

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)

**PREHEARING CONFERENCE STATEMENT OF
SAN DIEGO CONSUMERS' ACTION NETWORK (SDCAN)**

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I.
INTRODUCTION

Pursuant to Rules of Practice and Procedure 7.2 and the Assigned Commissioner's February 13th Ruling, SDCAN offers a prehearing conference statement for the Prehearing Conference scheduled for March 14, 2014. This Prehearing Conference Statement summarizes SDCAN's comments on the controverted issues and the schedule to be considered in this proceeding. SDCAN's counsel is unable to attend the Prehearing Conference in person and, thus, offers its observations and concerns in this Statement.

II.
FACTUAL AND LEGAL ISSUES

SDCAN's focus in this proceeding is on the SDG&E Supplemental Filing dated February 28, 2014. SDG&E's filing contemplates a number of proposed changes which SDCAN believes are contrary to Legislative intent and Commission policy. The controverted issues include:

- A proposed transition from its current 4-tiered structure to a 2-tiered structure beginning in 2015 and a resulting 20% tier differential;
- Default time-of-use ("TOU") pricing for residential customers to be implemented in 2018 on an un-tiered basis with a baseline credit requiring customer opt-out;
- A \$10 Monthly Service Fee ("MSF") beginning January 2015 to replace the current \$5 monthly minimum bill charge.
- An increase in the minimum bill charge for master metered customers beginning in 2015, attendant with an annual CPI adjustment implemented beginning in 2016 for both non-CARE and CARE master metered customers.
- Optional TOU rates for residential customers beginning in 2015 that include a demand differentiated monthly service fee that takes into account the size of a residential customer's noncoincident demand, or individual customer demand; and
- A change in the way medical baseline are charged.

Each of SDG&E's proposals raise issues of fact and law that will need to be addressed

during the evidentiary phase of this proceeding.

SDCAN submits that SDG&E's filing fails to address three important issues that should be included in the Scoping Memo. First, the utilities must include any evaluation of how their proposals will impact conservation/energy-efficiency by its residential customers. AB327 requires that the Commission consider not just rate impacts but impacts upon incentives for conservation and energy efficiency. Specifically, SDG&E's filing does not address nor quantify these impacts and is thus in violation of that statute. The Commission should compel SDG&E to provide such quantification as a condition for consideration of its rate changes.

An additional issue that should be expressly noted in the Scoping Memo is the impact of utility's proposed rate design changes upon device retailers and/or the third-party energy management providers who, if enticed into the California markets, will play a major role in educating customers and effecting the adoption to real-time rates. Any serious reform of residential rate design will have failed if it does not facilitate the deployment of new energy technologies and private energy management service companies serving residential customers. To some extent, this issue is implicitly incorporated within Question 37 of the Ruling's Attachment A. It should be made explicit in the Scoping Memo.

Finally, the Scoping Memo should also address the interaction between the matters in this proceeding and SDG&E's 2014 RDW application (A. 14-01-027). In that application, SDG&E has proposed changing the on-peak TOU time periods, adjusting of baseline rates, shifting of costs associated with CSI and SGIP into PPP rates rather than distribution rates and curtailing its residential PTR program. As noted in Questions 28-31 in the Ruling's Attachment A, the question of when and how the Commission should modify TOU time periods falls squarely in this proceeding, yet SDG&E has proposed moving this question to its RDW proceeding. Whether this, and the other three RDW-related issues, should be properly included in this proceeding will have an impact both upon the proposed schedule as well as the scope of the parties' testimony. The Scoping Memo should find that matters relating to these four elements of SDG&E's RDW application, as well as customer communication, outreach and education, are properly within the scope of this proceeding and should be deferred to another subsequent phase of this proceeding, which commences only after a final decision on Phases 1 and 2 have been issued.

III. PROPOSED SCHEDULE

The Assigned Commissioners' Ruling contemplates a procedural schedule that provides utilities with an April 11th date for supplemental testimony and then only 35 days for intervenors to present expert testimony responding to that utility testimony. SDCAN understands that this supplemental testimony is designed to allow the utility to respond to the Phase 1 Scoping Memo. However, this provision unduly complicates the process and makes it nearly impossible for intervenors to engage in discovery or proper evaluation of the utility proposals. SDCAN urges the Commission to either withdraw the opportunity for supplemental utility testimony and/or extend the period of time in which intervenors can prepare their testimony. To the extent that supplemental testimony is permitted, it must be limited only to those new issues raised by the Scoping Memo and should preclude substantive changes to already served testimony unless they require revision due to the Scoping Memo ruling.

Second, SDCAN is extremely concerned about the Assigned Commissioner's determination that a decision must be issued in October 2014. There is no statutory or operational basis for implementation of the new rate designs by January 2015. The proposed schedule's rush to judgment will directly undermine intervenors' ability to conduct discovery and prepare comprehensive testimony. Much of the controversy in this proceeding will involve evaluation of bill impacts. As experienced in Phase 2 of this proceeding, the evaluation of bill impacts has proven to be challenging, notwithstanding the efforts of Energy Division to create a uniform bill impact methodology. SDG&E has presented a voluminous filing, replete with over 1000 pages of attachments. Preparation of intervenor testimony within two months will involve a herculean task for most intervenors and likely will result in reduced and/or highly selective involvement by most intervenors.

Third, as evidenced by the deadlock between SDG&E and all intervenors in Phase 1, there is a very high likelihood that evidentiary hearings will be required in Phase 2. This likelihood is compounded by the fact that a final decision in Phase 2 will likely push many of the most controversial aspects of SDG&E's Phase 1 application into Phase 2. The resulting evidentiary hearings will be substantial – no less than two days for SDG&E alone. SDCAN is concerned that the Assigned Commissioner's schedule leaves very little time for hearings and effectively precludes any settlement discussions amongst parties. It is infeasible to expect settlement discussions in a schedule contemplating rebuttal testimony served on May 30th

followed by evidentiary hearings in June. The Commission should allow at last one month after service of rebuttal testimony for parties to evaluate, prepare for hearings and engage in settlement discussions. The SDG&E supplemental filing is a complex and multi-faceted one – far more so than its Phase 1 filing. There is little chance that it could be settled, let alone evaluated, in the Assigned Commissioner’s proposed schedule.

Respectfully submitted,

Dated: March 10, 2014

/s/

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