

Decision 10-07-029 July 29, 2010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Revise its Electric Marginal Costs, Revenue Allocation, and Rate Design.

Application 06-03-005
(Filed March 2, 2006;
Petition for Modification
filed April 1, 2010)

(Not Consolidated)

Application of Pacific Gas and Electric Company for Approval of its 2009 Rate Design Window Proposals for Dynamic Pricing and Recovery of Incremental Expenditures Required for Implementation (U39E).

Application 09-02-022
(Filed February 27, 2009;
amended March 13, 2009;
Petition for Modification
filed April 1, 2010)

**DECISION DENYING PETITION FOR MODIFICATION
OF DECISION 08-07-045 AND DECISION 10-02-032**

1. Summary

The Petition for Modification of Decision 08-07-045 and Decision 10-02-032, filed on April 1, 2010 by the Division of Ratepayer Advocates and The Utility Reform Network, is denied. The requested changes to the dynamic pricing implementation schedule for Pacific Gas and Electric Company (PG&E), which are denied, include:

- The request to modify Decision (D.) 10-02-032 to delay implementation of voluntary residential critical peak pricing, in the form of Peak Day Pricing, from 2011 to 2013.
- The request to modify D.10-02-032 to delay the transition of customers from PG&E's current SmartRate Program to Peak Day Pricing from 2011 to 2013.

- The request to modify D.08-07-045 to begin implementation of default residential critical peak pricing in 2016. Issues related to default residential critical peak pricing should be addressed in a future application that will be filed by PG&E.
- The request to delay voluntary residential real time pricing from 2012 to 2018. Issues related to real time pricing should be addressed in Application 10-03-014, PG&E's 2011 General Rate Case Phase 2 proceeding.

2. Background

On August 1, 2008, the Commission issued Decision (D.) 08-07-045 in Application (A.) 06-03-005. The decision adopted a dynamic pricing timetable and rate design guidance for Pacific Gas and Electric Company (PG&E). Among other things, the decision ordered that PG&E file an application proposing a default critical peak pricing (CPP) rate for residential customers 30 days after any change in the law that changes the Assembly Bill (AB) 1X rate protections in a manner that could allow default or mandatory time-variant rates for residential customers.

D.08-07-045 also ordered PG&E propose optional real time pricing (RTP) rates for all customer classes as part of its 2011 General Rate Case (GRC) Phase 2 filing, and the effective date of the proposed rates be on or before May 1, 2011. D.10-07-008 extended that date to May 1, 2012.

On March 13, 2009, the Commission issued D.09-03-026 in A.07-12-009. The decision authorized PG&E to proceed with its proposed SmartMeter Upgrade. Among other things, the Commission adopted a residential peak time rebate (PTR) program. The PTR program was established as an overlay to non-CPP residential customer's otherwise applicable tariff by applying bill credits for

each kilowatt-hour reduced during an event day.¹ The Commission anticipated a summer 2010 start of the program, but indicated that if that were not possible, PG&E's PTR program should instead be implemented in 2011. PTR was not implemented in 2010 and is now proposed to begin May 1, 2011 in PG&E's current 2011 Rate Design Window filing, A.10-02-028.

On March 2, 2010, the Commission issued D.10-02-032 for PG&E. The decision adopted CPP rates with time-of-use (TOU) rates, together referred to as Peak Day Pricing (PDP), with implementation for large commercial customers to begin May 1, 2010. With respect to residential customers, the Commission ordered that optional PDP rates be effective by February 2, 2011. Prior to February 1, 2011, the E-RSMART option that was then available to residential customers would remain in effect.² On February 1, 2011, E-RSMART customers are to be moved to the new residential PDP rates, unless they opt to return to non-time differentiated residential tiered rates.

Therefore, at this point, for residential customers, optional (or "voluntary" as used by Petitioners) CPP, in the form of PDP, and PTR will be implemented together in approximately the same early 2011 timeframe. On February 1, 2011, E-RSMART customers will be moved to the optional PDP rates unless they opt to return to non-time differentiated residential tiered rates that will include the default PTR program. Consideration of residential default CPP will be by

¹ Because the program will not result in higher bills for residential customers, it does not violate AB 1X.

² E-RSMART is the existing optional CPP tariff for PG&E's residential SmartRate Program.

separate application, and optional RTP for all customer classes will begin May 1, 2012.

On April 1, 2010, the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN), identified collectively as Petitioners, filed a Petition for Modification of Decisions 08-07-045 and 10-02-032 (Petition).³

Petitioners request the modification of:

- D.10-02-032 to delay the implementation of the voluntary residential CPP program, known as PDP, to February 1, 2013; to close PG&E's E-RSMART program to new customers on February 1, 2011, and to move existing E-RSMART customers to the new residential PDP rates on February 1, 2013 unless customers opt to return to the default PTR rate design.
- D.08-07-045 to set the dynamic pricing timetable for default residential CPP to no sooner than 2016 and voluntary residential RTP to no sooner than 2018.

On April 28, 2010, the California Large Energy Consumers Association (CLECA) filed responses in A.06-03-005 and A.09-02-022 opposing the Petition. Petitioners filed replies to CLECA's responses on May 13, 2010.

3. Justification for the Petition Request

The Petitioners request that the Commission re-examine its entire timetable for implementation of residential dynamic pricing, in light of the following suggested guiding principle: Simpler rate designs should be implemented before more complex rate designs. It is the Petitioners' position that, for residential customers, this principle suggests the following logical order, in order of increasing complexity:

³ Pursuant to the advice of the Commission's Docket Office Advisor, the Petition was filed separately in both A.06-03-005 and A.09-02-022.

1. Default PTR,
2. Voluntary CPP,
3. Default CPP, and
4. Voluntary RTP.

The Petitioners recommend that each new residential dynamic rate offering be separated from the previous one by a minimum of two years in order to allow time for adequate customer outreach to maximize customer understanding and encourage beneficial changes in patterns of electric usage.

3.1. Voluntary CPP for Residential Customers

In support of its voluntary CPP request, Petitioners state the following:

- PTR and CPP are largely duplicative and the simultaneous release of both will result in customer confusion. The set of eligible customers, the conditions for calling an event, and the objectives of these two programs are expected to be virtually identical. Both programs are complex and will require significant customer outreach, especially to provide customers with sufficient information to make an informed choice between them. Residential customers must consider not only the necessary billing algorithms and additional choice offered by a two-part PTR program, but also the additional costs of bill protection offered to CPP customers. The postponement of the CPP would avoid unnecessary duplication of rate offerings, and customer confusion.
- Postponement of CPP would allow PG&E to concentrate on the successful implementation of the more customer-friendly residential PTR program in 2011, as required by D.09-03-026 in PG&E's SmartMeter Upgrade proceeding. The Commission, in making PTR the default option for residential customers, has recognized that it is the more customer-friendly rate design of the two options.
- The Commission has stated that "if customer outreach and education problems arise, it may be necessary to delay certain aspects of the [CPP] PDP implementation." (D.10-02-032 at 38.)

Petitioners submit that such a problem will indeed arise if both CPP and PTR are simultaneously implemented. Thus, the Commission should avoid such problems with a two-year postponement of the introduction of optional CPP for residential customers, who, by 2013, should be generally familiar with PTR and ready to consider whether they could benefit from a new and different dynamic rate designs such as CPP.

- The Commission has found that either CPP or PTR can meet its goals for price responsive demand response. The issue presented by this Petition is whether the Commission's demand response objectives would be furthered by near-simultaneous introduction of both programs, to a residential population with, in most cases, no previous exposure to time-varying rates. The Petitioners believe that such a course would confuse customers, and result in unnecessary expense, with little or no offsetting benefits. The Petitioners submit that the Commission's demand response objectives would be better served with at least a two-year postponement of residential CPP while PG&E works to successfully implement PTR for its 4.5 million residential customers.
- Because all eligible residential customers will be on PTR (by 2012 according to PG&E's A.10-02-028), and voluntary CPP would, at best, add little to overall peak demand reduction, there is relatively little value apparent in adding a voluntary CPP option to default PTR. Thus, residential CPP can be deferred with little or no loss of value to residential ratepayers, PG&E, or the State. There is no evident incremental value to the voluntary residential CPP program relative to the default residential PTR program. On the contrary, the PTR program is likely to provide a larger base of participation than the CPP program to reduce usage on event days.
- Petitioners believe PG&E's ratepayers could save at least \$14 million, if not substantially more, if the timetable for implementing voluntary residential CPP is changed in D.08-07-045 and D.10-02-032 and the program is deferred until 2013. According to rebuttal testimony in its 2009 Rate Design Window, approximately \$40 million from D.06-07-027 is earmarked for residential customer outreach and as yet unspent.

This funding could be redirected toward the PTR program, thus offsetting most if not all of the \$14 million requested for customer outreach in A.10-02-028. There are also billing complications from implementing the two programs simultaneously. This is another cost that could be avoided by deferring the residential CPP program. PG&E is required to offer bill protection to residential CPP customers relative to the otherwise applicable rate. If both decisions remain unmodified, the otherwise applicable rate will be the default residential PTR rate. This creates a messy and potentially expensive addition to PG&E's billing software, with very little offsetting customer value.

- D.10-02-032 authorized \$124 million for residential and nonresidential CPP programs requested by PG&E in its 2009 Rate Design Window. Additionally, PG&E in A.10-02-028 is requesting \$32.7 million for its residential PTR program. Of the latter amount, \$14 million is for "outreach and notification" and \$8.5 million is for customer inquiry. To some extent, these expenses could overlap with, and potentially duplicate, PG&E's funding request in its original SmartMeter application for similar functions.
- The environment for implementing residential dynamic pricing has changed significantly since D.08-07-045 was issued. There now exists the critical need for adequate outreach to residential customers in regard to both metering and rate design. Not only will the "ratepayer rebellion" in Bakersfield⁴ require PG&E to

⁴ According to DRA, (1) PG&E Data Response DRA-04-15 dated November 10, 2009 stated that, unlike San Diego Gas & Electric Company (SDG&E), PG&E did not proactively send letters to customers in the upper tiers warning them of rate increases that occurred earlier in the year before those rate increases became effective; (2) PG&E Data Response DRA-04-4 indicated that a disproportionate number of the customers in Bakersfield and Fresno who lodged formal complaints about their SmartMeters have usage in tiers 4 and 5; and (3) PG&E Data Response ED-05-09 states that PG&E had spoken with newspapers and radio stations about the impact of the tiered rate design on bills during the summer, and it intensified this effort in the fall as the ratepayer rebellion began taking hold, but these efforts were not targeted to individual customers, as was the SDG&E outreach.

improve its customer outreach efforts, but DRA found in late 2009 that certain shortcomings of PG&E's customer outreach program could have contributed to the Bakersfield rebellion. In particular, discovery responses, not received until November and December 2009, led DRA to conclude that PG&E's customer outreach needs improvement, and is unlikely to be adequate for the simultaneous rollouts of residential CPP and PTR. Due to the fact that PTR was not in the scope of A.09-02-022, parties did not focus on the wisdom of near-simultaneous launching of both CPP and PTR for residential customers. Now, given the circumstances, the Petitioners respectfully request that the PTR and CPP programs should not be rolled out simultaneously.

3.2. Transition from PG&E's SmartRate Program

In support of its request for transitioning SmartRate Program customers to voluntary PDP, Petitioners state the following:

- D.10-02-032 states: "The current SmartRate option available to residential customers will remain in effect until 2011 at which time SmartRate customers will either transition to residential Peak Day Pricing rates or revert to non-time differentiated residential tiered rates." (At 2.) To avoid disruption to current SmartRate customers and facilitate transition of those customers to PG&E's new voluntary CPP (PDP) rate, the Petitioners recommend that this provision be extended until 2013. SmartRate would continue to be available until February 2013, but closed to new entrants beginning February 1, 2011.

3.3. Default CPP for Residential Customers

In support of its default CPP request, Petitioners state the following:

- D.08-07-045 directs PG&E to implement default residential CPP one year after it is legally permitted. Under Senate Bill 695, default CPP would be allowed beginning in 2013. Thus, per D.08-07-045, default residential CPP would be implemented in 2014. However, the Petitioners believe that it would be beneficial for the Commission to wait at least until 2016 before making CPP the default rate for residential customers. This would allow

PG&E to gain more experience with the voluntary CPP program, and to refine its customer outreach prior to a mass residential rollout.

- The magnitude of the transition from voluntary CPP to default CPP cannot be overemphasized. As long as CPP is voluntary, customers are free to ignore it in favor of either doing nothing, or reducing usage attempting to gain PTR rebates. Once default CPP is implemented, doing nothing can be very costly to customers. Customers will be strongly incentivized to act. However, this places an enormous burden on PG&E for customer outreach to educate customers on their options and how best to manage their bills under the new rates. This transition should not be rushed. The Petitioners' preferred schedule would provide three summers (2013-2015) of experience with voluntary CPP before transitioning to default CPP.

3.4. Voluntary RTP for Residential Customers

In support of its voluntary RTP request, Petitioners state the following:

- RTP, involving prices that vary hourly, is by far the most complex dynamic rate alternative. Therefore it is not reasonable to present this alternative to residential customers, even as an option, until simpler dynamic rate designs have been introduced and tested. To avoid unnecessary customer confusion, and to promote an orderly process of introducing dynamic rates to residential customers, RTP should be the last element introduced. Petitioners recommend 2018, two years after default residential CPP.

4. Opposition to the Petition

CLECA makes the following arguments in its response and opposition to the Petition:

- PTR and CPP are not largely duplicative. PTR is a poor substitute for real dynamic pricing. It does not tell customers when power is more expensive. Instead, it gives them a rebate if they use less power during event periods (which are assumed to

be high cost periods) and it has no impact on them if they choose not to change their behavior.

- Larger customers do not have the PTR option at all, and must decide whether to accept default CPP or return to TOU rates, which rate form already contains a strong incentive to reduce usage during summer on-peak periods, periods which are far longer and more frequent than CPP events.
- While dynamic pricing rate options should be delayed until customers have the appropriate metering and a year of meter data, the Petition would delay voluntary CPP until 2013 and default CPP until “no sooner than 2016,” which is four to five years after it will apply to other customers, and four to five years after the full installation of SmartMeters at all residential customer premises. This very different treatment for residential customers cannot be justified on customer education grounds.
- The education issue is not limited to residential customers. Customer education issues related to dynamic pricing are extremely important. The solution may be to have someone other than the utilities do the educating. However, CLECA does not support the notion that the customer education issue should or can justify the delay of residential rate changes while the utilities plunge ahead with changes for larger customers, most of whose usage is significantly less flexible than residential use.
- PG&E’s proposed costs for residential CPP and PTR implementation, including that for customer outreach and education as well as costs for information technology, program operations, and measurement and evaluation, are very high. The solution, however, is not to delay program implementation but rather for the Commission to decide if third parties could do the customer outreach and education or implement the billing system changes better and more cost-effectively.

In its reply to CLECA, DRA states:

- There is an impact on customers if they choose not to change their behavior under PTR. PTR rebates are paid for by other customers in the same class, residential customers who fail to

reduce usage on event days will bear the cost of subsidizing those customers who do reduce usage. Therefore, over time, those customers who choose not to change their behavior will experience higher bills than their more conservation-minded neighbors who earn rebates.

- While CPP may possibly yield more savings per participant, the probable greater customer acceptance of PTR may ultimately yield more overall load reduction than obtainable by CPP alone.
- The requested delay will further the Commission's objectives because it would result in more training, outreach, and staged implementation, which will certainly result in more well-thought out and tested dynamic pricing programs, as well as better customer acceptance.
- CLECA's contention of a later implementation date for captive residential customers is not a luxury, but California law designed to protect ratepayers, especially because residential customers are losing the protections of AB 1X.
- The Petition does not seek any delay of the large electric customers' PDP implementation date of May 1, 2010, which PG&E recently requested to delay by one month due to the fact that PG&E needed to perform more outreach and education so that large customers can better understand default PDP. If PG&E needs to delay PDP implementation, even if only for a month, for more outreach and training for the sophisticated large electric customers, who have been exposed to and are educated with the dynamic pricing programs, then it is reasonable, if not essential for the PDP program to be delayed for novice and unfamiliar residential customers for a substantial period of time. PG&E's request to delay the default PDP for large customers supports the Petition's rationale that the programs be implemented well and effectively.

5. Discussion

5.1. Voluntary CPP for Residential Customers

We envision CPP, along with RTP, as being essential elements of our long-term dynamic pricing program. That is not necessarily true for PTR. In

D.09-03-026,⁵ which, among other things, adopted implementation of PTR for PG&E, the Commission stated:

We believe the PTR program will encourage residential customers to reduce their peak period usage on peak days. We also agree that the program is allowable while the AB 1X rate protection remains in place. However, the PTR program should be regarded as a transitional program that the Commission intends to review when the AB 1X rate protections change. (At 121.)

Also, with respect to the merits of PTR and CPP, the Commission noted:

PG&E has evaluated potential interactions between the CPP and PTR programs, with the expectation that customers may want guidance in helping choose between these two demand response participation options. Its analysis shows that customers who are believed to have significant central air conditioning (CAC) usage would divide almost equally between finding CPP vs. PTR participation most advantageous. Also, nearly 90 percent of customers who are not believed to have significant CAC usage would be better off on CPP than under PTR. Nonetheless, PG&E does not expect high levels of initial CPP enrollment from customers without CAC, because non-CAC customer savings under CPP would still be relatively modest and because PG&E's marketing efforts for CPP will be focused on customers with significant CAC loads. (At 117, emphasis added.)

The evidence in that proceeding indicates that CPP and PTR do not provide the same potential benefits to all residential customers, especially non-CAC customers. The Petition request would result in the undesirable consequence of precluding additional benefits to what appears to be a majority of residential customers, and potentially all benefits to certain non-CAC residential customers, for up to two years.

⁵ The decision on PG&E's proposed upgrade to the SmartMeter program (A.07-12-009).

Also, we do not see the need to have customers on the PTR program for two years before they are given the opportunity to try a voluntary CPP rate that may be more advantageous than PTR.⁶

Regarding customer education, Petitioners are correct that, without the requested modification, residential customers will have to be educated about CPP and PTR at the same time.⁷ However, we do not believe this is sufficient reason to delay the implementation of voluntary PDP for these customers. All residential customers will need to be educated about the purpose and effects of default PTR and the availability, purpose and effects of voluntary PDP. However, those customers who do not wish to change their usage patterns do not have to do anything, and their current rate structure will remain the same. They do need to be made aware that in the long term, they will likely pay more to compensate for potential revenue shortfalls caused by those customers who do change their usage patterns through either PDP or PTR. On the other hand, customers who are willing to change their usage patterns will need to be educated in depth about both programs to determine which program is more advantageous with respect to potential benefits and risks. While this may be a formidable task, it is reasonable to expect that such education can be successful. We note that small commercial customers, who also have never been on time varying rates, will have to be educated about a default PDP rate and the new

⁶ By the Petition request, the existing SmartRate Program, a form of CPP, will be closed to new entrants beginning February 1, 2011. Under the Petitioners' proposal, neither PDP nor the SmartRate Program would be available to residential customers during 2011 and 2012.

⁷ Since PDP includes CPP and TOU rates, customers choosing PDP will need to be educated about TOU as well.

“otherwise applicable” TOU rate.⁸ We feel the customer education and protections ordered in D.10-02-032 can make the implementation work for small commercial customers and see no reason to think otherwise for the concurrent default PTR and voluntary PDP implementation for residential customers.

With respect to customer discontent in Bakersfield, the problem was a significant factor in the Commission’s actions in D.10-02-032 regarding customer education and outreach efforts and reporting requirements. All aspects will be monitored by the Commission’s Energy Division, and, as provided by D.10-02-032, the Director of the Energy Division may direct PG&E to make additions to its customer education and outreach plan if necessary. Also, regarding related customer concerns with the advanced metering infrastructure rollout, the Commission is evaluating PG&E’s SmartMeter program. This includes meter testing, testing of the software and billing systems, and PG&E’s management of the program. To the extent that problems are found and dynamic pricing implementation is affected, the Commission will, at that time, reevaluate the associated schedules for all new dynamic pricing related rates including both PTR and PDP for residential customers.

Regarding Petitioners’ estimate of cost savings related to their request, it is not clear why costs in the long term will be any less than if the decisions are not modified. For instance, under either scenario, PG&E will, at some point, have to make the necessary billing changes that reflect PDP and default PTR. Also, we will not authorize duplicative funding. In general, we do not see substantial cost

⁸ See D.10-02-032 at 2.

savings that outweigh our desire to implement voluntary residential PDP as scheduled.

Based on the above discussion, we conclude that the Petitioners' request to modify portions of D.10-02-032 to delay implementation of voluntary CPP, in the form of PDP, from 2011 to 2013 should be denied.

5.2. Transition from PG&E's SmartRate Program

Since this decision maintains the schedule to provide the voluntary PDP option to residential customers beginning February 1, 2011, there is no reason to delay the transition of E-RSMART customers to voluntary PDP, also scheduled for that date. Petitioners' request to modify portions of D.10-02-032 to delay the transition of E-RSMART customers to voluntary PDP from 2011 to 2013 should be denied.

5.3. Default CPP for Residential Customers

D.08-07-045 did not specify a date for implementation of default CPP for residential customers. It did order the following:

PG&E shall file an application proposing a default CPP rate for residential customers 30 days after any change in the law that changes the Assembly Bill 1X rate protections in a manner that could allow default or mandatory time-variant rates for residential customers. If the Commission approves a decision that interprets the Assembly Bill 1X rate protections in a manner that could allow default or mandatory time-variant rates for residential customers, then PG&E shall file an application proposing a default CPP rate for residential customers not later than 90 days after the Commission decision goes into effect and is no longer subject to rehearing or judicial review. PG&E shall propose an effective date that is no later than one year after the filing date unless PG&E can justify a later effective date as being necessary to allow time for customer education and system upgrades. (Ordering Paragraph 8.)

In discussion, the Commission stated:

By requiring that PG&E file a default TOU/CPP proposal for residential customers, we are not in this decision concluding that a default TOU/CPP rate will or should be adopted. We are not adopting post AB1X rate design in this decision. Rather PG&E's future proposal will trigger a thorough consideration of the policy and legal issues surrounding residential rate design. At that time, the Commission will be able to perform bill analysis, as recommended by DRA, and will be able to fully consider all relevant legal and policy issues. The Commission can also consider a transition plan as recommended by SCE.

To clarify once again, the only policy path we are setting in this decision is that the Commission will fully evaluate residential rates after the AB1X rate design protections are no longer in place or have materially changed. (D.08-07-045 at 39-40.)

We agree with Petitioners' position that the transition from voluntary to default CPP for residential customers should not be rushed. However, it is clear that the Commission intends to fully evaluate default CPP for residential customers in a yet to be filed application. Whether it is appropriate to be implemented at all, and, if so, when and how it should be implemented will be addressed in that proceeding. Petitioners have not provided a good reason to change that procedure. The request to begin default CPP for residential customers in 2016 is premature and should be denied.

5.4. Voluntary RTP for Residential Customers

In D.10-07-008, the Commission granted PG&E's March 22, 2010 Petition to Modify D.08-07-045, specifically PG&E's request that the D.08-07-045 timetable for PG&E's proposal for implementing RTP reflect a beginning date of May 1, 2012, or 12 months after a final Commission on the RTP rate design and cost recovery proposed in PG&E's 2011 Phase 2 GRC application, whichever is later, rather than May 1, 2011, as set forth in D.08-07-045. In granting the petition, the Commission noted DRA's support as well as DRA's request to further modify

D.08-07-045 to implement RTP in stages. DRA stated that PG&E's request demonstrated the complexity of RTP, and PG&E should offer RTP in 2012 and 2013 as a pilot program limited to a manageable population of large customers. RTP should then be made available to the general population of nonresidential customers no sooner than 2014 and to residential customers no sooner than 2018. However, in D.10-07-008, the Commission stated:

At this time we will not consider DRA's proposal to begin RTP implementation with a pilot program and to make RTP available to the general population of nonresidential customers no sooner than 2014 and to residential customers no sooner than 2018. The recommendation goes significantly beyond PG&E's Petition request and should be examined through the evidentiary hearing process. DRA can make such recommendations in response to PG&E's RTP proposal in PG&E's 2011 Phase 2 GRC, A.10-03-014. (At 5.)

As already determined, RTP implementation issues, including the date to begin residential RTP, should be considered in A.10-03-014. Petitioners have not provided a good reason to change that procedure. Therefore, we conclude that the Petitioners' request to modify portions of D.08-07-045 in order to delay voluntary RTP for residential customers to 2018 should be denied.

6. Comments on Proposed Decision

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Pub. Util. Code § 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on July 19, 2010 by Petitioners. No reply comments were filed. Comments that focused on factual, legal, or technical errors have been considered and changes, where appropriate, have been made.

7. Assignment of Proceedings

John A. Bohn is the assigned Commissioner for A.06-03-005, Michael R. Peevey is the assigned Commissioner for A.09-02-022, and David K. Fukutome is the assigned ALJ for both proceedings.

Findings of Fact

1. The Petition is opposed by CLECA.
2. The Commission has previously stated that the PTR program should be regarded as a transitional program that the Commission intends to review when the AB 1X rate protections change.
3. CPP and PTR do not provide the same potential benefits to all residential customers, especially non-CAC customers.
4. The problem of customer discontent in Bakersfield was a significant factor in the Commission's actions in D.10-02-032 regarding customer education and outreach efforts and reporting requirements.
5. The Commission is currently evaluating PG&E's SmartMeter program.
6. Regarding Petitioners' estimate of cost savings related to their request, it is not clear why certain costs such as for billing will, in the long term, be any less than if the decisions are not modified.
7. Since this decision maintains the schedule to provide the voluntary PDP option to residential customers beginning February 1, 2011, there is no reason to delay the transition of E-RSMART customers to voluntary PDP, also scheduled for that date.
8. The Commission will fully evaluate default CPP for residential customers in a yet to be filed application. Petitioners have not provided a good reason to change that procedure.

9. RTP issues, including the date to begin residential RTP, will be considered in A.10-03-014. Petitioners have not provided a good reason to change that procedure.

Conclusions of Law

1. Petitioners' request that D.10-02-032 be modified to delay implementation of voluntary residential CPP, in the form of PDP, from 2011 to 2013 should be denied.

2. Petitioners' request that D.10-02-032 be modified to delay the transition of E-RSMART customers to voluntary PDP from 2011 to 2013 should be denied.

3. Petitioners' request that D.08-07-045 be modified so that implementation of default residential CPP begins in 2016 should be denied.

4. Default residential CPP issues should be addressed in the upcoming application that PG&E will file.

5. Petitioners' request that D.08-07-045 be modified to delay voluntary residential RTP from 2012 to 2018 should be denied.

6. RTP issues should be addressed in A.10-03-014.

O R D E R

IT IS ORDERED that:

1. The Petition for Modification of Decision 08-07-045 and Decision 10-02-032, filed on April 1, 2010 by the Division of Ratepayer Advocates and The Utility Reform Network, is denied.

2. Application 06-03-005 is closed.
3. Application 09-02-022 is closed.

This order is effective today.

Dated July 29, 2010, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners