

**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)

COMMENTS OF THE ALLIANCE FOR SOLAR CHOICE

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November 8, 2013

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The Alliance for Solar Choice ("TASC")¹ respectfully submits these comments pursuant to the October 25, 2013 *Assigned Commissioner's Ruling Inviting Utilities to Submit Interim Rate Change Applications* ("ACR") in the above-captioned proceeding.

TASC's concern with the procedural trajectory outlined in the ACR is the potential for the implementation of rate changes in Phase 2 prior to a Phase 1 decision addressing whether such changes are appropriate to accomplish California's policy goals in light of Assembly Bill ("AB") 327. Moreover, the use of parallel tracks raises the potential for the simultaneous and duplicative consideration of the same issues. While TASC does not oppose allowing the utilities to submit interim applications, administrative efficiency and good policymaking counsel the Commission to limit the scope of the utility's Phase 2 applications to issues that do not require prior disposition in Phase 1. That is, the only rate changes that should be included in the utilities' Phase 2 applications are modest changes that AB 327 clearly and conclusively resolves and which do not encroach on issues that are highly contested and unresolved within Phase 1.

¹ TASC's members represent the majority of the nation's rooftop solar market and include SolarCity, Sunrun, Sungevity, REC Solar, Solar Universe and Verengo Solar. These companies are responsible for tens of thousands of residential, school and commercial solar installations in the State of California and have brought thousands of jobs and many tens of millions of dollars of investment to California's cities and towns.

The ACR initiated Phase 2 of this proceeding to house utility applications for interim rate design changes that are “modest, easy to evaluate, and consistent with AB 327.”² An imminent Staff proposal will also “include proposed changes to residential electric rate design that aim to satisfy Commission policy priorities” in light of AB 327.³ Thus, both Phase 1 and Phase 2 purport to implement AB 327.

The use of two parallel phases to implement the same statute raises the potential for rate changes to be considered in Phase 2 before a decision in Phase 1 determines whether such changes align with the Commission’s policy goals. For example, AB 327 revised §739.9(c) of the Public Utilities Code to allow the Commission to modify the current tiered rate structure to address concerns regarding the magnitude of upper tier rates. The role of tiered rates in supporting the Commission’s and the State’s energy efficiency and distributed generation goals is a highly contested issue in Phase 1.⁴ While the ACR suggests that rate changes should be modest, it goes on to specifically allow the IOUs to propose residential rate structures that include only two tiers.⁵ From the perspective of many of those parties that have been active in Phase 1, shifting to a two-tiered rate design is anything but modest, and would likely have very significant and possibly adverse implications on customer investments in customer-side resources. Such a dramatic change should not be on the table in Phase 2 while the issue is still “live” in Phase 1.

Moreover, allowing the utilities to include unsettled issues in the Phase 2 applications could require parties to address such issues twice, once in response to Staff’s proposal in Phase 1

² ACR at 4.

³ E-mail to Service List from Gabriel Petlin re R.12-06-013 RROIR Status Update (October 16, 2013).

⁴ Compare Sierra Club Phase 1 Rate Design Proposal at 3-4; Natural Resources Defense Council Proposal at 11-14; San Diego Consumers Action Network Proposal at 3; The Utility Reform Network Proposal at 45; and Center for Accessible Technology Proposal at 36 (advocating for a tiered rate structure with at least three tiers) with Southern California Edison Proposal at 56. See also Pacific Gas & Electric Proposal at 19; Joint Solar Parties Proposal at 6.

⁵ ACR at 5.

and once in response to the utilities' applications in Phase 2. Administrative efficiency and good policymaking counsel the Commission to guard against such duplicative and resource-intensive efforts. The ACR appears to recognize as much when it states that it "cannot restrict investor owned utilities from applying for other, more complex, changes in residential rate design," but cautions the utilities against making such proposals part of Phase 2.⁶ The administrative inefficiency that can result from parallel phases is especially burdensome for non-utility organizations and should be avoided.

The Commission has a number of tools to determine which issues are appropriate for consideration in Phase 1 and Phase 2. TASC suggests the Commission use the Staff proposal in Phase 1, the protests to the utilities' Phase 2 applications, the Phase 2 pre-hearing conference and the Phase 2 scoping memo to identify issues that require disposition in Phase 1 prior to implementation in Phase 2. Only truly modest rate changes that are clearly and conclusively allowed by AB 327 should be included within the scope of Phase 2.

The need to avoid duplicative consideration of contested rate elements is especially important given the shortened procedural schedule and the potential for evidentiary hearings in Phase 2. The ACR sets forth a shortened procedural schedule in order to allow for a decision in time for implementation by summer 2014.⁷ TASC recognizes the necessity of, and does not oppose, the schedule outlined by the Commission. TASC also believes evidentiary hearings may be required, although the need for such hearings will depend on the complexity of the utilities' applications. Both the shortened schedule and the potential need for evidentiary hearings emphasize the need for a clearly defined scope of issues in both phases, with those issues in

⁶ ACR at 4-5.

⁷ *Id.* at 7.

Phase 2 limited to modest rate changes that do not prejudice the resolution of contested issues in Phase 1 or result in duplicative efforts on behalf of parties and the Commission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tim Lindl', with a stylized flourish at the end.

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