

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

Order Instituting Rulemaking on the Commission's Own
Motion to Conduct a Comprehensive Examination of
Investor Owned Electric Utilities' Residential Rate
Structures, the Transition to Time Varying and Dynamic
Rates, and Other Statutory Obligations

Rulemaking 12-06-013

(Filed June 21, 2012)

**CENTER FOR ACCESSIBLE TECHNOLOGY AND THE GREENLINING
INSTITUTE'S REPLY COMMENTS ON ASSIGNED COMMISSIONER AND
ADMINISTRATIVE LAW JUDGES' JOINT RULING INVITING COMMENTS AND
SCHEDULING PREHEARING CONFERENCE**

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Introduction

The Center for Accessible Technology (CforAT) and the Greenlining Institute (Greenlining) hereby submit these Reply Comments on the list of goals and questions provided in the Assigned Commissioner and Administrative Law Judges' Joint Ruling Inviting Comments and Scheduling Prehearing Conference (Joint Ruling), issued on September 20, 2012. In opening comments, many parties suggested extensive revisions to the proposed goals, questions and metrics. CforAT/Greenlining cannot address every proposal in these reply comments. We focus on those that were most significant at this time, and reserve the right to address all issues as the proceeding advances.

From its inception, this proceeding has been designed to be an open and unrestricted examination of residential rate design. The Commission must hold true to this open discussion, by avoiding pre-judgment on any issues, unless the issue comprises a foundational principle supported by "long-standing legislative and policy goals."¹ Similarly, the Commission must ensure that the initiation of its examination, as set forth in its list of goals and questions, is free of any pre-judgment.

The open and unrestricted nature of the rulemaking's examination is made clear through the foundational nature of the examination suggested by the Order Instituting Rulemaking (OIR) and the Joint Ruling. The OIR initiates the discussion by instructing the Commission and parties to begin their examination by considering fundamental "themes surrounding rate design."² This initial examination is implemented in the Joint Ruling by asking parties to comment on a proposed list of foundational goals, as well as a list of questions designed to examine how

¹ See Joint Ruling, p. 7.

² See OIR, p. 20.

proposed rate designs would meet those goals.³ Thus, the Commission is tasked with considering fundamental rate design principles, underlying statewide-energy goals, whether the current rate structure is meeting these goals and what other models of rate design might serve these goals more effectively. In these reply comments, CforAT/Greenlining urges the Commission to articulate goals and questions that reflect these *foundational* principles and goals, but refrain from pre-judging any *operational* issues.

I. Suggested Revisions on Procedural Matters

Although the Joint Ruling did not seek comment from parties regarding the procedural schedule, both Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) urge the Commission to revise the current procedural schedule in order to facilitate immediate action.⁴ PG&E specifically urges:

that the Commission commit to a schedule for the OIR that will allow legislative recommendations on restoring the Commission's rate reform authority by early 2013, so that the recommendations can be considered by the Legislature during 2013.⁵

These proposals should be rejected. Such proposals contradict the Commission's plan to structure an orderly process of open and unrestricted examination of rate design. These proposals urge the Commission to pre-judge issues and recommend legislative changes early in the process, before sufficient consideration of the larger goals of this proceeding.

A recommendation for legislative changes in early 2013 would necessarily occur before parties prepare substantive proposals for rate design, as the OIR and the Joint Ruling have established first a workshop process, to be followed, presumably, by at least one round of comments (perhaps more) on the goals and questions, as well as briefing. A schedule to file

³ See Joint Ruling, pp. 7-9.

⁴ See Comments of PG&E on Refined List of Questions and Scope of Proceeding ("PG&E Comments"), pp. 3-8; see also Comments of SCE on Refined List of Questions and Goals Provided in September 20, 2012 Joint Ruling ("SCE Comments"), pp. 1-4.

⁵ See PG&E Comments, p. 7.

legislative recommendations in early 2013 would require a decision to be issued without adequate Commission consideration of the issues. There is no reason for the Commission to short-circuit its fundamental examination of rate design, the very purpose of this rulemaking, by rushing legislative recommendations, or by otherwise rushing the process to meet an artificial timetable.

PG&E's proposal asks the Commission to pre-judge a key issue and adopt the utility's position that legislative changes are needed. However, as the OIR states in initiating this proposal:

The Commission hereby institutes this rulemaking on its own motion to examine current residential electric rate design, including the tier structure in effect for residential customers, the state of time variant and dynamic pricing, potential pathways from tiers to time variant and dynamic pricing, and preferable residential rate design *to be implemented when statutory restrictions are lifted*.⁶

The emphasized text may refer to expiration of certain statutory restrictions, built into the code concerning time variant and dynamic pricing, as opposed to the much later expiration of statutory restrictions on the rates on electricity up to 130% of baseline. However, it is clear that the OIR contemplates both the possibility of maintaining statutory restrictions as well as the possibility of changing them. Whenever the OIR discusses current statutory restrictions, it clearly asks "whether" changes are needed, and does not presume that changes are definitely needed, nor does it presume a timeline for any potential changes.⁷

Similarly, the Joint Ruling does not pre-judge the issue of possible legislative changes. In its questions, in order to foster a free discussion of "optimal rate design structure," it asks

⁶ OIR, p. 1 (emphasis added); see also Joint Ruling, pp. 1-2.

⁷ See OIR, pp. 12, 22.

parties, “for purposes of this exercise, assume that there are no legislative restrictions.”⁸

However, it also asks parties to answer:

8. Are there any legal barriers that would hinder the implementation of your proposed rate design? If there are barriers, provide specific suggested edits to the sections of the Public Utilities Code. Describe how the transition to your proposed rate design would work in light of the need to obtain legislative and other changes and upcoming general rate cases.⁹

In answering the question of “whether” statutory changes are needed, the Joint Ruling contemplates a full discussion of the question, and it indicates that any recommendations the Commission may adopt regarding statutory changes will emerge following the full discussion. PG&E’s proposal would render completely moot Question 8 and the process it seeks to establish.

Moreover, the OIR does not contemplate a rushed process, either in regards to legislative recommendations or the overall process of examining rate design as a whole. This is clear from the procedural work done to date; the OIR was issued in June, but does not anticipate even finalizing a Scoping Memo until November 2012.¹⁰

Moreover, both the Commission’s Rules of Practice and Procedure and the OIR state that “[a]ny person filing comments on this OIR shall state any objections to the preliminary scoping memo regarding the category, need for hearing, issues to be considered or schedule.”¹¹ PG&E did not make their procedural recommendation in comments on the OIR, where it would have been more appropriate. The Joint Ruling also did not seek comments on the procedural schedule.

Thus, PG&E’s proposal is inappropriate and must be rejected. SCE’s proposal for a rushed process should also be rejected.

⁸ Joint Ruling, p. 8.

⁹ Joint Ruling, p. 9.

¹⁰ See OIR, p. 23.

¹¹ OIR, p. 23, citing Rule of Practice and Procedure 6.2.

II. Revisions to Coordination Questions

In their Opening Comments, The Utility Reform Network (TURN) recommends that this proceeding consider the extent to which low-income programs are meeting the energy needs of low income customers. TURN also proposes an additional coordination question:¹²

6. Is it more appropriate to address certain rate design issues in other proceedings? If so, explain which proceedings are best equipped to explore and resolve specific issues.

CforAT/Greenlining support these suggestions. TURN highlights the need for this proceeding to coordinate with the California Alternate Rates for Energy (CARE) program, and to take into consideration data that will be obtained through the new low income needs assessment recently ordered in the CARE/ESAP decision, that examines issues concerning the low income population and low income programs including CARE.¹³ CforAT/Greenlining also wish to highlight the role of the Energy Savings Assistance Program (ESAP), both in terms of meeting the needs of low income customers, as well as serving as an energy efficiency resource.

TURN also points out in its suggested Coordination Question 6 that rate design issues may be considered in other proceedings. CforAT/Greenlining suggest that this recommendation may be considered more broadly – that statewide energy goals should be considered and coordinated in other proceedings. For example, reduction of greenhouse gases (GHG - suggested as a goal by many parties, see below), and peak load reduction may be partially affected by other Commission-administered programs, such as ESAP.¹⁴

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¹² See Opening Comments of TURN in Response to the 9/20/12 Ruling of the Assigned Commissioner and Administrative Law Judge (“TURN Comments”), p. 2-3.

¹³ See TURN Comments, p. 2 (citing D.12-08-044, pp. 257-259)

¹⁴ For example, ESAP programs for multi-family housing could provide such benefits.

III. Revisions to Rate Design Goals

A. Conflicts among goals.

In opening comments, a number of parties point out that many of the suggested goals set forth in the OIR and Joint Ruling at least partially conflict with each another.¹⁵ For example, San Diego Consumer Action Network (SDCAN) notes that the goal that rates be based on cost-causation principles is “problematic because it conflicts with two other principles: rates should encourage conservation and reduce peak demand and rates should provide stability, simplicity and customer choice.”¹⁶

Various parties suggest ways to address some of these conflicts. For example, SDCAN recommends the excision or relegation to secondary importance of the three goals of cost-causation, reduction of peak demand and avoidance of cross-subsidies.¹⁷ In contrast, SCE proposes that “the goal of paramount importance should be to provide economically-efficient, cost-based rates, which would largely address Goals 2, 3, 4, 5, and 8 in the Joint Ruling.”¹⁸ The Division of Ratepayer Advocates (DRA) suggests that “[p]arties can explain which goals they deem to be most important later on when they describe their preferred residential rate design.”¹⁹ TURN mirrors DRA’s suggestion, as it:

encourages the Commission to include “to the extent reasonable” for each of the stated objectives [marginal cost, cost-causation]. This additional language accommodates the practical need to prioritize the goals and the appropriate subordination of these goals when in conflict with other goals, such as affordability (Goal 1) and energy efficiency and conservation (Goal 4).²⁰

¹⁵ See e.g. TURN Comments, p. 7; SCE Comments, p. 5.

¹⁶ SDCAN Opening Comments on Assigned Commissioner and Administrative Law Judge’s Joint Ruling (“SDCAN Comments”), p. 3.

¹⁷ See SDCAN Comments, pp. 3-4.

¹⁸ SCE Comments, p. 5.

¹⁹ Opening Comments of DRA on the September 20, 2012 Assigned Commissioner and Administrative Law Judge’s Joint Ruling (“DRA Comments”), p. 1.

²⁰ TURN Comments, pp. 7-8.

CforAT/Greenlining support the process suggested by DRA – where each party suggests and supports a prioritization of goals when describing their optimal rate design. Indeed, we alluded to such a process in our opening comments: “[t]hese goals are potentially in conflict, and any effort to set an overall policy framework for residential rates will necessarily have to set priorities among these goals and provide balance between them.”²¹ We also support the addition of the phrase “to the extent reasonable” onto goals 2 and 3, as suggested by TURN, as a recognition that these goals may conflict with other goals.

B. Goal No. 1: Affordability

In opening comments, CforAT/Greenlining urged that the principle of affordability of electricity for basic needs be applicable to ALL residential customers – not just low income and medical baseline customers.²² This suggestion is mirrored by multiple parties.²³

Expansion of the principle of affordability to all residential customers is consistent with the goals of the proceeding and the instructions set forth in the Joint Ruling because it is longstanding policy in California. In its instructions for establishing the foundational goals, the Joint Ruling “propose[s] the following list of goals to ensure that the Commission develops a rate design consistent with *long-standing legislative and policy goals*.”²⁴ Thus, the Commission is not presuming to move away from long-standing policy (and certainly does not intend to make substantial policy changes as part of the statement of goals, before any substantive discussion is even launched). Rather, the Commission is conducting this examination in order to ensure that

²¹ CforAT/Greenlining Comments on Assigned Commissioner and Administrative Law Judge’s Joint Ruling Inviting Comments and Scheduling Prehearing Conference (“CforAT/Greenlining Comments”), p. 3.

²² CforAT/Greenlining Comments, pp. 2-3.

²³ See DRA Comments, pp. 1-2, TURN Comments, p. 4, SDCAN Comments, Comments of the Black Economic Council, National Asian American Coalition, and Latino Business Chamber of Greater Los Angeles (Joint Parties) on the Scope of the Proceeding (“Joint Parties Comments”), pp. 3-4.

²⁴ Joint Ruling, p. 7 (emphasis added)

current rate structures are the best means of achieving these long-standing policy goals, and also meeting statewide energy goals:

The Commission seeks to explore if the current rate structure is meeting the stated objectives or whether alternative rate designs other than an inclining block rate can better achieve all of these objectives[;] whether the current tiered rate structure continues to support the underlying statewide-energy goals, facilitates the development of technologies that enable customers to better manage their usage and bills, and whether the rates result in inequitable treatment across customers and customer classes.²⁵

Affordability of basic energy needs for *all residential customers* is a fundamental, long-standing policy goal, reflected in years of legislation and Commission policy.²⁶ Since 1976, this policy goal has been implemented through the Commission “designat[ing] a baseline quantity of gas and electricity necessary to supply a significant portion of the reasonable energy needs of the average residential customer at rates below average cost.”²⁷ California’s energy rate structure has gone through many changes since the baseline concept was first established, but the fundamental concept of a baseline amount of energy at affordable rates has remained constant.²⁸

The role of lifeline rates – now known as baseline rates – is directed towards protecting the health and safety of all people. As the Legislature declared, “Light and heat are basic human rights, and must be made available to *all people* at low cost for basic minimum quantities.”²⁹ Several parties in this proceeding present evidence that the health and safety of all residential customers – not just low income customers – continues to depend on access to basic energy at affordable rates.³⁰ The Commission should not turn away from this fundamental principle. Rather, it should incorporate it as part of its statement of goals. Like DRA and many other parties, CforAT/Greenlining believe that the Commission must retain the principle of basic

²⁵ OIR, p. 2.

²⁶ See OIR, p. 3; DRA Comments, pp. 2-4, TURN Comments, pp. 4-5.

²⁷ OIR, p. 3, citing Cal. Public Util. Code § 739, *et seq.*

²⁸ See OIR, pp. 3-8; DRA Comments, pp. 2-3, TURN Comments, pp. 4-5.

²⁹ DRA Comments, p. 2, citing California Stats 1975 ch 1010, Section 1 (a). (emphasis added)

³⁰ See *e.g.* TURN Comments, p. 6-7.

energy usage at an affordable price and thus suggested revisions to Goal No. 1.³¹ The implementation of this principle may change, but the principle itself must be retained and included clearly in the statement of goals.

As stated above, CforAT/Greenlining support the process suggested by DRA, where each party suggests the prioritization of goals in describing their optimal rate design. We also have already suggested that affordability should be given priority, as it is embedded in statutory structure of energy rates in California.³²

C. Goals No. 2: Marginal Cost and Cost-Causation

SCE proposes that “the goal of paramount importance should be to provide economically-efficient, cost-based rates, which would largely address Goals 2, 3, 4, 5, and 8 in the Joint Ruling.”³³ SCE cites no statutory or Commission precedent³⁴ for the primacy of this goal, or these goals. In fact, there is no statutory basis to establish that any of these principles should serve as policy goals for ratemaking at all, much less that they are long-standing fundamental policy goals. The *only* statute that mentions *any* of these concepts (marginal cost, cost-based rates or economic-efficient rates) is Cal. Public Util. Code § 454.1, which requires that an electrical utility, in competition with irrigation districts, may offer a discount, but “may not discount its noncommodity rates below its distribution marginal cost of serving that customer.”³⁵

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³¹ See CforAT/Greenlining Comments, p. 2.

³² See CforAT/Greenlining Comments, p. 3; see also Joint Parties Comments, pp. 3-4.

³³ SCE Comments, p. 5.

³⁴ As discussed in detail below, there are Commission decisions that identify these principles as important for designing dynamic rates, but not for ratemaking overall.

³⁵ See also Cal. Pub. Util. Code § 451, which holds that rates must collect revenue only to pay for reasonable charges related to providing service to customers, but does not require strict cost-based rates.

Marginal cost and cost-based rates have been recognized by Commission decisions as fundamental principles for designing *dynamic rates*.³⁶ These concepts have also been receiving growing attention in recent years by policy analysts in the field of rate design and academics. However, they are not primary fundamental principles for all rate design, and as many parties demonstrate, strict adherence to these principles is very difficult at best. The Commission should not adopt SCE's proposal for primacy of these concepts. Rather, CforAT/Greenlining will demonstrate in this proceeding that these concepts are, at best, deserving of secondary consideration.³⁷

As discussed above, CforAT/Greenlining support TURN's proposal to add the phrase "to the extent reasonable" onto the goals of rates based on marginal cost (Goal No. 2) and cost-causation (Goal No. 3), as a recognition that these goals may conflict with other goals.

D. Goals Nos. 4 & 5: Conservation and Energy Efficiency; Reducing Peak Load; GHG Reduction

Multiple parties support the addition of a goal to reduce greenhouse gases (GHG), or emphasize GHG reduction as an important measurement of energy efficiency and conservation.³⁸ Conservation and energy efficiency may be abstract goals, whereas GHG reduction is a more concrete, measurable goal. Other parties suggest that GHG reduction should be a goal added to Goal No. 5, so that peak load reduction also results in concrete GHG reduction.³⁹ CforAT/Greenlining support the addition of GHG reduction to either Goal No. 4 or 5. GHG reduction is a concrete, measurable benefit of a "transforming energy industry," and its importance to all Californians should be recognized

³⁶ See D.08-07-045, pp. 41-43.

³⁷ See SDCAN Comments, p. 3.

³⁸ See DRA Comments, p. 4; TURN Comments, p. 13; Sierra Club's Opening Comments on Assigned Commissioner and Administrative Law Judge's Joint Ruling Inviting Comments and Scheduling Prehearing Conference, p. 4.

³⁹ See TURN Comments, p. 8.

E. Goal No. 7: Minimizing Cross-Subsidies

Multiple parties note the difficulty of measuring and avoiding cross-subsidies.⁴⁰

CforAT/Greenlining note that the goal as written in the Joint Ruling correctly makes an exception for cross-subsidies that support policy goals:

7. Rates should avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals;⁴¹

Nevertheless, even allowing for these policy-driven cross-subsidies, it would be very difficult to completely avoid or even measure other cross-subsidies. Thus, we support TURN's suggested modification that any rate design proposals should seek to *minimize* cross-subsidies not necessarily avoid them entirely.⁴²

As difficult as it is to measure cross-subsidies, it would be even more difficult to adopt SCE's proposal to add the phrase "and the subsidies are equitably allocated among customers."⁴³ This proposal should not be adopted.

F. Economically-Efficient Decision-Making

In Section III.C above, we note that there is no statutory basis to support the principle of economic-efficient decision-making. The Commission has adopted this principle as guidance for design of *dynamic rates*.⁴⁴ However, there is no long-standing state or Commission precedence for using this as a fundamental principle of rate design generally, nor is there substantial historical material to inform the consideration of this principle. Moreover, as TURN points out "[t]his goal does not provide useful guidance to the parties because it fails to explain what entity is the decision-maker and what criteria are being included in the concept of „economically

⁴⁰ See SDCAN Comments, pp. 3-4; TURN Comments, pp. 8-9.

⁴¹ Joint Ruling, p. 7

⁴² See TURN Comments, p. 8.

⁴³ See SCE Comments, p. 5.

⁴⁴ See D.08-07-045, pp. 41-43

efficient.”⁴⁵ In order to alleviate these shortcomings, CforAT/Greenlining support the revision proposed by TURN to provide more guidance regarding the types of decisions that would be supported by this goal.

G. Goal 10: Customer Education and Rate Shock.

Multiple parties suggest revisions to this goal to emphasize customer understanding of new rates rather than customer education for the purpose of encouraging customer acceptance.⁴⁶ CforAT/Greenlining agree with other parties that have commented on this goal that the Joint Ruling’s proposal joins the concept of customer education and avoidance of rate shock, suggesting that customer education can serve as a mechanism to avoid rate shock. In some circumstances, CforAT/Greenlining agree that educating customers can assist them in lowering bills or avoiding behavior that will increase their bills. However, customer education cannot be the only (or even the primary) mechanism to avoid rate shock. Rate shock is a term mostly used to describe very substantial and/or sudden rate increases. Educating customers about rate increases does not make the new rates more affordable.

In order to more effectively capture the goals that CforAT/Greenlining believe were intended regarding customer education and rate shock, CforAT/Greenlining suggested splitting these goals into separate sentences, so that avoidance of rate shock was an independent goal from effective customer education. TURN also suggests splitting these two principles into separate sentences.⁴⁷ Upon further reflection, these two concepts should be included in completely separate goals. Avoidance of rate shock is an important principle that should be noted as a separate goal from the (also important) goal of effective customer education.

⁴⁵ TURN Comments, p. 9; CforAT/Greenlining also share SDCAN’s skepticism that fixed charges can lead to “economically efficient decision-making and will demonstrate this in the proceeding. *See* SDCAN Comments, pp. 11-12.

⁴⁶ *See* TURN Comments, pp. 9-10; SDCAN Comments, pp. 16-17.

⁴⁷ *See* TURN Comments, pp. 9-10.

SCE suggests that language requiring any rate design proposal to minimize and avoid the potential of rate shock should be replaced with “and appropriately considers the bill impacts associated with such transitions.”⁴⁸ This suggested language is too dismissive of bill impacts, and notably of rate increases. Mere “consideration” of bill impacts is too easily achieved, and still allows for large and/or sudden bill increases. SCE’s proposal should not be adopted. Rather, like many parties, CforAT/Greenlining suggests stronger language, so that rate shock (not the “potential of rate shock”) is avoided, not merely minimized.⁴⁹

IV. Revisions to Rate Design Proposal Questions

A. Cumulative Bill Impacts

DRA and SDCAN suggest the addition of questions that elicit the bill impacts of a rate design proposal, broken down by sub-classes.⁵⁰ CforAT/Greenlining strongly support either of these suggested added questions. In considering proposals regarding rate design, the Commission can use bill impacts on subclasses of customers as a concrete indicator of how the proposed rate design would function.

CforAT/Greenlining suggest an addition to these proposals. We believe that any individual proposal’s impact on rates cannot be viewed in isolation. Rather, any potential rate impacts must be considered while also taking into account other changes affecting a customer, including bill impacts that have occurred recently. As CforAT/Greenlining have previously noted, individual changes to residential rate design may seem manageable alone, but cumulatively may be devastating, especially to subclasses of vulnerable consumers. Similar to environmental reviews under the California Environmental Quality Act, rate design proposals

⁴⁸ SCE Comments, p. 6.

⁴⁹ See CforAT/Greenlining Comments, p. 3; TURN Comments, pp. 9-10; Joint Parties Comments, p. 6

⁵⁰ See DRA Comments, p. 5; SDCAN Comments, p. 6.

must be considered for cumulative impacts to ensure that potentially damaging impacts are not split into multiple, smaller and seemingly less significant impacts.⁵¹

Thus, CforAT/Greenlining would add to either SDCAN"s or DRA"s proposal the following language:

Please describe the rate impacts of the proposed rate design on residential customer sub-classes? Consider all bill impacts affecting a customer, including bill impacts that have occurred within the past four years.

What type of data and analyses are needed to adequately inform the Commission what the optimal residential rate design structure should be? One example of useful data is data needed to calculate bill impacts. We should also consider impacts on different customer subgroups, disaggregated by location, age, income, load profile. We should consider all bill impacts affecting a customer, including bill impacts that have occurred within the past four years.

In opening comments, CforAT/Greenlining suggested a number of metrics that measure affordability.⁵² Additional metrics that measure bill impacts among subclasses, including cumulative impacts, should also be included.

B. Customer Feedback

PG&E proposes to incorporate customer feedback into the rate design goals, suggesting:

an evaluation of direct opinion and feedback from a statistically significant sample of California IOU residential electricity customers regarding their preferences and needs for electricity pricing and choices.⁵³

CforAT/Greenlining believes that such a proposal, while helpful, would be more effective if incorporated into the list of questions to be used to evaluate rate design proposals, rather than as fundamental goal on its own. We agree that customer feedback could provide valuable data,

⁵¹ The State CEQA Guidelines, California Administrative Code, title 14, section 15064 set out the criteria for determining the significance of environmental effects caused by a project. Subdivision (h)(1) directs the preparation of an Environmental Impact Review "if the cumulative impact may be significant and the project"s incremental effect, though individually limited, is cumulatively considerable. "Cumulatively considerable" means that the incremental effects of an individual project are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects."

⁵² See CforAT/Greenlining Comments, pp. 3-4.

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providing a metric to evaluate whether a proposal meets the goal of customer acceptance.

However, any such survey will need to be developed carefully, and the data collected must be treated with caution. Overall, the implementation of a customer survey, including designing the survey and selecting a relevant customer sample, must all be done with great care.

CforAT/Greenlining recommend that any survey be structured so that it captures information from a broad range of customers and a number of sub-classes: customers at various income levels, customers in various climate zones, customers with disabilities, customers in multi-family housing and single family housing, renters and homeowners, rural/suburban/urban customers and customers with limited English proficiency.

In developing any survey, care must be taken to avoid leading questions or questions that pre-judge any situation. This will be a delicate process, as the survey should seek customer feedback about principles they seek in their rate design – principles at a fundamental level, but with enough clarity and specificity that the customer feedback provides answers that may be used operationally. For customers engaged in a survey the very act of being surveyed on rate design may suggest that they engage in thinking about rates that does not reflect the actual consideration that they give to the subject.⁵⁴ Thus, a survey should focus on their fundamental preferences and needs (as suggested by PG&E) and should not necessarily seek to establish a level of customer awareness and ability to conform to rate structures, as the survey may overestimate the amount of time and consideration that customers actually spend on rate design.

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⁵⁴ TURN suggested as a goal that “[r]ates should not be designed with the assumption that customers will devote substantial amounts of time to monitoring, and responding to, changes in pricing.” TURN Comments, p. 10. CforAT/Greenlining generally supports this goal.

Conclusion

CforAT/Greenlining look forward to this examination of current rate structures and whether they still advance long-standing fundamental policy goals, while also addressing emerging statewide energy goals. We understand that operational rate design structures are subject to change, but stress the importance of ensuring that fundamental goals such as affordability remain in place for all ratepayers.

Respectfully submitted,

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