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Sent: 7/3/2012 2:58:58 PM

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Bcc:

Subject: RE: Workshop Agenda, A.12-03-001, PG&E Economic Development Rate Application

All: As noted in the agenda provided below, PG&E will be presenting its Economic Development Rate proposal at the workshop. In response to requests by the parties, we are providing a preliminary copy of PG&E's presentation for your review prior to the workshop.

Thank you for your consideration of this proposal.

Dan Pease

PG&E

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From: Benjamin, Robert [mailto:robert.benjamin@cpuc.ca.gov]

Sent: Tuesday, July 03, 2012 12:36 PM

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Subject: Workshop Agenda, A.12-03-001, PG&E Economic Development Rate Application

To: Service list for A.12-03-001, PG&E Economic Development Rate Application

Thank you for your suggested changes to the draft workshop agenda I emailed on 6/22/12. Based on those comments, we have attempted to make appropriate changes in the attached agenda.

Attached please find the agenda for the workshop on this case, to be held Friday, July 6, 2012, from 10:00 AM to 5:00 PM at the Commission office, 505 Van Ness Ave, Golden Gate Room, San Francisco.

In case there are problems opening the attachment, the body of the document is copied below.

Please direct questions or comments to myself and my colleague Rajan Mutialu.

Thanking you in advance,

Bob Benjamin | Regulatory Analyst | Energy Division

California Public Utilities Commission

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Agenda: July 6, 2012 Workshop on PG&E Economic Development Rate Application

1. **Introduction** and logistics 10:00-10:05
2. **Goals** of workshop: Clarify parties' positions. Discuss ratemaking policy issues, not legal questions. Legal questions will be addressed by other means (hearings, etc.) 10:05-10:15
 - A. To discuss a cost-benefit analysis of the existing EDR[1][1] program.
 - B. To discuss how to perform a cost-benefit projection of the proposed EDR program.

C. To discuss potential formulas and protocols that would be needed to implement a reasonable EDR program. I.e., terms and conditions in tariffs, reporting requirements, other items.

D. To attempt to achieve consensus where possible. To clarify positions and record areas of consensus and areas in which disagreements remain.

E. To discuss other key policy issues. Please see list of key issues at end of agenda – Item 7. PG&E and other parties should address these issues during workshop to the extent feasible.

3. **Presentation by PG&E** addressing at least items 2.A, 2.B, and 2.C.: 10:15 – 11:15

4. **Roundtable discussion**, Energy Division will moderate: 11:30 – 12:00, 1:30 – 3:00.

A. Parties question, comment on, and critique PG&E’s proposal. Parties are requested to refrain from repeating comments already made, and to limit comments to matters germane to this case. Parties with a shared position are encouraged to select a spokesperson for their group. Time limit of 3 minutes per question will be used for efficient conduct of the workshop.

B. Discuss key policy issues listed at the end of the agenda (item 7).

C. Discuss any items overlooked so far.

5. **Parties summarize their positions:** 5 min. each 3:15 – 4:15

➤ Feel free to focus mainly on the unique parts of your position.

6. **Next steps**, wrap-up 4:15 – 5:00

A. Discuss how to develop the record necessary for the case. Standard options: Further workshop; Data requests; Written comments and replies; Testimony; Hearings; Briefs.

B. Parties plan how and when they will develop a standard outline they will use to discuss the issues in this case in all their submissions and responses in this proceeding, to facilitate use of common terminology and organization in such submissions. Recruit volunteers?

C. Discuss workshop oral reports to be presented at 7/23 PHC

1. Parties are encouraged to structure their reports using the standard outline they develop for Item 6.B.

2. Parties discuss types of information to be covered in their oral reports for PHC.

3. Parties are encouraged to list in their reports the key legal issues they plan to argue in this

case.

D. Other?

7. **List of key issues:** to be discussed in item 4 above. (Order of importance not implied.)

A. What would satisfy the required benefit cited in §740.4(h): “to the extent the utility ... proposing to incur ... rate discounts demonstrates that the ratepayers ... will derive a benefit from those programs”.

1. Must the proposed rate schedule(s) generate a positive contribution to margin (CTM), or could the CPUC find that other probable benefits to the California economy would suffice without an expected positive CTM?

2. If a positive CTM were required in order to find that other ratepayers will benefit, could such a finding be ensured without a price floor? If so, how? Sub-issues: (a) Contract length (b) Time horizon of analysis (c) Time structure of discount (d) Average discounts: EDR, E-EDR

3. How would a price floor disincent use of the discounted rate schedule? Would such disincentive(s) be appropriate?

4. If a price floor were necessary, what costs should be in that price floor?

Generation energy?

Generation capacity?

Distribution?

Transmission?

Customer?

Nonbypassable charges (NBCs)?

5. If the current price floor were updated with current natural gas price, what would the floor be? How much below the OAT rate would that floor be? Could that give adequate room for discounts?

B. Nonbypassable charges (NBCs):

1. Do D.07-09-016 or other currently effective decisions prohibit the discounting of NBCs? If so, will parties argue to change such provisions?

2. If NBCs are now, and were to remain non-discountable: after full funding of NBCs, in what order should remaining revenue be applied to remaining rate components?

C. Does the form of the proposed discount (all taken from distribution rate) have anticompetitive effects? Does the proposed discount structure discriminate against DA or CCA customers?

D. Are free-riders likely under the proposed rates and rules? Will proposed changes from

current EDR encourage or discourage free riders? What would be a tolerable level of free-ridership?

E. Potential limits on EDR: (1) CalBIS or other agency review (2) Minimum % of customer's operating costs (3) Customer affidavit (4) Load cap on availability of rate?

F. Should there be a limit on the number of times a customer can be granted use of EDR, even if the other qualifying criteria are met? Did D.11-05-029 settle this? Should it be changed?

G. Is the proposal's sharing of risk between ratepayers and stockholders reasonable?

H. Commission role in economic development:

1. Does the Commission have authority in the field of economic development other than that granted in §740.4?

2. What are the primary goals of the CPUC's authority in economic development? Is job creation/retention among the primary goals?

3. In considering the proposed EDR schedules, should the Commission consider evidence of whether job gains have occurred from PG&E's current EDR?

4. Are all customers in high-unemployment counties automatically "not similarly situated" to customers in low-unemployment counties? Must the Commission find that all such customers are "not similarly situated" compared to customers in low-unemployment counties in order to justify a geographically-defined rate differential? What types of evidence or argument would be relevant to making any such findings?

5. Should the overall EDR program be limited to high-unemployment counties? Should the EDR option be limited to high-unemployment counties?

6. Can and should EDR's potential impacts on employment be factored into the net benefits calculation? If so, how?

7. Possible mechanisms to evaluate effectiveness of proposed EDR: (a) Are they necessary? (b) If so, what type? (c) When would they begin?

I. How could the EDR proposal be better aligned with Commission policies on energy efficiency (EE) and demand response (DR)?

1. How much could such customers lower their electric bills by shifting load off-peak, by other DR measures, and by EE measures?

2. Could environmental benefits from such DR and EE measures be factored into the calculation of the benefits of the EDR program? If so, how?

3. How might the incorporation of demand-side goals into an EDR program complicate a benefit-cost analysis of the EDR program?

J. EDR and low-income programs

1. Is this EDR proposal linked with Commission policies favoring low-income energy customers? If so, how are they linked?

2. What types of evidence could convincingly establish such a linkage?

3. Is this EDR proposal an effective way to benefit low-income energy customers in California? If not, could it be modified to make it so?

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[1][1] The term “EDR” will be used here to mean both EDR options proposed by PG&E. The term E^hEDR will be used when referring only to the proposed enhanced EDR option.