

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 DIVISION OF RATEPAYER ADVOCATES  
ON THE NOVEMBER 6, 2012 ASSIGNED COMMISSIONER AND  
ADMINISTRATIVE LAW JUDGES' JOINT RULING**

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## I. INTRODUCTION

Pursuant to the November 6, 2012 Assigned Commissioner and Administrative Law Judges' Joint Ruling ("ACR"), the Division of Ratepayer Advocates ("DRA") hereby submits Opening Comments on questions and issues identified in that Ruling. The ACR allows parties to respond to the "Questions Pertaining to the Coordination of Electric Proceedings Affecting Rates."

## II. 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).**

In the past year there have been an unusually large number of residential rate design cases at the CPUC. These cases include General Rate Case ("GRC") Phase II Proceedings for SCE and SDG&E, and Rate Design Window ("RDW") Proceedings for PG&E. There will hopefully be fewer residential rate design cases this year, which would result in less need for coordination with the Rulemaking. DRA recommends that the Rulemaking be coordinated with any proceeding that deals with residential rate design or any proceeding that impacts rates for California Alternate Rates for Energy ("CARE") customers.<sup>1</sup> This coordination should include any new rate design cases and open cases such as PG&E's 2012 Rate Design Window Proceeding, A.12-02-020, and PG&E's Peak Time Rebate ("PTR") proceeding, A.10-02-028.

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

DRA believes that coordination of outreach and education is of paramount importance. This strong assertion rests on several key observations. First, the outreach and education budget of any given proceeding is substantial. Over the course of the many varied recent rate redesign proceedings, hundreds of millions of dollars of

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<sup>1</sup> In many instances, changes to non-CARE residential rates result in changes to CARE rates.

ratepayer funding has been budgeted and expended. Therefore, coordination of outreach and education is an area that is ripe for efficiency gains and substantial budget savings. Secondly, the success of any rate redesign is predicated on the success of the outreach and education. Thirdly, the success of outreach and education has not always lived up to expectations as measured by customer response.<sup>2</sup>

Above all, coordinating the outreach efforts in rate redesign with those in the energy efficiency and demand response programs is critical. As an example, PG&E currently is achieving a coordination synergy by jointly marketing its SmartRate (critical peak pricing) with its SmartAC (air conditioning cycling) program. In addition, any on-line SmartMeter outreach and education could include information about the new rate designs that are available. Coordination will increase customer learning overall, and be more effective per dollar spent. Education is the key -- customers need to learn how they can shift or reduce their electricity use in order to properly respond to the new rate design programs.

Based on these principles, DRA makes the following recommendations:

**Survey.** Coordination efforts should start with a proper survey of current practice. The Commission should solicit reports from each utility on its current coordination of outreach and education efforts. Responses should address coordination between utilities as well as in-house coordination efforts between the disparate rate related proceedings and program areas. Secondly, each utility should report on its ideas for future improvements for best practice regarding coordination of outreach and education.

**Centralize.** The utilities need to come together to create a joint core outreach document / presentation. It may be in more than one media form. The presentation / document covers all the central themes touched on by the various rate proceedings.

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<sup>2</sup> For example, in spite of the individualized outreach provided to PG&E's largest commercial and industrial customers regarding default critical peak pricing, almost two thirds of the customers opted out of the new program. Such individualized outreach will not be possible with over 4 million residential customers, and thus an effective mass outreach program will be critical.

If the same presentation is used as a core message for multiple proceedings, it has the advantage of promoting a uniform statewide program. Such a program should present the reasons and advantages of transitioning to time-varying rates in simple language that is understandable to the public. The core presentation should avoid using terminology that is technical in nature (e.g. “marginal cost,” “cross subsidies,” etc.) that would be unfamiliar to the public.

**Continue.** The coordination effort should not lose momentum after the creation of a core presentation. The Commission should create a vehicle / procedure for ongoing progress – perhaps an annual workshop on coordination of outreach and education issues.

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

DRA recommends that the part of PG&E’s Application 10-08-005 dealing with default residential Peak Day Pricing (“PDP”) be dismissed, as the subject of residential time variant pricing rates will be examined in this Rulemaking.

PG&E filed its original application on August 9, 2010.<sup>3</sup> DRA and other parties filed protests on PG&E’s Application in September, 2010. Following this there was a long break, and then this proceeding was combined with a PG&E Rate Design Window Application, A.10-02-028, dealing with Peak Time Rebates (“PTR”). There was a general consensus, in the Default residential PDP Application, that there was a need for legal interpretation of Public Utilities Code Section 745. The briefs examined rate protections for residential customers and how time-variant pricing rates for residential customers would need to be designed. Opening Briefs on these legal issues were submitted on March 30, 2012 and Reply Briefs on April 26, 2012. DRA recommends that these legal briefs on default residential time variant pricing be incorporated into the record of this Rulemaking. Further work on developing default residential time variant

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<sup>3</sup> PG&E filed Application No. 10-08-005 on August 9, 2010. This is the Application of Pacific Gas and Electric Company for Approval to Defer Consideration of Default Residential Time-Variant Pricing until its Next General Rate Case Phase 2 Proceeding or in the Alternative for Approval of its Proposal for Default Residential Time-Variant Pricing and For Recovery of Incremental Expenditures Required for Implementation.

pricing should be performed in this Rulemaking. After moving the briefs on legal issues on time variant pricing to the Rulemaking, A.10-08-005 can be dismissed.

The part of A.10-02-028 dealing with PTR should continue to proceed and can proceed separately from the legal briefing on P.U. Code 745. The PTR issues have already gone to hearings, have been briefed, and the Commission is deliberating on these issues. The Commission should incorporate the findings of a decision on PTR for PG&E into the Rulemaking. SCE and SDG&E already have PTR programs approved, and these programs are being monitored and evaluated. Hopefully this evaluation will provide useful information on how to move forward with residential time variant pricing programs.

DRA also recommends that PG&E's upcoming General Rate Case Phase II proceeding be delayed for six months. PG&E is scheduled to file its Application in February or March in 2013. There are many parties that will work on both PG&E's Application and this Rulemaking. Both the Rulemaking and PG&E's GRC Phase II will require a considerable investment in time and resources. PG&E's Application should be delayed so that parties can focus more time on the Rulemaking. Moreover, the outcome of the Rulemaking potentially will affect PG&E's residential rate design in the GRC Phase II. A delay of six months will allow parties to take into consideration any emerging consensuses in writing their testimony.

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

Other than DRA's recommendation for inter-utility coordination of customer outreach and education discussed in response to Question #2 above, DRA does not have any comments at this time.

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

DRA does not have any comments at this time.

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.**

DRA does not have any comments at this time.

Respectfully submitted,

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