

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)

**OPENING COMMENTS  
OF THE OFFICE OF RATEPAYER ADVOCATES  
AND THE UTILITY REFORM NETWORK  
ON THE OCTOBER 25, 2013 ASSIGNED COMMISSIONER'S  
RULING ON PROCEDURAL SCHEDULE AND NEED FOR  
EVIDENTIARY HEARINGS**

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**I. INTRODUCTION AND SUMMARY**

Pursuant to the October 25, 2013 Assigned Commissioner Ruling ("ACR") which invites utilities to submit Interim Rate Change Applications ("IRCA"), the Office of Ratepayer Advocates ("ORA") and The Utility Reform Network ("TURN") hereby submit comments on the procedural schedule. ORA/TURN do not comment, at this time, on whether or not there is a need for evidentiary hearings ("EH"). The ACR provides until January 10, 2014 for parties to file a motion requesting hearings. ORA/TURN will do so, at that time, if it finds hearings necessary based on the utilities' rate proposals and responsive pleadings submitted before then.

The ACR sets forth a separate Phase ("Phase 2") in this Residential Rate Design OIR ("RROIR") docket (R.12-06-013) to review interim residential rate change applications, which are to be filed by Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), and Southern California Edison Company

(“SCE”) by no later than November 22, 2013. The ACR states that Phase 1 will continue to evaluate optimal residential rate designs. It also notes that Phase 2 is expected to be categorized as ratesetting.

The ACR proposes to expeditiously address new applications for rate changes prior to summer 2014 in Phase 2 of this OIR. However, the ACR’s proposed schedule does not provide adequate time for ORA and the other non-utility intervenors to properly respond to the applications of the investor owned utilities (“IOUs”), especially if the IOUs request substantial or complicated rate changes. The schedule also must provide sufficient time for ORA and TURN to develop alternative summer rate designs and model bill impacts. This process is likely to necessitate using three detailed revenue allocation/rate design models, which can be very time consuming. Therefore, ORA/TURN recommend that the Commission provide more time for the non-IOU parties to file their testimony. The ORA/TURN recommended schedule is shown in Table 1. ORA/TURN will endeavor to work with the IOUs and the intervenors to seek potential agreements on moderate rate changes for summer 2014. To the extent parties reach settlements, the Commission can revise the schedule accordingly.

In addition, ORA/TURN urge the Commission to defer Phase 1 issues until after parties file Phase 2 rebuttal testimony on summer 2014 rate changes. This will allow the parties to complete the review of the IOUs’ new applications for rate changes as soon as possible in 2014 as the ACR apparently desires to accomplish. The proposed ORA/TURN schedule, shown below, includes a proposed date of April 15, 2014 for commenting on the anticipated Energy Division White Paper/ straw man on Phase 1 policy issues. In addition, IOUs should not be allowed to submit additional residential rate design proposals in this proceeding or another docket concurrently with the RROIR Phase 2 summer rate change filings. If this were allowed, neither the Commission nor non-IOU parties would have sufficient time to adequately address all of the issues in the case. The Commission must allow sufficient time to ensure that all parties have enough time to participate in the development of both interim and long-term rate reforms.

## II. DISCUSSION

### A. Schedule

#### a. Prerequisite to Expedite Phase 2 Schedule

In order to be able to implement residential rate changes for the summer of 2014, ORA/TURN encourage the IOUs to file bare-bone applications, which only make moderate rate change requests and result in moderate bill impacts to the majority of customers. Otherwise, it is less likely that parties will reach consensus. Lack of consensus will slow down the process, as parties would likely want hearings and a briefing cycle, and then the Commission would need additional time to reach a decision. Hearings and a briefing cycle would render it impossible for the Commission to issue a decision in time for implementation of redesigned rates in the summer of 2014.

In addition, the IOUs' should submit their models with user-friendly options and clear guidance concurrently with their testimony. The Commission also should direct the IOUs to have shorter discovery cycles so the IOUs should provide responses no later than one business week instead of the conventional two business week period.

#### b. ORA , TURN and other Intervenors Need Adequate Time to Prepare Reply Testimony to Address three IOUs' Applications

The ACR states that design and implementation of new residential rate structures should not be rushed, and that each utility will need to implement any new rate structure through a general rate case ("GRC") or other ratesetting proceeding.<sup>1</sup> ORA/TURN concur. ORA/TURN also generally support the ACR premise that parties may start taking actions soon to implement interim rate changes that will better align residential electricity prices with the utilities' cost to serve and other policy objectives. Such actions will reduce the size of rate changes required to implement future rate structures.

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<sup>1</sup> RROIR, October 25, 2013 ACR, p. 4.

The schedule proposed by the ACR, however, does not provide the non-IOU parties adequate time to submit their testimony. The ACR directs non-IOUs to file testimony on February 3, 2014, which is two weeks after the Commission issues a scoping memorandum. Even if the IOUs meet the aforementioned prerequisites, the ACR's set schedule is inadequate. The IOUs' rate changes require the use of comprehensive and complex revenue allocation/rate design models to develop rates. The non-IOU parties would need time to examine those models and run their own alternative rate scenarios. In most rate design cases, parties generally need at least two to three months after the scoping memorandum is issued to prepare their testimony. But those cases generally deal with only with one utility and one model. In contrast, this case will require work on three complex models. Therefore, ORA/TURN recommend that the non-IOU parties serve their testimony on February 28, 2014.

ORA/TURN will work cooperatively with the IOUs and other parties to find common solutions and hope to reach settlement. If parties engage in settlement discussion, the Commission should suspend the schedule for reply testimony and subsequent events.

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<b>Event</b>	<b>ACR Schedule</b>	<b>ORA/TURN Proposed Schedule</b>
Comments on procedural schedule and need for evidentiary hearings	November 8, 2013	November 8, 2013
Applications filed; Opening Testimony served	November 22, 2013	November 22, 2013
Protests filed	December 23, 2013	December 23, 2013
Replies filed	January 7, 2014	January 7, 2014
Motions for Evidentiary Hearings filed	January 10, 2014	January 10, 2014
Prehearing Conference held	January 14, 2014	January 14, 2014
Phase 2 Scoping Memo issued	January 21, 2014	January 21, 2014
Reply Testimony served	February 3, 2014	February 28, 2014
Rebuttal Testimony served	February 10, 2014	March 14, 2014
Proposed Decision issued for comment	March 2014	Set by ALJ
Parties file comments on the Energy Division White Paper/ straw man on Phase 1 policy issues		April 15, 2014

## **B. Parties' Resource Issues**

Both PG&E and SDG&E have expressed a desire to make additional rate design filings concurrent with the RROIR Phase 2 rate design filings. SDG&E stated that it would like to file a rate design window on December 13, 2013, which would be less than one month after their November 22, 2013 summer rate change filing.<sup>2</sup> It indicates that the purpose of this rate design window would be to design residential rates consistent with AB327. In addition, PG&E stated in its e-mail to ALJ, Douglas Long:

PG&E's comments on November 8 will *also* request that the CPUC establish a parallel schedule in R.12-06-013, or in another appropriate forum, for consideration of the remaining

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<sup>2</sup> SDG&E Letter to Clanon re Extension of time, dated November 4, 2013.

residential rate reform issues. Regardless of what proceeding it happens in, PG&E in the near future intends to file this additional set of proposals on residential rate reform that follow-on from summer 2014 rate relief and are intended to become effective by January 1, 2015. These additional proposals would supersede most of PG&E's primary residential rate proposals currently within the scope of its existing GRC Phase II testimony (for example, tier consolidation, fixed customer charges, time-of-use rates, CARE discounts).<sup>3</sup>

If these filings move forward, non-IOU parties would need to work on the three 2014 summer rate change applications as well as these additional filings within the next eight to ten months. ORA/TURN, other intervenors, and the Commission's Energy and Legal Divisions have limited staffing resources. Running the models for all three IOUs, and potentially for six applications,<sup>4</sup> at the same time will be very challenging. In addition, it is inefficient and burdensome to implement rate changes in mid-summer, and then again six months later. If the Commission allows the IOUs to have these additional rate design filings to more fully implement residential rate changes permissible by AB327, ORA/TURN recommend that the 2014 summer rate relief applications be dismissed. Alternatively, any consideration of longer-term residential rate reforms should begin only after summer 2014 interim rate proposals have been fully litigated. It is crucial that sufficient time be allotted to work on all these filings. Even if the IOUs did not make the above-mentioned additional filings, the procedural schedule for Phase 2 is challenging. Indeed, it underestimates the time needed to calculate residential rates for three IOUs simultaneously. Learning and operating new revenue allocation/rate design models requires considerable time. Running the models for all three IOUs at the same time will be difficult and will occupy a considerable amount of the available staff resources. This will leave little or no time for commenting on the anticipated Energy Division White Paper/ straw man on Phase 1 policy issues. In addition, many parties

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<sup>3</sup> PG&E's Nov. 4, 2013 e-mail to ALJ Long in A.13-04-012.

<sup>4</sup> SCE's 2015 GRC Phase 2 is expected to be file around May 2015.

will be simultaneously working on the PG&E GRC Phase 2 application on marginal cost, revenue allocation, and non-residential rate design issues.

ORA/TURN recommend that Phase 2 issues in this proceeding be examined carefully and be given adequate time. ORA/TURN thus recommend deferring Phase 1 policy issues while parties are working on Phase 2 issues. ORA/TURN recommend that parties file comments on Phase 1 policy issues in April, 2014 after parties file their Phase 2 rebuttal testimony. Additional filings for 2015 rate changes should occur after Phases 1 and 2 are completed in this proceeding.

### III. CONCLUSIONS

ORA/TURN recommend that the Commission incorporate these comments in its final ruling.

Respectfully submitted,

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