

**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)

**REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC  
COMPANY (U 39 E) ON COORDINATION QUESTIONS**

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Pursuant to the Administrative Law Judges' Ruling Inviting Comments dated November 6, 2012 (ALJs' Ruling), Pacific Gas and Electric Company (PG&E) provides its reply comments responding to other parties' opening comments on the coordination of electric proceedings affecting rates, as listed in the ALJs' Ruling. Because most of the parties' comments already have been addressed in PG&E's prior comments in the proceeding, PG&E's prior comments will not be repeated here. However, certain comments by DRA, Greenlining/Center for Accessible Technology and California Solar Industries Association (CalSEIA) require a short reply by PG&E, as follows:

- **Reject DRA's Recommendation to Delay PG&E's 2014 GRC Phase 2 By Six Months**
  - The Commission should reject DRA's recommendation to delay PG&E's Phase 2 General Rate Case six months. (DRA, Opening Comments, p. 4.) This proceeding, which must be filed in accordance with the Commission's Rate Case Plan, is expected to be filed in February or March, 2013. DRA's argument that "resources are limited" to deal with PG&E's Phase 2 General Rate Case is contrary to the Rate Case Plan and is not a factual or policy basis for delaying a utility GRC proceeding. Nor is the pendency of this OIR a sufficient reason to delay PG&E's Phase 2 GRC under the Rate Case Plan; as

PG&E's opening comments pointed out, any new policies or ratemaking principles adopted in this OIR can and will be applied prospectively to the utilities' GRC and other ratemaking proceedings, and therefore there is no need to hold up an already scheduled GRC proceeding until this OIR is resolved. It must be remembered that the GRC Phase 2 involves far more than just residential rates, but recalibrates rates for all classes of customers. Indeed delaying the GRC by six months would be prejudicial to non-residential parties who are awaiting the updated marginal cost data as well as the results of various compliance studies ordered in the last GRC – information that may also be relevant to the CPUC's residential rate OIR process.

- **Reject DRA's Recommendation to Alter the Status Quo of Peak Time Programs Before the OIR is Decided** – The Commission should also reject DRA's recommendation that PG&E's Peak Time Rebate (PTR) rates should move forward to implementation before this OIR is concluded. (DRA, Opening Comments, p. 4.) That proceeding (A.10-02-028) has already been litigated and submitted to the CPUC for decision based on a robust record, and the evidence in that proceeding provides ample reason for not proceeding with PTR at this time until after the issues in this OIR have been considered and decided. The CPUC should adopt PG&E's recommendation that the PTR proceeding be suspended until the tiered residential rate structure is reformed, and the CPUC's long-term vision for dynamic pricing has been set.<sup>1</sup> This approach yields cost-savings, minimizes customer confusion and obviates the need for remedial communications about future changes in direction after the OIR is completed.

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<sup>1</sup> PG&E notes that TURN generally agrees with PG&E's position that the PTR proceeding should be deferred pending the outcome of this OIR. See TURN Opening Comments, p. 3.

- Reject Greenlining/Center for Accessible Technology’s Argument that the Commission is Legally Restricted from Deciding Ratemaking Policies in this OIR until the Pending Low Income Needs Assessment is A.11-05-017 is Completed** – PG&E disagrees with Greenlining/Center for Accessible Technology’s argument that “*coordination*” of this OIR and any other rate design changes with the pending Low Income Needs Assessment in A.11-05-017 is legally required by statute and D.12-08-044. Greenlining/Center for Accessible Technology are wrong in their argument that any rate design changes to CARE or other residential electric rates must ensure that the *rates* are “affordable” under Public Utilities Code Sections 382(b) and (d), 739.1(b)(1) and 739.1(b)(3)(B). In fact, Section 382(b) and (d) by their terms require only that the Commission ensure that monthly energy expenditures by low-income ratepayers be mitigated by a combination of “different rates,” “different levels of rate assistance,” “energy efficiency programs,” and other “existing programs.” Thus, the periodic Low Income Needs Assessment is relevant to rate design only if other forms of assistance to low income ratepayers, such as Energy Savings Assistance, other energy efficiency and weatherization programs, and other forms of state and federal income security and fuel assistance programs are inadequate in light of the updated need assessment. At this stage in the current Low Income Needs Assessment, it is not clear that the Assessment will demonstrate what level of rate discounts, such as CARE, are essential and cost-effective to meet the statutory requirements under the Public Utilities Code, in light of other forms of assistance that are currently available from the utilities and other sources.
- Reject the California Solar Energy Industries Association’s Recommendation to Delay the OIR Schedule Until the Net Energy Metering Study and Rulemaking Are Completed** – California Solar Energy Industries Association, joined by the Solar Energy Industries Association (“Solar Parties”), agrees that issues relating to solar Net Energy

Metering are being considered by the Commission in a separate proceeding pursuant to D.12-05-036, and not this OIR. (Solar Parties, Opening Comments, p. 2.) However, the Solar Parties recommend that the schedule in this OIR proceeding be delayed until the end of 2014 because the results of the NEM study and rulemaking need to be “reflected” in the determinations on residential rate design in this OIR. Solar Parties’ recommendation for delay of this OIR should be rejected; the Commission already has determined that NEM issues will be addressed in a separate rulemaking, and any useful information developed in that proceeding can be considered in this proceeding without waiting for that proceeding to conclude.

PG&E appreciates the opportunity to provide these reply comments on coordination questions, and looks forward to expeditious development of a robust factual and transparent record on an expedited basis in early 2013 in this proceeding.

Respectfully Submitted,

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