

**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)

**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**

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October 5, 2012

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On June 28, 2012, the Commission instituted this OIR in order to examine the 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.

On August 27, 2012, the Commission hosted a workshop that examined a variety of questions. Consumer advocates, such as the Joint Parties, utilities, and independent experts discussed the proposed scope of the proceeding. On September 20, 2012, the Assigned Commissioner and the Administrative Law Judges released their Joint Ruling Inviting Comments and Scheduling PreHearing Conference. This Ruling outlines procedural questions and directed parties to respond on October 5, 2012. Thus, these comments are timely filed.

Because of the importance of this issue to low-income community groups—who are disproportionately minority groups—The Ecumenical Center for Black Church Studies and the Chinese American Institute for Empowerment will examine these issues. Within ten days, both of these groups will likely make Motions for Party Status to join the existing Joint Parties in this proceeding.

I. Coordination Questions

The Joint Parties believe that the coordination questions offered by the Commission generally address the issue of coordinating this proceeding with legislation, policies, and other

proceedings. However, the Joint Parties also recommend that the Commission add the coordination question recommended by DRA/TURN: “How should we coordinate the rate design proceedings with the CARE proceedings?”

Many of the grassroots and service based stakeholders who intervened within the low-income proceedings are not likely to become active intervenors in the present case because of the highly technical and complex nature of rate design. Like the Joint Parties, many stakeholders possess a sophisticated understanding of how utility policy affects their constituents on the ground; however, they lack the funds, staff resources, and technical expertise to intervene in every CPUC proceeding that affects their constituencies. Thus, the Joint Parties urge the Commission to consider active collaboration with these stakeholders through coordination with the low-income proceedings.

II. Rate Design Goals

A. Goal 1: Low-income and medical baseline customers should have access to enough electricity to ensure basic needs (such as health and comfort) are met at an affordable cost.

The Joint Parties believe that this goal is the most important goal that the Commission can set. The transition to any new pricing structure will naturally cause much confusion, especially in populations who are unable to understand the modifications or do not have the time to do so. Like DRA and TURN, the Joint Parties recommend that the Commission expand this definition to include all residential customers. As demonstrated by the United States Census Bureau’s Supplemental Poverty Measure, although 49.1 million Americans are below the

poverty line, an additional 51 million people nationwide qualify as “near poor.”¹ By limiting affordability goals to those who are expressly within the most marginalized economic stratum, the Commission ignores almost the same amount of people who are perilously close to the brink of poverty. An increase in electric rates will upset the delicate balance the “near poor” have negotiated in their financial lives; thus, the Commission should include all residential customers within its affordability goal.

B. Additional Goal Recommendation: The new rate structure should be understandable to all customers, including those with limited English proficiency.

The Commission must include a goal that the rates will be easy to understand for all ratepayers. This includes a significant population of Californians for whom English is a second language.

According to the California Department of Education, 37.4% of California public school students speak a language other than English in their homes.² Comprehensive customer education and outreach is crucial if the Commission wishes to avoid another Smart Meter type debacle. This indicates a need for customer outreach and education materials in a variety of languages in order to ensure true customer understanding and acceptance.

The Commission must prioritize outreach and education to those hard to reach customer segments in order to ensure robust adoption of any changes to rate structure. This includes low - income ratepayers and ratepayers of color.

C. Endorsement of DRA/TURN Goals

¹ Jason DeParle, Robert Gebeloff, and Sabrina Tavernise, *Older, Suburban and Struggling, ‘Near Poor’ Startle the Census*, N.Y. Times, Nov. 18, 2011.

² CalEdFacts, available at: <http://www.cde.ca.gov/ds/sd/cb/cefelfacts.asp>

The Joint Parties endorse all of the goals submitted by TURN and DRA at the August 27, 2012 workshop:

- Rates should be easily understandable and result in widespread customer approval/acceptance. The Joint Parties add that the rates should be easily understandable by all ratepayers—including those with language and cultural barriers (see above).
- Rates should not be designed with the assumption that customers will devote substantial amounts of time to monitoring, and responding to, changes in pricing. The Joint Parties add that most customers spend no more than a few minutes each month thinking of their utility bill. Alterations to utility bills will naturally incur suspicion and distrust of change. The Joint Parties believe this goal reflects the reality of almost 100% of ratepayers, especially in communities of color.
- The Baseline program should be maintained—all customers should continue to have access to affordable energy for basic needs. The Joint Parties add that this is especially true for those ratepayers who are eligible for low-income assistance programs or are near poor.
- Rates should encourage economically efficient use of existing generation resources. The Joint Parties add that these efficiencies should not disadvantage communities of color or low-income ratepayers.
- Rates should support economically support economically efficient customer investment in energy efficiency, DSM technology, storage, and renewable distributed generation. The Joint Parties would add that rates should support these

investments from customers who can afford these changes and should not penalize those who cannot.

- Rates should be equitable. The Joint Parties emphasize that this equity must be reflected proportionally for low -income and near poor ratepayers, who will be unable to adapt as easily as their wealthier counterparts.
- Rate shock should be avoided. The Joint Parties support comprehensive outreach and education to all ratepayers on any transition to dynamic rates , as explained above.

III. Rate Design Proposals

The Joint Parties believe that each party proposing a new rate design proposal should answer the following questions in addition to those posed by the Commission:

- How does your design promote transparency to all customers?
- How does your design satisfy the need for rates that are easy to understand for all customers?
- How does your design ensure that there will be no additional economic burden upon poor and near poor ratepayers?
- How does your design minimize the time investment required from ratepayers in order to effectively utilize it?

IV. Conclusion

The Joint Parties appreciate the thoughtful and measured approach the Commission has taken to this issue. The Commission has started in the right place —by ensuring it asks the right questions.

Any new rate design must be ratepayer -focused in order to ensure transparency, equity, and adoption. The Joint Parties are hopeful that the Commission will not lose this focus as the proceeding moves forward.

Date: October 5, 2012

Respectfully submitted,

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