

**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 SAN DIEGO GAS & ELECTRIC COMPANY (U902M) ON
ASSIGNED COMMISSIONER'S RULING INVITING UTILITIES TO SUBMIT
INTERIM RATE CHANGE APPLICATIONS**

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Dated: November 8, 2013

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SB_GT&S_0136088

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San Diego Gas & Electric Company ("SDG&E") respectfully submits the following Comments on Assigned Commissioner's Ruling Inviting Utilities to Submit Interim Rate Change Applications ("ACR"), as clarified by Administrative Law Judge McKinney on October 31, 2013.

I. INTRODUCTION

As SDG&E has noted throughout this proceeding, we support the Commission's desire to explore "improved residential rate design structures in order to ensure that rates are both equitable and affordable while meeting the Commission's rate and policy objectives for the residential sector." (ACR at p. 2.) SDG&E agrees with the ACR's recognition that this endeavor includes both longer-term and shorter-term components. As is discussed in greater detail below, SDG&E is particularly concerned that, absent immediate action to ensure greater fairness in residential rate design, upper tier customers could experience unfair and excessive bill impacts next summer. As a result, SDG&E strongly supports the ACR's proposal to create a new Phase 2 of this proceeding to "allow some interim changes to be made to stabilize and rebalance tiered rates," and emphasizes the need to resolve this phase of the proceeding in an

expeditious manner. (See, ACR, at p. 3.) Interim action that can be implemented by the summer of 2014 is critical to ensure that rates are “are both equitable and affordable.”

II. Phase 2 Is Appropriately Focused on Changes that Can be Implemented In the Near Term

The ACR notes that Phase 1 will continue to examine optimal residential rate designs using the criteria developed in this proceeding, while Phase 2 will allow some interim changes to be made to stabilize and rebalance tiered rates. (ACR, at p. 3.) SDG&E strongly supports the creation of new, ratesetting phase 2 of this proceeding because revenue requirement increases that are anticipated prior to next summer would impose undue and unfair burdens on upper tier customers absent the implementation of some interim changes that have now been authorized under Assembly Bill (“AB”) 327.

The ACR correctly notes that the Commission will be authorized to implement the following kinds of rate design changes under AB327:

- “Residential rate structures are only required to have two tiers.
- CARE rates can be restructured but should have an average effective discount of 30 – 35 percent.” (ACR, at p. 4.)

SDG&E supports the creation of Phase 2, as described in the ACR, to consider rate changes that can be implemented under this authority and on an interim basis to better align rates with the costs incurred to provide service to our customers:

“Phase 2 will endeavor to implement interim rate changes that will better align residential electricity prices with the Commission’s cost to serve and other policy objectives, and that will reduce the size of rate changes required to implement future rate structures.” (ACR, at p. 4.)

By creating a new Phase of this proceeding to consider these issues, the Commission will maximize its ability to provide for interim rate relief and prevent significant inequities that would otherwise result from anticipated revenue requirement increases.

III. Phase 2 Issues Can and Should Be Resolved without Evidentiary Hearings

Parties have already submitted multiple rounds of comments in this proceeding, and on the basis of these comments, the Commission has already adopted 10 Rate Design Principles. The California Legislature has also set forth legislative guidelines regarding the kinds of rate design changes that can be considered by the Commission, and the guidelines proposed in the ACR would limit changes adopted in Phase 2 to those permitted under AB327, consistent with the Commission's Rate Design Principles, and to those that would part of a transition to a future Optimal Rate Design. Under these circumstances, and in light of the delay and resulting unfairness that would be triggered by evidentiary hearings, SDG&E submits that all issues relative to Interim Rate proposals in Phase 2 of this proceeding can and should be resolved through a combination of pleadings, expedited discovery, and workshops.

IV. CONCLUSION

SDG&E's appreciates the opportunity to submit comments on the ACR that has been issued in this proceeding.

DATED at San Diego, California, on this 8th day of November, 2013.

Respectfully submitted,

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