



# Working for California

A MONTHLY NEWSLETTER FROM THE CPUC

July 2018 edition

Produced by the CPUC's News and Outreach Office  
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## On a Mission to Save Lives: CPUC's Rail Team at Work

Roger Clugston is on a mission.

As the California Public Utilities Commission's (CPUC) Deputy Director of Rail Safety, he's always looking for ways to make sure that everyone who comes close to a train in California lives to tell about it.

In a state so large, with hundreds of cities and more than 50 trains a day roaring through at street level in some locations, that's a formidable, stress-filled task. But Clugston, who's worked around trains in one capacity or another for 45 years, loves what he does.

"If we have to go to every single town in California," he told city officials in Corcoran, Calif., recently, "that's what we'll do to see if we can help because that's the job — keeping people safe."

The CPUC is required by state law to inspect every mile of track in California. That includes track that carries heavy freight trains, commuter rail, hazardous materials, 15 local transit systems, and each of the 32 railroads doing business in California.

Clugston and his 108 employees also investigate accidents and inspect all railroad crossings, safety signals, and the trains themselves. If inspectors see something amiss, they can use both state and federal law to cite the railroad and recommend civil penalties.

In early June, while showing a visitor the many street-level rail crossings in the San Joaquin Valley city of Hanford, Clugston got a worried look on his face. A broad, leafy tree near the tracks at a grain warehouse looked suspiciously close to the tracks. After pulling out his



CPUC rail safety officials, including Deputy Director Roger Clugston, far left, on a recent inspection tour.

tape measure to see if the tree was the legally required 8-foot, 6-inches from the center of the track, Clugston declared the scene "compliant." But that didn't mean he couldn't do something about it.

"We look beyond the regulation," he said. "I'll make the point to the railroad that even though there is no close clearance, non-compliant condition, there is still a risk to the public and employees due to the obstructed view and they need to trim back the tree."

Clugston likes to remind railroad officials, "We're not your friends but we're here to help you. And

we're not out here trying to get people fired because that doesn't solve the lack of a safety culture."

When he meets with city officials to help them deal more effectively with the railroads whose trains run through their cities and towns, Clugston often uses his mischievous sense of humor to make a point they'll remember.

"I tell them one of my favorite sayings, something I've seen attributed to Al Capone, which is: 'I can get more accomplished with kind words and a club than with kind words.'"

He adds, "For us, the regulation is

the club. I want to get the job done and we can use state and federal regulations to ensure they respond."

Another point he stresses with local government officials is that when they have a problem with a railroad, they've got to know exactly who to call.

"We want to help you establish an appropriate communications bridge so when you call you get someone who can make a decision and get something done," he told officials in Hanford in early June.

"People move around a lot and you can have something all worked out and six months later the prob-





# CPUC and Energy Comm. Conduct Packed Hearing About Customer Choice

When flipping the light switch, we take for granted that safe, reliable and affordable electricity will be there.

But rapid changes in technology and options for customers to choose how and where they get electricity — as well as California’s commitment to renewable energy and de-carbonization—have brought new opportunities and challenges to managing the state’s electric grid.

About a year ago, the California Public Utilities Commission began an inquiry into what these changes, particularly the fast-growing number and diverse types of electricity suppliers, meant for California’s traditionally stable grid. A policy team at the CPUC has been quizzing stakeholders, researching other states, and analyzing what changes may be needed to maintain healthy electricity markets in California.

“We needed to really have a conversation about these very difficult issues,” CPUC President Michael Picker said at the end of an all-day *en banc* that the CPUC hosted June 22 alongside the California Energy Commission.

With rooftop solar and a variety of new sources and ways for residential and business customers to obtain electricity — along with evolving infrastructure needs as California transitions from fossil fuels to renewables — some big decisions await.

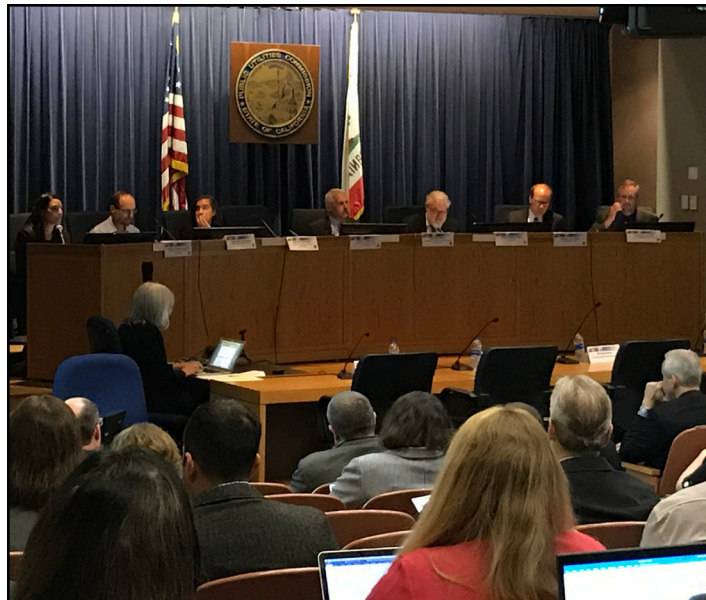
“The fundamental question,” Picker said, “is how do we engage our electric system to achieve our goals and who’s going to be at the center of planning to meet needs and financing that?”

The auditorium at CPUC headquarters in San Francisco was jammed for the hearing, with another roughly 700 people listening online. Commissioners from the two agencies heard from and questioned a diverse group of panelists that included representatives from California’s investor-owned utilities, community choice aggregators and other load-serving entities, as well as elected officials, labor leaders, consumer activists, economists, and other electricity experts.

Also participating in the hearing were two members of an ad hoc advisory committee who are customer choice supporters and have been advisors to the Customer Choice team: Ralph Cavanagh, co-director of the energy program for the National Resources Defense Council; and Pat Wood III, a past chairman of the Federal Energy Regulatory Commission and the Texas Public Utilities Commission.

“There’s still scar tissue in the state of California that goes back to the year 2000 and 2001,” President Picker said, referring to the electricity crisis that resulted in rolling blackouts, billions in higher electric rates, and bankruptcy for Pacific Gas and Electric Company. “We see some signs that the dis-aggregation in decision-making is leading to similar kinds of trends and we know that we can do something about it.”

The hearing, which can



Commissioners from the CPUC and California Energy Commission listen to testimony at the June 22 *en banc* on customer choice.

be watched on [archived video](#), was held about a month after release of a white paper from the CPUC’s Policy and Planning Division titled, *California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electricity Market*. Also known as the “[Green Book](#),” the paper includes detailed examinations of changing markets in Illinois, New York, Texas, and Great Britain, evaluating how markets there and in California have fared with California’s core energy policy goals of affordability, decarbonization, and reliability.

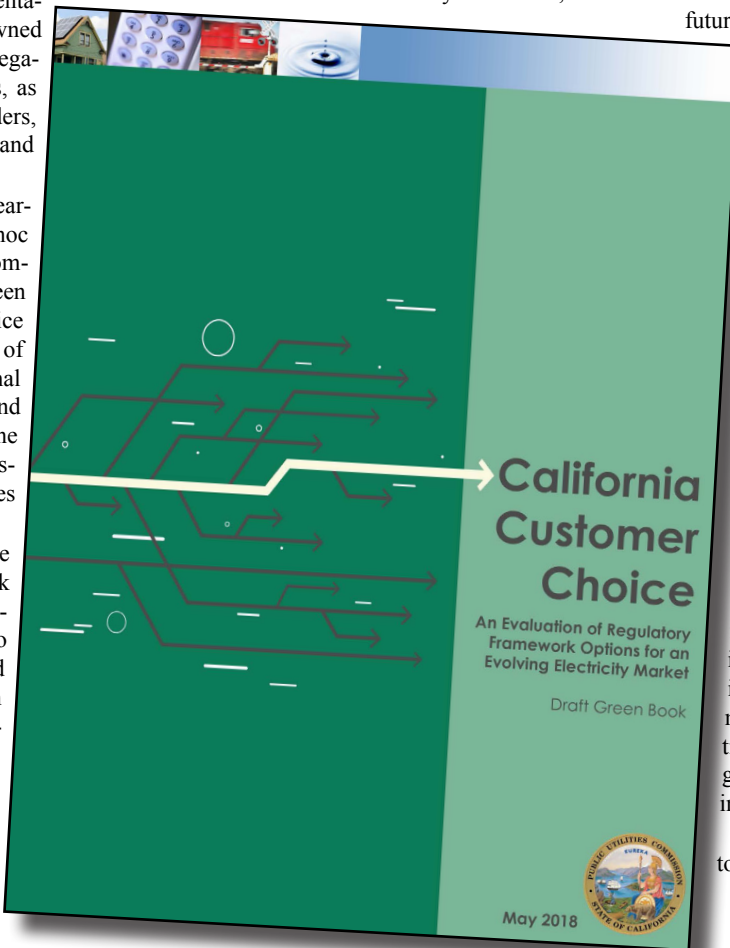
The paper also raises questions about what is needed to meet California’s statewide goals in the face of so many additional choices for electricity customers, but without offering specific recommendations for the future. Those were to come later, after

Commissioners heard from stakeholders in written comments and at the hearing. An Action Plan will be drafted after a public workshop scheduled for September.

“We had wide representation from providers and different types of customers beyond those who typically participate in Commission proceedings, so the Commissioners could fully understand their needs and develop a meaningful and comprehensive plan,” Diane Fellman, staff lead on the Customer Choice project, said.

A recurring focus of the hearing was the evolving role of the state’s investor-owned utilities (IOUs). Before the electricity crisis, IOUs generated their own power and sold it to residential and commercial customers in their service areas. In exchange for investing heavily in generation, transmission, and delivery systems, utilities were granted monopoly status and guaranteed a fair return on shareholder investments.

That decades-old paradigm started to shift after policymakers began push-



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# The Docket: Proceedings Filed at the CPUC in June 2018

## **PROCEEDING NUMBER • FILED DATE • FILER**

A1806001 • 01-JUN-2018 • Pacific Gas and Electric Company  
Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2019 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation. (U39E)

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215366661>

A1806002 • 01-JUN-2018 • San Diego Gas & Electric Co.  
Application of San Diego Gas & Electric Company(U902E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in2017, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2017 and (iii) Costs Recorded in Related Regulatory Accounts in 2017.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215367107>

A1806006 • 04-JUN-2018 • CallTower, Inc.  
Application of CALLTOWER, INC., for a Certificate of Public Convenience and Necessity in order to provide Resold Competitive Local Exchange in the State of California.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215848315>

A1806003 • 05-JUN-2018 • Tesoro Refining & Marketing Company LLC  
Application of Tesoro Refining & Marketing Company LLC for a Limited Deviation from Pacific Gas and Electric Company's Direct Access Cost Responsibility Surcharge Tariff Consistent with Decision 12-02-024.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215367354>

A1806004 • 06-JUN-2018 • Pacific Gas and Electric Company  
Application of PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, for a Permit to Construct the Vierra Reinforcement Project Pursuant to General Order 131-D (U39E).

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215366660>

A1806005 • 06-JUN-2018 • BIG BUS TOURS LOS ANGELES, INC. C/O VALLA & ASSOC

Application of Big Bus Tours Los Angeles, Inc. for the authority to Operate as a scheduled Passenger Stage Corporation in the City and County of Los Angeles area and to establish a Zone of Rate Freedom.

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A1312017 • 6-Jun-18 • ALJ/YACKNIN/CPUC

Decision dismissing Application of Telecom North America Inc., dba Telna Inc., for a registration license as an interexchange telephone carrier, for lack of prosecution.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215366818>

## **PROCEEDING NUMBER • FILED DATE • FILER**

A1806008 • 08-JUN-2018 • Metro Gold Line Foothill Extension Construction Authority

Application of the Metro Gold Line Foothill Extension Construction Authority for an order authorizing construction of two light rail tracks, and alteration of two commuter rail tracks at the College Avenue highway-rail crossing in the City of Claremont, Los Angeles County.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216330830>

R1706026 • 12-Jun-18 • ALJ/ROSCOW/CPUC

Decision resolving Track 1 issues in the service territories of Southern California Edison Company and San Diego Gas & Electric Company.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215853639>

A1208007 A1208008, A1208009, A1208010 • 12-Jun-18 • ALJ/ROSCOW/CPUC

Decision regarding 2018 Alison Canyon-Related Messaging.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=215972453>

A1806009 • 15-JUN-2018 • Southern California Gas Company  
In the Matter of the Application of Southern California Gas Company (U904G) Regarding Year 24 (2017-2018) of Its Gas Cost Incentive Mechanism.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216500805>

A1806011 • 18-JUN-2018 • GOGOTECHNOLOGIES, INC.  
Application of GOGO TECHNOLOGIES, INC. (dba GoGoGrandparent) for order declaring Applicant to be a non-regulated entity; to stay enforcement action pending resolution.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216499771>

A1709007 • 20-Jun-18 • ALJ/KLINE/CPUC

Decision denying transfer of control of Bandwidth.com CLEC, LLC to David A. Morken.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216500886>

A1610010 • 20-Jun-18 • ALJ/KLINE/CPUC

Decision dismissing the City of Rancho Cordova's application for authority to construct three at-grade railroad crossings across Union Pacific Railroad Company's Mather Field Spur track for failure to prosecute.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216500447>

A1806013 • 20-JUN-2018 • Calif. High Speed Rail Authority  
Application of the California High-Speed Rail Authority to construct proposed highspeed train (HST) and pedestrian underpass grade separation adjacent to the Wasco Amtrak Station

Continued on page 5



# CPUC Focuses on FERC to Benefit of California consumers

The CPUC's support of consumer advocacy at the federal level could soon save utility customers hundreds of millions of dollars.

Armed with new resources, CPUC attorneys are challenging the *status quo* and are making inroads against long-standing practices at the Federal Energy Regulatory Commission (FERC) that have harmed consumers. As a result, California utility customers could soon be reaping some of the financial benefits.

The cases involve the CPUC's work representing utility customers before FERC, which has jurisdiction over electric utilities' transmission rates. Transmission rates have increased dramatically in recent years, becoming a larger part of consumer bills while the price of the electricity itself has dropped.

The goal of the CPUC's legal challenges is to require the utilities to justify the reasonableness of their transmission investments. The process of holding the utilities accountable will result in more thoughtful investment in needed infrastructure, rather than the *ad hoc* investment that appears to be occurring today.

Among other things, the CPUC hopes to convince FERC to require the individual utilities to establish transparent stakeholder planning processes that are empowered to ensure that "the right projects are built at the right time for the right cost," explains Traci Bone, one of the lead CPUC attorneys in the proceedings. They are also the types of cases, she added, that were not being pursued a few years ago.

"I really do think it's a new day at the CPUC," Bone said recently. "These Commissioners listen to staff and will support you if you have a good case to make. They are open to staff being proactive and pursuing work that wasn't being pursued before. It's very gratifying. It's good for ratepayers and the people of California. They are letting us do our jobs as regulators."

In January of this year, the Ninth Circuit handed down what could be a landmark case finding that FERC's award of a financial incentive to Pacific Gas and Electric Company's (PG&E) was not consistent with FERC's own rules. FERC had been granting the incentive to PG&E for nearly a decade when the CPUC authorized Legal Division staff to appeal the FERC action.

FERC claimed that the incentive was appropriate to ensure PG&E's continued voluntary participation in the CAISO. Recognizing that

PG&E's participation was required by CPUC orders affirmed in state law, Bone challenged the award. Labeling the incentive award "plainly erroneous," the Ninth Circuit said FERC's action was "arbitrary and capricious."

If FERC complies with the Ninth Circuit's order, utility customers will enjoy savings of more than \$50 million a year for all three utilities combined, as the findings in the Ninth Circuit's order applies equally to Southern California Edison and San Diego Gas & Electric.

"Ensuring consumers aren't asked to pay for anything that is not fair or fully justified is a core function of the CPUC" said Commissioner Martha Guzman Aceves. "It's important for our staff and lawyers to defend consumers against charges allowed by FERC that aren't appropriate and it's gratifying to see we are starting to have some success in doing so."

In another challenge to growing transmission costs, the CPUC has joined forces with municipal utilities and other customer representatives to protect California utility customers. The group challenged PG&E's practice of investing more than \$750 million each year on transmission additions with no opportunity for stakeholder input or review.

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***"Ensuring consumers aren't asked to pay for anything that is not fair or fully justified is a core function of the CPUC."***

**— Martha Guzman Aceves**

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"PG&E's failure to have a stakeholder process for review of these projects is a violation of the commission's mandate... which requires transmission providers to develop processes that provide stakeholders access not only to transmission, plans, but also to the data and assumptions underlying those plans," the group's legal filing says. "It also leaves customers without a safeguard against rapidly escalating transmission rates, which have increased an average of 9.72 percent over each of PG&E's last eleven rates cases, filed nearly annually."

In another change in practice, instead of routinely settling FERC transmission rate cases as it has done in the past, the CPUC has provided resources, including expert witness consultants, to present a real litigation threat to the utilities. Armed with these new resources, CPUC staff can negotiate better settlements, and to litigate when they think it is necessary.

"We aren't always going to win these cases. It's always problematic to challenge FERC rulings in litigation," Bone said. "But the Commissioners and the Energy Division supported us on this and gave us some additional resources and allowed us to hire a consultant. We have to take the risk that FERC will give us an answer we don't like, but if we never try, we'll never know."

Bone said the more aggressive approach to transmission proceedings at FERC reflects a deeper commitment from current Commissioners about costs passed on to utility customers.

"The Commissioners are now taking a holistic approach to the issue of transmission planning and how it impacts rates," Bone explained. "What it really goes to is the CPUC is highly aware of the number of climate change and environmental goals that California has for the energy sector and that these things can be expensive."

"We need to be thoughtful about how and why we're spending our money to make sure we get the most bang for the buck," she said. "Transmission has been one area where money is being spent and we're not sure it's justified. So, we are making a commitment to these cases."

With PG&E winning big transmission rate increases at FERC even when the utility has not been building new lines, the rulings were ripe for a challenge.

The utilities were spending on repair and replacement of existing facilities and ratepayers have been paying a premium, Bone explained, when it wasn't always warranted.

"Our actions put everyone on notice that there needs to be a much closer look at what is the utilities are spending money on and how they are making their decisions," she said. "All this spending goes into the rate base. It's where the utilities can make a lot of money. It's too big of an issue to let it keep happening without some level of meaningful oversight."



# Rail Team: continued from page 1

lem is back and the person you talked to has been transferred to Nebraska. Then the new guy shows up and says, 'What's the CPUC?' If you call and can't get a response or you're getting the run-around, let me know. I can help you get on an even keel with these guys so you can find solutions to your problems."

Spend even a few minutes with Clugston and his passion for the work is obvious. Also obvious is his vast knowledge about trains, railroads, regulations, and history. He can eyeball a piece of track just about anywhere in California and tell you where it goes, where it comes from, which railroads use it, and if that stretch of track generates any safety concerns. If it does, you can bet he won't rest until something has been done about it.

Growing up in Fresno, Clugston was always around trains as a young boy because his dad was a career railroad worker, most of it as foreman of a "paint gang" working the yards in the San Joaquin Valley.

"I just thought this was the coolest thing in the world since I was

about five years old," he said. By the time he was old enough to work, his father helped land him a job, but it wasn't what he had in mind.

"I thought he'd get me a cool job working at a roundhouse and moving trains around, but he got me a job on the tracks doing maintenance and construction," Clugston said with a chuckle. "That is hard, physical labor."

Clugston came to the CPUC 17 years ago as a track inspector and his expertise and devotion moved him steadily up the ranks to his current position of Deputy Director for the Office of Rail Safety. Along the way, he built one of the largest and best rail safety teams in the nation.

When he started at the CPUC, the agency had about 20 rail inspectors. Today, there are 45. Four years ago, he created the only state railroad bridge inspection program in the nation.

"We owe it to the safety of the people of the state to know what the conditions of the railroad bridges are in California and that the

railroads are doing their work the right way with qualified people," he said.

Just this year, Clugston added railroad tunnel inspections to the workload in an effort to increase safety.

He mentioned the new tunnel inspections just a few days after a Union Pacific tunnel along Highway 58 in Oregon partially collapsed. No one was injured, but trains had to be rerouted while the tunnel was repaired.

"We need to know the condition of the tunnels and we need to know for ourselves," he said. That's another point he stresses to his staff, which he lavished with high praise in a [May report](#) to the CPUC's Commissioners.

"If the railroad tells me they're taking care of something, I check everything they say," he explained. "If we just believe everything they tell us, we shouldn't be in this business."

Another passion for Clugston is finding low-cost safety improvements. His latest crusade is working with



Deputy Director for the Office of Rail Safety Roger Clugston

Caltrans to test whether painting at-grade crossings bright red with white outlines will make them safer. It's an inexpensive way to get the attention of pedestrians and motorists while nudging them to be mindful of potential danger.

"Building an overpass can cost millions of dollars," he told officials in Hanford. "The paint is about \$2 a square foot. It's not a perfect solution, but I'm pretty sure it can help, and this job is all about keeping people safe."

## Docket: June Filings, continued from page 3

### PROCEEDING NUMBER • FILED DATE • FILER

(135S-278.9-D) within the City of Wasco, California.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216501103>

P1806010 • 18-JUN-2018 • Bennie Antonio Hamilton  
Petition to Adopt, Amend, or Repeal a Regulation Pursuant to Pub. Util. Code section 1708.5.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216500598>

A1509010 • 22-Jun-18 • ALJs/GOLDBERG/ TSEN/CPUC  
Decision granting compensation to Protect Our Communities Foundation for substantial contribution to Decision 17-11-033

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216748882>

A1509001 • 22-Jun-18 • ALJ/ROSCOW/CPUC  
Decision granting compensation to Consumer Federation of California for substantial contribution to Decision 17-05-013.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216748883>

R1105005 • 22-Jun-18 • ALJ/ATAMTURK/CPUC  
Decision partially granting Pacific Gas and Electric Company's

### PROCEEDING NUMBER • FILED DATE • FILER

Petition to Modify Decision 15-05-037.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216499802>

I1210013, A1301016, A1303005, A1303013, A1303014 • 22-Jun-18 • ALJ/HOUCK/CPUC

Decision of the January 30, 2018 Joint Motion for Adoption of Settlement Agreement regarding Southern California Edison Company, San Diego Gas and Electric Company and others associated with the San Onofre Nuclear Generating Station Units 2 and 3.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216732776>

A0701031; A0704028; A0909022 • 06/29/18 • CMMR/GUZMAN ACEVES/CPUC

Alternate Proposed Decision of Commissioner Guzman Aceves granting Petition to Modify Permit to Construct the Valley-Ivy-glen 115 KV Subtransmission Line Project and denying Application for Certificate of Public Convenience and Necessity for the Alberhill System Project. Opening comments are due no later than July 19, 2018. Reply comments are due 5 days after the last day for filing opening comments.

<http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216732849>



# PG&E's Proposed Rate Design up for CPUC vote

An Administrative Law Judge (ALJ) with the California Public Utilities Commission (CPUC) issued a Proposed Decision (PD) earlier this month that would revise numerous elements in the way Pacific Gas and Electric (PG&E) designs its rate structure.

The 203-page PD from ALJ Patrick Doherty was issued on July 5 and will be heard, at the earliest, by commissioners at the CPUC's Aug. 9 voting meeting. The proposed decision resolves an application from the utility that is more than two years old and, if approved, the decision would it make significant changes to PG&E's rate designs, mostly for non-residential customers.

Besides the rate design issues, the proposed decision also affects PG&E's methods of determining revenue allocation and marginal costs.

Highlights of the rate design changes include creating a year-round 4 p.m. to 9 p.m. peak period for most non-residential customers and a 5 p.m. to 8 p.m. peak period for agricultural customers, creating a "super off-peak" period in the spring to increase utilization of renewable energy generation resources, and shrinking PG&E's summer season to a four-month period of June through September.

Electricity rates are higher for consumers during peak hours. Under California's time-of-use rate system, which is optional now for residential customers but will be the default plan for most PG&E residential customers beginning in 2020, higher rates at peak hours are designed to incentivize residential customers to shift energy use to less-demanding times of day. Non-residential PG&E customers are already defaulted to time-of-use rates, and the proposed decision mostly concerns rate designs for these customers.

"Super off-peak" hours would feature very low rates from 9 a.m. to 2 p.m. in March, April, and May only. This schedule coincides with a time of day with high solar generation, but also a time of year without a large power load needed for either heating or cooling.

Previously, PG&E had two six-month seasons, winter and summer, with electricity rates being slightly higher in the summer. Under the proposed decision, "summer" would be limited to four months, with the other eight months being considered "winter."

The Proposed Decision also describes the CPUC's general concern with PG&E's approach to rate design, which run counter to California's broad energy goals (such as state policies to "incent socially beneficial electricity usage"), and mandates several technical elements that PG&E's future rate design applications must include in order to meet those goals.

Most of the changes in the rate design were agreed to as part of a settlement between PG&E and 14 other groups, including consumer advocacy groups and trade associations.

The PD is available online at: <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=All&DocID=216801626>. Per CPUC rules of practice and procedure, parties have until July 20, 2018, to file comments, which are to focus on factual, legal, or technical errors in the Proposed Decision.

## Featured Application: A.16-06-013

### About this publication

This monthly newsletter is to keep you informed of proposals by the CPUC's Commissioners and Administrative Law Judges, as well as utility applications, and other issues and work of note. We also include a list summarizing the filings at the CPUC in the previous month.

We want to hear from you! If you have topics you'd like us to cover or if you'd like to make comment on our proceedings or work, please contact us at [outreach@cpuc.ca.gov](mailto:outreach@cpuc.ca.gov) or call (855) 421-0400. You can find information about events we are having at [www.cpuc.ca.gov/Events](http://www.cpuc.ca.gov/Events).

Prior editions of this newsletter are available on the CPUC's website at [www.cpuc.ca.gov/newsletter/](http://www.cpuc.ca.gov/newsletter/).

## Choice: continued from page 2

ing for more renewable energy and greater choice and competition among energy providers. New legislation allowed creation of community choice aggregators (CCAs), which are formed by local governments and overseen by boards of elected officials. CCAs typically buy power from independent generators, but partner with IOUs to use utilities' poles, transmission lines, and billing services. As more customers move to CCAs, concerns have been raised about long-term reliability and other consumer protections.

"Most customers are far less interested in choices than they are in results," said Matt Freedman, a staff attorney for TURN, a San Francisco nonprofit that advocates for residential and small business consumers of energy and telecommunications services. He spoke on a panel concerned with affordability and consumer protections.

"What kind of results do consumers care about? Well, lower bills, cleaner energy, and reliable service," Freedman said. "Competition can be a tool to achieve these results but it's not an end unto itself... To the extent that choice is better suited to achieve these outcomes, it is a useful tool that has real value."

But competition can also cause problems, Freedman added. "It can add costs and complexity, make it more difficult to enforce statewide policy goals that result in equitable and efficient outcomes, and it can leave customers vulnerable to abusive business practices. Regulatory certainty certainly has its flaws, but experience since the deregulation debacle proves that the state can accomplish substantial results through smart regulation, direct oversight of load-serving entities, and broad enforcement authority."

For their part, several CCA representatives said community aggregators provide electricity that's about 2 or 3 percent cheaper than what utilities sell, with greater accountability, more incentive to innovate, and no profit driving higher rates.

"Governed by robust legislation and regulatory requirements, CCAs are performing as intended, providing reliable, affordable, and clean energy to local customers and delivering innovative programs addressing both local needs and state goals," said Kathrin Sears, a Marin County supervisor who chairs the board of directors at Marin Clean Energy, the first CCA to form in California when it began in 2010.

Several speakers said the CPUC already has the regulatory authority to take actions that can help ensure grid reliability and to protect customers who are stranded if new power-selling entities fail.

Dan Skopec, a vice president at Sempra Energy Utilities, which owns San Diego Gas & Electric and Southern California Gas Company, was one of several panelists making that point, with an acknowledgment that some in the audience didn't expect to hear from an IOU executive.

"We recognize and do not necessarily object that we may be a wires company in the future, that we may be managing a transmission distribution system," said Skopec, who prefaced his remarks by saying his utility supports more customer choice.

But first, Skopec said, regulators and policy makers must ensure that changing rate structures fairly compensate utilities for transmission, delivery, and billing services they provide for customers switching to CCAs. Resource adequacy also must be ensured, he said, as does the question of who becomes the electricity provider of last resort if an aggregator fails.

As the hearing wrapped up, Wood III from the ad hoc advisory committee, summed up his view of the CPUC's task ahead. "Your grid is evolving," he said. "Settle these transitions in the next six or eight months so there's a more regulatory certain future for the investor in that future network. I think billions of dollars in savings and scores of gigawatts of clean energy, which I think we all like and want and need, are the reward for doing that right."