

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric Company (U39M), San Diego Gas & Electric Company (U902E), and Southern California Edison Company (U338E) for Authority to Increase Electric Rates and Charges to Recover Costs of Research and Development Agreement with Lawrence Livermore National Laboratory for the 21st Century Energy Systems.

A.11-07-008
(Filed July 18, 2011)

**REPLY BRIEF
OF THE DIVISION OF RATEPAYER ADVOCATES**

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I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits this Reply Brief on the joint utilities' (IOUs') proposal to increase electric rates to fund a Research and Development Agreement with Lawrence Livermore National Laboratory submitted on July 18, 2011. This reply brief is timely submitted in accordance with the schedule set forth in Administrative Law Judge Sullivan's ruling modifying the procedural schedule during the Evidentiary Hearing.¹

The reply below will show:

- The illustrative projects, program scope, and governance process all lack sufficient detail for the Commission to find the application reasonable.
- The reputation of Lawrence Livermore National Laboratory (LLNL) is irrelevant—as the IOUs did not consider any other labs, and have not shown why LLNL is the best fit for ratepayer funded research and development.
- The proposed governance of the project is not consistent with the Electric Program Investment Charge (EPIC) program.
- The IOUs have wasted time by continuing to pursue a deficient application despite ample opportunity to supplement and detail the research that would take place.

The IOU's opening brief continues to insist that their application, amended application, and supplemental testimony² provide a basis for the Commission to commit

¹ RT vol. 2, p. 314:18-23.

² See, October 19, 2011 Amendment to Application filed in response to the Assigned Commissioner Ruling and Scoping Memo (ACR) in A.11-07-008, October 18, 2011, ("The inclusion of more detail would allow a clearer determination of both the merits of the research proposal and the authority of the Commission to fund it."), January 31, 2012 Supplemental Testimony filed in response to January 17 and January 26, 2012 Rulings in A.11-07-008 (directing the applicants to submit supplemental testimony that "describes the governance structure in greater detail and discusses the strategies that the California Energy Systems for the 21st Century Project will use to build on and/or partner with existing centers of expertise pertaining to the research topics in this project.").

\$150 million in ratepayer funds. This is not accurate. The IOUs attempt to distract the Commission by changing their record testimony that describes what “might” happen to prophecies that “will” happen.³ However, there is no basis in the record for their change of wording, and even if it were true, the underlying proposal and witness testimony belies their claims⁴ such that the Commission cannot approve the application.

The IOUs’ opening brief does not point to evidence where they actually define a research project. It instead offers illustrative cases that might possibly be pursued. The applicants fail to demonstrate that the proposed research is not duplicative of other ongoing research. The applicants fail to define deliverables, timing, milestones, decision-making authority and structures to ensure quality control and accountability, or any detailed information on costs. And despite requests from the ALJ and assigned Commissioner, the applicants failed to supplement their application to provide information that could put parameters around their open-ended request to spend \$150 million in ratepayer funds on undefined research with little oversight.⁵

For the reasons explained herein and in DRA’s opening brief, DRA requests the Commission deny the application to increase electric rates to recover the costs of a Research and Development Agreement with Lawrence Livermore National Laboratory.

³ Opening Brief of Pacific Gas and Electric Company (PG&E) (U 39 M), San Diego Gas & Electric Company (SDG&E) (U 902 E), and Southern California Edison Company (SCE) (U 338 E) in A.11-07-008, filed July 20, 2012 at pp. 18-20 (“IOU Brief”).

⁴ See, Opening Brief of the Division of Ratepayer Advocates (DRA) in A.11-07-008, filed July 20, 2012 at pp. 5-6 (“DRA Brief”), *citing* RT vol. 2, p. 261:20 – p. 262:20.

⁵ See, October 19, 2011 Amendment to Application filed in response to Assigned Commissioner Ruling and Scoping Memo (ACR) in A.11-07-008, October 18, 2011; January 31, 2012 Supplemental Testimony filed in response to January 17 and January 26, 2012 Rulings in A.11-07-008.

II. ARGUMENT

A. The Application does not meet any of the criteria for utility funded research, development and deployment funding.

The criteria for utility funded research are clearly spelled out in P.U. Code § 740.1, and the Commission recently adopted a comprehensive framework with specific research, development and deployment (RD&D) criteria and threshold requirements.⁶ As explained by DRA in its opening brief, the IOUs don't even attempt to say how the statutory criteria are met,⁷ and the IOU opening brief continues the rhetorical tautology of the application, promising potential benefits with nothing to back them up.⁸

The IOUs do not map the planned investments as there are no specific projects and no cost breakdowns.⁹ The IOUs do not provide an explanation for how any of the funds will be used,¹⁰ other than a statement that no more than \$52 million¹¹ would fund LLNL's High Performance Computing Innovation Center (HPC-IC). However, even that \$52 million figure is simply a cap:

Q. [Mr. Haga:] But there is a carve out of the \$150 million for the HPC... super computers?

[WITNESS CHERRY] No, that is incorrect. Essentially what there is[,] is there is a ceiling. So out of \$150 million we are certainly going to be using computing resources, but that number I think it is 52 million, subject to check, is essentially a cap. It wouldn't go beyond that. That doesn't mean we need

⁶ D.12-05-037.

⁷ DRA opening brief at pp. 2-20.

⁸ IOU Brief at pp. 3-5 (list of statements claiming to have met criteria, but no explanation for how the application meets the criteria, and citations to testimony that discusses what might happen after the Commission approves the rate increase.)

⁹ Opening Brief of The Utility Reform Network in A.11-07-008, filed July 20, 2012 at p. 4 ("TURN Brief").

¹⁰ DRA Brief at p. 6, TURN Brief at pp. 4-5.

¹¹ U-1, Joint Utilities Direct Testimony, p. 1-15.

to spend that either, and there is no commitment to spend to that.¹²

Not only is there no commitment to spend \$52 million for supercomputer use, there is no justification for spending any ratepayer funds for supercomputer use:

Q. [Mr. Finkelstein:] And then line 19 says there's a maximum of \$52 million included in that \$150 million figure?

[WITNESS SNOW:] Right.

Q. So other than those numbers, where are the cost forecasts?

A. They're supported in the other chapters in the direct testimony.

Q. So it's your understanding that in the other chapters there are more specific estimates than these here?

A. Of what the dollars are going to be spent for, yes.¹³

Despite Witness Snow's belief, there is nothing in the other chapters of the direct testimony to explain the cost forecasts. There is not even an explanation for why there is a \$52 million cap on the use of LLNL's supercomputer center; but then there is little need to explain a cap when the application lacks any credible explanation for increasing rates to fund the unspecified desires of the utilities.

As pointed out by DRA witness Hieta in testimony,¹⁴ the IOUs simply do not provide policy justification, or any justification, for why rates should be increased to fund their future open-ended funding demands:

Q. [ALJ SULLIVAN:] I was wondering what would be the type of oversight that DRA would think would be useful to a research proposal that would be consistent with say Chapter 5?

¹² RT vol. 1, pp. 19:22 – 20:5.

¹³ RT vol. 1, pp. 150:21 – 151:5.

¹⁴ DRA-1 at pp. 2-3.

[WITNESS HIETA:] I'm not sure I can answer it in terms of consistent with Chapter 5, just because I can't offer a legal opinion. That ... is not my background. In Chapter 5 I was basically laying out legal issues that we think need to be briefed and resolved. Some were taken from our original protest. Some were taken from discussions with my attorney. Beyond that, I would say that certainly we would like to see an application, not that we are asking for one, but we would like to see if an application is submitted, that it actually contains a proposal, not just illustrative cases. Part of the issue with the application as presented is that it is filled, as noted earlier by Mr. Finkelstein, filled with mays, could, possibles.

Yesterday when Mr. Cherry was on the stand he continued that theme and he even emphasized those words saying it may do this, it could do that as he was referencing various parts of the application.

I understand that R&D by nature is – can be questionable, because it is research and development. You are looking into something. But here we – beyond broad categories, we don't have any certainty into what will be looked at.

The utilities are essentially asking for the Commission to hand over its decision-making authority to a board of governors essentially dominated by the utilities.

So legally I don't know that I can answer, but I don't think that it is proper for the utilities to be delegated that decision-making authority that normally lies with the Commission, and be making a determination about reasonableness of their own proposals. I think that that should be made here. So we would need enough information submitted to do so.

Whether the research was actually implemented through a different mechanism, that could be possible. I think we've had some discussion of the Stewardship Council, for example, things like that. But I don't know of any examples

where those kind of oversight mechanisms are actually where the utilities have a majority vote.¹⁵

The lack of specific projects in the application allows the Commission no ability to find that duplication is avoided,¹⁶ no ability to assess whether there is any reasonable probability of benefits to ratepayers,¹⁷ no ability to assess whether there is any probability for success,¹⁸ no ability to assess whether any policy objectives are furthered through the RD&D,¹⁹ and, ultimately, no ability for the Commission to determine reasonableness.

1. The Application is not comparable to other Commission established governing processes.

The IOUs argue the proposed Board of Directors is comparable to the Commission approved Steward Council and its respective governance process.²⁰ The comparison is erroneous. As TURN states:

[T]he Stewardship Council has a dramatically different governance structure than is proposed for the CES-21 Project. Rather than a five-member board with three-utility-selected members making decisions based on majority vote, the Stewardship Council has a 17-member board with only one director appointed by PG&E. Furthermore, the Stewardship Council's by-laws require consensus decision-making, which effectively gives Commission-appointed member veto power over the Council's decisions.²¹

The Commission is statutorily required under P.U. Code § 326.5 to provide the Legislature an annual report on the status of the Stewardship Council. The annual report

¹⁵ RT vol. 2, pp. 288:15 – 290:13.

¹⁶ P.U. Code § 740.1(d).

¹⁷ *Id.* at § 740.1(a).

¹⁸ *Id.* at § 740.1(b).

¹⁹ *Id.* at § 740.1(e).

²⁰ IOU Brief, at pp. 39-40.

²¹ TURN Opening Brief, at p. 23.

requires detailed descriptions including, but not limited to, “all sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years and for the proposed fiscal year, including any costs to ratepayers[.]”²² The IOUs reject such oversight, and request an unprecedented level of autonomy to decide the fate of ratepayer funds.

Finally, the Stewardship Council is not the product of an application to the Commission requesting funds for a specific project, but rather from a settlement agreement resulting from PG&E’s bankruptcy. As such, the IOUs’ attempt to compare the Stewardship Council to their proposed CES-21 Project lacks merit. Instead, the Commission should take notice of its recent decision regarding the establishment of a governance process. In the EPIC proceeding, the Commission concluded that it had the sole responsibility to determine if a proposed project was reasonable. Unlike its predecessor, the Public Interest Energy Research (PIER) Program, the Commission’s EPIC Program requires all administrators of public funds to provide a showing to the Commission that any R&D proposal is just and reasonable, and compliant with statute²³ before ratepayer funds are allocated. That is, the Commission recognized that only the Legislature has the authority to delegate oversight of public funds to other entities such as California Energy Commission (CEC).

2. The EPIC Program requirements are superior to what is proposed in the Application.

In their Opening Brief, the IOUs allege the proposed CES-21 Project’s governing process “exceeds the governance process adopted by the Commission”²⁴ under the EPIC Program. This is simply not true. The EPIC program resulted from a constructive

²² P.U. Code § 326.5

²³ P.U. Code § 740.1

²⁴ IOU Brief, at p. 40.

collaboration between the utilities and stakeholders, which yielded a comprehensive framework with specific RD&D. The EPIC program ensures that RD&D proposals maximize the benefits and minimize the costs to ratepayers.²⁵ EPIC also will allow the Commission to avoid wasteful and unsupervised uses of public funds on activities such as what is proposed in this application. In part, this is why DRA recommended,²⁶ and the Commission agreed, that pending RD&D requests must address how they meet the objectives and metrics of the EPIC program.²⁷

Whereas the proposed CES-21 Project's governance process relies solely on the judgment of five directors, three of whom represent the IOUs, the EPIC Program requires, in part, the following:

1. IOUs remit an annual oversight budget to the Commission;
2. Administrators file a coordinated triennial investment application to the Commission after the following:
 - a. Administrators hold scoping workshops
 - b. Administrators propose investment plans to stakeholders
3. The triennial investment plans meet the review elements outlined in Ordering Paragraph 12 of D.12-05-037;
4. Commission adopts or modifies the triennial investment plans by a formal decision;
5. Administrators file annual reports to the Commission
6. Administrators must consult with interested stakeholders no less than twice a year;
7. Restricts administrative costs; and

²⁵ Pub. Util. Code § 8366.

²⁶ DRA Reply Comments on the EPIC Phase II Proposed Decision, at p.1.

²⁷ D.12-05-037, *mimeo* at p. 29.

8. EPIC Program must undergo an independent evaluation in 2016

The EPIC Program's structure and requirements are clearly superior to the IOUs' proposal. Indeed, the Commission intended the EPIC Program to be the driving mechanism for R&D funding for the foreseeable future, and expended time and resources to establish such a comprehensive program. Of course, since there are no proposed by-laws or other actual governing documents, the governance structure proposed by the IOUs could still change such that only the IOUs are on the Board and no outside parties are privy to any of the decisions reached by the Board.²⁸ There is nothing in the application or the record upon which the Commission can rely to ensure the governance process will even exist as the IOUs can simply substitute their judgment to spend the money as they see fit. The Commission should not substitute the IOUs' inferior process for the thoughtful and considered decision it reached in the EPIC proceeding.

3. The Commission cannot increase ratepayer costs based on the good intentions of the IOUs.

Any benefit claimed by the IOUs is hypothetical.²⁹ The IOUs rely on the maxim that nearly anything is possible but fail to acknowledge that all of their "case studies" are simply hypothetical or imaginary problems that may, or may not, be presented to the Board for consideration. The utilities acknowledged this deficiency in questioning DRA witness Hieta:

Q [Mr. Warner:] So if the R&D project CAES plans presented to the governing board as proposed in the Joint Utilities' Application included the same level of analysis and detail and rigor in terms of potential costs and benefits, would you agree that the board or even the Commission would not

²⁸ RT vol. 1, p. 10:2-5 ("We don't have a proposal for the governing structure of the board of directors other than what we have outlined in our testimony already.")

²⁹ See IOU Brief at p. 11.

need to determine that actual benefits would accrue as opposed to potential benefits?

[WITNESS HIETA:] I have a couple answers to that.

First of all, that showing should be made in front of the Commission, in my opinion. That is what is needed to fulfill the statutory requirements that must be met for the Commission to make a judgment.

Second of all, in my testimony –

ALJ SULLIVAN: Briefly off the record.

(Off the record)

ALJ SULLIVAN: Back on the record.

While we were off the record we have moved to pages 1-4 to 1-5 of DRA-1.

THE WITNESS: In that part of my testimony that the Judge just referenced I did include a list of kind of minimum parameters that we would like to see in an Application of this sort.

Two of those are an estimate of project benefits, a clear list and description of project deliverables, as well as a proposed schedule with project offerings if benefits were not achieved.

So I stated in my testimony, that would be more ideal that if benefits were not accruing, there might be an off-ramp to reevaluate the research that was being done.

MR. WARNER: Q If all of those criteria, except for a separate Decision on each project by the Commission, were included and satisfied, would that be sufficient for DRA?

A. I can't say it would be sufficient without actually having seen that type of information.

It would certainly be a start, having something to actually review and analyze, rather than just illustrative cases.³⁰

³⁰ RT, vol. 2, p. 281:14 – 283:3.

To make the IOU claims even more absurd, the “benefits” are not based on real numbers, and inflated to puff up the application.³¹ In other words, while anything is possible, nothing about the IOUs’ proposal is certain.

The IOUs’ response to any question of deficiency in their application is to state that they will ‘define everything later’ after the Commission approves the increased funding from ratepayers. This is a hollow promise on which the Commission cannot rely.³² At this point in time, the projects are undefined and any statement by the IOUs to the contrary should be disregarded: “However, the Project will not fund 'undefined research.' In addition, as described in more detail in Section V, below, the governance process will ensure that the funded research is defined, including evaluation of costs and benefits, consistent with other utility customer-funded RD&D programs.”³³ Research that will be defined later by the governing board is by nature undefined—defining in the future means it is undefined now.

Despite ample opportunity to define the research and the governance,³⁴ the IOUs have not wavered from their initial proposal that asks the Commission to let the IOUs evaluate the proposals for reasonableness in some future period. As explained in the DRA’s opening brief, such a process is contrary to the statutory schemes governing RD&D and bad policy.³⁵ The Commission should decline the application and not approve a blank check to the utilities using ratepayer money.

³¹ See TURN Brief at pp. 15-16, *citing* RT vol. 2, pp. 227:20 – 228:2, 260:18-25.

³² The Commission reviews utility rates to ensure charges are just and reasonable, and such a review by the Commission cannot be delegated to some undefined board, a majority of which will be comprised of utility representatives. See, P.U. Code §§ 451, 728, 740, 740.1.

³³ IOU Brief at p. 10.

³⁴ See, October 19, 2011 Amendment to Application and January 31, 2012 Supplemental Testimony.

³⁵ DRA Brief at pp. 2-16.

B. The IOUs' application is not innovative, collaborative, or efficient and should be rejected.

1. The Joint Application is not innovative as none of the illustrative cases are certain to be pursued and could just recycle rejected research ideas.

The IOUs basic argument is that “the complexity of today’s energy challenges” requires “a world-class research institution” like LLNL to provide “new tools and techniques.”³⁶ However, the IOUs have not put any parameters around the “challenges” that could be researched or the “tools and techniques” that could be developed.³⁷ In fact, there is no limitation that any research and development performed would benefit electric or gas ratepayers:

Q. [Mr. Haga:] Just is it possible that none of the funds will be spent with Lawrence Livermore?

[WITNESS CHERRY:] That is a possibility. I wouldn't say it's not likely. But once the funding is approved, the board of directors is going to look at projects in territories, and some of those projects, maybe all, could involve Lawrence Livermore, or some of those projects or maybe none could involve Lawrence Livermore. Ultimately the board is going to have to look at each and every individual project that is before the board and make a determination as to whether that project warrants funding and whether or not Lawrence Livermore will be a partner to it.

Q. So there's a probability that all of the money will go to Livermore. There's a probability that none of the money will go to Livermore?

A. I think it will probably be somewhere in between, but I would be speaking for the board of directors. I think the board of directors has to make that determination.³⁸

³⁶ IOU Brief at p. 6.

³⁷ DRA Brief at p. 4, *citing* RT vol. 2, p. 297:6 – p. 298:18.

³⁸ RT, vol. 1, p. 6:12 – p. 7:8.

Simply stating that ‘LLNL has high power computing’ is not innovative. A super-fast computer won’t provide a solution any better than a desktop computer when there is no agreed upon problem. And in this application the utilities have not presented the Commission with an actual problem that they are hoping to solve. In the absence of any actual proposed research, the utilities have not been able to show a need for high performance computing, nor would they be able to without identifying actual problems that need solving. The utilities are asking ratepayers to pay for the equivalent of a supersonic jet to get them to their destination when they don’t even know where they are going.

The utilities don’t even try to explain why or how the potential problems are the type that would require a world-class research institution to solve. Of the “illustrative cases,” that may or may not be undertaken,³⁹ one currently takes “less than five minutes” to run on a single computer using an Excel spreadsheet.⁴⁰ The utilities put great weight on the reputation of LLNL,⁴¹ however, they did not consider any other national labs or explain why LLNL was even the best fit among all of the “world-class” research institutions in California.⁴²

If the problems were significant and needing innovative research the utilities would have done more than just provide “illustrative cases.” The utilities would have provided fully detailed proposals for research and development. However, not only is nothing innovative proposed, there is nothing actually proposed. There is also no limitation to what the utilities could decide to do given their request for a broad mandate. Applicants state that “The CES-21 collaboration will focus on one goal only:

³⁹ DRA Brief at pp. 15-16, *citing* RT vol. 1, p. 30:26 – p. 31:5.

⁴⁰ RT, vol. 2, p.259:8-24.

⁴¹ *Cf.*, *Livermore lab loses two key leaders*, by Robert Jordan, updated August 3, 2012, available at http://www.contracostatimes.com/ci_21222453/livermore-lab-loses-two-key-leaders.

⁴² RT, vol. 1, pp. 5-7.

Successfully addressing and surmounting the energy and environmental challenges facing California in the 21st century.”⁴³ Such a mandate by definition has no limits and would even allow a utility to take up ideas already rejected by the Commission.⁴⁴ There is nothing innovative about recycled rejected research ideas that could be allowed if this application is approved.

2. The Joint Application is not collaborative as each utility can pursue its own research initiatives without approval of the Commission.

To bolster their claim of collaboration, the IOUs first point to the “sheer volume of data” that will be generated by smart meters each year.⁴⁵ But the IOUs have not explained why they are not already prepared to collect and analyze that data, what they propose to do with that data and how it could be improved by high power computing, how they could or would work together to deal with such data contained in disparate databases, and even if there is a common element of their data that could be analyzed.

Next, the IOUs tout the complexity of the issues,⁴⁶ but there is no assurance that those complex issues will be pursued,⁴⁷ as the IOU-led Board could decide to pursue mundane, duplicative, and routine issues instead.⁴⁸ Further, the IOUs do not explain any benefits of how their proposed collaboration would produce better results than their individual research. Worse, the IOUs acknowledge that there may not even be a

⁴³ IOU Brief at p. 2 (emphasis in original).

⁴⁴ See, e.g., Resolution E-4169, July 31, 2008 (Rejecting SCE “Smart Thermostat” research proposal because the proposal as designed would not provide the desired information.), Resolution E-4196, October 16, 2008 (Rejecting PG&E wave energy demonstration project because the proposal was not viable and the cost was not reasonable.).

⁴⁵ IOU Brief at p. 7.

⁴⁶ IOU Brief at p. 7.

⁴⁷ RT vol. 1, p. 6:12 – p. 7:8.

⁴⁸ RT vol. 2, p. 261:20 – p. 262:20.

collaborative effort as each utility could pursue its own research without the other utilities and without the approval of the Commission:

Q. [Mr. Finkelstein:] Okay. Then the judge was asking you about the circumstances under which a utility could excuse itself from funding a part of the CES-21 activities. Do you remember that?

[MR. CHERRY:] A Yes, I remember that.

Q. And you said, the example you used was, well, if it's a gas-based or a gas-focused project, the electric utilities might opt out; is that correct?

A. That's correct.

Q. But it's not limited to that. A utility could opt out for sort of any reason; is that correct?

A That's correct.⁴⁹

As the structure of the proposal makes clear, a utility can opt out of a specific project for any reason, and any remaining utility can still choose to pursue that project. Despite the utilities claims that the governing board will provide all necessary reasonableness review, apparently a single utility can still move ahead with a project despite not having support of the other utilities or even the Commission representative, should such a representative be designated.⁵⁰ Further, there is no attempt in the application to explain how the project would be consistent with any single utility's, let alone all three utilities', resource plan, which is required by P.U. Code § 740.1(c). There is nothing collaborative about the proposal and the application should be rejected for failing to further the utilities resource plans.

⁴⁹ RT vol. 1, p. 96:12-15.

⁵⁰ *Id.*

3. The Joint Application is not efficient as it will require more resources, time, and effort for all of the parties involved.

The Application provides no basis for the IOUs' claim that increasing rates to fund open-ended research will "efficiently address California's" challenges.⁵¹ The applicants do not provide any workpapers, analysis or justification for why ratepayers must independently shoulder the full cost of the Project. If this project were efficient, then the IOUs would not be relying solely on ratepayer funds.⁵² The IOUs acknowledge that their proposal is premature and lacks basic information and detail.⁵³ The applicants further acknowledge the utilities would have difficulty finding outside funding because they have not yet specified any projects.⁵⁴

The lack of such specific details is all the more troubling when contrasted with the IOUs' statement that "California and the Joint Utilities have not made needed investments in pragmatic, applied R&D."⁵⁵ If the application were efficient then the IOUs would have endeavored to compare and contrast the proposed areas of funding with existing, approved RD&D efforts such as EPIC (\$162 million per year in RD&D not specific to demand response or energy efficiency),⁵⁶ the California Solar Initiative (\$50 million for RD&D),⁵⁷ and each IOUs' respective RD&D funding for demand response and energy efficiency. The lack of specific project details and comparison to

⁵¹ IOU Brief at p. 6.

⁵² DRA-1, DRA Testimony filed March 1, 2012 at p. 2-5, *citing*, DRA Data Request DRA_001-04, Question 4(c).

⁵³ U-3, Joint Applicants' Rebuttal Testimony, p. 1-2 at lines 17- 21, and p. 1-3 at line 14.

⁵⁴ *Id.*

⁵⁵ IOU Brief at p. 48.

⁵⁶ D.12-05-037, *mimeo* p. 73.

⁵⁷ Pub. Util. Code § 2851(c)(1), as enacted by SB 1 (Chapter 132, Statutes of 2006). See also, D.07-09-042, and the Commission's CSI RD&D web site at <http://www.cpuc.ca.gov/puc/energy/solar/rdd.htm>.

existing RD&D makes the proposed approach to research contained in the applications inefficient. The lack of organized structure and specific project details will require a significant use of resources, time, and effort for all of the parties involved – this is the opposite of efficiency.

III. CONCLUSION

For the reasons stated above and in DRA’s Opening Brief, the Commission should deny the application.

Respectfully submitted,

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