make to these exhibits?

9 A No.

10 Q Are the facts and opinions set forth in the  
11 exhibits true and correct to the best of your knowledge?

12 A They are.

13 Q And do you accept these exhibits as your sworn  
14 testimony in this proceeding?

15 A I do.

16 MS. DE ANGELIS: Thank you.

17 The witness is available for cross.

18 ALJ MALCOLM: And I need to swear him in.

19 First of all, do you swear everything you just  
20 said was true?

21 MR. IRWIN: Yes.

22 LOUIS IRWIN, called as a witness by  
23 Office of Ratepayer Advocates, having  
24 been sworn, testified as follows:

25 ALJ MALCOLM: Thank you.

26 I have -- Mr. Fenn, do you have questions?

27 MR. FENN: I don't have any questions, your Honor.

28 ALJ MALCOLM: Mr. Como?

MR. COMO: Yes, your Honor, just a few questions.

## 1 CROSS-EXAMINATION

2 BY MR. COMO:

3 Q Good afternoon, Mr. Irwin.

4 A Good afternoon.

5 Q I want to turn you to the reply testimony,  
6 page 2 of your reply testimony. And it also addresses  
7 Section 2 of your rebuttal testimony -- excuse me,  
8 Section 3 of your rebuttal testimony.

9 In general, I just want to ask you the  
10 question that pertains to those two sections.

11 In reply and rebuttal, you address issues  
12 regarding utility RPS contracts and calculations of the  
13 CRS; is that correct?

14 A Yes.

15 Q And are you aware that Public Utilities Code  
16 399.15(a)(1) states -- and you can take this subject to  
17 check. I'm going to try to quote it:

18 An electrical corporation shall not be  
19 required to enter into long-term contracts with eligible  
20 renewable energy resources that exceed the market prices  
21 established pursuant to subdivision C of this section.

22 MS. DE ANGELIS: Your Honor, objection. I think  
23 the witness should have an opportunity to review the  
24 entire code section before responding to the question.

25 ALJ MALCOLM: Let's go off the record.

26 (Off the record)

27 ALJ MALCOLM: Back on the record.

28 (Document handed to witness)

1 MR. COMO: Q Mr. Irwin, are you familiar with  
2 that section?

3 A I don't believe I have read it recently, no.

4 Q But you're testifying as to where RPS  
5 contracts should flow and are sort of -- you're an  
6 expert in this area, but you haven't read 1078?

7 A There my testimony is fairly limited and does  
8 not address CRS directly, just whether or not, for  
9 instance, there are double-counting issues. So there  
10 would be a wide variety of questions regarding RPS that  
11 I would not be expert or pertain to my testimony.

12 Q Would you look at that section for me that I  
13 referred to.

14 A Section 1, is it?

15 Q Yes. The end of the sentence it says -- it  
16 refers you to subsection C. And would you turn to  
17 subsection C for me.

18 Do you see that?

19 A On the following page, 92?

20 Q Yes.

21 A Okay.

22 Q Does subsection C direct the Commission to  
23 develop a market price referent to determine the market  
24 price of electricity for terms corresponding to the  
25 length of contracts with renewable generators?

26 MS. DE ANGELIS: Your Honor, I'm going to have to  
27 object again.

28 The witness just stated that he hasn't read

1 this code section recently, and I think that Mr. Como Is  
2 seeking a legal opinion on the statute that the witness  
3 isn't prepared to make.

4 MR. COMO: Actually, I'm not seeking a legal  
5 opinion. I'm just asking if this says that.

6 ALJ MALCOLM: That's okay.

7 THE WITNESS: Were you -- I need clarification.  
8 Were you asking a question or reading from the bill?

9 MR. COMO: Q I don't have it in front of me.  
10 That was my only copy.

11 A So were you asking --

12 Q I was asking whether Section C referred to the  
13 Commission developing a market price referent?

14 A And are you interested in me reading  
15 Sections C (1) through, I think it is, 1, 2, 3  
16 underneath C?

17 MR. MONTROYA: Your Honor, I'm going to object.

18 If he is simply asking the witness to read  
19 from the statute, we could all grab the statute and read  
20 what it says. The statute speaks for itself. I'm not  
21 sure the value of --

22 ALJ MALCOLM: I'd like Mr. Como to get to his  
23 point.

24 MR. MONTROYA: I would, too.

25 MR. COMO: Well, let's --

26 ALJ MALCOLM: You faster than me maybe.

27 MR. COMO: Q Well, let's ignore --

28 A I don't see that exact phrase "market

1 referent," if that's what you've been getting at. So  
2 far I don't see it.

3 Q Then let's go on to your reply testimony then,  
4 based on your lack of knowledge of that area, on page 5.

5 A The reply? There is no page 5.

6 Q I'm sorry, page 2, line 5.

7 MS. DE ANGELIS: Your Honor, I would just like to  
8 clarify the record.

9 Counsel stated that he wanted to turn to the  
10 reply testimony based on the witness's lack of knowledge  
11 in this area. And I'm not sure that counsel actually  
12 established that, so I just wanted to clarify that. If  
13 the record shows he established that, fine; but I'm not  
14 sure that the witness said anything to that effect. ]

15 ALJ MALCOLM: Okay.

16 MR. COMO: Q. Mr. Irwin, are you familiar with  
17 the code sections that refer to that?

18 A I have discussed them with ORA team members  
19 and familiar through that, but not necessarily through  
20 direct observation or direct reading.

21 Q So you are familiar with what it says in there  
22 based on your conversation with counsel?

23 A Yeah. It would be a paraphrasing rather than  
24 exact. I believe I have actually read that section and  
25 I might have it on hand, but don't have it memorized.

26 Q Then to your knowledge, does that refer the  
27 Commission to develop a market price referent?

28 A Without looking at it right here right now, I

1 can't say whether it exactly requests that. It  
2 describes the approach, the total, total portfolio  
3 approach, which does require in calculating CRS, yes,  
4 calculating a price differential between costs such as  
5 renewable which would be above or below the total  
6 portfolio average price.

7 Q Would you agree that according to the RPS law  
8 then that the IOUs aren't required to pay above-market  
9 costs for RPS contracts?

10 A I believe you haven't stated the context. I  
11 think the answer would depend on what the context is.  
12 Are you thinking in terms of CCAs or if CCAs never  
13 existed? I think I need further clarification.

14 Q If CCAs never existed.

15 A Yes. If CCAs never existed and they -- and  
16 the question again would be?

17 Q That the IOUs or the utilities are not  
18 required to pay above-market costs for RPS contracts?

19 A Well, under the RPS they have an obligation to  
20 meet certain portfolio standards. So I am not sure what  
21 you're getting at.

22 Q Well, it's a simple question. I just want to  
23 know whether you --

24 A One more time, please.

25 Q Would you agree or not agree that IOUs or  
26 utilities are not required to pay above-market costs for  
27 RPS contracts?

28 A To my understanding that's not true in all

1 cases.

2 Q In what cases is it not true?

3 A Well, to fulfill their RPS.

4 Q Okay. So what cases is it true then?

5 A That they don't -- that they would not have --  
6 would not.

7 Q In what cases would they have to pay the  
8 above-market cost for RPS contracts?

9 A I think I just stated that. If they had to  
10 fulfill their renewable portfolio standard.

11 Q I was trying to clarify it because you said  
12 not in all cases, and I was trying to clarify which  
13 cases do they and which cases don't they?

14 A Well, I think in testimony I have described,  
15 yes, that -- that renewable energy could be amongst the  
16 CRS that is stranded when a CCA is formed. But, quoting  
17 the joint utility testimony, this is from my rebuttal  
18 testimony, page 4, around two thirds of the way down.  
19 The joint utilities testimony.

20 ... do not believe that RPS  
21 doublecounting is apparent or  
22 inevitable under existing  
23 methodologies (although the CCA  
24 RPS rules have not been finalized  
25 yet). The joint IOUs' claim is  
26 based at least in part on their  
27 statement that RPS supplemental  
28 energy payments would be excluded

1           from the CRS.

2           Q   Okay.  Let's go on to just a slightly  
3 different question then.  Might need a piece of paper  
4 and pencil in front of you.  I wanted to find out, is it  
5 your understanding that the utility renewable portfolio  
6 percentages are calculated by dividing the total  
7 eligible renewable power purchases by the total retail  
8 sales on an annual basis, for instance, the TWH divided  
9 by the total retail sales?

10          A   I'd be happy to further consider this  
11 question, but I'd like to point out that none of my  
12 testimony is based on or claims to have gone through any  
13 of the calculations for the total portfolio approach or  
14 the CRS, and the math is fully within my capability.  
15 Aced calculus classes.  But if you haven't gone through  
16 it, a statistics class, if you haven't gone through it,  
17 you may not quote the exact methodology correctly.

18          Q   I was trying to get at your statement about  
19 RPS double-counting.

20          A   Right.  And I don't see the relevance to that  
21 issue to an exact calculation.

22          Q   Well, let's -- bear with me for a minute then,  
23 and if you don't agree.

24          A   I do agree that if you calculate the CRS at a  
25 different point in time than, let's say a CCA fails to  
26 form, that the total portfolio average cost could be  
27 different and that could lead to a different result, but  
28 that is not relevant to the issue of double-counting by

1 my understanding.

2 Q Talking about RPS double-counting.

3 A Right.

4 Q And I'm trying to set up an example to inquire  
5 into that, that point.

6 A Double-counting in my mind is resolved by  
7 looking at the exact definition of what it is you're  
8 counting and such parameters as when, in other words,  
9 time limits, and where. And that's the main focus that  
10 I would look at as definitions rather than running  
11 through calculations.

12 Q Would you say that if the utility's RPS  
13 purchases remain constant, then wouldn't departing load  
14 attributable to a CCA actually increase slightly --  
15 excuse me -- actually create a boost in the utility's  
16 renewable portfolio percentage? In other words, the RPS  
17 percentage is based on the total portfolio of the  
18 utility.

19 A Mm-mm.

20 Q Once that portfolio decreases because of CCA  
21 departure, then as a percentage that which has been  
22 acquired by the utility to fulfill its RPS requirement  
23 goes up as a percentage?

24 A It depends -- it depends on what kind of load  
25 departs and the price of the renewable compared to the,  
26 I guess, average portfolio price or referent price. So  
27 it could go either way.

28 Q So it wouldn't make any difference then in

1 your opinion?

2 A Well, it could go either way, but it will make  
3 a difference, sure. Departing load, if it's not  
4 completely typical in all composition and prices to the  
5 remaining load, affects the average.

6 Q So it's contract-specific or fact-specific  
7 based on the price at that point?

8 A Right.

9 MR. COMO: That's all the questions I have for Mr.  
10 Irwin, your Honor.

11 ALJ MALCOLM: Thank you, Mr. Como.

12 Mr. Huard.

13 MR. HUARD: None, your Honor.

14 ALJ MALCOLM: Mr. Buchsbaum.

15 MR. BUCHSBAUM: Yes, your Honor. I'd just like to  
16 continue along the line of questioning that Mr. Como  
17 just had.

18 CROSS-EXAMINATION

19 BY MR. BUCHSBAUM:

20 Q Isn't the term "stranded cost" intended to, at  
21 least as generically used, intended to measure the  
22 difference between the price of power that was being  
23 contracted for and the then-current market price or spot  
24 price of power?

25 A You mean the contract that was previously  
26 contracted for?

27 Q Exactly.

28 A As opposed to then.

1 Q I just want to make --

2 A Right. So past versus current?

3 Q Yes. In other words, if you had a con --

4 A And -- but I believe, okay, that would be  
5 stranded power. That would be stranded investment,  
6 which would be capital. Could be capital cost, right.  
7 That's what I'm saying.

8 Q But let's say you had a contract, and just  
9 let's throw out a number. 8 cents is the per kilowatt.

10 A Mm-mm.

11 Q And the market price of power is 5 cents, less  
12 market, the spot price. Wouldn't that 3 cents in your  
13 -- is that 3 cents the stranded cost that we're  
14 concerned about?

15 A Well, yes. But depending on who, which party  
16 has the -- is forced to pay the 5 and 8 cents, it would  
17 either be a positive or negative experience obviously.

18 Q Right. And I guess my question is, if 8 cents  
19 was the market price referent that was contracted for  
20 some time before a CCA left.

21 A Right.

22 Q Whether that 8 cents was in a renewable  
23 portfolio price or whether it was a natural gas unit, it  
24 would have the same stranded cost; isn't that true?

25 A That is my testimony, I believe, yes.

26 Q Now, would you agree that the purpose of the  
27 CRS is to assure ratepayer, say, ratepayer indifference  
28 to the departing load? Is that?

1           A    Right, yes.

2           Q    So going back to my example, if there is this  
3 differential between 8 cents now for the market price  
4 referent of the old contracted power --

5           A    Mm-mm.

6           Q    -- and 5 cents is now the current market  
7 price, isn't it true that if there's departing load,  
8 their contribution to that stranded cost would go away  
9 unless there's something reflected in the CRS? In other  
10 words, stated another way, isn't it true there would be  
11 cost shifting to bundled customers unless they somehow  
12 reflect that differential?

13          A    In the CRS?

14          Q    Yes.

15          A    Correct. Someone has to pay. And if it's not  
16 the CCA, yes, it would be bundled ratepayers.

17          Q    I just have a few clarification questions. If  
18 you would turn to page 1 of your opening testimony. ORA  
19 in the third paragraph expresses a concern about  
20 overprocurement, and I just want to make sure that you  
21 weren't concerned about underprocurement potential as  
22 well?

23          A    So you're asking --

24          Q    Just for a clarification.

25          A    Right.

26          Q    That you're concerned about deviations to the  
27 extent the remaining bundled customers would incur a  
28 cost --

1 A Right.

2 Q -- as a result of the deviation?

3 A Right.

4 Q And then if you'll turn to page 2.

5 A Of the opening still?

6 Q Still on your opening. The last sentence  
7 under the heading A. And there you're making a  
8 suggestion regarding what an entity that overprocured  
9 could do. And I just want to make clear that your  
10 recommendation there isn't that the CPUC mandate such a  
11 transaction but that that could be a voluntary  
12 transaction between the CCA and the utility.

13 A I believe I know what you're talking about,  
14 but I haven't found it corroborated in the exact  
15 reference you gave. I'm reading the last sentence under  
16 section A.

17 Q That's what I was referring to.

18 A Because --

19 Q I'm sorry. It's the second-to-the-last  
20 sentence.

21 A Would you read it for me?

22 Q I'm sorry.

23 A It's the sentence that talks about options?

24 Q No. It's on page 2.

25 A Okay.

26 Q I guess we have different formatting.

27 A Yeah, perhaps.

28 Q It reads that the entity that overprocured can

1 sell its excess power to the entity that underprocured.  
2 And I'm just trying to clarify for the record that is a  
3 voluntary transaction that could occur but that you are  
4 not proposing that that be mandated by CPUC?

5 A Right. Definitely not mandated. And if you  
6 will note that ORA refined its testimony but, you know,  
7 did not sort of heavy-handedly do it. So with a bold  
8 and caps. The last paragraph of the rebuttal testimony  
9 says that upon reflecting regarding gaming concerns, ORA  
10 has come to agree with utilities' position that a CCA  
11 should bear the cost of, let's say, forecasting issues  
12 or failing to form but not benefit from them.

13 MR. BUCHSBAUM: I have no further questions, your  
14 Honor.

15 ALJ MALCOLM: Thank you, Mr. Buchsbaum.

16 Let's take a really short break till 2:30.

17 (Off the record)

18 ALJ MALCOLM: Back on the record.

19 We won't take a break. Mr. Montoya.

20 MR. MONTOYA: Thank you very much, your Honor.

21 CROSS-EXAMINATION

22 BY MR. MONTOYA:

23 Q Good afternoon, Mr. Irwin.

24 A Good afternoon.

25 Q I'm Mike Montoya. I'm representing Southern  
26 California Edison.

27 Looking at page 2 of your opening testimony,  
28 there just looking at the headings, you have heading A,

1 CCA's Have the Responsibility for Costs Associated with  
2 Differences Between Forecast and Actual CCA Load; B,  
3 heading B, CCAs Have Responsibility For Costs Associated  
4 with CCA Non-Implementation.

5 I just have a very practical question. What  
6 in your opinion should happen if a CCA refuses to pay  
7 those costs?

8 A For non-implementation?

9 Q For non-implementation or forecast error.

10 A Well, there are a lot of permutations of  
11 rebellious behavior with any policy. I would say, you  
12 know, if it was failure to pay regarding forecast  
13 issues, they're an operating CCA as opposed to one  
14 that's failed to form. So you would want to maybe have  
15 a policy for each. If they're still operating, they're  
16 ostensibly under PUC jurisdiction. They've failed to  
17 form. They still exist in some form, a city council or  
18 whatever entity created the CCA would be responsible.

19 Q Okay. Let's take your operating example.  
20 Let's say you have an operating CCA and again they  
21 refuse to pay the costs that you've testified should be  
22 the responsibility of the CCA. In your opinion should  
23 the Commission have the authority to decertify that CCA?

24 A I would say yes. Presumably they signed an  
25 implementation plan and operating agreement that said  
26 that they would, you know. Parties have come to an  
27 agreement, and they would be out of contract.

28 Q Okay. Let me ask you another line of

1 questions. Page -- looking at page 3 now of that, your  
2 same opening testimony. This is under paragraph heading  
3 C.

4 A One second. I would like to add, though, that  
5 the legal matters were not a direct portion of my  
6 testimony as to how to legally collect, and I did not  
7 present myself as a legal expert in that area.

8 Q Understood. Thank you, sir.

9 Looking at the third sentence, it states:  
10 When a CCA files an implementation  
11 plan with the Commission, the  
12 utility should from that point on  
13 only procure power contracts for  
14 the CCA's load to cover the time  
15 until the CCA begins serving their  
16 own customers. Any difference in  
17 cost between any short-term  
18 contracts and what might have been  
19 a longer term contract is to be  
20 borne by the CCA, as such cost  
21 changes are directly attributable  
22 to each CCA.

23 Are you aware that the state is in need of new  
24 generating resources?

25 A Generally, yes.

26 Q If utilities were asked to engage in  
27 short-term procurement in response to every CCA  
28 implementation plan filed with the Commission, would you

1 expect that to lead to the development of new generation  
2 resources?

3 A I would believe perhaps not. I don't know.  
4 In part, I say that just as a personal opinion. I'm not  
5 sure how many CCAs are going to form.

6 Q Would you agree with me that generation  
7 resource developers need long-term contracts to be able  
8 to finance their projects?

9 A That seems like a fair statement.

10 MR. MONTOYA: No further questions, your Honor.

11 ALJ MALCOLM: Thank you. Is there any redirect?

12 MS. DE ANGELIS: No, your Honor.

13 ALJ MALCOLM: Thank you, Mr. Irwin.

14 THE WITNESS: Thank you.

15 ALJ MALCOLM: You're excused.

16 Would you like to move ORA's exhibits into the  
17 record?

18 MS. DE ANGELIS: Yes, your Honor. I'd like to  
19 move Exhibits 7-A, 8-A, and 9-A into the record.

20 ALJ MALCOLM: Are there any objections? No.

21 MR. MONTOYA: No, your Honor.

22 (Exhibit Nos. 7-A, 8-A, and 9-A  
23 were received into evidence.)

24 MS. DE ANGELIS: Thank you, your Honor.

25 ALJ MALCOLM: Thank you.

26 Anything else before we take a recess till  
27 Tuesday morning at noon?

28 MR. BUCHSBAUM: Your Honor, I would just like to

1 inform the hearing on the record that PG&E may be  
2 e-mailing to the parties potential cross-examination  
3 exhibits --

4 ALJ MALCOLM: Okay.

5 MR. BUCHSBAUM: -- on Friday.

6 ALJ MALCOLM: And so you'll have a witness on  
7 Tuesday to sit up here with Mr. Yee on the post --

8 MR. HUARD: Your Honor, can I ask Mr. Buchsbaum  
9 with regard to which witness would you be sending? I  
10 mean a lot of folks left. If he has an idea of which  
11 cross-examination exhibit it is, then you must know  
12 which witness it is.

13 MR. BUCHSBAUM: I really don't, not at this time.

14 ALJ MALCOLM: Somebody will be here.

15 Nothing else?

16 (No response)

17 Then we're adjourned till Tuesday at noon.

18 (Whereupon, at the hour of 2:30 p.m.,  
19 this matter having been continued to  
20 12:00 p.m., Tuesday, May 31, 2005, at  
San Francisco, California, the Commission  
then adjourned.)

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