

Judicial Action Budget Review and Approval

Facilities Committee

April 5, 2017

Background

- Judicial Action Budget
 - Budgeted costs for special/outside counsel related to specific case dockets associated with legislative and regulatory changes and/or pending/ongoing FERC litigation and CAISO stakeholder activities
- Subdivided into four (4) functional areas:
 - CAISO Tariff Rates and Amendments
 - PG&E Rates and IA Amendments
 - Western Rates and Contract Administration
 - Investigations and Refund Proceedings

Issues

- During the initial review of the FY 2018 Judicial Action budget, the following two (2) issues were identified for further discussion:
 1. Are the allocation percentages for the following Judicial Action subcategories, as stated in the FY 2017 budget, correct?
 - CAISO Rates and Tariff Amendments
 - PG&E Rates and Tariff Amendments
 - Western Rates and Contract Amendments
 2. The Facilities Committee requested NCPA staff to develop an alternative proposal for allocating costs under the Judicial Action subcategory “PG&E Rates and Tariff Amendments”, to be applied in the FY 2018 budget true-ups

Issue No. 1 - Judicial Action Allocation Percentages

- As part of adopting the FY 2017 budget, the Commission approved the following methodologies for allocating Judicial Action costs:
 - CAISO Rates and Tariff Amendments
 - Industry Restructuring Percentages as calculated in the Nexant Cost Allocation Model
 - PG&E Rates and Tariff Amendments
 - Industry Restructuring Percentages as calculated in the Nexant Cost Allocation Model
 - Western Rates and Contract Amendments
 - Normalized Pool + BART Western Base Resource Percentages
- Upon further review by staff, it was determined that the allocation percentages as stated in the FY 2017 budget had not been updated to reflect the current Industry Restructuring or Western Base Resource percentages

Issue No. 1 - Judicial Action Allocation Percentages

- Revised FY 2017 allocation percentages based on Nexant Model

Member	Industry Restructuring --%--	Norm. Pool/BART Western Base Resource --%--
Alameda	12.301%	6.228%
BART	0.060%	2.514%
Biggs	0.401%	1.525%
Gridley	0.654%	3.414%
Healdsburg	2.227%	1.298%
Lodi	11.948%	2.940%
Lompoc	3.253%	1.666%
Palo Alto	17.509%	63.559%
Plumas Sierra	3.101%	11.946%
Port of Oakland	2.483%	3.124%
Roseville	4.667%	0.000%
Santa Clara	14.402%	0.000%
Truckee-Donner	0.000%	0.000%
Turlock Irrigation District	0.635%	0.000%
Ukiah	4.007%	1.786%
LEC	22.354%	0.000%
Total	100.000%	100.000%

Issue No. 1 - Judicial Action Allocation Percentages

- Recommendation
 - NCPA recommends Facilities Committee approval and recommendation for Commission approval and direction to staff to update the FY 2017 Judicial Action subcategory allocation percentages, as further described herein, as part of the FY 2017 annual budget settlement process that is scheduled to occur in October 2017

Issue No. 2 – Alternative Allocation Methodology

- PG&E Rates and Tariff Amendments
 - For FY 2018, a majority of the costs that will be incurred under this Judicial Action subcategory will be attributed to the following activities:
 - Management of NCPA’s FERC complaint filed against PG&E
 - Select participation in the PG&E TO 18 settlement proceedings and subsequent litigation
 - Goals of Activities
 - Improve PG&E’s transmission planning process
 - Mitigate increases to the CAISO TAC/WAC rates
 - Beneficiaries of Activities
 - While all NCPA members may be impacted by these activities, the NCPA members with measured load and exports in the CAISO are directly impacted by the outcome of these proceedings

Issue No. 2 – Alternative Allocation Methodology

- Staff Recommendation
 - NCPA staff recommends that costs incurred during FY 2018 under the Judicial Action subcategory “PG&E Rates and Tariff Amendments” be allocated to Members based on their pro-rata share of CAISO loads and exports
 - Pending adoption of this proposal, the recommended change to the allocation percentages will impact multiple sections of the budget documentation; therefore, to enable a comprehensive approval of the budget material, NCPA staff also recommends that the proposed allocation methodology be applied to actual costs incurred under this Judicial Action subcategory as part of the FY 2018 annual budget settlement process

Issue No. 2 – Alternative Allocation Methodology

Member	LV-Load MWh	HV-Load MWh	LV-Export MWh	Total	% Share
Alameda	353,408	-	-	353,408	7.634%
Biggs	16,540	-	-	16,540	0.357%
Gridley	30,739	-	-	30,739	0.664%
Healdsburg	78,914	-	-	78,914	1.705%
Lodi	428,819	7,026	-	435,845	9.415%
Lompoc	136,507	-	-	136,507	2.949%
Palo Alto	944,836	-	-	944,836	20.410%
Plumas-Sierra	112,021	-	186	112,207	2.424%
Port of Oakland	87,521	-	-	87,521	1.891%
Santa Clara	1,226,791	1,098,693	-	2,325,484	50.235%
Ukiah	107,216	-	-	107,216	2.316%
Total	3,523,312	1,105,719	186	4,629,217	100.000%

Questions / Comments