

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)

**MOTION FOR EVIDENTIARY HEARING
OF THE OFFICE OF RATEPAYER ADVOCATES
ON PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN
CALIFORNIA ELECTRIC COMPANY, AND SAN DIEGO GAS
AND ELECTRIC COMPANY'S SUMMER 2014
ELECTRIC RATE REFORM PROPOSAL**

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I. INTRODUCTION

Pursuant to Rule 1.1 of the Commission's Rules of Practice and Procedure and the Assigned Commissioner's October 25, 2013 Assigned Commissioner's Ruling ("ACR"),¹ the Office of Ratepayer Advocates ("ORA") hereby files this Motion for Evidentiary Hearings on the Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and San Diego Gas and Electric Company ("SDG&E") Summer 2014 electric rate reform proposals.

II. DISCUSSION

ORA is hopeful that an appropriate settlement can be reached in this proceedings, and that the hearings will not be necessary. However, because there may be factual disputes which cannot be resolved, ORA recommends that hearings be put on the calendar in case they are in fact needed.

¹ Assigned Administrative Law Judge McKinney issued an email ruling on December 10, 2013 altering the schedule for this proceeding.

A. This Proceeding Involves Several Factual Disputes Which Require Evidentiary Hearings

As identified in ORA's and other parties December 23, 2013 protests, and as described below, there are numerous disputes involving material fact in this proceeding. For ORA, examining bill impact calculations and the assumptions used to perform this analysis will be the most important area of factual dispute that can be further clarified during hearings. There are several factual concerns related to the bill impact analysis, such as revenue requirements increases, how baseline allowances are set, and making certain that all relevant variables are considered.

In addition to the issues identified by ORA above, other parties may have additional areas they want to explore in hearings. Several such issues were identified in parties' protests. For example, SDCAN plans to explore the following issues associated with SDG&E proposals: 1) SDG&E's proposal causes Rate shock to Tier 1 customers; 2) SDG&E's proposed rates unreasonably impair incentives for conservation and energy efficiency; and 3) SDG&E's proposed rates run counter to San Diego-based efforts to promote multi-tiered pricing. The Alliance for Solar Choice argued that IOUs' proposals would substantially reduce solar investment values. Greenlining and CforT pointed out that the IOUs proposals ignore the statutory requirement and principle of rate design that basic usage must be affordable and should be provided to all customers. Other parties will likely discuss further issues to explore in hearings in their motions for evidentiary hearings.

These disputes should be fully adjudicated through evidentiary hearings, which are necessary where factual disputes are involved so that the decision makers have the opportunity to assess the credibility and strength of testimony. As Decision (D.)12-10-019 states, "It is the Commission's duty as the decision-maker to exercise its expertise in weighing the evidence, which includes judging the credibility of witnesses..."² Similarly, the Commission has stated,

² 2012 Cal. PUC LEXIS 447, *23

In a proceeding with pre-filed testimony..., the major purpose of the evidentiary hearings is to assist the Commission in evaluating and weighing this pre-filed testimony. The weight that we assign[] to the testimony ... is based on both the logic of the written argument and the impressions of witness credibility derived from the hearing room.³

Consistent with these principles, it has been the Commission's longstanding practice to have hearings for rate design proceedings. When cases are resolved through a settlement agreement, hearings often are still used by the ALJ to evaluate the settlement agreement by questioning various witnesses. Furthermore, in this proceeding, the Commission is considering significant residential rate changes on a fast track, which were proposed in response to new legislation. These proposals warrant special scrutiny because of the potentially large rate impacts to all residential customers.

ORA observes that the IOUs have not presented the bill impacts of their proposals in consistent ways. PG&E provided a revenue neutral bill impact analysis, which did not include revenue requirements increases. On the other hand, SCE and SDG&E included revenue requirements changes that could occur by summer 2014. The Commission needs accurate, verifiable information regarding on potential bill increases to evaluate probable rate changes for summer 2014. At a minimum, the Commission needs forecasts of what revenue requirements increases likely will be adopted for 2014. These revenue requirements increases alone probably will result in substantial bill increases. Making further changes to rate design will make these bill increase still worse.

Hearings will be necessary to verify that all relevant factors are included in the bill impact analyses. ORA's analysis thus far shows potentially very large bill impacts, and hearings give parties the ability to make this point clearly and to verify that the IOUs' showings are accurate. Parties should be comparing bills

³ D.06-08-030; 2006 Cal. PUC LEXIS 367, *361. See also, D.97-03-057, 1997 Cal. PUC LEXIS 175 *11, acknowledging that the "presiding ALJ assessed the credibility of the witnesses"; D.92-09-041, 1992 Cal. PUC LEXIS 691 *1, finding that "the credibility of the various witnesses played an important part in the outcome of [the] decision."

from rates that were in effect in November 2013 (when the IOUs opening testimony was submitted) with bills based on the parties proposed changes to the residential rate design combined with forecasts of the residential revenue requirements that will exist in the summer of 2014. The bill impacts also should be less aggregated, as described below.

Further, given the range of issues on the table, and the large bill increases that are likely, parties will want to present rate design counter-proposals to those of the utilities. Adequately evaluating such alternative rate designs will be impossible without hearings.

B. The IOUs Should Make Supplemental Filings to Allow for Comparability of Information Which Will Streamline and Shorten the Evidentiary Hearings

In order for the hearing to move forward effectively and for the decision-makers to have information in comparable basis, the Commission should require the IOUs to supplement their filing to show their bill impact analyses using common guidelines and assumptions. All the IOUS should compare bills from the rates in effect when their testimony was filed to bills that would result from their proposed rate design and with likely residential revenue requirements for 2014. This detail should also be provided so that Commission has an accurate impression of what could occur. In particular, it would be useful to see less aggregated information, and smaller ranges for bill increases should be shown in the tables. For example, the utilities should show bill impacts in ranges of \$2 per month increases for bill impacts less than \$10 (i.e., \$0 to \$2 per month; \$2 to \$4; \$4 to \$6; etc.) and by \$5 increments for bill impacts greater than \$10. IOUs should provide the models to parties that can perform the same capabilities so that other parties can present their bill impacts based on their proposals and comparable scenarios.

ORA offers the following list of common scenarios for the IOUs and the parties to present:

- A. IOUs present bill impact based on the current four tier rate structure:
 - 1. Base case – most plausible revenue requirement scenario based on credible outcomes from pending proceedings that result in revenue requirement changes prior to summer 2014.⁴
 - 2. Worse case – All IOUs’ pending revenue requirement increases prior to summer 2014 are approved

- B. Both IOUs and the Parties present their proposed rate/rate structure changes:
 - 1. Base case – most plausible revenue requirement scenario based on credible outcomes from pending proceedings that result in revenue requirement changes prior to summer 2014.
 - 2. Worse case – All IOUs’ pending revenue requirement increases prior to summer 2014 are approved.
 - 3. Best case – No revenue increases.

ORA welcomes other parties providing their own list of scenarios for IOUs to present to the Commission so that the Commission can have a full record to make informed decisions.

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⁴ This scenario should include a hypothetical example where the utility received 50 percent, rather than 100 percent of its pending revenue requirement increases.