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Sent: 8/9/2013 3:07:05 PM  
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Cc:  
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Subject: Per our discussion this morning

Dexter

Here are some cites that you may want to look at.

The first is SEIA's Opening brief. At pages 21-22, SEIA says PG&E spends considerable time belaboring the cost shift if Option R is adopted. It dismisses these concerns, saying "it is axiomatic that any time a new rate option is made available, cost re-alignments occur."

Second, see PG&E's brief at page 26, discussing the Beach testimony on cost shifting to residential and other customers.

Third is the hearing testimony. The Beach testimony is at pages 83-84. There he stated:

Q Would you agree that essentially a rate design process is really a zero sum game in that there's a targeted amount of money to be collected and the essential question is how is it going to be allocated?

A Yes.

Q So now, did I hear correctly that you either have no recommendation or have assumed that any shortfall as a result of a Option R would not result in a shortfall being reallocated within the commercial, industrial but could well fall into the residential bucket?

A We don't have a recommendation of how the shortfall be collected. ...

Q So you're saying at least temporarily a shortfall would fall systemwide in any offsetting overcollection or adding to any undercollection in the revenue adjustment mechanisms?

A Yes.

