

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 Designs, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013

PHASE ONE

(Filed June 21, 2012)

**PREHEARING CONFERENCE STATEMENT OF
THE CONSUMER FEDERATION OF CALIFORNIA**

Introduction

CFC submits this statement in response to the Assigned Commissioner's Ruling Requiring Utilities to Submit Phase One Rate Change Proposals, dated February 13, 2014. In that ruling the Assigned Commissioner invited the parties to file PHC Statements addressing a number of topics. In response the Consumer Federation of California offers the following.

Topic 1

The parties were asked to identify specific factual and legal issues that the Commission needs to decide in Phase 1 of this proceeding.

CFC believes the IOU's rate proposals raise various factual and legal issues that will have to be explored, in detail. Those issues are the same as those set forth initially, the functionality of time-vary and dynamic pricing, flat fees, fixed charges, tiers, default TOU, etc.

We note that given the inherent complexity and level of detail required in analyzing rate change proposals, as they interact with these factual and legal issues, evidentiary, rate hearings will most likely be necessary.

Topic 2

The parties were asked about the possibility and / or status of settlement discussions. CFC is unaware of any Phase One settlement discussions taking place

at this time. Of course, that does not mean settlement discussions are not taking place. If these discussions are not taking place, CFC cannot comment on whether such discussions are possible. However, as settlement discussions, among various parties, seem to be “par for the course” in these cases, we assume settlement discussions will take place.

Topic 3

Topic three asks the parties to comment on the need for discovery/data requests and the anticipated date that discovery will be completed.

We assume this inquiry relates to a scenario where phase one rates are tested as part of this proceeding. In that case data request / discovery will almost certainly be required.

That said, given the inherent complexity of rate cases in general, and given the new rate structures and technologies the IUOs intend to implement, separate rate proceedings here are probably in order. In addition given the revolutionary changes that are about to take place in electricity markets in California, separate rate proceedings are the most logical and safest approach to testing long-term rates and new rate structures before they are implemented.

If the Commission sees fit to allow for standard rate-hearings, either as part of this matter, or as stand alone rate hearings, we would assume some information will have to be requested.

CFC offers no comment on how long it would take to complete discovery.

Topic 4

Topic four asks the parties to opine on the need for evidentiary hearings, and the estimated number of days required and type of testimony to be addressed at the hearing.

As stated above CFC recommends separate, stand alone rate hearings. However, those hearings may well end up being phases of this proceeding. While CFC recommends stand alone hearing, no matter how the hearings are configured, at is important is that sufficient time and resources be allowed to analyze the individual rate proposals and chosen rate design structures.

CFC has no comment as to the number of days that would be required for an evidentiary hearing.

CFC would opine that the testimony required would be the same or similar to that in any rate proceeding.

Topic 5

Topic five asked the parties' opinion of the proposed schedule. CFC has no comment on the proposed schedule.

Default TOU

CFC notes that SDG&E is proposing default TOU rates. CFC remains skeptical of the success in foisting TOU rates on and unsuspecting public (or in foisting any rate change on an unsuspecting public.). Again, without repeating verbatim what we have said before in other documents filed in this case, the big three utilities share one common view as to their customers: their customers do not know how their residential electricity rates are calculated. The potential harm that might be caused by this lack of knowledge becomes more acute with the advent of new, revolutionary rate design structures.

CFC opposes default TOU at this point in time, or at a time the customers have been given an adequate chance to understand what is happening with their electricity rates, and the options they may have regarding electricity usage and billing.

Education and Outreach

In the Principles of Optimal Residential Rate Design, as first set forth in Scoping Memo and Ruling of the Assigned Commissioner, dated November 26, 2012, the following is set forth:

10. Transitions to new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and appropriately considers the bill impacts associated with such transitions.

In Assigned Commissioner's Ruling Requiring Utilities to Submit Rate Change Proposals, dated February 13, 2014, we are informed that "the specific details of outreach programs are likely beyond the scope of Phase 1, but it is necessary to have some information on utility plans in order to make this determination."

While we understand that "some information" relating to the specific details of outreach programs is need now, CFC suggests that *more than a few scant details regarding community education and outreach are needed* to successfully complete the task at hand. We say this because of a strongly held belief that effective community education and outreach will be integral to the success of these new programs. If customers are not prepared for the changes coming their way, especially as those changes relate to new time-varying and dynamic pricing, customers may become very disgruntled and reject the new programs.

CFC therefore strongly recommends the Commission immediately initiate a standalone proceeding dedicated to exploring community education and outreach with the goal of establishing rules and guidelines pertaining to community education and outreach as that relates to time-varying and dynamic pricing. Such a stand alone hearing could also explore in great detail successful education and outreach programs used in other jurisdictions and regions.

We will not here reiterate in any detail our suggestions regarding consumer education and outreach as set forth in our July 12, 2013, Opening Comments on Rate Design Proposals. We think it will suffice to say that CFC has been focused on education and outreach in this case for sometime. This is because today, as the IOUs have made clear, the average electricity consumer has no little or no idea about how his or her electricity bill is calculated. If customers do not understand how their rates are calculated *today* there is no logical reason to think customers would understand the new rating structures and new technologies of *tomorrow*. A working knowledge on the part of the customer of the new rating structures and technologies will be required to make a success of implementation of time varying and dynamic rates in California. If customers are not sufficiently educated as to the workings of these new rating structures and new technologies, they may reject them, especially if their rates increase because of this

lack of understanding.

CARE

Due to the nature of CARE, changes to CARE rates should be strictly scrutinized. As we are certain the Commission appreciates the importance of CASE and other similar programs, we are not sure the proceeding, as it is currently configured, offers the Commission, and the parties, the proper time and space to sufficiently explore CARE rates. CFC suggests that the importance of scrutiny of CARE rates is another reason why stand alone stand alone rate hearings may be required.

Respectfully Submitted,

March 10, 2014, at San Francisco CA

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