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)

OPENING COMMENTS OF THE UTILITY REFORM NETWORK IN RESPONSE TO THE 9/20/12 RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES

Matthew Freedman
Hayley Goodson

Staff Attorneys

The Utility Reform Network
115 Sansome Street, Suite 900
San Francisco, CA 94104
Phone: (415) 929-8876
Fax: (415) 929-1132
E-mail: matthew@turn.org

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OPENING COMMENTS OF THE UTILITY REFORM NETWORK IN RESPONSE TO THE 9/20/12 RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES

I. INTRODUCTION

On September 20, 2012, the Commission issued the *Assigned Commissioner and Administrative Law Judges' Joint Ruling Inviting Comments and Scheduling Prehearing Conference* (*AC/ALJ Ruling*). This ruling responds to parties' input gathered by the Commission at the workshop held on August 27, 2012 in this proceeding and invites comments on several matters, including the proposed questions addressing proceeding coordination issues; proposed rate design goals; and proposed questions intended to ensure that parties' rate design proposals (to be submitted later in this proceeding) contain the information needed for the Commission to consider and adopt a specific proposal. The *AC/ALJ Ruling* sets a due date for comments of October 5, 2012, and reply comments of October 19, 2012.[1]

Pursuant to the *AC/ALJ Ruling*, The Utility Reform Network (TURN) hereby submits these opening comments. TURN's comments reference some of the recommendations we presented at the August 27 workshop, many of which are reflected in the handout TURN and DRA jointly prepared for the workshop. That handout is attached hereto as Attachment 1.

II. COORDINATION QUESTIONS

The *AC/ALJ Ruling* sets forth five questions intended to solicit information from parties (at a future date) on the issue of coordinating this proceeding with legislation, policies, and other proceedings.[2] Parties are asked to comment on whether these questions adequately address

[1] *AC/ALJ Ruling*, p. 1.

[2] *AC/ALJ Ruling*, p. 6.

coordination issues.[3]

With one exception noted below, TURN generally agrees with the proposed coordination questions and believes that they will allow parties to offer comments on the relevant proceedings, programs and statutory issues that would be implicated by proposed rate design modifications. This revised list of coordination questions greatly improves upon the coordination questions proposed for discussion at the 8/27/12 workshop and incorporates several of the recommendations presented jointly by TURN and DRA at the Workshop. For instance, this list includes the TURN/DRA question about coordinating customer outreach and education efforts across proceedings, as reflected in Attachment 1. The list likewise properly drops the earlier question about coordinating with third party vendors and service providers. And the revised questions also accommodate the need for coordination with proceedings other than those addressing dynamic pricing, such as the existing proceeding addressing low-income energy programs, A.11-05-017 et al., (among other proceedings) as recommended by TURN and DRA. As TURN explained during the workshop, a study of the extent to which the Commission's existing low-income programs, including California Alternate Rates for Energy (CARE), are meeting the energy needs of low-income consumers will be available in that docket next August and should inform the Commission's consideration of changes to the structure of CARE in this docket.[4] TURN intends to discuss this coordination matter, as well as coordination with other proceedings, in our substantive comments responding to the final coordination questions, when such comments are solicited by the Commission.

TURN would suggest one additional question relating to the proper venue for addressing specific issues. The *AC/ALJ Ruling* appears to presume that all substantive issues will be

[3] Id.

[4] *See* D.12-08-044, pp. 257-259.

addressed in this OIR rather than any other docket. This presumption may not be appropriate. Parties should be allowed to suggest that certain topics be allocated to other proceedings that may be more appropriate.

The additional question should be as follows:

> **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.**

With this addition, TURN supports the revised list of coordination questions.

III. RATE DESIGN GOALS

The *AC/ALJ Ruling* proposes the adoption of 10 rate design goals to guide the Commission's evaluation of the residential rate design proposals that will be proffered by parties later in this proceeding. These proposed goals include the following:

> 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;
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> 2. Rates should be based on marginal cost;
>
> 3. Rates should be based on cost-causation principles;
>
> 4. Rates should encourage conservation and energy efficiency;
>
> 5. Rates should encourage reduction of both coincident and non-coincident peak demand;
>
> 6. Rates should provide stability, simplicity and customer choice;
>
> 7. Rates should avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals;
>
> 8. Rates should encourage economically efficient decision-making;
>
> 9. Incentives should be explicit and transparent; and
>
> 10. Transitions to the new rate structure should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates,

and minimizes and avoids the potential for rate shock.[5]

TURN recommends the following changes to the proposed rate design goals.

A. Goal 1

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

This goal, with TURN's proposed amendments, embodies the principle that all Californians should have access to energy utility service to meet their basic energy needs. The absence of affordable energy utility services is a serious public health and safety issue. As the United States Supreme Court stated in *Memphis Light, Gas & Water Division v. Craft*, "Utility service is a necessity of modern life; indeed, the discontinuance of water or heating for even short periods of time may threaten health and safety."[6] In recognition of the essential nature of energy utility services, the California Legislature has declared that "light and heat are basic human rights, and must be made available to all the people at low cost for basic minimum quantities."[7] As California Public Utilities Code § 739(d)(2) provides, "electricity and gas services are necessities, for which a low affordable rate is desirable."[8]

To facilitate universal service, the Legislature has mandated for almost 40 years that the Commission set an affordable rate for minimum quantities of electricity and natural gas necessary to meet basic needs, an amount originally referred to as "lifeline quantity" and subsequently changed to the "baseline quantity." The lifeline system, predecessor to the current

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[5] *AC/ALJ Ruling*, p. 7.

[6] *Memphis Light, Gas & Water Division v. Craft* (1978) 436 U.S. 1, 18. *See also* D.07-09-041, issued in A.02-11-017 / I.03-01-012 / A.02-09-005, pp. 40-41 (finding that utility customers are physically harmed by the termination of electric and/or natural gas utility service for nonpayment).

[7] California Stats 1975, Ch. 1010, Section 1(a).

[8] Cal. Pub. Util. Code § 739(d)(2). All statutory references are to the California Public Utilities Code unless otherwise specified.

baseline program, was established in 1975, with the addition of § 739 to the Public Utilities Code.[9] The baseline program came into being in 1982, when § 739 was amended by AB 2443.[10] This amendment changed the previously designated lifeline allowances for specific end uses for residential customers to baseline quantities to be computed as a percent of average residential usage.[11]

The goal of universal service requires that all Californians be able to afford to meet their basic energy needs, no matter where in the state they reside, how great or small their income, or what medical conditions they may have that impact energy consumption. It is inappropriate for the *AC/ALJ Ruling* to presume that the goal of ensuring that "basic needs are met at an affordable cost" should be limited to CARE and medical baseline customers. Data on disconnections for non-payment and arrearages, submitted to the Commission by the utilities in R.10-02-005, demonstrates unequivocally that customers who are not on CARE or medical baseline still fall behind on their bills and face service termination.[12] This fact is not news to the Commission.

The Commission has previously recognized in D.06-02-014 that "many residential customers – many of whom are ineligible for CARE – already live with insufficient income to meet basic monthly expenses."[13] Similarly, in D.05-10-044 the Commission illustrated in stark terms the economic constraints faced by households with incomes beyond the CARE limits:

> At the October 6, 2005 full panel hearing, Bill Huang, the Manager of Housing Development for the Community Development Commission of the County of Los Angeles, described the economic predicament of many consumers through the

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[9] *See, i.e.,* D.86087, 80 CPUC 182, 1976 Cal. PUC LEXIS 387 (interim order establishing "lifeline" quantities of electricity and natural gas and establishing rates structures for the provision of lifeline quantities of energy to residential customers, pursuant to the Warren-Miller Energy Lifeline Act of 1975).

[10] D.04-02-057, issued in R.01-05-047, fn. 8, p. 18.

[11] D.84-02-064, 14 CPUC2d 372, 1984 Cal. PUC LEXIS 126, *12.

[12] Attachment 2 to these comments includes disconnections data submitted by PG&E and SCE in R.10-02-005 in their August 2012 reports pursuant to D.10-07-048, Ordering Paragraph 14.

[13] D.06-02-014, p. 8.

> example of a family of four living in Los Angeles County. In order to cover the basic expenses (rent for a three-bedroom apartment, food, transportation, child care, and taxes), such a family would need an income of $69,670. However, the median income for four-member families in Los Angeles County is $65,500. Without taking into account sudden changes in things such as utility charges, the median family would already face a deficit of $4,170. Logically, a great many families would be much further behind.
>
> CARE does nothing to help many of these families. … Clearly, many families in need are left behind.[14]

More recently, the Commission opened R.10-02-005, *Order Instituting Rulemaking to Establish Ways to Improve Customer Notification and Education to Decrease the Number of Gas and Electric Utility Service Disconnections*, to focus on reducing service termination for all residential customers, not just CARE customers. In that order, as well as in D.10-07-048 and D.12-03-054 issued in that docket, the Commission directed the utilities to adopt practices to assist CARE and non-CARE customers who are struggling to keep up with bills to avoid service termination.[15]

Last but not least, the United Way issued the December 2009 Report, *Overlooked and Undercounted 2009: Struggling to Make Ends Meet in California*, which confirms that the CARE eligibility guidelines do not capture many California households who cannot afford basic necessities. Using a comprehensive cost-of-living methodology called the "Self-Sufficiency Standard," this report calculates the annual income needed in each California county to cover basic needs, including housing (with utilities), child care, food, transportation, health care, taxes, and other essential items (but excluding any allowance for restaurant food, savings, emergency funds, credit card payments or loan payments).[16] For each county, the authors calculated a Self-

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[14] D.05-10-044, pp. 6-7.

[15] *See, i.e.,* O.I.R.10-02-005, Ordering Paragraph 3; D.10-07-048, Ordering Paragraph 1; D.12-03-054, Ordering Paragraph 1.

[16] *Overlooked and Undercounted 2009*, Executive Summary, p. X, available at

Sufficiency Standard-based annual income for a household of two adults and one infant. The necessary income range at that time (three years ago) in the lowest-cost California counties, $43,381 - $37,705, exceeded the CARE income limit for a household of 3 in 2009, 2010, and 2011.[17] The authors calculated the necessary income range in the highest-cost California counties[18] as $63,871 - $51,946, a range that is 40 percent to 70 percent higher than the current CARE income limit.

Clearly, affordability is not just a problem faced by CARE and medical baseline customers. Consistent with this reality, state law has long included the goal of providing an affordable quantity of basic electric usage for all residential customers. The *AC/ALJ Ruling* should not unilaterally decide that this goal is no longer relevant. Rather, Goal 1 should be expanded to encompass the goal of ensuring that all residential customers have access to enough electricity to ensure basic needs are met at an affordable cost.

B. Goals 2 and 3

2. Rates should be based on marginal cost to the extent reasonable.

3. Rates should be based on cost-causation principles to the extent reasonable.

The goals relating to marginal cost and cost causation are stated in absolute terms. The Commission should recognize that rate design is based on a variety of goals, some of which may be in conflict with each other. These goals must therefore be reconciled and prioritized in order to accommodate competing objectives. The questions in the *AC/ALJ Ruling* do not recognize the potential for conflicts. TURN does not deny that these are relevant goals but encourages the

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http://www.selfsufficiencystandard.org/pubs.html.

[17] *See Overlooked and Undercounted 2009*, p. 6, Figure B. The Self-Sufficiency Standard by County: California.

[18] The highest cost counties include (from north to south) Napa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz, Santa Barbara, Ventura, Los Angeles, Orange, and San Diego County.

Commission to include "to the extent reasonable" for each of the stated objectives. 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).

C. Goal 5

5. Rates should encourage reduction of ~~both~~ coincident peak demand, ~~and~~ non-coincident peak demand, and overall energy usage.

TURN is concerned about the failure to include reductions in total customer energy usage in this goal. In the context of energy efficiency programs, the Commission has repeatedly endorsed the goal of reducing overall customer energy usage wholly apart from any goals related to reductions in peak customer demand. It would be a mistake for the rate design process to ignore this objective and focus exclusively on promoting peak customer demand reductions. Such a focus could lead to rate design that leads to higher overall energy usage, a result that would run contrary to longstanding state energy policy that emphasizes reductions in per capita energy usage, greenhouse gas emissions, and natural gas consumption.[19] The Commission must therefore ensure that reductions in peak demand and overall usage are included in the rate design goals.

D. Goal 7

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

While the goal of minimizing cross-subsidies is relevant to rate design, TURN does not believe that such subsidies should be categorically avoided. An inverted tier rate structure could

[19] For example, the Energy Action Plan II references the importance of using energy efficiency to "promote a balanced portfolio of baseload energy, demand and peak demand reductions" (EAP II, page 3).

be designed to minimize such subsidies but may not entirely avoid them. The Commission should not force parties to assert that their proposals entirely avoid cross-subsidies. Moreover, the Commission should recognize that it may be extremely difficult to determine the extent of cross-subsidization without extensive empirical analyses that can incorporate divergent forecasting methods.

E. Goal 8

8. Rates should encourage economically efficient decision-making.

This 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 efficient." At the workshop, TURN and DRA proposed the following alternative formulations:

> ***Rates should encourage economically efficient use of existing generation resources;***
>
> ***Rates should support economically efficient customer investment in energy efficiency, DSM technology, storage, and renewable distributed generation.***[20]

These clarifications should help parties to address the extent to which economic efficiency is being achieved from different rate designs.

F. Goal 10

> **10. Transitions to the new rate structure should emphasize customer education and outreach. ~~that enhances customer understanding and acceptance of new rates., and minimizes and avoids the potential for rate shock.~~**
>
> **Rates should be easily understandable and result in widespread customer approval/acceptance.**
>
> **Rate shock should be avoided.**

The goal articulated in the *AC/ALJ Ruling* focuses on the process of transitioning to new

[20] Attachment 1.

rate structures rather than ensuring that any new rate structure is easily accepted by customers. This omission is disturbing because it suggests that parties should focus on suggesting strategies for education that would persuade customers to accept new structures and agree that any adverse bill impacts are reasonable. What is lost is the goal of developing easily understood rates and actually avoiding significant adverse bill impacts. TURN suggests adding the two additional sentences shown above to clarify that new rate designs should be "easily understandable", supported by customers, and not lead to rate shock.

G. New Goal

Rates should not be designed with the assumption that customers will devote substantial amounts of time to monitoring, and responding to, changes in pricing.

This goal was suggested by TURN and DRA at the workshop but has not been included in the *AC/ALJ Ruling*'s list of goals. TURN continues to believe that rate design should not assume that customers are, as a general matter, willing, or able, to devote substantial amounts of time to monitoring changes in retail rates in order to engage in economically efficient behavior. For example, TURN has serious concerns about any real-time pricing mechanism that relies on the assumption that the general population of residential customers will respond to short-term variations in prices that could only be known to the customer by frequent checking of specific information sources. Rather than implicitly invite proposals that rely on this assumption, the Commission should adopt a rate design goal that deters proposals that expect the general population to be willing and able to devote substantial amounts of time to monitoring, and responding to, changes in pricing.

IV. QUESTIONS REGARDING RATE DESIGN PROPOSALS

The *AC/ALJ Ruling* explains that the forthcoming scoping memo will set forth a list of

instructions for proposing rate designs, including questions that proponents should address as part of their proposals. The *AC/ALJ Ruling* includes the tentative list of questions for this purpose and solicits comment on whether the questions "should be modified to ensure that proposals contain the information needed for the Commission to consider and adopt a specific proposal."[21]

TURN appreciates the changes made to the rate design evaluation questions based on feedback at the August 27th workshop. These changes incorporate some of the suggestions made by TURN and DRA. TURN offers comments and suggested modifications to several questions in order to allow for parties to fully present their rate design proposals. With the modifications presented below, TURN generally finds the tentative list of questions to be appropriate *but only* when taken in conjunction with our understanding of the intended results of the workshop process the *AC/ALJ Ruling* describes.[22] As we explained for the August 27 Workshop, the Commission's evaluation of each rate design proposal must consider the bill impacts and related equity impacts, which will in turn require modeling of utility data on customer usage. If rate design proponents lack access to the right data and the ability to run their proposals through the models, it will be impossible to predict the impact of any proposed rate design on customers, and therefore to evaluate the extent to which various proposals are consistent with the Commission's rate design goals.

TURN recommends the following modifications to the specific questions the *AC/ALJ Ruling* proposes. For any questions not referenced, TURN has no objections to the language proposed in the *AC/ALJ Ruling*, with the caveat expressed above.

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[21] *AC/ALJ Ruling*, pp. 8-9.

[22] *See AC/ALJ Ruling*, pp. 9-10 and Attachment A.

A. Question 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 if available. Describe what research or analysis should be conducted to determine whether your rate proposal satisfies the identified goals.

TURN is concerned that there may not be sufficient research in California or other jurisdictions that has been conducted into some proposed rate design elements. Parties should not be required to cite research that may not exist. Instead, parties should be directed to identify the type of research or analysis that could be conducted to determine the relationship between their rate design proposals and the identified goals. The Commission may wish to order such research to be conducted on specific rate proposals in order to measure the relative benefits of competing alternatives. TURN understands that this question has been included for discussion at Day 2 of the proposed Workshop.

B. Question 6

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? Support your response with information about the cost and availability of such technologies, their known efficacy, and customer adoption rates and usage patterns.

At the 8/27/12 workshop, TURN and DRA recommended that any inquiry into "innovative technologies" that might work in conjunction with rate design to motivate changes in customer usage patterns be accompanied by a consideration of the likely market penetration of such technologies. We specifically proposed that the following questions be included:

How much do those technologies cost and when will they be available?

How effective are the technologies and to what extent are customers likely to use them?

How much weight should the availability, cost, effectiveness, and user friendliness of these technologies be given in selecting the optimal rate design?

What is a realistic timeline for a significant number of customers to acquire technologies that easily allow for loads to be shifted to off-peak periods?[23]

TURN continues to believe that the Commission must look closely at the basis for what may be very speculative responses to this question as presented. The additional question we recommend will help the Commission to ascertain the appropriate weight that should be given to whether or not a proposed rate design is compatible with any particular "innovative technologies" that help customers reduce usage or shift load.

C. New Question

What are the impacts of various rate designs on GHG emissions? Can rate design serve as a useful tool in achieving AB 32 compliance?

TURN suggests this question be added for purposes of requiring parties to explain the interaction between proposed rate designs and greenhouse gas emissions. The Commission should be mindful of determining which rate designs maximize greenhouse gas reductions for purposes of comparing overall environmental impacts.

V. OTHER MATTERS

The Commission should recognize that the process of considering alternative rate designs will require an iterative analytical process. Since the determination of customer impacts for particular population segments will involve the use of utility data and models, parties may need opportunities to modify their proposals after initial model results are available. These revised proposals will also need to be run through utility models to determine the customer impacts and

[23] Attachment 1.

the extent to which specific identified goals are satisfied. Only through such a multi-step process can parties effectively refine their optimal rate designs for final consideration by the Commission.

Date: October 5, 2012

Respectfully submitted,

By: _____/s/_____
Matthew Freedman
Staff Attorney

The Utility Reform Network
115 Sansome Street, Suite 900
San Francisco, CA 94104
Phone: (415) 929-8876
Fax: (415) 929-1132
Email: matthew@turn.org

ATTACHMENT 1

TURN/DRA Handout at Workshop to Discuss and Refine Preliminary Questions
August 27, 2012

R.12-06-013
Workshop to Discuss and Refine Preliminary Questions
Monday August 27, 2012
Agenda

9:30 – 10:00 Welcome and Overview

9:00 – 11:00 Section 1: Goals of Retail Rate Design
Are these the correct goals?

PRELIMINARY LIST OF QUESTIONS FROM OIR:

1. As described in Section 2.6 of the Order Instituting Rulemaking, the Commission defines an optimal rate design as encompassing several guiding principles. Are these the right goals to develop an optimal rate design?
   - ffi Low-income, ~~and~~ medical baseline, *and other residential* customers should have access to enough electricity to ensure basic needs are met at an affordable cost;
   - ffi Rates should be based on marginal *cost* *to the extent practical*;
   - ffi Rates should be based on cost-causation principles *to the extent reasonable*;
   - ffi Rates should encourage conservation, *energy efficiency,* and reduce *both* peak *and off-peak* demand;
   - ffi Rates should provide stability, simplicity and customer choice; and
   - ffi Rates should encourage economically efficient decision-making.
2. Are there other goals that should guide residential rate design?

   DRA and TURN would add the following goals:
   - ffi *Rates should be easily understandable and result in widespread customer approval/acceptance.*
   - ffi *Rates should not be designed with the assumption that customers will devote substantial amounts of time to monitoring, and responding to, changes in pricing.*
   - ffi *The Baseline program should be maintained—all customers should continue to have access to affordable energy for basic needs.*
   - ffi *Rates should encourage economically efficient use of existing generation resources*
   - ffi *Rates should support economically efficient customer investment in energy efficiency, DSM technology, storage, and renewable distributed generation.*
   - ffi *Rates should be equitable.*
   - ffi *Rate shock should be avoided.*

11:15 – 12:15 Section 2: Rate Design
Are there other general question about rate design that should be raised?

LIST OF QUESTIONS FROM OIR WITH ADDITIONAL LANGUAGE IN ITALICS.

1. *What type of data and analyses are needed to adequately inform the Commission what 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.

~~1.~~2. Please describe an optimal residential rate design structure based on those goals. For purposes of this exercise, assume that there are no legislative restrictions. 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. *Support your proposal with evidence citing to research, studies or experience in other jurisdictions if they are available. Describe how you would transition to this rate structure in a manner that promotes customer acceptance.*

3. *Any proposed time-variant rate design should be analyzed for bill and load impacts by using representative actual IOU interval meter data and a model that appropriately disaggregates residential customers to determine impacts on different subclasses of residential customers (for example, single v. multifamily, different climate zones, different usage profiles, different seasons). Such modeling should also assess how would any proposed changes to rate design cause different regions or subregions of the state to pay more, or less, than under current rate structures; and what types of customers would pay more, or less, under proposed rate designs vs. current rate structures (assuming no changes in behavior and assuming reductions based on appropriate elasticities)?*

4. *Any party proposing time-variant rates should explain whether customers should be allowed to opt out in favor of a tiered or flat rate structure?*

5. *How would the inclusion, or exclusion, of fixed charges change the incentives for conservation and load shifting?*

~~2.~~6. For the optimal residential rate design structure described above, what barriers, legal or legislative, are in place that would hinder the implementation of the rate design?

7. *If a party proposes time-variant rates, it should explain the bases of the detailed rate design, including the rationale and data sources used to determine different time periods and price differentials. How should peak demand be defined? Should the goal of reducing peak demand focus on the top 60 hours per CPP rate design; or, more broadly, e.g., on the top 600 hours, per TOU rate design? Are there tradeoffs between CPP and TOU that prevent their joint implementation at full strength?*

8. *What are the impacts of various rate designs on GHG emissions? Can rate design serve as a useful tool in achieving AB 32 compliance?*

9. *What technologies are available to assist customers in reducing consumption or in shifting consumption to lower cost time periods? How much do those technologies cost and when will they be available? How effective are the technologies and to what extent are customers likely to use them? How much weight should the availability, cost, effectiveness, and user friendliness of these technologies be given in selecting the optimal rate design? What is a realistic timeline for a significant number of customers to acquire technologies that easily allow for loads to be shifted to off-peak periods?*

~~3.~~10. ~~Are current rate structures compatible with innovative technologies that can help customers reduce consumption or shift consumption to a lower cost time period as compared to time varying rates?~~

~~4.~~11. Can baselines and tiers be made compatible with a time-variant or dynamic rate structure, or are revisions to existing legislation necessary? *What revisions should be made?*

12. *How would your proposed rate design affect the value of net energy metered facilities for participants and non-participants?*

~~5.~~13. *Should the current NEM tariff be revised to better accomplish and balance various goals?*

12:15 – 1:15 Lunch
Pre-order lunch available from Mocha's Café (details to follow).

1:15 – 2:15 Section 3: Equity Concerns
Are CARE/low income, geographic and other equity concerns addressed by these questions?

LIST OF QUESTIONS FROM OIR WITH ADDITIONAL LANGUAGE IN ITALICS.

1. For the optimal residential rate design structure described above, ~~if your proposed rate does not rely on baselines and tiers,~~ explain how low-income customers and customers with medical needs requiring a certain amount of electricity consumption would ~~continue to~~ have their basic needs met at an affordable cost. *What data and analyses may be needed in order to decide whether the aforementioned customers would have their basic needs met at an affordable cost?*
~~1.~~2. *Please discuss any cross-subsidies potentially resulting from the proposed rate design, including subsidies due to geographic location (coastal v. inland; between climate zones), income or load profiles. Are any such cross-subsidies appropriate based on policy goals?*
~~2. Would your proposed rate structure produce any cross-subsidies between coastal and inland customers?~~
3. How do you define cross-subsidies in this context?
4. Do existing CARE methodologies provide for an optimal rate protection or are there more efficient and/or equitable means to protect low income customers?
5. *Should the Commission consider differentiating the CARE discount based on need? For example, a moderate discount could be offered to households with income in 101% to 200% range of the federal poverty threshold, with a deeper discount for households at or below the threshold.*
6. *Because lower rates tend to encourage greater electricity consumption, should assistance for low-income households be offered as a fixed monthly credit, similar to food stamps, rather than as a rate discount?*
7. *What is the best venue to address the above issues (raised in 4, 5, 6): the CARE proceeding, the rate design OIR, or some other proceedings?*
8. *Should the CARE rate discount calculation be modified to better align the goals of affordability and conservation? For example, should discounts be modified for different tier usage levels?*
~~6.~~9.

2:30 – 3:30 Section 4: Coordination
Are issues related to implementation, other regulatory proceedings, and existing legislation sufficiently addressed by these questions?

PRELIMINARY LIST OF QUESTIONS FROM OIR:

1. Is there a need to better coordinate between the dynamic pricing proceedings?
2. *How should we coordinate the rate design proceedings with the CARE proceedings?*
~~2.~~3. What needs to be harmonized between the proceedings?

~~3.~~4. Should any of these proceedings be suspended, consolidated, or dismissed pending the resolution of this rulemaking?

~~4.~~5. What policies would help ensure that successful strategies will be shared between utilities?

6. *How should we coordinate proceedings in order to maximize effective customer outreach and education efforts?*

7. *Are there any privacy concerns relating to the release of customer data to third party vendors?*

~~5. Is there a need to better coordinate and advance the role of third party vendors and service providers to bring value to enhancing customers' ability to maximize energy savings under time-variant and dynamic rates?~~

3:30 – 4:00 Wrap Up

ATTACHMENT 2

August 2012 Data on Service Termination for Non-Payment by Residential Customers

Submitted by PG&E and SCE in R.10-02-005 on September 25, 2012

IOU Disconnection DATA 2012

Number of Account Disconnects

Month	Active Customer Accounts in IOU Territory					Customers sent service termination notices					Customers experiencing service disconnection					Customers disconnected via remote shutoff				
	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*
2012																				
January	5,320,207	3,762,762	1,530,262	27,183	144,185	244,788	132,287	109,555	2,946	12,857	20,037	11,158	8,729	150	0	19,362	10,748	8,464	150	0
February	5,327,432	3,767,739	1,532,678	27,015	146,592	219,183	117,456	99,177	2,550	11,995	24,603	15,335	9,091	177	0	23,482	14,674	8,635	173	0
March	5,332,145	3,763,725	1,541,445	26,975	149,123	281,363	153,650	124,579	3,134	14,683	21,689	15,489	5,992	208	1	19,843	14,315	5,327	201	0
April	5,332,616	3,763,579	1,542,042	26,995	150,429	223,739	121,418	99,856	2,465	12,517	21,324	15,147	5,951	226	4	20,374	14,532	5,620	222	0
May	5,335,507	3,772,527	1,536,237	26,743	151,675	241,161	130,815	107,643	2,703	12,976	23,629	15,944	7,446	239	1	22,644	15,315	7,095	234	0
June	5,335,260	3,780,953	1,527,683	26,624	147,413	207,198	111,405	93,484	2,309	10,665	18,356	11,647	6,533	176	1	17,382	11,056	6,152	174	0
July	5,335,354	3,791,346	1,517,098	26,910	148,821	204,422	107,367	94,677	2,378	11,219	19,462	12,179	7,133	150	0	18,359	11,534	6,676	149	0
August	5,342,484	3,796,758	1,518,503	27,223	151,049	214,116	109,961	101,561	2,594	11,351	19,388	12,917	6,281	190	0	18,247	12,294	5,764	189	0
September																				
October																				
November																				
December																				

*Medical Baseline Accounts are also included in one of the Non-CARE, FERA, CARE or FERA columns

Historical data cannot be produced without significant loss of integrity

% of Account Disconnects--*Denominator is the number of total accounts in IOU service territory

Month	Active Customer Accounts in IOU Territory					* % Customers sent service termination notices					* % Customers experiencing service disconnection					* % Customers disconnected via remote shutoff				
	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*	Total	Non-CARE, FERA	CARE	FERA	Medical Baseline*
2012																				
January	5,320,207	3,762,762	1,530,262	27,183	144,185	5%	4%	7%	11%	9%	0.38%	0.30%	0.57%	0.55%	0.00%	0.36%	0.29%	0.55%	0.55%	0.00%
February	5,327,432	3,767,739	1,532,678	27,015	146,592	4%	3%	6%	9%	8%	0.46%	0.41%	0.59%	0.66%	0.00%	0.44%	0.39%	0.56%	0.64%	0.00%
March	5,332,145	3,763,725	1,541,445	26,975	149,123	5%	4%	8%	12%	10%	0.41%	0.41%	0.39%	0.77%	0.00%	0.37%	0.38%	0.35%	0.75%	0.00%
April	5,332,616	3,763,579	1,542,042	26,995	150,429	4%	3%	6%	9%	8%	0.40%	0.40%	0.39%	0.84%	0.00%	0.38%	0.39%	0.36%	0.82%	0.00%
May	5,335,507	3,772,527	1,536,237	26,743	151,675	5%	3%	7%	10%	9%	0.44%	0.42%	0.48%	0.89%	0.00%	0.42%	0.41%	0.46%	0.87%	0.00%
June	5,335,260	3,780,953	1,527,683	26,624	147,413	4%	3%	6%	9%	7%	0.34%	0.31%	0.43%	0.66%	0.00%	0.33%	0.29%	0.40%	0.65%	0.00%
July	5,335,354	3,791,346	1,517,098	26,910	148,821	4%	3%	6%	9%	0%	0.36%	0.32%	0.47%	0.56%	0.00%	0.34%	0.30%	0.44%	0.55%	0.00%
August	5,342,484	3,796,758	1,518,503	27,223	151,049	4%	3%	7%	10%	8%	0.36%	0.34%	0.41%	0.70%	0.00%	0.34%	0.32%	0.38%	0.69%	0.00%
September																				
October																				
November																				
December																				

Table A-1
Monthly Disconnection Data
Southern California Edison
R.10-02-005

Number of Account Disconnects

Month	Active Customer Accounts in IOU Territory				
	Non CARE/Non FERA **	CARE ***	FERA ***	Total **	Medical Baseline*
Jan-12	2,818,404	1,444,003	23,877	4,241,955	65,378
Feb-12	2,817,931	1,442,651	23,830	4,246,998	65,305
Mar-12	2,821,926	1,440,834	23,762	4,249,203	65,689
Apr-12	2,824,638	1,439,551	23,705	4,250,640	66,400
May-12	2,828,153	1,437,474	23,530	4,251,824	66,210
Jun-12	2,833,241	1,429,033	23,475	4,248,418	66,521
Jul-12	2,839,510	1,428,737	23,466	4,254,403	66,869
Aug-12	2,844,525	1,425,912	23,744	4,256,898	67,587
Sep-12					
Oct-12					
Nov-12					
Dec-12					
Avg	**2,828,541**	**1,436,024**	**23,674**	**4,250,042**	**66,245**

Month	Customers sent service termination notices				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	218,715	236,817	4,343	459,875	4,553
Feb-12	219,612	236,301	4,439	460,352	4,479
Mar-12	231,861	240,953	4,535	477,349	4,469
Apr-12	202,367	208,387	3,988	414,742	4,169
May-12	221,435	228,035	4,337	453,807	4,684
Jun-12	219,221	228,944	4,182	452,347	4,422
Jul-12	217,881	226,371	4,149	448,401	4,580
Aug-12	215,349	218,969	4,244	438,562	4,764
Sep-12	-				
Oct-12	-				
Nov-12	-				
Dec-12	-				
Total	**1,746,441**	**1,824,777**	**34,217**	**3,605,435**	**36,120**

% of Account Disconnects

% Denominator is the number of total accounts in IOU service territory

Due to the addition of submetered Accounts, the percentage total is greater than100%.

Month	Active Customer Accounts in IOU Territory				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	66.44%	34.04%	0.56%	101.05%	1.54%
Feb-12	66.35%	33.97%	0.56%	100.88%	1.54%
Mar-12	66.41%	33.91%	0.56%	100.88%	1.55%
Apr-12	66.45%	33.87%	0.56%	100.88%	1.56%
May-12	66.52%	33.81%	0.55%	100.88%	1.56%
Jun-12	66.69%	33.64%	0.55%	100.88%	1.57%
Jul-12	66.74%	33.58%	0.55%	100.88%	1.57%
Aug-12	66.82%	33.50%	0.56%	100.88%	1.59%
Sep-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Oct-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Nov-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dec-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Month	% Customers sent service termination notices				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	7.76%	16.40%	18.19%	10.84%	6.96%
Feb-12	7.79%	16.38%	18.63%	10.84%	6.86%
Mar-12	8.22%	16.72%	19.09%	11.23%	6.80%
Apr-12	7.16%	14.48%	16.82%	9.76%	6.28%
May-12	7.83%	15.86%	18.43%	10.67%	7.07%
Jun-12	7.74%	16.02%	17.81%	10.65%	6.65%
Jul-12	7.67%	15.84%	17.68%	10.54%	6.85%
Aug-12	7.57%	15.36%	17.87%	10.30%	7.05%
Sep-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Oct-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Nov-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dec-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Table A-1
Monthly Disconnection Data
Southern California Edison
R.10-02-005

Month	Customers experiencing service disconnection				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	8,751	8,776	130	17,657	96
Feb-12	9,512	10,577	191	20,280	103
Mar-12	10,012	11,415	198	21,625	103
Apr-12	12,121	6,839	199	19,159	94
May-12	14,622	5,126	248	19,996	34
Jun-12	11,613	4,992	186	16,791	17
Jul-12	9,990	4,626	184	14,800	21
Aug-12	8,975	4,360	184	13,519	28
Sep-12	-				
Oct-12	-				
Nov-12	-				
Dec-12	-				
Total	**85,596**	**56,711**	**1,520**	**143,827**	**496**

Month	Customers disconnected via remote shutoff				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	-	-	-	-	-
Feb-12	-	-	-	-	-
Mar-12	-	-	-	-	-
Apr-12	2,201	696	32	2,929	-
May-12	9,874	4,665	171	14,710	-
Jun-12	10,766	4,666	172	15,604	-
Jul-12	9,349	4,337	172	13,858	-
Aug-12	8,489	3,980	177	12,646	-
Sep-12	-				
Oct-12	-				
Nov-12	-				
Dec-12	-				
Total	**40,679**	**18,344**	**724**	**59,747**	**-**

Month	% Customers experiencing service disconnection				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	0.31%	0.61%	0.54%	0.42%	0.15%
Feb-12	0.34%	0.73%	0.80%	0.48%	0.16%
Mar-12	0.35%	0.79%	0.83%	0.51%	0.16%
Apr-12	0.43%	0.48%	0.84%	0.45%	0.14%
May-12	0.52%	0.36%	1.05%	0.47%	0.05%
Jun-12	0.41%	0.35%	0.79%	0.40%	0.03%
Jul-12	0.35%	0.32%	0.78%	0.35%	0.03%
Aug-12	0.32%	0.31%	0.77%	0.32%	0.04%
Sep-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Oct-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Nov-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dec-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Month	% Customers disconnected via remote shutoff				
	Non CARE/Non FERA	CARE	FERA	Total	Medical Baseline*
Jan-12	0.00%	0.00%	0.00%	0.00%	0.00%
Feb-12	0.00%	0.00%	0.00%	0.00%	0.00%
Mar-12	0.00%	0.00%	0.00%	0.00%	0.00%
Apr-12	0.08%	0.05%	0.13%	0.07%	0.00%
May-12	0.35%	0.32%	0.73%	0.35%	0.00%
Jun-12	0.38%	0.33%	0.73%	0.37%	0.00%
Jul-12	0.33%	0.30%	0.73%	0.33%	0.00%
Aug-12	0.30%	0.28%	0.75%	0.30%	0.00%
Sep-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Oct-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Nov-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dec-12	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!