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Cc: ALJ Central Files Staff (ACF@cpuc.ca.gov)

Bcc:

Subject: RE: Seeking Clarification on the September 15th Intervenor Testimony for Phase 1 of the Residential Rate Design OIR R.12-06-013

Your understanding is generally correct.

Only limited aspects of CARE, FERA and medical baseline programs will be addressed in Phase 1. Specifically, this phase of the proceeding is limited to rate changes proposed for Phase 1. As set forth in the May 7, 2014 Joint ALJ Ruling, we expect that a later phase of this proceeding, or a new proceeding, will be opened to examine options for re-structuring CARE.

Phase 1 will address short-term aspects of outreach and education, and, ideally, the decision in Phase 1 will serve as the first step in developing long-term outreach plans. Phase 1 will decide outreach and education to the extent necessary for rollout of new

rates in 2015 (including TOU pilot programs). Long-term outreach and education programs will require a more robust examination and would be handled outside of Phase 1. For example, the long-term education and outreach program for TOU rates, regardless of whether these rates are opt-in or default, will require careful analysis that is beyond the scope of Phase 1.

As set forth in the April 15, 2014 Scoping Memo, Phase 1 will address:

- Short-term outreach programs to communicate changes in rate design, including untiered TOU pilot and opt-in TOU.
- Short-term outreach programs to communicate changes in rate design that impact CARE, FERA and medical baseline programs.
- Funding source for these outreach programs.
- Metrics to be tracked for evaluation of these outreach programs. These metrics will have a role in the long-term evaluation of rates.
- Budgets, to the extent necessary for utilities to proceed with implementing short-term outreach programs.

In addition to these specifically mentioned issues, parties may want to address whether outreach and education should be handled by individual utilities, by a common state-wide program administered by a third-party, or by a hybrid approach.

TEXT OF APRIL 15, 2014 Scoping Memo:

8. What requirements should be set for short-term outreach programs to communicate changes in rate design in the near-term (including untiered TOU pilot and opt-in outreach, changes to tiers and fixed charges, changes to the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), and medical baseline programs)? Where should funding for this outreach come from? What metrics should be used to evaluate the effectiveness of the outreach programs? What budgets are needed to meet the outreach objectives?

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Administrative Law Judge

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Subject: Seeking Clarification on the September 15th Intervenor Testimony for Phase 1 of the Residential Rate Design OIR R.12-06-013

Judges McKinney and Halligan-

ORA requests that the ALJ's provide clarification on the scope of intervenor testimony that will be submitted on September 15th . ORA hopes that this clarification could help focus intervenor testimony on areas that the Commission finds most useful. ORA's understanding is that the September 15th testimony would present parties recommendations and visions on residential rate design. In addition intervenors should respond to the 17 questions raised in the third amended scoping memo and ACR issued on April 15, 2014. However, among these 17 questions, there are some questions related to outreach and education. In the February 13, 2014 ruling, there was indication that the Commission might defer outreach and education issues to a later phase. Therefore, ORA is seeking clarification from the Assigned Commissioner and the ALJs on whether parties should still address the outreach/education issues in the RROIR Phase 1. **Please confirm if ORA's understanding of the September 15th testimony is correct, and also please provide guidance on whether outreach and education should be considered now or in a later phase of this proceeding.**

ORA also seeks clarification regarding CARE issues. The May 7th ruling states the following:

"Many innovative ideas for long-term restructuring of CARE rates have been suggested. Examples of possible structures include: (a) providing greater discounts for the lowest income households and smaller discounts for higher income CARE eligible customers, (b) different rates of discount for each tier of usage, and (c) a flat 35% credit applied to a CARE customer's monthly bill. Any restructuring of CARE rates will require careful evaluation and will need to be

coordinated with the ongoing administration of the CARE Program. Therefore, we anticipate addressing this issue in a later phase of RROIR Proceeding or a new proceeding that is dedicated specifically to rate design for the CARE Program.

Meanwhile, all other programmatic issues relating to the ongoing administration of the CARE Programs should continue to be addressed in the respective utility's CARE proceeding. ESA and CARE Proceedings are on a three-year program cycle and the next program cycle applications are expected in August of 2014 for the program cycle 2015-2017."

Based on this language, ORA anticipates that parties will only address the CARE issues related to rate design changes in RROIR Phase 1. For example,

- How to move the overall CARE discount to a 30 to 35% level and what type of "glide path" transition plan should be used.
- How reducing the number of tiers would impact FERA and medical baseline.

Please clarify if we are correctly interpreting the scope of these issues.

Thank you,

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