

**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 (Phase 1)
(Filed: June 21, 2012)

**PREHEARING CONFERENCE STATEMENT OF
PACIFIC GAS AND ELECTRIC COMPANY (PHASE 1)
ON DEFAULT TIME-OF-USE RATEMAKING
EVIDENTIARY ISSUES**

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Dated: May 2, 2014

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Pursuant to the April 15, 2014, "Third Amended Scoping Memo and Ruling of Assigned Commissioner" (Third Amended Scoping Memo), Pacific Gas and Electric Company (PG&E) provides its prehearing conference statement making recommendations regarding the areas of potential factual dispute and categories of data and types of studies and evidence that could be used to resolve issues relating to default time-of-use (TOU) rates that may arise in this Phase 1 rate design reform proceeding.

Although it is premature to identify what specific factual disputes may arise relating to default TOU rates in this proceeding, nonetheless PG&E's prepared testimony and responses to rate design questions in this proceeding already have identified the types of evidence, studies and pilot projects that may be used to resolve such factual disputes that may arise.

For example, Section G of chapter 2 of PG&E's prepared testimony in this proceeding contains detailed factual and policy support for PG&E's non-tiered TOU rate proposals, including PG&E's proposals for (1) building TOU participation through customer choice; (2) evaluating large-scale residential TOU programs, including default TOU rates, through a pilot program; and (3) the detailed design of a TOU pilot to evaluate default and voluntary TOU rate programs. (PG&E prepared testimony, February 28, 2014, Chapter 2, pp. 2- 52- 2-65.).

In addition, PG&E's "Responses to Rate Design Questions 26- 38," served on March 21, 2014, contains detailed responses to questions regarding the design of PG&E's proposed TOU rates and PG&E's plans for customer communications, outreach and education to support customer adoption of TOU rates. (PG&E Responses to Rate Design Questions 26- 38, March 21, 2014.)

Finally, PG&E's Electric Rate Design Reform Proposal filed on May 29, 2013 in this proceeding contains extensive factual customer research data on customer views and preferences on various rate designs, including TOU rates. (PG&E Electric Rate Design Reform Proposal, May 29, 2013, Appendix A. Customer Research Survey and Report.)

Assembly Bill (AB) 327 contains specific statutory conditions and criteria that the Commission must consider and use in requiring or authorizing default residential TOU rates. (Public Utilities Code Section 745(c).) These criteria include, *inter alia*, (1) exclusion of certain categories of customers from default TOU rates; (2) special protections for senior citizens and economically vulnerable customers in hot climate zones; (3) TOU rate periods that are appropriate for at least five years; (4) pre-implementation customer education and bill protection, before default TOU rates can be fully implemented; (5) special, annual comparative rate and bill impact communications to residential customers; and (6) detailed cost protections for customers who choose to opt-out of default TOU rates. (Public Utilities Code Sections 745(c)(1)-(6).) Each of these statutory criteria is likely to require a factual record regarding applicability to various default TOU rate proposals.

PG&E is unable to anticipate the precise factual disputes that may arise based on the scope of testimony and evidence introduced by PG&E and other parties on default TOU rates in this proceeding. Nor can PG&E predict what additional specific factual evidence the Commission may request parties to put on the record on these issues. However, as PG&E's prepared testimony emphasizes, *there is yet very little specific empirical evidence on how default TOU rates will affect the satisfaction, behavior and energy usage of residential electricity customers.* Thus, PG&E has recommended that the Commission take the necessary time to

conduct a pilot study of default TOU rates *before* deciding whether default TOU rates should be implemented in California. Only through gathering factual evidence from customers themselves under a “real world” pilot of default TOU rates and alternative TOU rates can the Commission assemble an adequate, objective and complete factual record on which to base a decision on the merits of whether to require or authorize default TOU residential electric rates in PG&E’s service territory.

PG&E appreciates the diligence and cooperation of the Assigned Commissioner, ALJs, Commission staff, and interested parties in moving this important proceeding forward to the evidentiary phase in a logical and practical manner.

Respectfully Submitted,
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By: /s/ Christopher J. Warner

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