**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)

REPLY OF THE CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION TO PROTESTS OF 2014 RESIDENTIAL RATE DESIGN REFORM PROPOSALS

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Dated: January 3, 2014

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REPLY OF THE CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION TO PROTESTS OF 2014 RESIDENTIAL RATE DESIGN REFORM PROPOSALS

The California Manufacturers & Technology Association ("CMTA")[1] replies to TURN's protest which seeks to delay the necessary process of reducing the utilities' CARE discounts, beginning this summer, as directed by AB 327 and the October 25, 2013 Assigned Commissioner's Ruling (ACR).

As CLECA notes, the "costs of the CARE discount have grown unsustainably, reaching over $1 billion."[2] Since these costs are spread to all customers, CMTA's members' rates are negatively impacted by the magnitude of these costs. CMTA, therefore, was encouraged by the Assigned Commissioner's Ruling (ACR) which, among other urgently needed residential rate design reform issues, directed the utilities to propose ways to begin the process of reducing this significant cost subsidy, as required by AB 327: "If the effective CARE discount rate is already above 35%, CARE rates should be adjusted on a glidepath towards the 35% effective discount limit without reducing the discount more than a reasonable percentage annually."[3]

[1] CMTA represents the interests of 40,000 large and small manufacturers in California with 1.2 million employees, about 9% of total state employment and over 11% of gross state product. Manufacturing creates the most wealth of any sector – for every $1.00 invested in manufacturing, another $1.35 is added to the economy. CMTA works to improve the business climate in California through policies that maintain a safe workplace and protect the environment while promoting manufacturing investment and job growth.
[2] CLECA Protest, dated 12/23/13, p.3
[3] *Assigned Commissioner's Ruling Inviting Utilities to Submit Interim Rate Change Applications* (10/25/13), p.5

In general, protesting parties seem to agree with ORA that "[r]ate design proposals need to examine the level of the CARE discount, and should follow the new CARE discount guidelines enacted in AB 327. For IOUs which currently have a CARE discount that exceeds 35%, gradual movement should be made to reduce the CARE discount to the range of 30% to 35%."[4]

PG&E and SCE, in compliance with AB 327 and the ACR, submitted interim rate design proposals that will begin the process of reducing their excessive CARE discounts starting this summer. SDG&E, in contrast, and without any explanation, recommends delaying the CARE discount reduction process for two more years.[5] TURN, in its protest, supports SDG&E's proposal, implying it should be the model for the other utilities, but, like SDG&E, provides no explanation for why any delay is necessary or desirable. Since neither SDG&E nor TURN provide any substantive reasons for delaying the process of reducing the utilities' current excessive CARE discounts, as required by AB 327, the Commission should reject any notions of delay and begin this process as soon as possible, as PG&E and SCE propose.

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Respectfully submitted,

/s/

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[4] ORA Protest, dated 12/23/2013, p.5
[5] SDG&E Testimony of Cynthia Fang, dated 11/22/13, pp.CF-14-16