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)

COMMENTS OF THE UTILITY REFORM NETWORK ON RATE ELEMENT INVENTORY

TURN
THE UTILITY REFORM NETWORK

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March 13, 2014

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COMMENTS OF THE UTILITY REFORM NETWORK ON RATE ELEMENT INVENTORY

The Utility Reform Network ("TURN") respectfully submits these comments pursuant to the directions in the Administrative Law Judges' Ruling Inviting Comments on Rate Element Inventory ("Inventory") for Both Phase 1 and Phase 2 ("ALJ Ruling"), issued on March 10, 2014.

1. Additions to Rate Element Inventory

TURN does not at this time recommend any additions to the inventory. However, due to the relatively short timeline and other deadlines, TURN has not had an opportunity to review the inventory with our rate design experts. The ALJ Ruling clarifies that the Inventory is meant for high level guidance, and that "we expect that additional rate elements will come up in this and other proceedings." Thus, TURN does not view the Inventory as an exclusive list of all issues that may be litigated in this proceeding.

2. Changes to Assigned Proceeding

a. Item 19 – TOU period changes for SDG&E

SDG&E proposes to change its TOU periods in the ongoing rate design window proceeding. In its protest to application 14-01-027, TURN recommended that this issue be transferred to this rulemaking. TURN renews its request, since the designation of TOU rate periods will significantly influence the attractiveness

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of the rate to customers, the potential load shifting impacts and the calculated bill impacts.

PG&E proposes to implement interim TOU periods, with long-term TOU periods for its voluntary TOU rate to be set in a future rate design window.[1] TURN is not opposed to setting an interim TOU period in this rulemaking for voluntary TOU rates.

TURN supports the process proposed by PG&E, and recommends that the Commission require all three utilities, including SDG&E, to propose interim TOU periods in this proceeding for at least 2015. Such periods may differ based on the load conditions within each IOU service territory. The definition of the TOU period impacts the quantity of consumption expected within each period, and will thus directly affect the bill impact analyses of the voluntary TOU rates proposed for 2015-2017.

Furthermore, the Commission should, in a later phase of this proceeding, provide the utilities with some policy guidance regarding future TOU time periods. AB 327 directs the Commission to ensure that time periods are appropriate for at least the following five years. The choice of TOU periods – including the length of time and actual time period – has traditionally aligned with system peak load conditions. However, the potential changes in net load, and the resulting need to meet a high ramp period during certain low-load

[1] PG&E Phase 1 Testimony, February 28, 2014, p. 2-55 to 2-56.

conditions, will affect the role of load shifting and time-variant pricing in the future. The Commission should provide consistent guidance to the utilities on how to address this issue.

b. Item 22 – Baseline Quantity Reduction

The ALJ Ruling specifically asks whether it is necessary to include Baseline Allowance Reduction proposals in Rulemaking 12-06-013. TURN's recommendation is a strong "YES," since it would be misleading and unproductive to evaluate bill impacts in this proceeding without considering baseline allowances at the same time. As noted in the ALJ Ruling, a proposal for a baseline allowance reduction is included in the PG&E Settlement filed in this proceeding, and the settling parties have agreed to request removal of the issue from PG&E's rate design window application (A.12-02-020) upon approval of the settlement in this proceeding.

Thus, the main outstanding question is whether to move SDG&E's baseline allowance reduction proposal to this rulemaking. SDG&E presently calculates baseline allowances for basic service customers using 55% of the average in the relevant climate territory. In its rate design window (A.14-01-027), SDG&E proposed to reduce residential baseline quantities to the lowest levels permitted under statute, setting them at 50% of average usage for basic service customers, 50% for all-electric customers in the summer and 60% for all-electric customers in the winter.[2]

In its protest to A.14-01-027 TURN opposed SDG&E's efforts to make fundamental changes to baseline quantities, and TURN recommended that this issue be transferred to this proceeding for consideration alongside other major rate changes. Any change in baseline allowances will significantly impact the volumes of consumption that are charged by any particular rate tier. Reducing the baseline allowance will make more consumption subject to higher rate tiers. The net effect is to significantly alter any bill impact calculations for customers within any particular consumption range.

Some of SDG&E's modeling in this proceeding apparently includes the baseline reduction proposal, but apparently the changes are not included in the actual proposed rates.[3] This presents the Commission with an untenable situation where rate designs and modeling is based on baseline changes that may or may not be approved in another proceeding.

Allowing baseline quantities and tiered rate reforms to be considered in separate proceedings would frustrate the objective of analyzing the combined bill impacts of these changes in a single forum. Any consideration of the bill impacts resulting from revised baseline quantities requires analysis of potential modifications to the residential rate tiers and the relevance of baseline quantities

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[2] SDG&E testimony, pages CF-9 through CF-13.

[3] Testimony of Fang, February 28, 2014, p. CF-21:16-21.

to tiered or non-tiered Time of Use rate schedules. There is no obvious benefit from separating the consideration of these two interrelated issues.

c. Item 24 – PG&E SmartRate

The inventory states that PG&E's SmartRate would be litigated in its 2012 RDW. It is TURN's understanding that PG&E proposed to modify the SmartRate in Phase 1 of this proceeding.[4] TURN supports addressing this rate in this rulemaking. There does not appear to be an alternative proceeding that is active.

d. Item 26 – PG&E Meter Charge for NEM MT

The Inventory lists this issue as one that will be considered in the 2015 Rate Design Window. TURN recommends that this issue be included with all issues in Item 34 and considered in a future "NEM-specific proceeding."

3. Changes in Language

a. Item 8 – SCE TOU Rates

Item 8 for SCE lists "default and opt-in TOU rates" for consideration in Phase 1 of this rulemaking. The wording should be amended to reflect the fact that SCE has only proposed an opt-in TOU rate, and has requested that the Commission issue a decision on policy and legal issues prior to any consideration of a default TOU rate.[5]

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[4] PG&E Phase 1 Testimony, February 28, 2014, pp. 2-3 and 2-22 to 2-23.
[5] SCE-5, February 28, 2014, p. 61.

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Respectfully submitted,

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