

**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)

**SECOND PREHEARING CONFERENCE STATEMENT OF THE GREENLINING
INSTITUTE AND THE CENTER FOR ACCESSIBLE TECHNOLOGY**

**CENTER FOR ACCESSIBLE
TECHNOLOGY**
MELISSA W. KASNITZ
STAFF COUNSEL
3075 ADELIN STREET, SUITE 220
BERKELEY, CA 94703
510/841-3224
service@cforat.org

THE GREENLINING INSTITUTE
ENRIQUE GALLARDO
LEGAL COUNSEL
1918 UNIVERSITY AVE
BERKELEY, CA 94704
510/926-4001
enriqueg@greenlining.org

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INSTITUTE AND THE CENTER FOR ACCESSIBLE TECHNOLOGY**

Introduction

In accordance with the Third Amended Scoping Memo and Ruling of Assigned Commissioner (“Amended Scoping Memo”), the Greenlining Institute (“Greenlining”) and the Center for Accessible Technology (CforAT) file this Prehearing Conference Statement. The Amended Scoping Memo directed parties to file “PHC Statements describing types of evidence necessary to resolve factual disputes about default TOU rates.”¹ Greenlining and CforAT provide this PHC Statement responsive to the Amended Scoping Memo, identifying evidence necessary to resolve factual disputes about time-of-use (TOU) rates.

Additionally, Greenlining and CforAT take this opportunity to describe additional types of evidence necessary to resolve factual disputes regarding residential rate design issues in general. The Amended Scoping Memo provided for an additional Prehearing Conference in order to provide “the opportunity to further identify areas of factual dispute and categories of data and types of studies that could be used to resolve these disputes [regarding default TOU].” However, introduction of additional factual disputes regarding the wider issue of residential rate design at this time should not be prejudicial to any party.

¹ Amended Scoping Memo, pp. 9-10.

Finally, Greenlining and CforAT comment on some of the issues identified in the Amended Scoping Memo as within the scope of this phase of the proceeding

Additional Factual Issues

Affordability of essential uses should be examined.

Pub. Util. Code § 382(b) establishes that essential electricity use should be affordable. Thus, this rulemaking should examine whether the various rate proposals, including those provided by both utilities and intervenors, provide for affordable rates for essential electricity use. In order to properly consider affordability, evidence should include information on the economic context in which changes to rates are being considered, including the experiences of ratepayers and the overall economic status of the state and various regions within the state.

Essential energy use under TOU rates should be examined, including potential impacts for customers who cannot shift their usage easily or at all. The impact of customer charges, a flattened tier structure, and/or changes to allocations of baseline quantities on the affordability of essential uses should also be examined.

Affordability for moderate income large families should be examined.

The rulemaking should examine the various proposed rate designs in regards to affordability for customers whose large household size drives certain usage patterns. These households (among others) may not be able to practice the load shifting required by TOU rates. The rulemaking should ensure that the Family Electric Rate Alternative (FERA) program still provides affordability assistance to customers even if the rate design has changed.

Currently, the Family Electric Rate Assistance (FERA) discount consists of a discount on Tier 3 usage, reducing the rates for this usage to the Tier 2 rate for FERA customers. However,

all three IOUs have proposed that – for their tiered rates – the tiers will be reduced to two tiers. Thus, the FERA discount would be incompatible with the utilities’ proposals.

Moreover, under a TOU rate structure, the formula for providing the FERA discount would not be applicable. Thus, the FERA discount would need to be revised to be applicable to a TOU rate structure.

The IOUs have also proposed various strategies for transitioning the FERA discount to their proposed rates. For whatever rates are ultimately adopted, the Commission should consider how the FERA program can serve customers with moderate income and large households.

Affordability for people with disabilities or other health issues and seniors should be examined.

The Rulemaking should examine the various proposed rate designs for their impact on households that include a person with a disability or other health issue and for seniors. Many of these households may not be able to practice the load shifting required by TOU rates, particularly if they live in hot climates and do not have an alternative location to go to during the hottest part of the day, as is common with retirees and people who are unable to work due to disability. Some, though not all, households that include a person with a disability qualify for assistance through the Medical Baseline Program. The rulemaking should ensure that the Medical Baseline program still provides affordability assistance to customers even if the rate design has changed.

The Commission should consider what customers should be exempted from default TOU rates.

Cal. Pub. Util. Code § 745(c)(1) exempts specifically designated groups of customers from being defaulted onto TOU rates, as well as “other customers designated by the commission in its discretion.” The Commission should consider what other customers should be exempted from default TOU rates. The customers specifically exempted from default TOU rates by Cal.

Pub. Util. Code § 745(c)(1) may provide insight as to what other customers should be exempt from default TOU rates. Additionally, the Commission may consider whether other groups of customers should be exempted. For example, if it can be demonstrated that certain groups of customers experience unaffordable bills for essential energy usage under TOU rates, then such customers may benefit from exemption from default TOU. Consideration should also be given to ensuring that customers who are exempted from default TOU rates do not see disproportionate bill impact by remaining on a non-TOU rate.

The Commission must ensure that TOU rates do not cause unreasonable hardship to seniors and economically vulnerable customers in hot climate zones.

Cal. Pub. Util. Code § 745(c)(2) states that:

The commission shall ensure that any time-of-use rate schedule does not cause unreasonable hardship for senior citizens or economically vulnerable customers in hot climate zones.

The Commission must consider the impacts of TOU rates on senior citizens and on economically vulnerable customers in hot climate zones.

The Commission must consider what customers constitute “economically vulnerable” customers. Greenlining and CforAT propose that customers on the CARE program and customers on the FERA program should be considered “economically vulnerable.” Such customers have been identified by the Commission as necessitating discount programs. Such customers also have elevated levels of disconnections and arrearages. Additionally, customers with disabilities, including those with disabilities that do not provide eligibility for the Medical Baseline program, should be considered “economically vulnerable.”

The Commission should consider what additional customers should be considered “economically vulnerable.”

Can load reduction be achieved if customers with high usage have a strong incentive to decline TOU rates?

Peak load reduction is a primary goal of TOU rates. However, such peak load reduction may be avoided if customers do not choose TOU rates (or opt out in the case of default TOU rates).

All of the IOUs propose as an alternative to TOU rates a tiered rate structure with a customer charge, only two tiers and a relatively small tier differential. Such a flattened rate structure may be very attractive to customers with a high usage. For customers with high usage, such a flattened tiered rate structure may result in lower bills, compared to the bills they would receive under a TOU rate. Thus, these customers with high usage would have a strong incentive to choose a flattened rate structure, rather than a TOU rate structure. At the same time, such a rate structure would result in substantial bill increases for lower-usage customers who remain within a tiered rate structure.

Customers with high usage overall may also be the customers with the largest amount of discretionary usage. These customers may represent the best opportunity to move their load from peak to non-peak hours.

Thus, the Commission should explore if the alternative of a flattened tiered rate structure undercuts the effectiveness of TOU rates in terms of load shifting.

The Commission should add non-utility proposals to the list of issues identified as within the scope of this phase of the proceeding.

The Amended Scoping Memo identifies 17 specific issues as within the scope of Phase 1 for all utilities. Multiple listed issues allow for consideration of the utilities' proposals, while not specifically provide for consideration of proposals made by other parties, including items from the detailed rate design proposals submitted in May of 2013 as well as new proposals that non-

utility parties may develop in response to the most recent utility submissions. The Commission should make clear that all options remain on the table and that this phase of the proceeding is not narrowly focused on consideration of the proposals made by the utilities.

The Commission should clarify the status of consideration of TOU periods.

In the list of issues within the scope of this phase of the proceeding, the Amended Scoping Memo specifically asks “in what type of proceeding should the Commission review residential TOU periods?”² In a separate discussion, it specifically gives as an example of the type of question that may be addressed in this proceeding as whether proposals for changes in TOU periods should be limited to general rate cases rather than rate design windows.³ At the same time, it notes that changes to TOU periods have been proposed in several other proceedings, including a rate design window application by SDG&E, and directs the parties to address their arguments about whether such changes should be considered at this time to the other proceedings.

To the extent that this proceeding will expressly consider whether changes in TOU periods are appropriately raised in rate design window proceedings, the Commission should make clear that no such proposal should go forward in a rate design window proceeding until the general question is answered here.

Respectfully submitted,

May 2, 2014

/s/ Melissa W. Kasnitz

/s/ Enrique Gallardo

MELISSA W. KASNITZ

ENRIQUE GALLARDO

² Amended Scoping Memo, p. 6.

³ See Amended Scoping Memo, p. 4.

Attorney for Center for Accessible Technology
3075 Adeline Street, Suite 220
Berkeley, CA 94703
Phone: 510-841-3224
Fax: 510-841-7936
Email: service@cforat.org

Attorney for the Greenlining Institute
1918 University Ave.
Berkeley, CA 94704
Phone: 510-926-4017
Fax: 510-926-4010
Email: enriqueg@greenlining.org