

**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 ON THE PROPOSED DECISION OF THE GREENLINING INSTITUTE

THE GREENLINING INSTITUTE
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May 29, 2014

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Introduction

In accordance with Rule 14.3(a) of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Greenlining Institute ("Greenlining") files these comments on the Proposed Decision on Phase 2 Rate Change Proposal Settlement Agreements of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company for Summer 2014 Rate Reform ("Proposed Decision"). Greenlining files comments on the issue of the Climate Credit and whether it should be included in the calculation of the California Alternate Rates for Energy (CARE) discount.

I. The Proposed Decision Correctly Rules that the Climate Credit Is Not Part of the CARE Discount.

The Proposed Decision properly finds that the question of whether to include the Climate Credit in the calculation of the CARE discount is ripe for resolution.¹ This issue was initially raised by some of the investor owned utilities ("IOUs") when they provided their initial Phase 2 applications in November 2013. The Phase 2 applications of PG&E and SCE included the Climate Credit in the calculation of the effective CARE discounts. The Proposed Decision notes that:

¹ See Proposed Decision, p. 19.

As part of our required review of the settlements, we must find that they comply with the law before we approve them. Therefore, we consider treatment of the Climate Credit as part of this decision.²

The Commission will also need to determine that the effective CARE discounts provided by the IOUs in the long term rate design also comply with the law. Moreover, the Commission can remove any misunderstanding regarding the treatment and implementation of the Climate Credit. Greenlining agrees with the Proposed Decision that now is a proper moment to resolve this issue.

The Proposed Decision properly finds that the Climate Credit should not be included in the calculation of the effective CARE discount. The Proposed Decision cites Cal. Pub. Util.

Code Section 739.1(c)(1):

The average effective CARE discount shall not be less than 30 percent or more than 35 percent **of the revenues that would have been produced** for the same billed usage by non-CARE customers. (emphasis added)

The Proposed Decision properly finds that customer receipt of the Climate Credit does not reduce the amount of “the revenues that would have been produced” from the customer. Rather, the Climate Credit is benefit that is owned by the customer. The Proposed Decision clarifies certain matters regarding the Climate Credit, as well as the greater Cap and Trade procedure carried out by the Commission, the IOUs and others: “Ratepayers should not confuse the return of GHG allowance revenues, including the Climate Credit, as a credit from the IOUs.”³

The Proposed Decision also demonstrates why the resolution of the Climate Credit will simplify the review of rate design proposals. The Proposed Decision definitively restates an earlier ruling, that the Commission will not consider bill impacts of rate design proposals that

² Proposed Decision, p. 19.

³ See Proposed Decision, p. 21.

include the Climate Credit.⁴ Exclusion of the Climate Credit from bill impact calculations will simplify consideration of rate design proposals.

Conclusion

The Proposed Decision clarifies Commission treatment of the Climate Credit. The Proposed Decisions findings will assist stakeholders to understand what the Climate Credit is and how it should be treated.

Respectfully submitted,

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/s/ Enrique Gallardo

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⁴ See Proposed Decision, p. 22.