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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of its 2012 Rate Design Window Proposals (U39E).

Application 12-02-020
(Filed February 29, 2012)

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

1. Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on May 10, 2012.

2. Background

On February 29, 2012, Pacific Gas and Electric Company (PG&E) filed Application (A.) 12-02-020, its *Application of Pacific Gas and Electric Company for Approval of its 2012 Rate Design Window Proposals* (Application). PG&E proposes a number of rate design changes and requests that the Commission find them to be reasonable.

¹ All references to rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at www.cpuc.ca.gov.

On March 8, 2012, Resolution ALJ-176-3290 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. Protests were filed on April 2, 2012, by the Solar Energy Industries Association (SEIA) and The Utility Reform Network (TURN), and on April 3, 2012, by the Division of Ratepayer Advocates (DRA) and, jointly, the Greenlining Institute and the Center for Accessible Technology (Greenlining/CforAT). On April 11, 2012 and May 3, 2012, PG&E filed separate Motions to Amend Testimony, and on April 13, 2012, PG&E replied to the protests.

On May 10, 2012, a prehearing conference (PHC) took place in San Francisco to establish the service list for the proceeding, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding.

3. Motion to Amend Testimony

PG&E's April 11, 2012 Motion to Amend Testimony identifies several "inadvertent, minor substantive errors" in its February 29, 2012 testimony. PG&E's motion provides corrected versions of these portions of its testimony.

PG&E's May 3, 2012 Motion to Amend Testimony identifies several additional "inadvertent, minor substantive errors" in its February 29, 2012 testimony. PG&E's motion provides corrected versions of these portions of its testimony.

Pursuant to Rule 1.12(a): "An amendment is a document that makes a substantive change to a previously filed document. An amendment to an application must be filed prior to issuance of the scoping memo." At the May 10, 2012 PHC, the assigned Administrative Law Judge (ALJ) granted PG&E's motions.

4. Scope of Proceeding

As PG&E notes in its application, Rate Design Window proceedings, as established under the Commission's Rate Case Plan, (Decision (D.) 89-01-040 and D.07-07-004) are the standard vehicle provided by the Commission for requesting rate design changes between General Rate Cases.

In this 2012 Rate Design Window, PG&E also presents information that other Commission decisions required be included in this filing. Specifically, Ordering Paragraph (OP) 11 of D.11-05-047 directed PG&E to "evaluate the effects of implementing a four-month summer period and an eight-month winter period for baseline measurement purposes, and to present the results of its evaluation in its 2012 Rate Design Window proceeding." PG&E's testimony includes its report of the results of this evaluation.

Furthermore, OP 3 of D.11-11-008 directed PG&E to "prepare a report that explains and illustrates the logic underlying its design of its SmartRate and its Time of Use (TOU) Schedule E-6. PG&E's report should also provide detailed information regarding its efforts to market these rates to customers, and the results of those efforts...." PG&E provides this report as an Appendix to its testimony.

Through the Application, the protests to the Application, the reply to the protests, and discussions during the PHC, parties conducted an exchange that has helped to refine the scope of the Application.

First, this proceeding will consider the specific requests made by PG&E in its Application.

PG&E proposes certain specific changes that it claims will make its electric rates fairer, easier to understand and to apply, including:

- (1) Reducing baseline quantities for all residential customers from their current level at the middle of the range permitted by statute to the bottom of that range; and
- (2) Modifying the methodology used for calculating minimum bill charges, patterned after the methodology adopted by the CPUC for Southern California Edison Company.

PG&E also proposes the following changes, which it claims will bring greater uniformity, understandability and consistency to its optional dynamic pricing rate overlays:

- (1) Revise operating hours for the SmartRate and Peak Day Pricing (PDP) programs to make them both run during the same 1:00 p.m. to 6:00 p.m. period on event days;
- (2) Make other minor changes to PG&E's dynamic pricing programs, including: their operating seasons, number of events per year, event triggers, and day-ahead notice provisions;
- (3) Make corresponding revisions to these rates to preserve revenue-neutrality in light of these revised operating criteria; and
- (4) Close the non-TOU versions of small and medium business rate schedules to new customers, where a SmartMeter is already in place, effective on or after January 1, 2013, and likewise to close the non-TOU versions of agricultural rate schedules to new customers, where a SmartMeter is already in place, effective March 1, 2013.

In their protests, parties identified certain PG&E requests as likely to be contested issues in this proceeding.

DRA identified PG&E's proposal to lower the residential baseline allowance from 55% of average residential usage to 50% of average usage, and

also stated its intention to seek clarification regarding PG&E's dynamic pricing program proposals and PG&E's compliance with OP 26 of D.10-02-032.²

TURN expresses serious concerns about PG&E's proposed reduction in residential baseline quantities and states its intention to conduct further investigation into potential changes to baselines that would provide material relief to customers in the Central Valley during the hot summer months.

Greenlining/CforAT's protest focuses on PG&E's proposal to reduce the baseline allowance to 50% of average usage; Greenlining/CforAT intend to examine the impact of this proposal on low-income customers and customers who use lower amounts of energy.

SEIA also opposes PG&E's proposal to reduce baseline quantities.

In its April 13, 2012 reply to protests, PG&E agrees that all of these issues are appropriately within the scope of this proceeding, with the exception of Peak Time Rebate (PTR) and bill protection for SmartRate™, which PG&E believes is properly in the 2010 Rate Design Window case, A.10-02-028. PG&E's assertion is correct.³

² Among other things, OP 26 of D.10-02-032 directed PG&E to "address" the following: "Proposed new time-of use and time-of-use/Peak Day Pricing rates for medium commercial and industrial customers, intermediate in time-differentiation between the proposed A1-TOU and A6-TOU rate designs."

³ PG&E notes that "In its prepared testimony in A.10-02-028, DRA has proposed that bill protection for residential critical peak pricing rates like SmartRate™ should not include PTR credits, even if the customer would have been entitled to PTR credits on its otherwise applicable rate."

With the exception of PTR and bill protection for SmartRate™, the issues identified in the protests of DRA, TURN, Greenlining/CforAT, and SEIA are within the scope of this proceeding.

Finally, at the PHC, parties agreed that a workshop would be a useful forum for a more detailed discussion of PG&E's proposals and the compliance items included in its application, if the workshop were scheduled prior to the due date for intervenor testimony. PG&E also agreed to TURN's request that PG&E analyze additional summer baseline scenarios, to be proposed by parties by June 8, 2012. The schedule adopted below provides time for this workshop.

Event	Date
Parties provide scenarios to PG&E for summer baseline analysis (not filed or served).	June 8, 2012
Workshop to be held to review PG&E's application and additional compliance items.	July 12, 2012, at 10:00 a.m. Commission Golden Gate Room State Office Building at 505 Van Ness Avenue San Francisco, CA 94102
Non-Utility Testimony Served	August 2, 2012
PG&E Rebuttal Testimony Served	September 10, 2012
Hearings	September 24 - 28, 2012, at 10:00 a.m. Commission Courtroom, State Office Building, at 505 Van Ness Avenue, San Francisco, CA 94102
Opening Briefs Filed	October 26, 2012

Reply Briefs Filed; Requests for Final Oral Argument Filed	November 9, 2012
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Consistent with Pub. Util. Code § 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of this scoping memo.

5. Category, Need for Hearing, and *Ex Parte* Rules

The Commission preliminarily categorized this Application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require evidentiary hearings. The parties did not oppose the Commission's preliminary categorization. This ruling affirms the preliminary categorization of ratesetting. In accordance with Rule 7.3(a), today's scoping memo adopts a procedural schedule that includes hearings. In a ratesetting proceeding, *ex parte* rules as set forth in Rules 8.1, 8.2, 8.3, 8.5 and Pub. Util. Code § 1701.3(c)⁴ apply, until such time as we make a final determination regarding the need for hearings.

6. Discovery

If parties have discovery disputes they are unable to resolve by meeting and conferring, they should raise these disputes with the presiding officer, pursuant to Rule 11.3.

7. Final Oral Argument

Pursuant to Rule 13.13, any requests for a final oral argument before the Commission must be filed and served on the day reply briefs are due.

⁴ All section references are to the Public Utilities Code.

8. Intervenor Compensation

The PHC in this matter was held on May 10, 2012. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by June 11, 2012.

9. Presiding Officer

Pursuant to Rule 13.2, I designate ALJ Stephen C. Roscow as the Presiding Officer.

10. Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony, as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail.

Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under “Information Only,” is required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.12-02-020 – PG&E 2012 Rate Design Window. In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Comments*. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission’s web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission’s Process Office. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission’s website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or who has questions about the electronic filing procedures should contact the Commission’s Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The issues and schedule are as set forth in the body of this ruling unless amended by a subsequent amended scoping memo or ruling of the Presiding Officer.
2. This proceeding is categorized as ratesetting.
3. This proceeding may require evidentiary hearings.

4. Any party requesting a final oral argument before the Commission shall file and serve such request on the day reply briefs are due.

5. *Ex parte* communications are subject to Rules 8.1, 8.2, 8.3, 8.5 of the Commissions' Rules of Practice and Procedure, and Pub. Util. Code § 1701.3(c).

6. Pursuant to Rule 13.2 of the Commission's Rules of Practice and Procedure, Administrative Law Judge Stephen C. Roscow is the Presiding Officer.

Dated July 5, 2012, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner