

**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

U 39 E

R.12-06-013 (Phase 2)  
(Filed June 21, 2012)

**OPENING COMMENTS OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E),  
ON PROPOSED DECISION ON PHASE 2 RATE CHANGE  
PROPOSAL SETTLEMENT AGREEMENTS FOR  
SUMMER 2014 RATE REFORM**

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## **I. INTRODUCTION**

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) provides its opening comments on the Proposed Decision on Phase 2 Rate Change Proposal Settlement Agreements for Summer 2014 Rate Reform (PD) in this proceeding. As discussed in more detail below, PG&E supports the PD and urges its immediate approval.

## **II. THE PD APPROPRIATELY DEMONSTRATES THAT THE JOINT SETTLEMENT PROPOSED BY PG&E, ORA, AND TURN IS REASONABLE, CONSISTENT WITH LAW, AND IN THE PUBLIC INTEREST**

The PD proposes to approve, without change, the Joint Settlement on summer 2014 rates proposed by PG&E, the Office of Ratepayer Advocates (ORA), and The Utility Reform Network (TURN)(Joint Settlement). The Joint Settlement enjoys broad and nearly unanimous support from active parties in the proceeding. The PD appropriately and diligently reviews the terms and conditions of the Joint Settlement as well as the evidence supporting it. The PD concludes that the Joint Settlement is reasonable in light of the whole record, consistent with law, and in the public interest.<sup>1/</sup> The PD also evaluates the lone objection to the Joint Settlement by the Center for Accessible Technology (CforAT) and Greenlining Institute (Greenlining), and appropriately rejects their objection as contrary to the need for customers' rates to reflect cost of service, as well as contrary to the record evidence demonstrating that the bill impacts of the Joint Settlement are reasonable, moderate and affordable.<sup>2/</sup>

PG&E requests one clarification to the PD to ensure that the timing of the rate changes associated with the Joint Settlement are coordinated and aligned with normal PG&E billing changes. Specifically, a sentence in Ordering Paragraph 5 requires that the utilities' implementing Advice Letters request effective dates for their respective settlements "no later than July 31, 2014." Although PG&E conceptually agrees with this general range of dates for

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<sup>1/</sup> PD, Conclusion of Law 16, p. 61.

<sup>2/</sup> PD, pp. 46- 50; Conclusions of Law 7 and 8, p. 60.

effecting the rate changes adopted here, PG&E respectfully requests that the July 31, 2014 date be changed to August 1, 2014, because PG&E generally seeks to make rate changes on the first of the month for customer billing purposes, if possible.

Pursuant to Rule 14.3(b), PG&E recommends specific revisions to the PD text, proposed Findings of Fact, Conclusions of Law and Ordering Paragraphs to reflect this request for clarification, as well as to correct some minor errors in the PD text.

**III. PG&E DISAGREES WITH THE PD’S INTERPRETATION OF THE CALIFORNIA CLIMATE CREDIT, BUT DOES NOT INTEND TO PURSUE THE ISSUE FURTHER AT THIS TIME**

For the reasons stated in its comments on the California Climate Credit (CCC) issue in this proceeding, PG&E respectfully disagrees with the conclusion of the PD that the CCC may not be taken into account in calculating the effective CARE discount and the “revenues that would have been produced for the same billed usage by non-CARE customers” pursuant to Public Utilities Code Section 739.1(c)(1).<sup>3/</sup> PG&E also disagrees with the PD’s proposal, in Section 4.3 at page 22, to order the utilities to exclude the CCC from any bill impact analyses they offer into evidence in this rulemaking proceeding.<sup>4/</sup>

However, the PD should not categorically or peremptorily exclude *any* factual evidence that any party may offer in this proceeding that may be relevant to a material issue in the proceeding, including bill impacts on customers.<sup>5/</sup> Specifically, the fact that customers will be receiving a climate credit of \$60 per year constitutes income that is relevant for the purposes of evaluating affordability and energy burden, regardless of the ruling as to whether it should be included in the AB 327 calculation as to whether the effective CARE discount is within the required range of 30 percent to 35 percent.

In the interest of avoiding further controversy, PG&E does not intend to pursue further, in

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<sup>3/</sup> PD, Ordering Paragraph 6, p. 63.

<sup>4/</sup> *Id.*

<sup>5/</sup> PG&E notes that the PD would exclude the fact of any *reduction* or *elimination* of the CCC in the future from any bill impact analyses in this proceeding.



## APPENDIX A

### PG&E's Proposed Modifications to PD Pursuant to Rule 14.3(b)

#### PD Text

Page (P.) 4, line 9: Revise the sentence to read:

Following enactment of SB 695, residential rates in Tiers 1 and 2 were increased, **but because the Legislature suspended the CalWORKS index, no increases to CARE Tier 1 and 2 rates were made until January, 2014.**

P. 13, table at bottom of page: Revise PG&E's February, 2014 rates as follows:

- Tier 1 rate: 13.2 cents
- Tier 4 rate: 36.4 cents

P. 14, line 20: Revise the sentence to read:

The CARE effective discount was originally set at approximately 15% ~~20%~~, but over time, the actual effective discount has grown to as high as 48.4%.<sup>8</sup>

[See D.01-06-010, Ordering Paragraph 2, p. 22, increasing the CARE discount from 15% - 20% after the energy crisis; see also D.89-09-044, Findings of Fact 1 and 4, establishing the original LIRA program at 15%.]

P. 17, lines 2 and 16: Make similar changes to replace "20%" with "15%"

P. 28, line 19: Revise the sentence to read:

The only party to serve testimony opposing PG&E's January 28, 2014 simplified Phase 2 Proposal was CforAT/~~Greenlining~~.

#### Findings of Fact

Finding of Fact 11, p. 55: Revise sentence to read:

11. The CARE discount was originally set at approximately ~~20~~15% off otherwise applicable rates.

#### Conclusions of Law

Conclusion of Law 5, p. 60: Revise to read as follows:

5. **Pending further consideration in Phase 1 of this proceeding,** the proposed differentials between tiers **better** comply with the Section 739(d)(1) requirement that the Commission “establish an appropriate gradual differential between the rates for the respective blocks of usage.”

### **Ordering Paragraphs**

Ordering Paragraph (O.P.) 5, p. 63: Revise to read as follows:

5. Within 15 days of the date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company shall each file a Tier 1 Advice Letter setting forth the new residential rates adopted from their respective settlement agreements with a requested effective date no earlier than June 30, 2014 and no later than **August 1**~~July 31~~, 2014. The Advice Letter shall include revised tariff sheets to implement the rate designs adopted in this order and documentation sufficient to permit the Commission’s Energy Division to determine if the Advice Letter is in compliance with this decision and any other decisions approving rate changes to be implemented concurrently with the changes in rate design. The tariff sheets shall become effective on the requested effective date pending disposition by the Commission’s Energy Division and the Advice Letter shall prominently designate that it is “effective pending disposition.” The requested effective date shall be at least 14 days after the date the Advice Letter is filed.