

**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.

R.12-06-013

**COMMENTS OF THE
COALITION OF CALIFORNIA UTILITY EMPLOYEES
ON THE JOINT MOTION OF PACIFIC GAS AND ELECTRIC COMPANY,
THE OFFICE OF RATEPAYER ADVOCATES, AND THE UTILITY REFORM
NETWORK TO ADOPT SETTLEMENT**

March 14, 2014

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Pursuant to the email ruling issued March 7, 2014, the Coalition of California Utility Employees ("CUE") offers these comments on the Joint Motion of PG&E, ORA, and TURN to Adopt Settlement (Joint Motion).

I. INTRODUCTION

On March 5, 2014, PG&E, ORA, and TURN filed this Joint Motion to Adopt Settlement. On March 6, CUE participated in a settlement discussion with PG&E regarding the Settlement and expressed interest in joining the parties to the Settlement. After agreement from the other parties, CUE is now a signatory to the Settlement and fully supports Commission adoption. The Settlement is reasonable in the light of the record, consistent with the law, and in the public interest.

Therefore, the Commission should adopt the Settlement.

**II. THE SETTLEMENT REPRESENTS A FAIR COMPROMISE AND
REDUCES BILL IMPACTS**

The original settling parties negotiated a fair and reasonable settlement that is consistent with the Commission guidance for summer 2014 rate changes provided

at the January 8, 2014 Prehearing Conference and the January 24, 2014 Second Amended Scoping Memo. The proposed Settlement establishes an equal compromise between PG&E's original proposed baseline quantities and TURN and ORA's proposal to retain the current baseline quantity, which will reduce the bill impacts of PG&E's rate changes on low usage non-CARE residential customers in Tiers 1 and 2. Additionally, PG&E, ORA, and TURN negotiated subjecting Tiers 3 and 4 non-CARE rates to an increase in rates in certain circumstances and an option to recover revenue shortfall by increases in Tiers 2, 3, and 4 if Tier rate 4 exceeds \$0.35000 per kWh. This compromise will also lessen bill impacts on low usage non-CARE customers in Tiers 1 and 2. Lastly, the original settling parties agreed to share increases and decreases across all-non CARE and CARE rate tiers on an equal cents per kWh basis, with limitations, until the Commission issues the Phase 1 decision. This compromise also provides additional protections to Tier 1 and 2 CARE customers and Tier 1 non-CARE customers from unintended bill volatility due to timing of revenue requirement changes on PG&E's system.

The proposed Settlement will resolve the issues identified in this phase of the OIR because: (1) it is consistent with AB 327; (2) consistent with the ten rate design principles developed in this proceeding; (3) the assumptions upon which PG&E based its calculations are reasonable; (4) avoids non-CARE rate shock and volatility; (5) the CARE, FERA, and medical baseline avoids rate shock and rate volatility; and (6) the proposed rate changes maintain revenue neutrality.¹ All of these compromises provide protections from rate shock during this transition period.

¹ Second Amended Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judge, p. 4.

Furthermore, the Settlement fully complies with AB 327 and the Public Utilities Code.

Preventing rate shock and volatility for consumers is a leading goal of this phase of the OIR. ORA and TURN both represent ratepayer interests and have agreed that this Settlement is a reasonable compromise of the original settling parties' positions and will reduce the bill impacts of PG&E's rate changes through this transition.

III. CONCLUSION

For the foregoing reasons and as a settling party, CUE respectfully asks the Commission to approve the proposed Settlement.

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Respectfully submitted,

/s/

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