

**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 SAN DIEGO GAS & ELECTRIC COMPANY (U902M)
RESPONDING TO COORDINATION QUESTIONS SET FORTH IN
ADMINISTRATIVE LAW JUDGES' RULING**

JOHN A. PACHECO

Attorney for:

SAN DIEGO GAS AND ELECTRIC COMPANY

101 Ash Street, HQ12B

San Diego, CA 92101-3017

Telephone: (619) 699-5130

Facsimile: (619) 699-5027

E-mail: JPacheco@semprautilities.com

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I. INTRODUCTION

Although comprehensive coordination with related matters is important in many proceedings, San Diego Gas & Electric Company ("SDG&E) believes the nature of this Order Instituting Rulemaking regarding residential rate structures ("Rate Design OIR") is such that excessive coordination is unwarranted and could lead to unnecessary delay. Unlike many OIR proceedings focusing on discrete policy issues or changes affecting a narrowly defined set of utility actions, SDG&E views this Rate Design OIR as one that should adopt significantly new policies representing a broad change to the landscape of how utilities bill their customers. Pending proceedings relying on the current version of rate design will not likely produce findings or conclusions that can substantially inform the changes that will be adopted in this proceeding. This Rate Design OIR should not be delayed for the sake of coordination with proceedings that, although related to rate design, will offer little in the way of informing which new rate design policies the Commission should adopt. If concluded in a

timely manner, SDG&E believes the results of this Rate Design OIR will be used to guide the other related proceedings, which are more focused on the specific rate design mechanics to be implemented by each utility, as opposed to overarching rate design policies. Accordingly, the emphasis in this Rate Design OIR should be on producing a timely final decision that is not bogged down by unnecessary coordination.

With the foregoing comments in mind, SDG&E submits the following specific responses to the six coordination questions set forth in the Administrative Law Judges' Ruling Inviting Comments, dated November 6, 2012.

II. SDG&E'S COMMENTS RESPONDING TO COORDINATION QUESTIONS

1. Please list the major energy proceedings 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).

As noted above, this Rate Design OIR is focused on the re-examination of the current policies and directives that guide residential rate structures. Pending proceedings would have been developed within the current legislative and regulatory context for residential rate design. Thus, all proceedings that have implications on rate design should be looking to or coordinating with this Rate Design OIR for policy guidance going forward, and not the other way around. To the extent portions of the record that have been developed in other proceedings are viewed by parties as being of potential benefit in this proceeding, the Commission can take official notice of relevant portions of the record in those proceedings.

The pending proceedings for which this approach applies include:

- all pending utility-specific rate design proceedings, including General Rate Case Phase 2 (A.11-10-002), Dynamic Pricing Application (A.10-07-009), and rate design windows;

- Demand Response;
- Energy Efficiency; and
- Low Income (CARE/Energy Savings Assistance Program).

Assuming timely resolution of this Rate Design OIR, the new rate design policies can be incorporated into these pending proceedings.

Unlike the pending standard or traditional rate-related proceedings listed above, there are other proceedings that will provide guidance regarding the new policies to be considered as part of this Rate Design OIR (examples are listed below). While SDG&E does not believe that this Rate Design OIR should be stalled to wait for these other proceedings to develop, this proceeding should keep in mind that the residential rate design landscape is changing and the new policies developed in this proceeding should be designed with enough flexibility to incorporate the results from these more cutting edge proceedings:

- GHG OIR;
- Alternative-Fueled Vehicle OIR;
- Energy Storage OIR;
- Smart Grid OIR; and
- Net Energy Metering Study.

2. How should customer outreach and education efforts in different proceedings be coordinated to maximize effectiveness and efficiency?

In light of the significant policy changes that will be adopted in this Rate Design OIR, customer outreach and education will play a very important role. Thus, to the extent best practices from other proceedings or industries (e.g., gas or water utilities) can be used as models in this proceeding, such coordination is time well spent. Also, SDG&E, Pacific Gas & Electric (“PG&E”) and Southern California Edison (“SCE”) should be allowed to coordinate amongst themselves and employ the experience and processes already developed by their own internal customer outreach groups. Such coordination will facilitate a more

seamless roll out of the new policies on a statewide basis, while keeping in mind that the variations among each utility's service territories and customer classes will require some unique billing practices.

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

At this time, SDG&E does not believe that any proceeding should be suspended, consolidated or dismissed pending resolution of this Rate Design OIR. As noted above, if resolution of this proceeding is timely and other related proceedings coordinate in a manner that allows the results of this proceeding to be applied as necessary, then there is no current need to suspend, consolidate or dismiss any other proceeding.

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

The fact that this Rate Design OIR is focused on higher-level rate design policies that can be applied across the board to each utility creates a strong incentive for the utilities to share their successful strategies. It also enables the Commission to focus on adopting policies that can then be implemented in utility-specific proceedings. However, if this Rate Design OIR begins to focus on the specific mechanics of how the new policies manifest themselves in the specific details of each utility's rate structure, we risk creating a situation where there is less of an incentive to share strategies and the Commission's ability to adopt statewide policies would be hindered. Accordingly, the specifics of each utility's rate design should be determined in the traditional rate design proceedings (e.g., GRC Phase 2 and rate design windows), based on the higher-level policies adopted in this proceeding.

5. Are there proceedings at other government agencies or legislation that should be tracked in connection with this proceeding?

SDG&E is not currently aware of any active proceedings before other agencies or specific legislation that should be tracked. However, assuming the Commission initiates a legislative memorandum process to encourage the statutory revisions necessary to adopt the new rate design policies contemplated in this proceeding (something SDG&E strongly encourages), then that process should be monitored, including any proposed legislation. It would be equally important to monitor any future rate-related action by other governmental agencies. The interaction between the Commission's GHG OIR proceeding and related activity before the California Air Resources Board ("CARB") is one illustration of the need to coordinate across agencies and provide a clear definition of where jurisdictional responsibility for rate design lies.

6. Is it more appropriate to address certain rate design issues in other proceedings? If so, explain which proceedings are

As noted above, this Rate Design OIR should provide the higher-level policy direction for rate design going forward. These policies should then be implemented in the context of the specific issues associated with each IOU in individual utility rate design proceedings (e.g., GRC Phase 2 or rate design window proceedings).

III. CONCLUSION

SDG&E appreciates the opportunity to submit these comments on the coordination questions set forth in the Administrative Law Judges' Ruling Inviting Comments. Clearly, some coordination is necessary, but it should not be allowed to stand in the way of a timely

decision in this proceeding.

DATED at San Diego, California, on this 21st day of November, 2012.

Respectfully submitted,

By: /s/ John A. Pacheco

John A. Pacheco

Attorney for:

SAN DIEGO GAS & ELECTRIC COMPANY

101 Ash Street

San Diego, CA 92101

Telephone: (619) 699-5130

Facsimile: (619) 699-5027

E-mail: jpacheco@semprautilities.com