

**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 CONSUMERS' ACTION NETWORK (UCAN) TO THE ALJ'S RULING
INVITING COMMENTS ON RATE ELEMENT INVENTORY FOR BOTH PHASE 1 AND PHASE 2**

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INTRODUCTION

In an ALJ's ruling sent to the parties on March 9, 2014, parties were invited to comment on the Rate Element Inventory provided by Pacific Gas and Electric (OG&E), Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E). In UCAN's response we will limit ourselves to the issues involved in with SDG&E's filings only.

This inventory was provided to the parties for several reasons:

- (1) ensure that the same issue is not litigated in multiple proceedings;
- (2) ensure that rate cases addressing similar issues are not in conflict;
- (3) assist in planning future phases of this proceeding or new proceedings;
- (4) minimize the number of proceedings in which an issue is addressed so that intervenors can appropriately allocate their resources; and
- (5) promote fair and efficient resolution of rate issues.

UCAN has examined the inventory provided as well as SDG&E's filing in A.14-01-027, their Rate Design Window (RDW) application which UCAN recently filed a protest on. UCAN believes that the issues involving the Baseline reductions and residential Time-of-Use (TOU) rates found in the RDW application should be decided in this proceeding.

UCAN SUPPORTS MOVING RESIDENTIAL TOU PERIOD DESIGN ISSUES INTO PHASE 1

UCAN understands that SDG&E's proposal in their A.14-01-027 RDW application seeks approval to establish identical TOU rates for both residential and non-residential customers. UCAN believes that establishing the TOU periods for the residential class is important for this present OIR and advocates that the Residential TOU periods issue, presently presented in SDG&E's RDW application be moved. Since this OIR deals with residential rate design it may be necessary to separate the issues of TOU periods for the nonresidential customers and let those be decided in the RDW proceeding.¹

This OIR seeks to establish residential rates for the next four years, with SDG&E's proposed end-state being a two tiered default TOU rate. UCAN believes that the issues in the RDW application regarding TOU periods for residential customers will receive better consideration in this present proceeding. In the RDW application SDG&E seeks identical TOU periods for both the residential and nonresidential class. But SDG&E designed their application around their own cost and system peak in their TOU period design and not how customers operate or peak in relation to the system peak, i.e., the relationship between coincident and non-coincident peak demand. The needs of the customers should enter into the rate design equation, including the designation of peak and off-peak time periods.

¹ UCAN understands that by separating the issues of residential and nonresidential TOU periods into different proceedings, that there might be some inconsistency in the TOU periods established for each class, which differs from SDG&E's proposal in its RDW application A.14-01-027. UCAN does not believe that this is necessarily bad thing as the TOU issues for residential and nonresidential customers may require consideration of different factors.

The relationship between certain customers' non-coincident peak and SDG&E's system peak demand are often different in terms of timing, and certainly different for the residential and nonresidential customers. SDG&E's proposal assumes that the best way to design the TOU periods is based on the consideration of the utility's perspective only, ignoring the needs of customers. By doing so, important unique customer operational issues are ignored which should be addressed. By splitting the residential customers TOU periods out of the RDW application and moving them to this proceeding, the Commission and SDG&E's residential customers will be better served as well as the nonresidential customers that would remain in the RDW proceeding.

UCAN SUPPORTS MOVING THE BASELINE ISSUES FROM THE RDW APPLICATION TO THIS PROCEEDING

In SDG&E's RDW application they discuss their proposal to bring the baselines down to the minimums allowed by current legislation, 50% of the average usage. In SDG&E's application they note that the baseline numbers have crept up in recent years and now they seek to reduce them.

Since the baseline usage helps define the Tier - 1 usage rate and the volume of energy priced at the Tier 1 rate, having this issue considered in the RDW proceeding would be extraordinarily difficult, as the Commission and the parties would have to wait until the base-lines were established before being able to design a tiered rate in this OIR. It would make no sense to have this issue considered in the RDW proceeding when this proceeding considers the residential rate design, and establishing the baselines is necessary to determine the price of Tier 1 for residential customers.

CONCLUSION

To avoid duplication of litigation in different proceedings, consistency, assist in planning future phases of this proceeding, reducing the number of proceedings necessary, and to promote fair resolution of the issues, UCAN recommends that the Commission move the issues of

establishing Baseline usage and time periods for the residential TOU rate from the presently pending SDG&E RDW application (A.14-01-027) to this proceeding.

Respectfully submitted,

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