

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 Designs, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013

(Filed June 21, 2012)

THE CONSUMER FEDERATION OF CALIFORNIA'S REPLY COMMENTS ON RATE DESIGN PROPOSALS SUBMITTED PURSUANT TO RULEMAKING 12-06-013

I. INTRODUCTION

The Consumer Federation of California would like to thank the California Public Utilities Commission (the Commission) for the opportunity to provide these Reply Comments, in accordance with the procedural schedule set forth in the Assigned Commission's Ruling (Ruling) dated June 24, 2013. Pursuant to that Ruling the Consumer Federation of California (the CFC) respectfully presents its Reply Comments in the above captioned matter.

We continue to digest voluminous amounts of information relating to the transition to time varying and dynamic rates,¹ including information generated by the parties, and other information generated by non-parties, in white papers and reports relating to studies and pilot programs.

The CFC would like to take this opportunity to thank our learned colleagues for their amazing scholarship. We consider ourselves fortunate to be in their company and have the benefit of their knowledge and insight.

The CFC is a non-profit 501(c) (4) federation of individual consumer members and organizations that are comprised of California consumers, including consumer groups, senior citizen groups, labor groups and other organizations.

¹ The CFC, at times, refers to the transition to time varying and dynamic rates as "the transition."

Because the CFC is consumer protection and education organization, created to represent the interests of California consumers, the following comments focus on the interests of California electricity *consumers*. As such, in general, the recommendations and positions espoused in this rulemaking are intended to promote and focus upon the key rate design elements that the CFC believes have the most impact on the consumers of California. In this case the CFC focuses almost exclusively on consumer education and outreach.

While we recognize the crucial importance of the numerous technical issues and sub-issues in this case, the CFC believes the Commission should bring the parties and stakeholders together to develop a comprehensive Communication, Education and Outreach strategy, including the establishment of a grant program, for community based and other interested organizations, to foster consumer outreach and education relating to the momentous changes that are the subject of this rulemaking. If we are transitioning toward real-time, time of use and dynamic pricing, and it is not unreasonable to believe we are, education and outreach will be key to a smooth transition and an education and outreach strategy should be developed as soon as possible.

II. The CFC Position in a Nutshell

- The Inclining Block Rate design should be preserved but it must be modified. The IBR design should have three tiers and reflect geographic / climate zone differences. The differentials between the tiers should be more uniform than the current design.
- The modified baseline allowances must not unfairly impact energy consumers in the first tier.
- CARE and Medical Baseline tariffs should be preserved. In the event they are to be modified, great caution must be taken.

- TOU rates should not be mandatory during the initial phases of the transition.²
- Dynamic Rate Designs should not be mandatory during the initial phases of the transition.
- A comprehensive “Communications, Education and Outreach Strategy” should be developed as soon as possible.
- Fixed and demand charges should not be allowed.
- The phenomenon known as overgeneration should be explored.

III. Consumer Education and Outreach

Principles for Rate design, number 10, as enunciated by the Commission, provides:

Transition to the new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and appropriately considers the bill impacts associated with such transitions.

The CFC stands by and supports this principle and so do most of the parties.³ Almost all of the parties commented on the subject of consumer education and outreach, and almost all of the parties, to one degree or another, support consumer education and outreach. Among those parties who commented on outreach and education there is unanimous agreement that consumer education and outreach must be undertaken.

A. The Current State of Consumer Knowledge

² While we did advocate for a default TOU initially, having studied the rate-designs and comments of the various parties, as well as reviewing other literature, we have modified our position.

³ This is not to say all of the parties don't endorse and support the principle, but one party had no comment on the principle, at least not in its initial response.

In its initial Rate Design Proposal (RDP)⁴, PG&E states, “Over half of PG&E customers do not even know they are on a ‘tiered’ rate, and many do not understand how the tiered rate structure – and their energy consumption – drive their utility bills” (PG&E RDP, page 3.) Also in its RDP, PG&E offers details regarding a joint IOU (PG&E, SCE and SDG&E) consumersurvey. Among the survey findings, relevant to the topic of consumer knowledge as it relates to energy rate structures, PG&E states that, “Customer awareness of existing rates is modest at best, especially about the tiered rates most currently have. (PGE RDP, Appendix A.1., page 7.)

In its PRD PG&E was clear about the importance of education and outreach. PG&E has performed consumer education and outreach. However, PG&E also understands the survey findings as reported show current consumer education and outreach to be, thus far, not achieving the desired results, and that a more aggressive approach is required. PG&E states:

The customer outreach and marketing strategy PG&E envisions for its Rate Design Reform Proposal, including non-tiered optional TOU rates, will take into account the hard reality that up to half of all residential customers currently do little or no conservation or peak load shifting and are most likely to resist any attempts at influencing their energy use behavior ***absent more aggressive outreach and education.*** (Our emphasis.) (PG&E RDP, page 14.)

Among other survey findings reported by PG&E:

- The majority of PG&E’s residential customers find current tiered rates confusing, and require help to understand how their bills are calculated, as well as how their behavior impacts their bills. (PG&E RDP, page 13.)
- PG&E customers are confused by the current tiered rates. (PG&E RDP, page 16.)

⁴ Some of the parties used titles other than “Rate Design Proposal” for their initial responses. CFC uses the term Rate Design Proposal (RDP) for all the responses for the sake of convenience.

- Customers on the current four-tiered rate have a very poor understanding of how their energy use behavior impacts their bills. (PG&E RDP, page 48.)
- Only 42 percent of consumers knew they were on a tiered rate. (PG&E RDP page 16.)
- 94 percent of the PG&E respondents have *reduced* usage to try to save money on their bill. However, only 42 percent knew they were on a tiered rate, which indicates a strong belief that there is a positive relationship between usage and bill amount, but not necessarily a good understanding of the compounding effect of increasing tier prices (PG&E RDP, page 66.)
- 74 percent of PG&E respondents have *shifted* usage to try to save money on their bill. However, only 22 percent *believed* they were on a TOU rate, and less than 2 percent actually are on a TOU rate. A large group of customers think that shifting usage can save them money on their bill, but few understand that they must make an active choice for a rate plan option that rewards this behavior. However, only 22 percent *believed* they were on a TOU rate, and less than 2 percent actually are on a TOU rate (PG&E RDP, page 66.)

The CFC believes these results make it fairly clear, that while utility customers have somehow been exposed to the concepts of tiers and time-of-use pricing, many, if not most, California electricity consumers, are in the dark regarding how the rate design structure that is used to calculate their energy bill, works.

We find this to be remarkable and here is why. On October 11, 2009, SB 695 became law.⁵ The bill, and its statutory amendments, dealt directly with time-variant and real time electricity rates. According to the legislative analysis the bill

⁵ The bill amended Sections 327, 382, 739.1, and 747 of, and added Sections 365.1, 739.9, 745, and 748 to, the Public Utilities Code, and amended Section 80110 of the Water Code, relating to energy, and declaring the urgency thereof, to take effect immediately.

represented an agreement between the Investor Owned Utilities (IOUs), residential consumer representatives, and some of the competitive electric providers. The bill set forth a number of timelines related to the new rating structures that are the subject of this hearing. The gist of the legislation might be said to be, we all know these new rate designs are coming and we, the legislature, are giving you, the utilities, time to adjust. So, we are puzzled as to why, *effective* consumer education and outreach was never undertaken.⁶ It is not a stretch of the imagination to believe that if *effective* consumer education and outreach had been undertaken sometime soon after the bill became law, California electricity consumers would not, all these years later, be as woefully ill-informed about the rate structure used to calculate their energy bills.⁷

Given the positions espoused by the IOUs, in their rate design proposals, regarding education and outreach, the fact that so many California electricity consumers remain so ill-informed, four years after passage of SB 695, is quite remarkable. The IOUs maintain that education and outreach are keys to a successful transition, yet, it seems, they have not engaged in the kind of education and outreach that produces the good results.

B. All of the Parties Support Education and Outreach

1. PG&E

As part of its rate design proposal PG&E states it will help customers to prepare for the transition “through meaningful outreach and education.” (PG&E RDP, page 7.) PG&E’s believes there must be, “enough outreach and education to minimize customer confusion and avoid bill shock.” (PG&E RDP, page.7) Indeed, according to PG&E, “Part of encouraging customer adoption of TOU rates is education about the availability and benefits of this tool, which has already begun.” (PG&E RDP, page 13.) PG&E’s states its proposal, “includes robust customer outreach and education as part of the transition from the

⁶ The CFC knows some education and outreach has been attempted, but we do not think it was very effective.

⁷ Actually the development of TOU and Critical Peak Pricing timetables dates back as far as at least 2007. See D.08-07-045.

existing, complex rates to the new, simpler rate structure.” (PG&E RDP, page 55.) PG&E recognizes that consumers will “need time and adequate information and education to understand and then make informed decisions on the new residential rate choices that are made available to them.” (PG&E RDP, page 58.) PG&E’s proposal includes a, “multi-year transition period with an expectation that comprehensive, extensive outreach and education of residential electricity customers is needed before the rate design changes are fully implemented.” (PG&E RDP, page 90.)

PG&E conducted extensive customer research relating to the transition. Among the findings:

- Even though some customers may not want to consider new rate options, education and especially bill protection can significantly increase willingness. (PG&E RDP, P.63.)
- Customers who were provided rate education were almost twice as willing to try TOU rates. In fact, after rate education, 30 percent of respondents said they would be willing to try a mildly time-differentiated TOU rate. (PG&E RDP, page 68.)
- The study may have implied that education increases appreciation for understanding rates and boosts expectation for taking action to save money. (PG&E RDP, Appendix A.1., page 14.)
- Rate education and bill protection can both help overcome risk aversion and encourage adoption of alternative rate plan options (PG&E RDP Appendix A.1., page. 42)

The CFC agrees with PG&E regarding the importance of consumer outreach and education. And, if PG&E is as enthused about education and outreach as it seems, then it should endorse our proposal for the development of

a comprehensive consumer education and outreach strategy.⁸

2. SCE

In its Rate Design proposal SCE indicates that it strongly supports consumer education and outreach.

In referencing the joint IOU (PG&E, SCE and SDG&E) consumer survey, SCE informs us that, “One conclusion of the customer survey conducted by Hiner and Partners was that, understanding of current rate plans and awareness of rate plan options is poor.” (SCE RDP, page 67.) Again, what this statement tells us is, whatever consumer education and outreach the IOUs are, and have been conducting, it is not, at least currently, achieving the desired effect.

In terms of supporting education and outreach, in referring to CARE customers, SCE states, “It will require considerable customer education and outreach to accomplish the goal of residential rate reform while giving due consideration to bill impacts on customers who have been substantially shielded from sharing the burden of cost increases for many years.” (SCE RDP, page 43.) SCE also informs us that, in discussing the transition to TOU, “While upper-tier customers would benefit from such a TOU structure, it could be several years before education and outreach efforts produce significant customer rate migration.” (SCE RDP, page 47.)

SCE then goes into some detail about it plans in telling us:

. . . . SCE proposes to leverage the available rate and pricing-related research to develop and implement an education and outreach plan that will inform and educate customers on the rate changes as they take place over time. The plan would be designed to provide general information on rate changes and options to all residential customers, but would emphasize communications with those customers who were expected to see bill impacts of greater than 10%. Customers would be educated about the rate changes/options, how the changes might impact their bill, and what tools and solutions are available to help them better manage their bill.

⁸ We would note here that it seems to us that outreach and education related to *the current tiered rate designs* may be needed

SCE would utilize its customer data and analytics to identify and target customers with information that is relevant to them, in order to help customers make informed decisions about their rate moving forward.

SCE's customers are diverse and as such have differing communication needs. Recognizing the diversity of our customers, SCE would work with strategic partners, *i.e.*, ethnic marketing firms, CARE capitation agencies, local governments and community-based organizations to maximize customer awareness and understanding. For example, SCE would leverage the expertise of its marketing agencies to go beyond basic "translations" and develop communication materials for ethnic audiences that are simple and relevant. (SCE RDP, page 68)

The CFC thinks SCE's plan sound excellent and we are confident SCE will endorse our proposal for the development of a comprehensive consumer education and outreach strategy.

3. SDG&E

In its proposed rate design SDG&E strongly supports consumer outreach and education.

SDG&E states, ". . . a majority of customers have attempted to shift the time at which they use electricity, under the belief that this would save them money," when in fact it would not, because those customers were not subject to a tiered rate model (SDG&E RDP, page 44.) We believe this tends to show that a majority of California electricity customers have no idea how their energy bills are calculated and this is because education and outreach have been insufficient.

SDG&E also informs us that, "SDG&E is committed to finding ways to ensure that customers are well informed and that adverse bill impacts are minimized." (SDG&E RDP, page 36.) SDG&E goes on to tell us, "SDG&E also understands the importance of customer outreach and education. A comprehensive communication plan will be developed as SDG&E begins the transition to a new rate design." (SDG&E, page 37.)

SDG&E provides us with a glimpse of its proposed consumer education and outreach plan:

An effective outreach and education plan, which SDG&E will develop, should contain the following key elements: (1) the plan must be rooted in customer research; (2) a test and learn strategy should be utilized to continuously measure the success of outreach and education efforts; and (3) the plan must be developed with customer, community and stakeholder feedback. While the ultimate customer education plan should be customized to the IOUs' customers and rate offerings, an integrated, multi-channel outreach and education effort should be utilized to drive awareness, understanding and engagement, with the overarching goal of helping customers understand their choices and make informed decisions about how customers use and pay for electricity. Outreach and education efforts may include:

1. General market communication to increase customer awareness regarding upcoming changes and options. Tactics could include traditional and online advertising, social media as well as education videos.
2. Targeted communications with individualized, customized messaging delivered based on customers preferred communication channel to receive information such as email and direct mail.
3. Stakeholder outreach and engagement consisting of grassroots activities and including collaboration and partnerships with community-based organizations.
(SDG&E, page 45.)

The CFC thinks what SDG&E proposes is excellent. The CFC also believes that stakeholder outreach is key and partnering with community-based organizations is an excellent idea and we are confident SCE will endorse our proposal for the development of a comprehensive consumer education and outreach strategy to go into effect before the transition.

4. CforAT Greenlining

CforAT Greenling also endorses strong communication and outreach in its rate design proposal, in its discussion under the heading: TOU Exclusions, Education and Outreach are Necessary.

In discussing the most vulnerable California electricity consumers, CforAT Greenling endorses, “enhanced education” relating to options in the final plan, which, “should apply to all low-income CARE customers as well as all customers enrolled in the Medical Baseline rate.” (CforAT Greenling RDP, page 44.) Further, those most vulnerable must be provided with, “educational materials explaining the options and describing the type of household that may benefit from the various rate structures.” (CforAT Greenling RDP, page 47.)

CforAT Greenling also stated that:

The educational material should be provided in multiple languages and in accessible formats, and should be accompanied with targeted outreach to the most vulnerable through publications that cater to seniors or people with disabilities, appropriately targeted general advertising, and through community-based organizations serving these populations and providing the same message. (CforAT Greenling RDP, page 47.)

CforAT Greenling RDP also makes an important point about the timing of education and outreach in stating:

Such education and outreach efforts should begin **before** any transition to rates that include the surcharge, to allow customers to avoid such charges and see a change to their bills. Again, this would be consistent with the steps already authorized to address CARE customers with extremely high usage levels. (Our emphasis.) (CforAT Greenling RDP, page 52,)

The CFC realizes that CforAT Greenling, in the quoted discussion, is focused in on a specific subset of consumers (and we applaud their efforts) but the point that education and outreach should occur **before** the rate structures are rolled out is a point well taken.

5. CLECA

CLECA also communicated its belief in the importance of consumer outreach and education:

A major, well-designed, customer information and education program should be undertaken **to prepare customers for these changes**; this program should also inform them of the possible benefits of TOU and dynamic rates, depending on their usage patterns. The utilities should be directed to provide shadow billing for TOU and dynamic rates within two years of the start of the transition or earlier, if possible, so that customers who can benefit will receive that information. (CLECA RDP, page 6.)

CLECA also stated that with, “an appropriate transition period and effective customer education, the end result will be a better rate design consistent with the other principles and objectives. (CLECA RDP, page 3.)

CLECA also cited SMUD’s transition to TOU rates in providing:

SMUD’s high customer satisfaction rate with the program strongly suggests that such a rate change away from tiered rates and toward TOU rates, if introduced with good customer education, can be successful in affecting residential usage, reducing bills, and even increasing energy efficiency of residential customers. (CLECA RDP, page 19.)

We agree with CLECA that preparation of customers, *prior to the transition*, is not only smart and practical but, but for all intents and purposes, essential for a successful transition.

6. DECA

DECA also supports comprehensive outreach and education. DECA states that, “for this ambitious transition to TOU rates to be successful, a comprehensive education and outreach effort must be conducted. (DECA RDP, page 7) DECA continues, “An effective outreach and education campaign also would help achieve a smoother transition. Customers must understand and accept any new rate plans in order for them to be successful. (DECA RDP, page 8.) DECA adds, “Thus customer education and outreach will be required to improve customer awareness of how their bills are calculated,

and how their behavior factors into their charges. . . .” (DECA RDP, page 31.) DECA also states, “To ensure the success of the new structure, **the utilities** must apply effective outreach and education to help customers understand the new rate schedules and what steps they can take to lower their bills under new rate schedules.” (Our emphasis.) (DECA RDP, page 32-33.)

We agree with all of Decca’s observations with the exception of leaving to the utilities alone to conduct consumer education and outreach. We believe a much more comprehensive approach that engages community-based and other interest groups is necessary. And again, to ensure the success of the rollout, education and outreach must take place before the rate structures are rolled out.

7. DRA

DRA is a firm believer in customer education and outreach. DRA states that, “With an effective customer outreach and education plan, DRA expects that time varying rates will be understandable to customers.” (DRA RDP, page 6) DRA goes on to state, “for this ambitious transition to TOU rates to be successful, a comprehensive education and outreach effort must be conducted. (DRA RDP, page 7.) DRA also states that, “education and outreach will be required to improve customer awareness of how their bills are calculated, and how their behavior factors into their charges” (DRA RDP, page 31.)

DRA then goes on to state that, “To ensure the success of the new structure, **the utilities** must apply effective outreach and education to help customers understand the new rate schedules and what steps they can take to lower their bills under new rate schedules. (Our emphasis.) (DRA RDP, page 32.)

As stated above, we believe a comprehensive “Communications, Education and Outreach Strategy” needs to be developed, one that, to paraphrase SCE, as quoted earlier, recognizes California’s rich diversity of culture. This approach must develop strategic partnerships, like partnering ethnic marketing firms, with marketing firms in general, with CARE capitation agencies, with local governments and community-based organizations to maximize customer awareness and understanding. We do not believe the job

should be left to the utilities alone because the transition is simply too big and too complex. And we would note that after education and outreach, conducted by the utilities alone, most Californians remain in the dark regarding the calculation of their utility bill.

DRA also stated that, “The launch of the introductory TOU rate must be accompanied by an effective outreach and education campaign designed to clearly explain the new rates and the goals the Commission wants to accomplish.” (DRA RDP, page 41.) While we agree with the spirit of this statement, in terms of it being supportive of outreach and education, the outreach and education must be done before “the launch,” not at the time of “the launch.”

DRA makes another statement that bears some scrutiny, when it provided: “The introductory TOU rate design itself is a necessary part of this outreach and education plan. This rate design will educate customers that electricity costs are higher in 12 on-peak periods.” While we are sure “continuing education,” will take place once the transition begins, the CFC takes issue with an “after the fact” education and outreach plan or any “learn as you go” approach. With all due respect to DRA, and while DRA proposes many good post-transition ideas, the planning for education and outreach needs to start now and actual education and outreach must precede the transition.

8. EDF

EDF stated, “The IOUs can significantly influence shifting behavior by increasing education and helping individuals adopt set-it-and-forget-it technologies to help shift consumption across hours.” (EDF RDP, page 11.)

EDF opined that, “the Commission should direct the IOUs to follow a best practices approach to associated education and outreach.”(EDF RDP, page 25.) Citing See Foresight Bright, *Smart Grid Consumer Education Program Support* (April 2013).⁹ EDF set forth a number of key points:

- Communicate with consumers early and often, through multiple means and channels.

⁹ CFC considers this report a “must read” for everyone involved in this rulemaking

- • Adopt integrated approaches using multiple tactics.
- • Segment the market, implementing tailored approaches for particular customer groups.
- • Shape tactics to local contexts.
- • Demonstrate tangible and immediate benefits rather than “general awareness” messaging.
- • Strive for consistent messaging, to ensure accuracy of information, repetition of key concepts, and cohesion across the multiple messengers.
- • An emphasis on customer service and satisfaction is critical.

The CFC heartily endorses these education and outreach proposals and also believes these suggestions should be seriously considered by the Commission in crafting a comprehensive Communications, Education and Outreach Strategy.

9. NRDC

NRDC also supports comprehensive education and outreach:

It is critically important to the effectiveness of any new rate design that there is a clear and ordered transition and that **the utility** educates their customers not only about the changes to their rates and options, about how to respond to and minimize their bills under the new design. We address both issues below. Any transition will also be much more effective and accepted if at the same time, **the utilities** provide information and links to an integrated set of energy efficiency and demand response solutions. (Our emphasis.) (NRDC PRD, page 14.)

NRDC offers up some practical, workable, and intelligent ideas regarding bill simplification and the CFC supports further exploration of NRDC's ideas regarding outreach and education. But we again must take issue with the notion that education and outreach should be left to the IOUs alone. And as mentioned above, while we are sure there will be post transition "continuing education," a comprehensive "Communications, Education and Outreach Strategy" should be in development now, this strategy needs to incorporate partnerships and it needs to be deployed before the transition.

10. SDCAN

SDCAN stated, "in turn, **the energy management companies** would take the lead in customer education and hardware deployment. (Our emphasis.) (SDCAN RDP page 3.)

While it may end up being true that the IOUs "take the lead" again, CFC does not think education and outreach should be left to the IOUs alone. We believe a more comprehensive approach is required and strategic partnerships must be formed.

11. TURN

Even though TURN focuses on the incredibly complex areas of rate models, rates, and rate impacts, for which we are grateful, TURN does acknowledge that, "A superior educational effort by the utilities and third parties could substantially increase customer responsiveness and promote maximum efforts to reduce usage through efficiency and conservation." (TURN RDP, page 39.)

We agree with TURN that, in terms of making the new rate designs work, utilities *and* third parties will have to join together in developing and performing consumer education and outreach.

12. VOTE SOLAR

Last, but certainly not the least, Vote Solar supports consumer education and outreach.

Customer education and the ability of consumers to access and to understand smart meter data are essential if they are to understand the profile of their energy use and to respond to the pricing signals in TOU rates. Utilities need to make available and to publicize widely “shadow billing” under which consumers can readily compare, over time, what their bills would be under both TOU and IB rates.

The CFC thinks shadow billing is an excellent idea and one that should be explored further. Shadow billing would precede the transition, which is a good thing. However, we would hope there would be other means of education and outreach employed.

13. Conclusion

Almost all of the parties (one made no comment on the subject), to one degree or another, support education and outreach. We believe, therefore, that our suggestion, that a comprehensive Communications, Education and Outreach Strategy” should be developed as soon as possible, should not be controversial, and would be endorsed by most, if not all, the parties.

This rulemaking has a lot of moving parts, and it is easy to lose one’s track delving into the issues and sub-issues, all of which present their own unique challenges. And the CFC does not think anyone would disagree that getting the rates and rating structure straightened out is going to take time, perhaps years. However, developing a comprehensive education and outreach strategy faces far fewer hurdles. It is something we can do now, in terms of getting the proverbial “show in the road.”

Of course, some might argue, and some will, that it wouldn’t be prudent at this juncture to embark on developing a consumer education strategy because we don’t know what the future holds in terms of what the final rate structures will be and what final findings the Commission will make. There is merit to this argument.

On the other hand, there are strong indications that TOU rates and dynamic rating structures are all but an eventuality, in fact, to some degree, they

are already here. Outreach and education, regarding the basics of these rating structures, laying the groundwork, if you would, cannot hurt, especially in light of the fact that the IOUs are already offering these options and current customers are for the most part in the dark about the workings of current rate designs.

And, education and outreach might increase opt-in numbers now.¹⁰ After all, as the joint study showed, a lot of people are already shifting load, per time of day, even though it doesn't actually save them any money. So, given the option, many of these load shifters might want to try TOU rates sooner rather than later.¹¹

We could be wrong about this, and only time will tell, but the CFC believes that some version TOU rating, and to a lesser degree, the use of some form of dynamic pricing, is all but certain to proliferate in the coming years. This is another reason we think it is logical and reasonable to develop a comprehensive Communications, Education and Outreach Strategy as soon as possible.¹²

IV. Other Considerations

A. Future Energy Usage in California

Much of the discussion taking place in this rulemaking is based on certain assumptions regarding future energy usage in California. The always present boogiemer, otherwise known as rolling blackouts, is constantly lurking in the shadows. And, it seems to be "common knowledge," and it was certainly believed to be the case by the CFC, that electricity usage was constantly increasing in California and would continue to increase into the future.

Imagine our surprise when we came upon PG&E's recent report on

¹⁰ We do not know if there is a cap on the TOU opt-in programs currently available from the IOUs.

¹¹ Valuable data might be gathered if more people opted in now rather than later. CFC wonders if we are missing an opportunity to get more people opting in, and to gather valuable, actual data on the effectiveness of the TOU rates and dynamic pricing models?

¹² It is unclear to us whether, the development of this comprehensive "Communications, Education and Outreach Strategy," if the Commission decided to entertain the idea, should be the subject of this hearing, the subject of a separate phase of this hearing, or the subject of a workshop and a stand alone hearing. We note that similar workshop / hearings have been held in the past, e.g.

energy usage in California. According to PG&E, energy usage in California is flat and has been for decades.

Since the issue of “new generation” underlies much of the discussion in this ratemaking, we thought we should mention this.

B. AB 327 (Perea)

As pointed out by PG&E, the California Legislature is currently considering a bill, AB 327 (Perea). Without going into a full blown legislative analysis, much of what we are discussing will not be possible if this bill is not signed into law.

C. CARE

The CFC is mindful of certain parties focusing on CARE. To the extent there are changes made to the way CARE rates are calculated (see AB 327), we would advise caution and an extremely thorough analysis before any changes are made in this area.

D. Health and Safety

As stated previously, the CFC considers air pollution, climate change and other environmental issues linked to carbon emissions to be a consumer health

and safety issues. We wish to emphasize our support of any proposed rate structures can be shown to encourage electricity conservation thereby lowering green house gas emissions.

V. Conclusion

The Commission should establish a Communication, Education and Outreach Grant Program. If we are transitioning toward real-time, time of use and dynamic pricing, and it is not unreasonable to believe we are, education and outreach will be keys to a smooth transition and an education and outreach strategy should be developed as soon as possible.

We sincerely hope the Commission will consider our suggestions and we thank the Commission for the opportunity to submit these reply comments.

Respectfully Submitted July 26, 2013

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