

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design Including Real Time Pricing, to Revise Its Customer Energy Statements, and to Seek Recovery of Incremental Expenditures. (U 39 M)

Application No. 10-03-014
(Filed March 22, 2010)

**REBUTTAL TO EVIDENTIARY HEARING STATEMENTS
REGARDING THE GENERAL RATE CASE APPLICATION
OF THE PACIFIC GAS AND ELECTRIC COMPANY
BY THE KERN COUNTY TAXPAYERS ASSOCIATION**

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A.10-03-014
Michael Peevey, Commissioner
Thomas R. Pulsifer, Administrative Law Judge

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Introduction

13 KERNTAX is filing in support of PG&E's rate plan to consolidate their tier structure into
14 three tiers.

15 KERNTAX anticipates that new metering technology will present other unanticipated
16 distortions in discrimination.

17 KERNTAX believes that proposed alternative tier structures result in Central Valley
18 residents bearing an unfair share of all cost burdens imposed on PG&E residential ratepayers by
19 interpretations of AB1890 and AB1X.

20 KERNTAX believes that Smart Meters have faithfully revealed discriminatory cost
21 burdens imposed on certain PG&E residential ratepayers by interpretations of AB1890 and
22 AB1X.

1 KERNTAX believes that Central Valley residents bear a special burden for residential
2 rooftop solar subsidy through aggressive and discriminatory ratemaking.

3
4 KERNTAX believes that solar should not be singled out as a subsidy target through
5 unreasonable preferential price support structures that are discriminatory across climate regions.

6 KERNTAX believes that the baseline should be set at 50% of the seasonal energy
7 demand and that CPUC adopt a simple and reasonable cost-of-service-based 3-tier structure until
8 such time as the legislature can act to provide clarifications.

9 To provide the required expertise to address the complex issues of the general rate case,
10 KERNTAX has engaged the services of Jess Frederick, WZI, Inc., 1717 28th Street, Bakersfield,
11 CA 93309, who has provided information for this rebuttal testimony. His professional testimony
12 is provided under separate cover.

13

14 **Sierra Club promotes residential rate programs that Smart Meters have shown to**
15 **be inadequate, punitive and discriminatory.**

16 Supporters of draconian rate structures provide arguments based on economic models
17 that fly in the face of the actual results faithfully reported by the Smart Meters. Aggressive tier
18 3, 4 and 5 pricing are offered as a panacea for every energy related sin but cannot single
19 handedly meet conservation targets, stimulate above market priced residential solar and avoid
20 being punitive in nature.

21

22 In order to assess the efficacy of the premise, one need only look at historic analysis and
23 reviews of modeling results, a good case is the report titled, “A COMPARISON OF PER
24 CAPITA ELECTRICITY CONSUMPTION IN THE UNITED STATES AND CALIFORNIA,
25 CEC-200-2009-015, August 2008

1 In this particular analysis, KERNTAX has had WZI Inc. review the socio-economic and
2 regional climate parameters that affect rate/demand response. Their report reveals several key
3 points that are critical to making an informed decision regarding imposition of discriminatory
4 rates.

5 **Are we doomed to repeat failure?**

6 The Sierra Club’s single-minded conservation agenda leans heavily on requirements
7 formulated by emergency bill AB1X to presumably rectify systemic failures tied to a poorly
8 planned restructuring legislation that also had ill-conceived socially driven rate structures (the
9 residential rate freeze led to a liquidity crisis at the Power Exchange and with PG&E).
10 KERNTAX believes that the experience of last summer with the Smart Metering shock (the
11 “Bakersfield Problem”) is reflective of another tranche of poor legislation and regulatory
12 structures leading to more unfavorable ratemaking. The writers of AB1890 set a course that
13 could have been easily avoided had all responsible parties simply accepted that there are no free
14 lunches (this includes all CARE and TIER energy consumers as well as more temperate climate
15 dwellers).

16 The California energy liquidity crisis was not due to some massive business led
17 manipulation, it was due to the combination of a rate freeze coupled with convoluted market
18 mechanisms and capital adjustments instruments. In that instance the systemic failures
19 manifested themselves as the financial implosion of the Power Exchange and the bankruptcy of
20 PG&E due to the resultant liquidity crunch. In this instance the same parties wish to avoid the
21 liquidity crunch by passing the exposure directly to the ratepayer. It is unfortunate that the now
22 defunct Enron was foolish enough to be caught with its hand in proverbial cookie jar. This witch
23 hunt led us on a path that masked the failure of AB1890 instead of closing the door to poor
24 ratemaking practices. Like the Enron witch hunt, the effort by some to indict the Smart Meter

1 has also wasted many valuable months while the meters were tested once again to ensure
2 veracity.

3 This new crisis will continue manifest itself as the Smart Meter exposes residential users
4 to unrealistic and unfair prices.

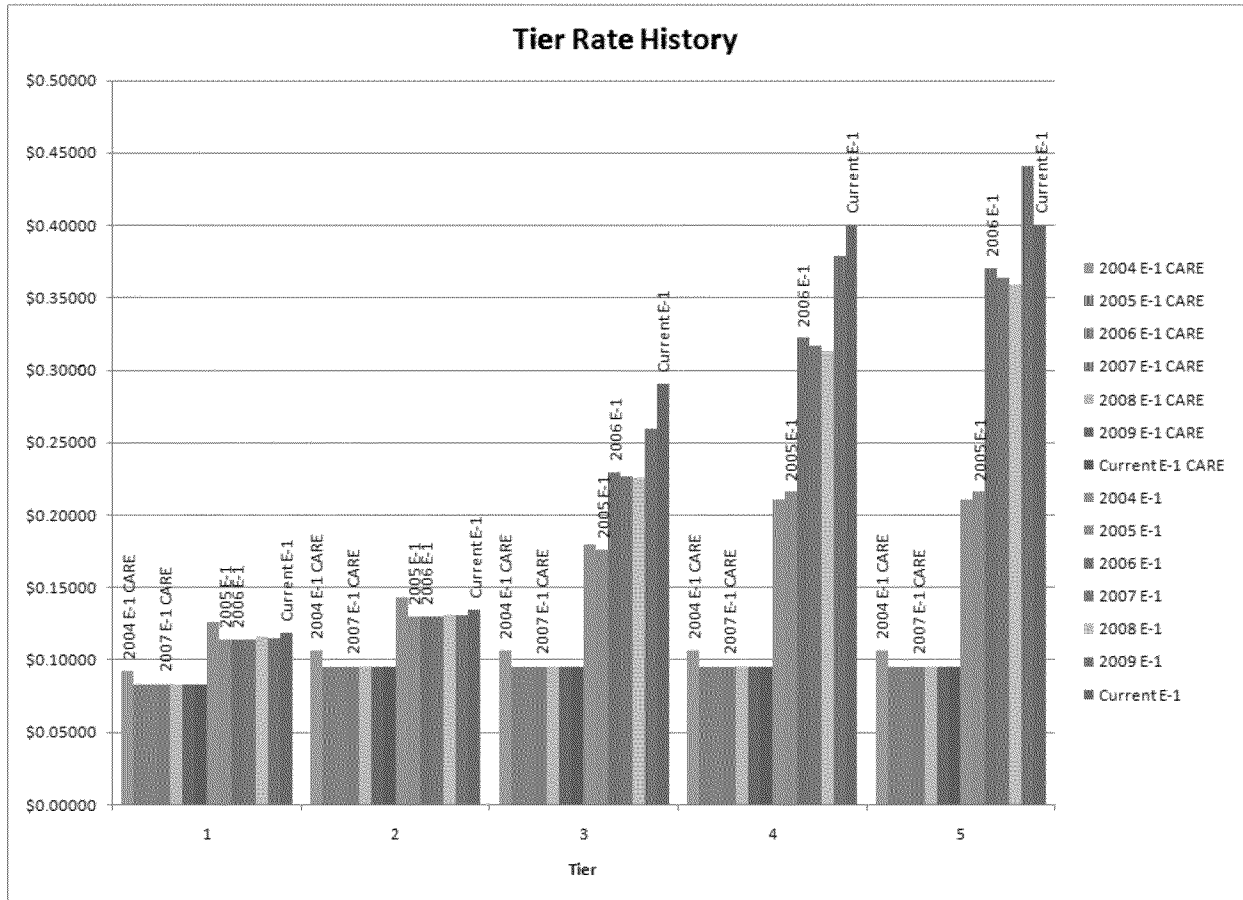
5 On the surface the use of many tiers seems practical.

6 However, as always --- the devil is in the details. Like AB1890 and AB1X, energy-related
7 legislative fiat seems to believe that all social programs are basically “at cost” and these minor
8 costs can be paid by simply passing the bill to certain selected “greedy” energy consumers as a
9 form of “sin tax”.

10 Unfortunately systemic inefficiencies, preferential treatment, capital attraction of desired
11 technology and gold plated cost allocations have relegated any well-intentioned effort to send a
12 true price signal so as to create meaningful demand response to mere academic exercise.

13 Further, discrimination and social program subdivision pushes all of the allocations for
14 the actual least cost plus the inefficiency and social costs onto less than 1/3 of the ratepayers
15 (Non-CARE users above tier 2). And of this service territory-wide discriminated class consisting
16 of 1/3 of the ratepayers, the valley climate region residents bear the greatest discriminatory
17 burden as a punitive departure from equitable rates. [WZI]

18 TURN, Sierra Club and others seem to argue that the current tier structure represents a
19 body of regulatory policy that has stood well for some period of time and that we are simply
20 embarked on a scheduled one-time rate adjustment based on long-established methodology.
21 PG&E customers have recently had several mid-course corrections in an effort to rectify
22 legislative fiat, interpretation of the legislation and the conflict between expectations of
23 outcomes and reality. Rates were adjusted downward and tiers were reduced to remedy the
24 tremendous shock of new rate structures that were readily felt due to the installation of Smart
25 Meters.



2

3

4 **Reasonable price structures should be treated a fundamental right.**

5 Ecoshift argues against the historic rate making process of block pricing on behalf of Sierra
 6 Club's desired outcome. Historically, block energy rates were developed to offer quantity
 7 discounts. In this context the lower consuming user consumer benefits from economy of scale
 8 created by the larger user whose benefit is reflected by the value of service.[Ecoshift] The true
 9 cost of service set at the maximum demand Average Variable cost plus other costs should define
 10 the maximum, not the minimum block rate. A simple Time-of-Use approach, as advocated by
 11 PURPA, should suffice to move consumer use patterns to higher efficiency off-peak
 12 consumption or reduce demands altogether. Socially-based rates do not reflect any sensible use
 13 patterns and create little or no contribution to offset operating costs while creating a dis-incentive

1 to cooperate creating a greater need for higher prices for the larger users than the already unfairly
2 priced current rates. The inability to make necessary repairs and infrastructure improvements
3 can only lead to demands for new sources of capital for improvements such as fees and special
4 tariffs.

5 Ecoshift [p4, ln20] acting on behalf of Sierra Club cites as follows that “[t]he Public
6 Utilities Regulatory Policies Act of 1978 (PURPA) established three broad policy goals for
7 electricity pricing: Conservation of energy by electricity users, efficiency in the use and
8 operation of utility facilities and resources, and equitable rates to consumers.” [emph]

9 The Sierra Club argument seems to create an arc in their testimony and supporting
10 narrative that has two fundamental price objectives: 1) relatively fixed subsidy of rates for tier 1
11 and tier 2, and 2) a peak price that is sufficient to force home owners to privately contract with
12 residential solar installers, providing an undisclosed financial return to the rooftop solar installer
13 and equipment manufacturer. To achieve the first, one must limit the point of rate parity at the
14 point above the subsidized tier 1 and tier 2 demand; and to achieve the later, advocates of
15 draconian rate structures must create a sufficiently steep step-wise price curve that delivers a
16 return expectation to rooftop solar through an average price point at a sufficient demand range to
17 make their internal proformas work. By legislation the allocation must then be trued up by
18 passing these monies collected from tier 3, 4 and 5 users based on designed to exceed the
19 avoided costs of roof top solar to users on CARE as wells as tier 1 and 2 users with no
20 substantive prudency review or avoided cost consideration. All discussions seem founded in
21 FICT (a cross between fact and fiction) skewed to support specific objectives; this narrative,
22 when considered in the context of climate region and regional socio-economic data flies in the
23 face of PURPA’s equitable rates requirement, therefore this notion of PURPA supporting such
24 ratemaking is a canard.

1 While the current residential rate Catch 22 may seem like a plausible pricing scenario
 2 with the help of purpose driven economic models showing a need for substantial conservation-
 3 driven pricing in some skewed demand-response, the average residential ratepayer is left
 4 pondering new bills that seem to exceed all expectations and wondering how many other fellow
 5 individual ratepayer are responsible for all of the costs due to varying ratemaking discrimination.
 6 Sierra Club and Ecoshift’s narrative provides no peer comparison.

7 We believe that our nearest functioning peer is SMUD and TID. Peer review indicates that
 8 the most noticeable departure in rate parity occurred shortly after 2004. There is no tangible rate
 9 affecting reason for such changes. Favoring a single market participant reflects the essential
 10 transgression against the fundamentals of the original constitutional compact and the ratemaking
 11 process by effectively granting new privileges to entering licensees without prudence,
 12 consideration of need or without consideration of captive rate payer’s right to potential avoided
 13 cost benefit from other less costly alternatives.

14

**TABLE 1:
 SELECTED CALIFORNIA SERVICE TERRITORIES, CLASS OF OWNERSHIP AND RETAIL
 PRICE ¹**

District/Territory	Ownership	Residential ¢/kWh	Commercial ¢/kWh	Industrial ¢/kWh	Avg. for All Sectors	Hydro %
Los Angeles Department of Water and Power	Public	10.53	9.85	9.02	9.97	6
Merced Irrigation District	Public	13.72	11.76	8.83	10.03	100
Modesto Irrigation District	Public	12.54	10.23	7.13	10.64	<1.0
Pacific Gas & Electric Co	Investor Owned	15.12	13.72	10.00	13.72	19
Southern California Edison	Investor Owned	15.43	13.77	11.17	14.11	5

¹ Electric Sales, Revenue and Price data for 2008
 at
[http://www.eia.doe.gov/cneaf/electricity/esr/
 esr_sum.html](http://www.eia.doe.gov/cneaf/electricity/esr/esr_sum.html).

15

1 **Compliance with AB1890 and AB1X are not acceptable arguments for out-of-control**
2 **ratemaking.**

3 The parties lean heavily on the fact that certain elements of rate making are ordained by
4 legislative fiat. Yet Sierra Club (and others that join in their effort to drive prices higher) lobby to
5 develop the very same legislation. If the legislation is broken and the legislatively conforming
6 rates are broken then we will continue to see interim rate adjustments put into place on an
7 emergency basis to mask the flaws.

8 KERNTAX feels an obligation to present the argument that the Smart Metering has
9 provided and will continue to provide ratepayers with a quick signal as to their consumption
10 pattern. Smart Meters have already given ratepayers a rapid education as to what is flawed in the
11 newly formulated ratemaking process.

12 Once the discriminatory gremlins and social fairness problems of such aggressive tiers
13 are understood then one can understand that tiers should be reduced and managed carefully or if
14 found to be consistently unrealistic they should be legislatively abandoned in favor of state-of-
15 the-art AMI based rate structures that are tied fairly to all users before the rates becomes
16 irreparable and results in financial meltdown of individual rate payers.

17

18 **Do the proposed alternative rate structures impact the Central Valley in a discriminatory**
19 **manner?**

20 The monthly load duration patterns for the various climate regions are not similar.
21 Weather patterns and local diurnal temperatures range from the very stable coastal areas to the
22 extreme of the south central valley. The KERNTAX plea for true balance can only be relieved
23 by limiting allocations based on climate related baselines to the very same climate regions from
24 which the monies are collected or by abandoning the distorting rate structure altogether.

25

1 **A Tale of Two Cities**

2 As an example the City of Wasco household has an average annual income of \$36,594
3 dedicated to supporting a family of 4, whereas Monterey enjoys an average income of \$60,363
4 dedicated to a family of two. The Wasco family of four inhabits a dwelling that is situated in a
5 climate region where the temperature swings are such that in June and July the Monterey
6 Maximum temperature approaches the Wasco Minimum temperature. Conservation can come
7 easily to the more temperate communities.

8
9 The Poisson, bell-shaped, distribution of energy demand due to temperature variation for
10 the central valley is different than that for the coastal communities although both are bell shaped.
11 The average consumption (which currently drives the baseline) is higher in the central valley
12 region and the spread is greater.[WZI] Baselines seem to satisfy certain parties as a viable
13 conservation tool but serve no such purpose in environments where discrimination grants
14 preference to parties with adequate discretionary income and a price signal that allows them to
15 simply continue their use patterns with little risk of adverse impact.

16
17 “Hot weather (CDD) increases electricity use substantially; cold weather (HDD) has an
18 insignificant effect.” [WZI]

19 Tier rates may create some load shifting but will not bring more temperate regions into
20 the same conservation imperative felt by the hotter regions. The central valley’s regional
21 residential demand duration curves will by design have greater seasonal variation, a higher 100%
22 demand duration, a higher 50% residential demand duration point and a higher peak demand.
23 Therefore the allocation of tier levels based on a generalized Poisson function (i.e., average,
24 101% to 130%, 131% to 200%, 201% to 300%, 300%+) may show some statistical validity for
25 the system-wide average but have no bearing on actual regional usage patterns at the regional

1 household level. Whether the baseline is based on 50%, 55% or 60% is of little difference in
 2 terms of overall inter-climate region discrimination.

3

Monthly Degree Day Data						
	Monterey			Wasco		
Month	Base Year (2009)					
	HDD	CDD	TDD	HDD	CDD	TDD
Jan	331	1	332	451	0	451
Feb	328	0	328	273	3	276
Mar	384	0	384	190	24	214
Apr	308	28	336	122	84	206
May	229	3	232	0	365	365
Jun	136	0	136	0	367	367
Jul	161	0	161	0	674	674
Aug	103	15	118	0	555	555
Sep	140	13	153	3	487	490
Oct	210	11	221	76	66	142
Nov	320	1	321	285	7	292
Dec	461	0	461	513	0	513
Total	3111	72	3183	1913	2632	4545
Summer	979	42	1021	79	2514	2593

4

5

Degree Days for Region Q and W			
	HDD	CDD	Total
Annual			
Wasco	1913	2632	4545
Monterey	3111	72	3183
Difference	-1198	2560	1362
Ratio	-0.62624	35.55556	0.427898
Summer			
Wasco	79	2514	2593
Monterey	979	42	1021
Difference	-900	2472	1572
Ratio	-11.3924	58.85714	1.539667

6

7 The table below shows the 5-tier increments based on a 60% baseline. Consider the
 8 Region Q and W increments in relationship to the temperature patterns in the chart above and
 9 one can readily see that the increments in the coastal region are such that the average coastal user

- 1 will rarely penetrate the upper tiers due to HVAC demand whereas the average central valley
- 2 user will experience an greater disproportionate number of degree days.

Residential ELECTRIC										
Baseline Territories and Quantities										
Effective May 1, 2008 - Present										
	Winter					Summer				
	(Effective November 1, 2008)									
TERRITORY	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
ALL-ELEC.										
(Code H)	Daily					Daily				
P	35.5	10.7	21.3	35.5	35.5	20.1	6.0	12.1	20.1	20.1
Q	22.9	06.9	13.7	22.9	22.9	11.1	3.3	6.7	11.1	11.1
R	32.6	09.8	19.6	32.6	32.6	23.2	7.0	13.9	23.2	23.2
S	32.0	09.6	19.2	32.0	32.0	20.1	6.0	12.1	20.1	20.1
T	20.2	06.1	12.1	20.2	20.2	11.1	3.3	6.7	11.1	11.1
V	27.5	08.3	16.5	27.5	27.5	16.5	5.0	9.9	16.5	16.5
W	29.2	08.8	17.5	29.2	29.2	27.3	8.2	16.4	27.3	27.3
X	22.9	06.9	13.7	22.9	22.9	12.2	3.7	7.3	12.2	12.2
Y	30.9	09.3	18.5	30.9	30.9	15.0	4.5	9.0	15.0	15.0
Z	31.5	09.5	18.9	31.5	31.5	12.8	3.8	7.7	12.8	12.8
Avg	28.5					16.9				
BASIC ELEC.										
(Code B)										
P	12.9	3.87	7.74	12.90	12.90	16.5	5.0	5.0	16.5	16.5
Q	12.6	3.78	7.56	12.60	12.60	8.3	2.5	2.5	8.3	8.3
R	12.3	3.69	7.38	12.30	12.30	18.1	5.4	5.4	18.1	18.1
S	12.7	3.81	7.62	12.70	12.70	16.5	5.0	5.0	16.5	16.5
T	9.8	2.94	5.88	9.80	9.80	8.3	2.5	2.5	8.3	8.3
V	11.1	3.33	6.66	11.10	11.10	9.6	2.9	2.9	9.6	9.6
W	11.4	3.42	6.84	11.40	11.40	19.4	5.8	5.8	19.4	19.4
X	12.6	3.78	7.56	12.60	12.60	12.1	3.6	3.6	12.1	12.1
Y	13.3	3.99	7.98	13.30	13.30	12.2	3.7	3.7	12.2	12.2
Z	11.6	3.48	6.96	11.60	11.60	8.8	2.6	2.6	8.8	8.8
Avg	11.7					13.0				

3

4

5 The ratio of summer baseline between residents in Wasco and those in Monterey is 2.45

6 whereas the Wasco resident experiences 59 times more Cooling Degree Days in the summer,

7 clearly underscoring the variation in incremental demand relative to the climate region baselines.

8 Starting with 42 summer CDD for Monterey and multiplying by the baseline ratio of 2.45 gives

9 102.9 CDD as equivalent baseline. Subtracting 102.9 CDD from 2514 CDD leaves 2411 CDD to

10 be divided into the tier structure [i.e., 100% to 130% (tier 2), 131% to 200% (tier 3), 200% to

1 300% (tier 4) and 300 %+(tier 5)]. Dividing the 2411 CDD into thirds and applying the results
2 in incremental CDD intervals as follows:

Adjusted tier based CDD: Alternative 1			
	Wasco	Monterey (=base)	Ratio
tier 1	102.9	42	2.45
tier 2	267	42	6.357143
tier 3	535	42	12.7381
tier 4	803	42	19.11905
tier 5	803	42	19.11905

3
4

5 Yet every incremental tier is based on a ratio of 2.45! Another approach at this numerology is to
6 take one half of the summer CDD and perform the same adjustment:

7

Adjusted tier based CDD: Alternative 2			
	Wasco	Monterey (=base)	Ratio
tier 1	1257	42	29.92857
tier 2	139.527	42	3.322071
tier 3	279.054	42	6.644143
tier 4	419	42	9.97619
tier 5	419	42	9.97619

8

9 Based on 100 kWh per day in the summer, the total electricity bill for the Wasco resident
10 exceeds their mortgage payment. In this instance, the resident in Wasco must also pay over \$600
11 for tier 3 and tier 4, nearly twice as much as the entire bill for the resident in Monterey for the
12 same period. Essentially, the Wasco resident is forced to consider converting to solar (based on
13 their penetration into the tier 4 and tier 5 energy cost) whereas the Monterey resident has no need
14 to consider the avoided cost. This inequity should not be considered without recalling the fact
15 that the per-household income is 2.87 times less in Wasco, from which the purchase of solar
16 panels must be paid. [WZI]

17

1 **Roof top solar subsidy should not be the burden of Central Valley residents only**

2 If the Commission insists on continuing with discriminatory rates favoring certain climate
3 regions over the Central Valley then KERNTAX pleads for relief from imbedded costs designed
4 to satisfy Roof Top Solar proformas who we perceive as a private party who should not have
5 preference without price protections.

6
7 Using the prior summer period analysis, assuming that roof top solar installations require
8 avoided prices in excess of 30¢/kWh, to stimulate the necessary cost (and thereby create the need
9 to use funds to avoid the cost) one has to penetrate the tier 4 and tier 5 rates with sufficient
10 energy requirements.[WZI]

11

12 **Realized externalities associated with greater generation burden should be**
13 **considered in allocation.**

14 The PG&E service territory extends over an area that has varying environmental, economic
15 and geopolitical pressures. The central valley is presently in an economic slump where
16 unemployment is roughly 15%. [California EDD data, Sept 2010] The central valley has
17 recently been forced to pay a \$12/per year license fee to pay a \$29 million penalty for failing to
18 meet EPA standards for air quality. Yet the same Central Valley region is home to 7000 MW of
19 fossil-fired generation and 5,000 MW of renewable (some of which enjoy exemption from taxes
20 on the value of the equipment). [CEC Generation Database] PG&E's territory-wide hourly
21 average demand is approximately 10GW, while the Central Valley average load is 4.8 GW.
22 [CEC consumption Data] Essentially, the Central Valley residents contribute 2.2 GW on
23 average to the betterment of the other non-valley customers while experiencing higher air quality
24 impacts. The \$29 million penalty comes as one more layer of draconian air quality related
25 constraints to job creation in the Central Valley. It is highly unlikely that any roof top solar PV

1 manufacturer (which is energy intensive) will locate in the Central Valley due to the onerous air
2 quality regulations that are needed to compensate for fossil-fired dispatch consumed by non-
3 valley customers. Coststo the Central Valley for CO2, NOx and PM10 should be factored into
4 any allocation formula and any tier rates above the true average cost of service rate (i.e., tiers 3
5 and above) should be adjusted downward to compensate valley residents for the impact of the
6 whole.

7

8 **Tiers 1 and Tier 2 consumption should not be treated as a class structure.**

9 Sierra Club argues persuasively that increasing block rates [sliding rates] is equitable.
10 Certainly Sierra Club does not believe that California legislators intended to give carte blanche to
11 punish or to pass benefits from less advantaged geopolitical region to another. Tiers have
12 emerged as a social tool and not as a simple conservation incentivizing ratemaking tool and as
13 such must be carefully managed.

14 The mere logic promoted by Sierra Club justifying more tiers with protected classes
15 requires one to stand reason on its head and accept that in a general service territory 60% of
16 ratepayer demand should be protected and subsidized on a system-wide basis.

17

18 The problem lies in the myth that the semi-annual system-wide baseline reflects any type
19 of specific regions use pattern. Tier 1 and 2 only users may preferentially consume energy
20 between 7: 00am to 6:00pm, thereby consuming fossil-fired energy preferentially, when tier 3, 4
21 and 5 users are on the hook for all costs plus the tier 1 and 2 subsidy. It is this numerology that
22 Smart Metering cannot rectify, not because of faulty metering but rather false econometrics.
23 More egregious is the notion that the system-wide protected CARE (and tier 1, 2 only)
24 consumers will only consume their individually needed allocation (relying on demand response

1 with a subsidized price signal) and they will not create a demand rebound effect consuming all
2 the progress made by Central Valley users.

3

4 Without any price signal to conserve, any favored users will send late demand/duration
5 demand signals for incremental fossil-fired dispatch that is priced higher and ultimately passed
6 on the Tier 3, 4 and 5 consumers who are hostage to both covering the subsidy(that is the cause
7 of the increment) and must also eventually pay a higher increment, in the same manner as
8 SDG&E customers were the earliest victims of the failure due to poor structures put forth as part
9 of AB1890. Smart Metering is quickly revealing this flaw.

10 The rationale that users that have greater demand must pay a greater share of the energy
11 and demand cost may serve some activist sense of redistribution by ability to suffer more than
12 others but flies in the face of rational equity pricing. By this very argument, refineries and
13 industrial loads should pay more to offset the smallest residential loads, regardless of benefits to
14 the system.

15 **The assumption that adjustable baselines will negate any regional differential has**
16 **already been disproven by early Smart Metering results.**

17 The notion that one can simply collect monies from certain discriminated against
18 subclasses and pass benefits to subclasses be it based on income, geography, climate or inability
19 effectively represent their interests should be at best be part of a sophomoric exercise that never
20 leaves a class room and must never find its way via a duly appointed body into day-to-day
21 decisions at kitchen tables. Socially motivated redistributions of monies in a manner that exceeds
22 equal and fair use by either the legislature or commission is viewed as being a tax on those who
23 do not receive fair return; it is not a fee nor is it rational ratemaking.

24

25

1 **In Summary**

2 As we became more familiar with the legislation, regulation and processes that influences
3 the electric rate making process, there is one word that KERNTAX keeps asking, “WHY?”
4 Maybe our fellow interveners can answer our questions.

- 5 • WHY do the investor owned utilities (IOU’s) in general, and PG&E (that provides
6 electricity to most of the northern two-thirds of California) in particular, have rate
7 structures so disproportional to those of the municipal utility districts (MUD’s),
8 especially SMUD?
- 9 • With the great disparity in rates, WHY do state legislative and regulatory actions
10 continue to punish a minority of ratepayers in the IOU service areas with excessive
11 cooling demands for electric service that far exceed PG&E’s cost?
- 12 • With the E-1 rate table reflecting such inequity, WHY hasn’t the Commission, through
13 the Division of Ratepayer Advocate (DRA) worked with the legislature to address the
14 inequities in legislation and regulations that adversely affect current E-1 rate structure?
- 15 • The homepage of the Commission website states, “The Commission serves the public
16 interest by protecting consumers and ensuring the provision of safe, reliable utility
17 service and infrastructure at reasonable rates, with a commitment to environmental
18 enhancement and a healthy California economy.” WHY has the Commission not
19 protected the interests of Central Valley ratepayers who are consistently exposed to upper
20 tier rates from electric rates that are discriminatory and punitive?

21
22 **Support for A.1003014.**

23 *The Kern County Taxpayers Association supports PG&E’s A.1003014, as the second step*
24 *on the road to fair and equitable rates for all PG&E E-1 customers. We view these current and*
25 *proposed rates as the product of interim rate formulae and look to the future for simpler and*

1 consistent Smart Meter-based transparent allocation of fair market-based costs on a real time
2 basis. The structural problems caused by AB1890, AB1X and SB695 must be addressed by the
3 State Legislature for truly fair and equitable electric rates for all of the states IOU's.
4

Respectfully submitted,

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**CERTIFICATE OF SERVICE
A1003014 REBUTTAL TO EVIDENTIARY TESTIMONY**

I certify that I have this day served a copy of this A1003014 KernTax Rebuttal to Evidentiary Testimony to all known persons of record in this proceeding by delivering a copy via electronic mail.

I have also sent hard copy by US First Class Mail to:

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