

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Application of Southern California Edison  
Company (U 338-E) for Approval of its  
2016 Rate Design Window Proposals.

Application 16-09-003  
(Filed September 1, 2016)

**PROTEST  
OF THE OFFICE OF RATEPAYER ADVOCATES**

**I. INTRODUCTION**

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) hereby protests the Application of Southern California Edison Company (SCE) for Approval of its 2016 Rate Design Window (RDW) Proposals.

SCE filed its application on September 1, 2016. Notice of the filing of the Application first appeared in the Commission's Daily Calendar on September 7, 2016, and therefore, this protest is timely filed.

**II. ISSUES TO BE ADDRESSED IN THIS PROCEEDING**

In this RDW application, SCE seeks authority to modify peak and off-peak Time-of-Use (TOU) periods for non-residential customers; to modify various aspects within its dynamic pricing programs - critical peak pricing (CPP) and real time pricing (RTP); and to remove exemptions of non-bypassable charges (NBC) for departing load (DL) customers on California Alternative Rates for Energy (CARE) and medical baseline (MB) rate schedules. SCE states that the methodologies adopted in this RDW will serve as the basis for residential TOU proposals in its next RDW. ORA identifies issues in this protest which should be addressed over the course of this proceeding.

ORA is conducting discovery on the issues that should be within the scope of this proceeding and will make recommendations to the Commission as necessary during the

course of the proceeding. ORA will investigate and analyze SCE's proposals that are deemed to be within the scope of this proceeding. Discovery and analysis may eliminate some of these issue areas and others may arise.

**A. TOU Periods and Seasons**

In this RDW, SCE proposes new TOU pricing periods based on an updated marginal cost analysis of generation energy and capacity costs, as well as an assessment of the time-differentiation of certain distribution system costs.<sup>1</sup> Marginal costs, such as marginal energy costs (MEC) and marginal generation capacity costs (MGCC), are typically determined in the general rate case (GRC) Phase II proceeding. The marginal cost issues are complex and contentious. Therefore, the Commission normally approves a timeline that allows parties an opportunity to conduct a comprehensive review of those issues.

In a conference call, SCE informed ORA that it does not intend to relitigate marginal costs or change revenue allocations established in the 2015 GRC Phase II in this RDW. SCE asserted that the new marginal cost values are mainly to determine the relative hourly dispersions in order to determine the TOU periods.<sup>2</sup> However, it is not clear that parties can completely avoid marginal cost methodology disputes. Parties have a vested interest in reviewing the reasonableness of SCE's methods and data. In addition, parties may employ different marginal cost methods and propose different marginal cost values to establish their own proposals for TOU periods.

In an effort to reduce duplicative analyses, ORA presents the option of adopting marginal costs in this proceeding that would also be used in SCE's 2017 GRC Phase II. In contrast, the SCE proposal would require intervenors to complete a cursory review of marginal costs to be followed by a full review in the 2017 GRC Phase II proceeding. ORA requests that a workshop be held prior to the issuance of a Scoping Memo to allow SCE and other intervenors the ability to discuss the viability of these two options. The

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<sup>1</sup> SCE's 2016 RDW filing, Application (A.)16-09-003, Exhibit SCE-1, p. 13.

<sup>2</sup> Conference call between ORA and SCE on September 23, 2016.

workshop and parties' workshop comments would help inform a Commission Scoping Memo.

### **B. Modifications to Dynamic Pricing Programs**

SCE proposes two options to modify its CPP program. In the first, SCE proposes to default eligible small and medium commercial customers on rate schedules TOU-GS-1 and TOU-GS-2 onto CPP rates.<sup>3</sup> Further, SCE proposes that large agricultural customers on the TOU-PA-3 schedule also be defaulted to a CPP rate. The alternative proposal, which is SCE's preferred, would establish optional CPP for its small commercial customers under the TOU-GS-1 schedule and maintain the required transition to default CPP for the other aforementioned rate schedules. SCE asserts that its small commercial customers, who have been defaulted to CPP, do not contribute meaningful load reductions during the on-peak period.

SCE also proposes to "simplify" the current RTP rate structure by reducing the current five-tier summer weekday prices into three day types "in order to better align the price profiles of those rates to actual costs and to encourage greater participation."<sup>4</sup>

For all proposals related to dynamic pricing programs, ORA will review the reasonableness of SCE's requests. It is important to fully understand the effects of modifying these programs and therefore, ORA will conduct a bill analysis. ORA may recommend denial or modifications to SCE's requests as appropriate.

### **C. CARE and Medical Baseline Departing Load Customers**

In addition, SCE proposes to remove exemptions of non-bypassable charges for departing load customers served on CARE and MB rates. SCE asserts that removing the exemptions would "ensure that bundled service and DL CARE and MB customers are treated equitably and fairly, and eliminate the current inequitable situation in which

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<sup>3</sup> This proposal is under Commission guidance in compliance with D.16-03-030.

<sup>4</sup> SCE's 2016 RDW filing, A.16-09-003, p. 9.

bundled service CARE and MB customers pay costs that DL CARE and MB customers do not.”<sup>5</sup>

ORA will review this request and its policy ramifications. ORA may recommend denial or modification to SCE’s proposal as appropriate.

### **III. CASE CATEGORIZATION AND SCHEDULING**

ORA agrees with SCE that the proceeding should be categorized as Ratesetting. ORA affirms that hearings may be necessary and presents its proposed schedule below. ORA’s schedule is set based on the fact that SCE’s RDW proposals, specifically using marginal costs to inform TOU periods, require a more thorough review than a typical RDW proceeding. It also is crucial that intervenors are given adequate time to review SCE’s proposals and to present their own best options for the Commission to make informed decisions.

There currently are several active rate design proceedings. ORA’s rate design staff is working concurrently on other proceedings, including the Residential Rate Design Order Instituting Rulemaking (RROIR), R.12-06-013 (multiple tracks of working group collaboration); the San Diego Gas & Electric (SDG&E) GRC Phase II, A.15-04-012; and the Pacific Gas & Electric (PG&E) GRC Phase II, A.16-06-013.

SCE states that the TOU periods adopted in this proceeding would serve as the basis for marginal cost and revenue allocation studies in its upcoming GRC Phase II, to be filed in June of 2017. The underlying basis of SCE’s request which assumes marginal cost valuations is complex and therefore necessitates additional time for discovery and testimony compared to SCE’s proposed schedule. SCE’s proposed schedule is ambitious and would further constrain the resources of ORA, intervenors, and the Commission from other rate design proceedings. ORA’s proposed schedule is premised on the extent of marginal cost review. A full review of marginal costs would necessitate more time devoted to intervenor discovery compared to a cursory review. Further, even a cursory review requires more time for intervenor discovery than SCE’s proposal. This additional

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<sup>5</sup> *Ibid.*, p. 10.

time will allow for robust analysis that will provide the Commission with a more complete record. The following table presents ORA's proposed schedule:

<b>Event</b>	<b>SCE Proposed</b>	<b>ORA Proposed</b>
SCE files Application	9/1/2016	
Protests / Responses to Application	30 days from the date the notice of the filing of the Application appears in the Daily Calendar [approximately 10/5/16]	10/7/16
Reply to Protests / Responses	10 days from the deadline for filing Protests / Responses [approximately 10/17/16]	10/19/16
Prehearing Conference	11/1/16	11/1/16
Workshop - Parties collaborate on Scope of Issues to assess schedule		11/15/16
Scoping Memo Issued		11/22/16
Intervenor Testimony Due	12/1/16	Late-March for cursory review or late-April for full MC review
Settlement Discussion Duration		4 weeks following intervenor testimony
Rebuttal or Reply Testimony Due	1/16/17	4 weeks after intervenor testimony issued
Evidentiary Hearings (if necessary)	2/15-16/17	2 weeks after rebuttal testimony (scheduled for 3 days)
Concurrent Opening Briefs	3/15/17	4 weeks after hearings
Reply Briefs	4/17/17	2 weeks after opening briefs
Commission issues Proposed Decision	6/15/17	
Comments on PD	7/5/17	20 days after Commission issues PD
Replies to Comments on PD	7/10/17	5 days after comments on PD filed
Commission issues Final Decision	8/1/17	

Since ORA's proposed schedule is based on two possible marginal cost analyses, ORA provides the following schedules for illustrative purposes.

Event	Assuming Scoping Memo Issued on 11/22/16	
	Cursory MC Review	Full MC Review
SCE files Application		
Protests / Responses to Application	10/7/16	10/7/16
Reply to Protests / Responses	10/19/16	10/19/16
Prehearing Conference	11/1/16	11/1/16
Workshop - Parties collaborate on scope of issues to assess schedule		11/15/16
Scoping Memo Issued	11/22/16	11/22/16
Intervenor Testimony Due	3/31/17	4/28/17
Settlement Discussion Duration	4/3 - 4/24/17	5/1 - 5/26/17
Rebuttal or Reply Testimony Due	4/24/17	5/26/17
Evidentiary Hearings (if necessary)	5/8 - 5/10/17	6/12 - 6/14/17
Concurrent Opening Briefs	6/7/17	7/12/17
Reply Briefs	6/21/17	7/26/17
Commission issues Proposed Decision		
Comments on PD	20 days after Commission issues PD	
Replies to Comments on PD	5 days after comments on PD filed	
Commission issues Final Decision		

#### IV. CONCLUSION

ORA recommends and respectfully requests that the Commission adopt ORA's proposed schedule as set forth above and that the Commission hold a workshop to help inform the scope of this proceeding.

Respectfully submitted,

By: /s/ NICHOLAS SHER  
NICHOLAS SHER

Attorney for the  
Office of Ratepayer Advocates

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Telephone: (415) 703-4232  
E-mail: [nicholas.sher@cpuc.ca.gov](mailto:nicholas.sher@cpuc.ca.gov)

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