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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its 2016 Rate Design Window Proposals.	Application No. 16-09-003 (Filed September 1, 2016)

PROTEST OF THE CALIFORNIA FARM BUREAU FEDERATION

TO THE 2016 RATE DESIGN WINDOW PROPOSALS

OF SOUTHERN CALIFORNIA EDISON COMPANY

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, the California Farm Bureau Federation ("Farm Bureau")[1] submits this Protest to Southern California Edison Company's ("Edison") Application for Approval of its 2016 Rate Design Window Proposals. ("RDW"). This Protest is submitted within 30 days of the date the notice of the filing first appeared in the Daily Calendar, September 7, 2016, as required under Rule 2.6.

This RDW filing was submitted in compliance with the Marginal Cost and Revenue Allocation Settlement in A. 14-06-014, approved by D. 16-03-030, as detailed in Edison's Testimony in this proceeding, to propose new time-of-use periods. Farm Bureau was a party to the referenced Settlement.[2] Although few parameters were outlined for the substance of the agreed upon RDW in the Settlement, it was, of course, anticipated that any new TOU periods proposed would be significantly different from those embedded in the current Schedules, as well as reflect a few identified inputs. Several CPUC proceedings are addressing the need for adjustments to the current TOU periods, and as the considerations of how best to move forward with changes to those periods have arisen, Farm Bureau has identified unique consequences to agricultural customers faced with very abrupt changes to their operations from electricity rate structures. Because the

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[1] The California Farm Bureau Federation is California's largest farm organization with approximately 53,000 agricultural and associate members in 53 county Farm Bureaus. California farmers and ranchers sell $44.7 billion in agricultural products annually, accounting for 9 percent of the gross state product, and hundreds of thousands of jobs in California. Farm Bureau's members expect to pay in excess of one billion dollars for their electric service.

[2] Edison Testimony, page 1.

TOU periods proposed by Edison establish a significantly new structure for the rates, careful scrutiny and analysis will be required to assess the validity of the proposal. When the time required to assess the TOU period proposal is combined with the implementation proposal of the new Schedules[3], it is clear the Schedule outlined by Edison in its Application should not be adopted. Farm Bureau addresses generally its concerns with the implementation Edison has outlined and how those concerns affect the Schedule. If this proceeding results in a requirement to transition all non-residential customers on to schedules with dramatically different TOU periods, the Schedule proposed is far too condensed.

II. REASONS FOR PROTEST AND NEED FOR EVIDENTIARY HEARINGS

A comprehensive review about the implications of the transition on the impacted customers to the new TOU periods is required and must be accounted for in the RDW. Farm Bureau does not consider Edison's proposal to default the entire non-residential customer population onto the new TOU periods in October 2018 a feasible approach, since no assessment as to how customers will be able to adapt to the changed periods or what type of rate options should be developed to facilitate a transition will occur within the proposed implementation period. Adapting operations and equipment to new TOU periods is not as simple as pushing a button, particularly for agricultural customers. The vast majority of energy usage by agricultural customers relates to irrigation, a seasonal and intermittent usage, which usage is further constrained by the dictates of water saving irrigation methods, such as drip. Farm Bureau anticipates presenting alternative approaches to a transition to new TOU periods than that presented in Edison's testimony.

[3] Edison Application, page 15.

A. Customers have Invested Significant Resources in Adapting of Existing TOU Periods

In examining the history of TOU rates for agricultural customers, it is instructive to recognize that as time differentiated rates were established, the class adapted to them at significant levels. However, it should not be assumed that because customers initially adapted to TOU rates from flat rates under the current structures, that they will be able to adapt operations to any newly established TOU periods immediately just because they have been on TOU rates. In fact, it may require greater adjustment for customers to transition to a new TOU framework after having adapted systems and operations.

Revising TOU periods must be recognized as a time of transition for a significant number of customers on the system. A substantial percentage of non-residential customers selected TOU rates as an option early in the development of the rates. Significant numbers have taken service for decades on the entrenched rates with established systems in place to respond to the periods, originally deemed as appropriate to direct demand on the system. In the case of agricultural customers in Edison's territory, a significant number of customers were transitioned to TOU schedules from flat rates as recently as 2015. Although a substantial segment of the agricultural customer load was on TOU rates previously, there was a considerable segment who did not take service on TOU rates for varying reasons. When they did transition from flat rates to TOU rates, they had options available to them which were in align with existing TOU periods.

B. Mandatory Transition to the New TOU Periods May Not Be An Appropriate Outcome of the RDW

An important issue to consider in this case is whether it is necessary to require mandatory transition to the new default TOU periods or whether they should be offered as optional rates initially, as the original TOU period schedules were. If a mandatory transition is contemplated in this proceeding, then alternative schedules must be considered as part of the process. The timing proposed by Edison, as further informed by the timing of their next Phase 2 proceeding, indicates a better path forward is to develop the appropriate new TOU periods, offer schedules consistent with them on an optional basis and develop necessary glidepaths for customers as a part of the Phase 2 proceeding.

Edison recommends October 2018[4] as the date for customers to be defaulted onto the new TOU schedules with time planned for information about the new periods, but very little time to account for changing operations to realistically adapt. The target date assumes all of Edison's timeframes are adopted. Furthermore, Edison will be filing its Phase 2 proceeding in June 2017, which would likely result in new rates approximately 24 months later, June 2019, or only 8 months after Edison proposes all non-residential customers must move on to new TOU periods. The proposed timing is not an efficient use of the Commission's and parties' resources and more importantly does a disservice to customers.

In addition to the important considerations associated with how any new TOU periods would be implemented, Farm Bureau will be examining the underlying premises of the recommended TOU periods. Although revenue

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[4] See page 2 of Edison's Testimony for the dates referenced.

allocation will not be impacted by this filing, whether the underlying costs support the recommended time periods requires review and Farm Bureau anticipates examining that proposal closely.

The consideration of transitioning new TOU customers on a mandatory basis to schedules implicates a great number of rate design issues necessary to accommodate the particular attributes of various customer classes, just as the current Schedules have been developed over many years. If this proceeding moves forward as Edison has proposed with transferring customers to new TOU periods on a mandatory basis, the proposed Schedule does not provide adequate time for parties to properly address the issues for the benefit of impacted customers.

III. SCHEDULE

Edison proposes Intervenor Testimony due a scant 3 months following the filing of its Application. With mandatory transition to TOU periods, full consideration of optional rate designs must be included in the proceeding and the Schedule should be adjusted accordingly. The Schedule should be established in a way that allows for building a complete record in the proceeding. With the inclusion in the RDW of a cost of service study, a TOU study and a revenue allocation study adequate time for review and analysis must be incorporated. Furthermore, if mandatory transition to the new Schedules is considered in the proceeding, then rate design must be addressed as well. In addition, the RDW is being considered in the midst of the conclusion of the SDG&E Phase 2 proceeding and the PG&E Phase 2 proceeding as well. Adjustments to accommodate those proceedings' Schedules should also be taken into account. If the new TOU periods were optional and consideration of how and when to make them mandatory were incorporated into the Phase 2 filing submitted in 2017, then an accelerated schedule closer to that proposed by Edison might be workable.

IV. CONCLUSION

California Farm Bureau Federation appreciates this opportunity to provide input at the outset of this proceeding as the important question of changing TOU periods for customers is considered.

Dated: October 7, 2016

Respectfully submitted,

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