

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
Structure, the Transition to Time Varying and
Dynamic Rates and Other Statutory
Obligations

Rulemaking 12-06-013
(Filed June 21, 2012)

**OPENING COMMENTS OF THE CONSUMER FEDERATION OF
CALIFORNIA ON THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW
JUDGE'S JOINT RULING INVITING COMMENTS AND SCHEDULING
PREHEARING CONFERENCE.**

I. INTRODUCTION

Pursuant to the Assigned Commissioner and Administrative Law Judge's Joint Ruling Inviting Comments and Scheduling Prehearing Conference ("Ruling") Consumer Federation of California ("CFC") respectfully submits these comments.

II. SUMMARY

The Ruling requests that parties review the list of questions originally stated in the Order Instituting Rulemaking ("OIR") and comment on whether these questions need editing or revision. The questions are divided into two sections A) Coordination Questions and B) Rate Design Evaluation Questions.

The proposed list of coordination questions are as follows:

1. Please list the major energy proceeding with which this proceeding should coordinate and explain what kind of coordination is needed (e.g. actively coordinating, relying on findings, incorporating evidentiary record, monitoring).
2. How should customer outreach and education efforts in different proceedings be coordinating to maximize effectiveness and efficiency?
3. Should any of these proceedings be suspended, consolidated, or dismissed pending the resolution of this rulemaking?
4. What policies would help ensure that successful strategies will be shared between utilities?
5. Are there proceedings at other government agencies, or legislation that should be tracked in connection with this proceeding?

The proposed list of Rate Design questions:

1. 1. Please describe in detail an optimal residential rate design structure based on the goals listed above and the additional goals, if any, that you recommend. For purposes of this exercise, assume that there are no legislative restrictions. Support your proposal with evidence citing research conducted in California or other jurisdictions.

2. Explain how your proposed rate design meets each goal and compare the performance of your rate design in meeting each goal to current rate design. Please discuss any cross-subsidies potentially resulting from the proposed rate design, including cross-subsidies due to geographic location (such as among climate zones), income, and load profile. Are any such crosssubsidies appropriate based on policy goals? Where trade-offs were made among the goals, explain how you prioritized the goals.

3. How would your proposed rate design affect the value of net energy metered facilities for participants and non-participants compared to current rates?

4. How would your proposed rate design structure meet basic electricity needs of low-income customers and customers with medical needs?

5. What unintended consequences may arise as a result of your proposed rate structure and how could the risk of those unintended consequences be minimized?

6. Is your proposed rate structure compatible with innovative technologies that can help customers reduce consumption or shift consumption to a lower cost time period?

7. Describe how you would transition to this rate structure in a manner that promotes customer acceptance. Should customers be able to opt to another rate design other than the optimal rate design you propose? If so, briefly describe the other rate or rates that should be available? Discuss whether the other rate(s) would enable customers opting out to benefit from a cross-subsidy they would not enjoy under the optimal rate.

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. How would your proposed rate design adapt over time to changing load shapes, changing marginal electricity costs, and to changing customer response?

III. GENERAL COMMENTS

CFC appreciates the opportunity to comment on the above questions. CFC finds the questions to be a good start but has some concerns. One concern is that the rate design questions lack questions about the types of accompanying technologies that would be necessary with proposed Rate Design Proposals. CFC feels that including questions about technologies that may be necessary to effectuate certain rate designs is important to evaluate the overall adequacy of the rate design.

In addition CFC feels that rate design questions should include questions about customer price risk, meaning whether the proposed rate design shifts a disproportional amount of risk to ratepayers and whether this customer price risk can be mitigated.

Finally, CFC feels that there should be questions in the rate design category that address costs associated with transitioning to the proposed rate design. For example, will proposed rate design require additional charges in technology metering, billing, and financial transactions associated with energy consumption? If so, the proposed rate design should explain how the benefits of the proposed rate design justify the costs.

IV. REFINEMENTS TO QUESTIONS

CFC feels that the following questions should be included in the rate design proposal questions:

1. What types of technologies might be necessary to implement optimal rate design?
2. What are the costs associated with transitioning to optimal rate design? Will the rate design require charges in technology metering, billing, & financial transactions associated with energy consumption? If so, please explain how the benefits of proposed rate design justifies the additional cost.
3. Please explain whether proposed rate design will carry a customer price risk? If so, can this customer price risk be mitigated?

Dated October 05, 2012

Respectfully Submitted,

_____/s/_____,

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