

PREPARED TESTIMONY OF ENRIQUE GALLARDO

In Phase 2 Interim Rate Application, R.12-06-013

of the Southern California Edison Company

On Behalf of the Greenlining Institute and the Center for Accessible Technology

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5 **SUMMARY**

6 This testimony is presented on behalf of the Greenlining Institute (Greenlining) and the
7 Center for Accessible Technology (CforAT) by Enrique Gallardo, Legal Counsel for
8 Greenlining. It presents recommendations in response to Southern California Edison Company’s
9 (SCE) updated proposals for interim residential rate design changes in Rulemaking 12-06-013,
10 contained in the Simplified Residential Rate Design Proposal Of Southern California Edison
11 Company In Compliance With January 24, 2014 Second Amended Scoping Memo And Ruling
12 Of Assigned Commissioner And Assigned Administrative Law Judge (“SCE Proposal”) filed on
13 Jan. 28, 2014.

14 SCE proposes to increase non-CARE Tier 1 and 2 rates by 17% compared to rates in
15 effect as of January 1, 2014.¹ The proposed 17% increase is a result of taking the percentage of
16 the revenue requirement increase SCE anticipated at the time of its filing (12%) and adding an
17 additional 5%. SCE’s proposal for rate increases will apparently be reduced if it is granted a
18 revenue requirement increase of less than 100%.

19 SCE proposes to set non-CARE Tier 3 and 4 rates residually to recover the remaining
20 revenues allocated to non-CARE customers, while preserving a 3 ¢/kWh differential between
21 Tiers 3 and 4.² For CARE rates, SCE proposes to set a 33% discount off of the non-CARE

¹ See SCE Proposal, pp. 1-2.

² See SCE Proposal, p. 2.

1 volumetric rates. Effectively, this raises rates for CARE customers as rates are increased for non-
2 CARE Tier 1 and Tier 2 rates.

3 For treatment of any subsequent revenue requirement changes after a decision is issued in
4 Phase 2 of this proceeding, but before a decision is issued on long term rate design, SCE
5 proposes the following. For revenue increases, SCE proposes that all non-CARE rates increase
6 by a percentage equal to the residential class average percentage increase and that CARE rates
7 continue to be set at 33% off of the corresponding non-CARE volumetric rates. For revenue
8 decreases, SCE proposes that non-CARE Tiers 1 and 2 remain at the then-current levels, and that
9 rates for Tiers 3 and 4 be reduced commensurate with the revenue reductions and that CARE
10 rates will continue to be set at 33% off of the corresponding non-CARE volumetric rates.

11 SCE further proposes that if a Commission decision on Phase 1 of this rulemaking is not
12 issued by January 1, 2015, that it be allowed again to increase CARE Tiers 1 and 2 by 5% more
13 than the residential class average percentage change as of that date.³

14 **I. SCE's Proposals Must Be Examined Alongside Recent Changes in Rates, Especially**
15 **Increases in the Lower Tiers.**

16
17 SCE's proposed increases to Tiers 1 and 2, assuming a full revenue requirement increase,
18 are excessive in their own right, resulting in large bill impacts for customers with all or most of
19 their usage in these tiers. In addition, the proposed rates must be viewed alongside other recent
20 changes in rate design, all of which resulted in bill increases for customers with usage in the
21 lower tiers. Cumulatively, the impact on these customers is excessive.

22 On January 1, 2014, SCE increased Tier 1 and Tier 2 rates for both non-CARE and
23 CARE customers by 3%.⁴ SCE now proposes another rate increase for these tiers within the

³ See SCE Proposal, pp. 2-3.

⁴ See SCE Proposal, p. 7.

1 space of several months. The bill impacts of the January 2014 increases and the increases
2 proposed here (assuming a full revenue increase) must be considered together. Considering
3 these increases together, almost one million non-CARE Tier 1 and Tier 2 customers (972,273)
4 would experience bill impacts above 20%.⁵

5 For CARE customers, SCE's pending proposed increases in conjunction with the recent
6 Tier 1 and Tier 2 increases, also result in excessive bill impacts. A total of 607,913 CARE
7 customers, 44% of the total CARE population, would experience bill impacts exceeding 20%.⁶

8 The above bill impacts do not even take into account another change, occurring in the
9 spring of 2013, which increased bills for customers with usage in Tiers 1 and 2. SCE, pursuant
10 to D.13-03-031, reduced its baseline quantity from 55% of average usage to 53% of average
11 usage. This change had the effect of raising bills for customers with the majority of their usage
12 in Tiers 1 and 2.

13 Even if SCE only obtains 50% of its requested revenue requirement increase, the bill
14 impacts from its proposal would be excessive, when considered alongside the January Tier 1 and
15 Tier 2 increases. SCE's proposal to increase Tier 1 and Tier 2 rates by the percentage of the
16 revenue requirement increase, plus an additional 5% yields high bill impacts for non-CARE
17 customers with their usage in Tiers 1 and 2 and for almost all CARE customers.

18 Almost one million non-CARE Tier 1 and Tier 2 customers (972,273) would experience
19 total bill increases above 19%, from SCE's proposal (assuming a 50% revenue requirement
20 increase) alongside the January rate increases.⁷ A total of 607,913 CARE customers, 44% of the

⁵ See SCE Tables for Rate Design, served Feb. 10, 2014, tab B.1.

⁶ See *id.*

⁷ See SCE Tables for Rate Design, served Feb. 10, 2014, tab D.1.

1 total CARE population, would experience bill impacts above 20% from SCE's proposal
2 (assuming a 50% revenue requirement increase) alongside the January rate increases.⁸

3 **II. Further Rate Changes Must Be Fully Examined.**

4 SCE further proposes that if a Commission decision on Phase 1 of this rulemaking is not
5 issued by January 1, 2015, that it be allowed to further increase CARE Tiers 1 and 2 by an
6 additional 5% more than the residential class average percentage change as of that date.⁹ SCE
7 does not provide bill impact data for this proposal. This proposal cannot be adequately analyzed
8 at this time. This proposal should not be granted in this interim proceeding.

9
10 **Conclusion**

11 SCE's proposals are mitigated somewhat when considered with less than a full revenue
12 requirement, but the bill impacts are still excessive. SCE's proposals, if the utility is granted its
13 full requested revenue requirement increase, would lead to excessive bill impacts on customers.
14 SCE's proposals would be mitigated somewhat if the utility is granted less than its full requested
15 revenue requirement, but the bill impacts are still excessive.

16 SCE's proposed changes to rates for the summer of 2014 should be rejected.
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⁸ See SCE Tables for Rate Design, served Feb. 10, 2014, tab D.1.

⁹ See SCE Proposal, pp. 2-3.

1 **STATEMENT OF QUALIFICATIONS OF ENRIQUE GALLARDO**

2 My name is Enrique Gallardo and my business address is the Greenlining
3 Institute, 1918 University Avenue, Second Floor, Berkeley, California, 94704. I am
4 currently Legal Counsel with Greenlining. Since early 2010, I have represented
5 Greenlining before the Commission on energy utility regulatory law and policy matters
6 and regarding effective programs for low-income customers. My work at Greenlining
7 has focused on programs targeting low-income consumers, as well as utility general rate
8 cases and rate design.

9 Prior to joining Greenlining I performed work advocating for effective programs
10 for low-income energy and telecommunications customers before the Commission as
11 Staff Attorney with Latino Issues Forum. I performed this work with Latino Issues
12 Forum from 2001 to 2008.

13 My education includes a Bachelor of Arts degree in Sociology from the
14 University of California at Berkeley (1991) and a law degree from the University of
15 California, Berkeley School of Law (1997).

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