

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)

**SAN DIEGO CONSUMERS' ACTION NETWORK OPENING COMMENTS
ON COORDINATION QUESTIONS**

San Diego Consumers' Action Network (SDCAN) offers the following comments regarding coordination in response to the November 6th joint ruling by the ALJs in this proceeding. SDCAN responds to Questions 1 & 3 posed by the ALJs in that ruling. SDCAN recommends that the rate design proposals in SDG&E's 2012 General Rate Case (Phase 2) fall properly into the realm of this rulemaking and should be subject to coordination.

- 1. 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 A. 11-10-002, SDG&E has proposed three disputed residential rate design issues: SDG&E's proposal to introduce a residential customer charge (Basic Service Fee); SDG&E's proposal for a three tier residential rate design rather than the current four-tier rate design ; and SDG&E's proposal to eliminate its freeze on CARE Tier 3 rates.

As to the Basic Service Fee, SDCAN believes that this issue falls squarely into the issues examined in this OIR, as it is an attempt by the utility to increase revenue recovery via fixed charges. This rate design runs counter to long-standing California state policy that encourages energy efficiency and renewable distributed generation. It also undermines the usefulness of the smart grid infrastructure that was recently implemented. The proposal should be rejected because:

- It would send the wrong price signals to residential customers;
- It would discourage state policies promoting efficiency and renewable self-generation;
- SDG&E's cost-basis is inaccurate; and
- It harms SDG&E's most energy efficiency-conscious customers.

It is an issue that should be addressed in the Commission's statewide OIR on Residential Rate Design before being processed by the Commission. SDCAN maintains that it is extremely premature for the Commission to prejudge the outcome of this OIR by imposing fixed rates upon SDG&E residential customers. Because of the vast number of policy implications (some of which are discussed above), this is a question better addressed amongst all of the state's IOUs and not dealt with in a piecemeal fashion.

Similarly, as to the consolidation of the existing Tier 4 into Tier 3, SDCAN asserts that concerns over the actual benefits and impacts of tiered rates have arisen in recent proceedings for each of the three large investor-owned utilities. In order to maintain a consistent policy statewide and to fully consider the relevant issues, SDCAN recommends that the Commission use this proceeding to address any changes to the tiers. Thus, any ruling on SDG&E's proposed consolidation should be deferred to this rulemaking proceeding.

SDCAN recommends that the evidentiary record and briefing developed in this proceeding be incorporated into this OIR for purposes of understanding the issues. However, the approval of specific rate designs is better suited for a

specific proceeding that follows a policy-oriented OIR decision. SDCAN envisions that either a Rate Design Window proceeding or the next SDG&E GRC would be the most appropriate procedural vehicle in which to address specific rate design proposals by parties.

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

As discussed above, SDCAN believes that contested issues pertaining to residential rate design in A. 11-10-002 should be held in abeyance pending the completion of the rulemaking. SDCAN envisions that either a Rate Design Window proceeding or the next SDG&E GRC would be the most appropriate procedural vehicle in which to address specific rate design proposals by parties once the Commission has issued a decision in this proceeding.

CONCLUSION

SDCAN appreciates the opportunity to provide the above opening comments on the scope for this proceeding. SDCAN hopes that the discussion above assists the Commission in addressing coordination questions.

Respectfully submitted,

Dated: November 20, 2012

/s/

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