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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013  
(Filed June 21, 2012)

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER**

**1. Summary**

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),<sup>1</sup> this Scoping Memo and Ruling (Scoping 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 (PHC) held on October 24, 2012. This ruling is appealable only as to category of this proceeding under procedures in Rule 7.6.

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<sup>1</sup> All references to Rules are to the Commission's Rules of Practice and Procedure. These rules are available on the Commission's website at [http://docs.cpuc.ca.gov/word\\_pdf/RULES\\_PRAC/70731.pdf](http://docs.cpuc.ca.gov/word_pdf/RULES_PRAC/70731.pdf).

## **2. Background**

The Commission initiated this Order Instituting Rulemaking (OIR) “to examine current residential electric rate design, including the tier structure in effect for residential customers, the state of time variant and dynamic pricing, potential pathways from tiers to time variant and dynamic pricing, and preferable residential rate design to be implemented when statutory restrictions are lifted.”<sup>2</sup>

Through the OIR, the Commission seeks to examine whether the current tiered rate structure continues to support the underlying state-wide energy goals, facilitates the technologies that enable customers to better manage their usage and bills, and yields rates that result in inequitable treatment across customers and customers classes. The OIR set forth a tentative list of themes and preliminary questions for discussion. The OIR also set forth a tentative procedural schedule for refining the discussion questions set forth in the OIR.

In order to fully develop the record before issuing this Scoping Ruling, a workshop was held on August 27, 2012 to discuss the themes and preliminary questions. Pursuant to the OIR, and to the September 20, 2012 assigned Commissioner and Administrative Law Judges’ Joint Ruling Inviting Comments and Scheduling Prehearing Conference (ACR), parties submitted comments and reply comments on the proposed Rate Design Evaluation Questions and Principles.<sup>3</sup>

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<sup>2</sup> OIR at 1.

<sup>3</sup> Several parties noted that the term “goals” was used to describe both “goals” and “tools” to achieve those goals. To address this concern, we are now using the term “principles” instead of “goals.”

Opening comments were filed on October 5, 2012, by Black Economic Council, Latino Business Chamber of Greater Los Angeles, and National Asian American Coalition, filing jointly (Joint Parties), by Coalition of California Utility Employees, Coalition of Energy Users, Consumer Federation of California, Demand Response Smart Grid Coalition (DRSG), Distributed Energy Consumer Advocates (DECA), Division of Ratepayer Advocates (DRA), Environmental Defense Fund (EDF), Marin Energy Authority, Natural Resources Defense Council (NRDC), Pacific Gas and Electric Company (PG&E), San Diego Consumers' Action Network, San Diego Gas and Electric Company (SDG&E), Sierra Club, Silicon Valley Leadership Group (SVLG),<sup>4</sup> Solar Energy Industries Association, Southern California Edison Company (SCE), The Greenlining Institute and Center for Accessible Technology (Greenlining/CforAT), The Utility Reform Network (TURN), The Vote Solar Initiative, and Western Power Trading Forum, Direct Access Customer Coalition, Alliance for Retail Energy Markets, filing jointly (WPTF/DACC/AReM).

Reply comments were filed on October 19, 2012, by the Joint Parties, DRSG, DECA, DRA, EDF, NRDC, PG&E, SDG&E, Sierra Club, SVLG, SCE, Greenlining/CforAT, TURN, and WPTF/DACC/AReM.

On October 24, 2012, a PHC was held to take appearances in this proceeding, to refine the scope of this proceeding, and to develop a procedural timetable for the management of this proceeding.

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<sup>4</sup> SVLG apparently served parties with comments and reply comments, but these documents were not filed with the Commission docket office.

### **3. Scope of Proceeding**

Rulemaking (R.) 12-06-013 set the preliminary scope and timetable for this proceeding, but permitted the assigned Commissioner or Administrative Law Judge (ALJ) to refine the scope of the proceeding and to adjust its schedule.<sup>5</sup>

The scope of this proceeding, as noted in R.12-06-013, is set by the question “do existing rate design structures and statutory requirements support the ability of the Commission and electric utilities to enact electricity policies; would implementing time varying rates instead of or in combination with the existing tier structure allow for the creation of a more equitable rate structure and better meet the Commission’s rate objectives; and are changes to existing statutes needed to implement a preferable rate structure?”<sup>6</sup>

In general, neither the comments filed by parties or statements at the PHC took issue with the broad scope of this proceeding defined in the OIR.

### **4. Final List of Evaluations Questions**

The OIR invited input on a preliminary set of questions intended to assist the Commission in its examination of rate design proposals.<sup>7</sup> The questions included a preliminary list of goals for an optimal rate design. This Scoping Memo revises the preliminary questions and goals in light of the workshop, filed comments, and PHC. The revised questions for evaluating rate design proposals, including the revised goals (or, more accurately, principles), are as follows:

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<sup>5</sup> OIR, Ordering Paragraph 10 at 28.

<sup>6</sup> OIR at 22.

<sup>7</sup> OIR at 20-21.

#### 4.1. Principles

##### 1. Low-income and medical baseline customers should have access to enough electricity to ensure basic needs (such as health and comfort) are met at an affordable cost;

This principle was not changed. Although various parties suggested revising this principle to refer to all residential customers, the purpose of this principle in our rate design evaluation is to ensure that proposed rate designs consider customers who would otherwise have difficulty affording sufficient electricity to meet basic needs.<sup>8</sup> While we agree that affordable electricity rates for all is a desirable goal and is a well-established principle of rate design,<sup>9</sup> residential customer rates must also support the revenue requirement allocated to the residential class. Therefore, this proceeding will not be focused on defining affordability for all residential customers. Rather, parties should focus on how their proposed rate design ensures that low-income customers and

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<sup>8</sup> Section 382(b) of the California Public Utilities Codes states in part, “In order to meet legitimate needs of electric and gas customers **who are unable to pay their electric and gas bills** [emphasis added] and who satisfy eligibility criteria for assistance, recognizing that electricity is a basic necessity, and that all residents of the state should be able to afford essential electricity and gas supplies, the commission shall ensure that **low-income ratepayers** [emphasis added] are not jeopardized or overburdened by monthly energy expenditures.” All citations are to the California Public Utilities Code unless otherwise stated.

<sup>9</sup> Section 739(d)(2) states, “In establishing residential electric and gas rates, including baseline rates, the commission shall ensure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable and while observing the principle that conservation is desirable in order to maintain an affordable bill.”

customers with medical needs have access to sufficient electricity to meet basic needs at an affordable cost.

**2. Rates should be based on marginal cost;**

This principle was not changed. This principle includes both long-term marginal cost, and short-term marginal cost. Although long-term marginal cost is more appropriate for most rate design aspects, there are times when short-term may be more appropriate. In describing or evaluating a rate design, parties should specify which marginal cost is being applied and why. In addition, the December 2012 workshop should help identify when long-term and short-term marginal cost should be the basis of rates.

**3. Rates should be based on cost-causation principles;**

This principle was not changed. In theory, when rates are based on cost, they will encourage smarter energy use, including use of innovative technologies and services that support reduced or shifted consumption patterns.

**4. Rates should encourage conservation and energy efficiency;**

This principle was not changed. The purpose of including this principle is to ensure that state environmental policies are addressed by proposed rate designs. There are many existing programs and policies. It is up to the party proposing a rate design to specify what programs and policy approaches their rate design supports, and how that will encourage conservation and energy efficiency.

**5. Rates should encourage reduction of both coincident and non-coincident peak demand;**

This principle was not changed. TURN suggested that the language of this principle be revised to include reduction in “overall energy usage.” The concept of energy conservation is already addressed by principle 4.

**6. Rates should be stable and understandable and provide stability, simplicity and customer choice;**

Several parties have noted that a rate design could be simple, but not understandable to the average customer. We have revised this principle to emphasize that the rate design should be understandable.

**7. Rates should generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals;**

The revised text acknowledges second clause of the sentence.

**8. 9. Incentives should be explicit and transparent;**

The order of principles 8 and 9 has been switched for clarity.

**9. 8. Rates should encourage economically efficient decision-making;**

This principle was not changed. Such economically efficient decision-making could include off-peak charging of electric vehicles, investment in distributed photovoltaic energy, and adoption of cost effective demand response measures aided by innovative technologies and services that support reduced or shifted consumption patterns.

**10. Transitions to the new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and appropriately considers the bill impacts associated with such transitions.~~avoids the potential for rate shock.~~**

This principle has been changed to focus discussion on improving the transition for customers. As originally worded, this principle placed too much emphasis on one term -- "rate shock." It will be more productive for the parties to look at options to minimize negative customer impacts from a new rate design.

## 4.2. Rate Design Proposals

After reviewing the comments and reply comments, we have made very few changes to the Rate Design Proposal questions. This list of questions is intended to elicit a full rate-design policy that the Commission can consider and adopt. The discussion of principles required by Question 1 gives parties an opportunity to discuss a wide variety of policies related to electric rate design.

1. Please describe in detail an optimal residential rate design structure based on the ~~goals-principles~~ listed above and the additional ~~goals-principles~~, if any, that you recommend. For purposes of this exercise, you may assume that there are no legislative restrictions. **Support your proposal with evidence citing research conducted in California or other jurisdictions.**
2. Explain how your proposed rate design meets each goal and compare the performance of your rate design in meeting each goal to current rate design. Please discuss any cross-subsidies potentially resulting from the proposed rate design, including cross-subsidies due to geographic location (such as among climate zones), income, and load profile. Are any such cross-subsidies appropriate based on policy ~~goals-principles~~? Where trade-offs were made among the ~~goals-principles~~, explain how you prioritized the ~~goals-principles~~.
3. How would your proposed rate design affect the value of net energy metered facilities for participants and non-participants compared to current rates?
4. How would your proposed rate design structure meet basic electricity needs of low-income customers and customers with medical needs?
5. What unintended consequences may arise as a result of your proposed rate structure and how could the risk of those unintended consequences be minimized?
6. For your proposed rate structure, what types of innovative technologies and services are available ~~Is your proposed rate structure compatible with innovative technologies that can help~~



customers reduce consumption or shift consumption to a lower cost time period? What are the costs and benefits of these technologies and services?

7. Describe how you would transition to this rate structure in a manner that promotes customer acceptance, including plans for outreach and education. Should customers be able to opt to another rate design other than the optimal rate design you propose? If so, briefly describe the other rate or rates that should be available. Discuss whether the other rate(s) would enable customers opting out to benefit from a cross-subsidy they would not enjoy under the optimal rate.
8. Are there any legal barriers that would hinder the implementation of your proposed rate design? If there are legal barriers, provide specific suggested edits to the pertinent sections of the Public Utilities Code. If there are legal barriers, describe how the transition to your proposed rate design would work in light of the need to obtain legislative ~~and~~ or other regulatory changes and upcoming general rate cases.
9. How would your proposed rate design adapt over time to changing load shapes, changing marginal electricity costs, and to changing customer response?

## **5. Workshop Topics and Proceeding Schedule**

This section will develop the topics for the workshop and an overall schedule for this proceeding.

### **5.1. Workshop**

A two-day workshop is scheduled for the first week of December. The purpose of the workshop is to develop a common language for rate design proposals and evaluation of the proposals, including addressing data needs and design of a bill impact calculator. The workshop will be held at the Commission's offices at 505 Van Ness Avenue, San Francisco, CA 94102. We will provide a teleconference phone number for listening only, but, because of the size of the workshop group, we cannot guaranty the quality of the

teleconference audio. Prior to the workshop, we will provide additional materials via email for review.

Topic	Date and Time	Location
Rate Design Elements and Definitions	December 5, 2012 9:30 a.m. - 4:00 p.m.	Courtyard Room California Public Utilities Commission 505 Van Ness Avenue San Francisco, CA 94102
Bill Impact Calculator and Data	December 6, 2012 9:00 a.m. - 4:00 p.m.	Auditorium California Public Utilities Commission 505 Van Ness Avenue San Francisco, CA 94102

## 5.2. Schedule and Need for Hearings

At the PHC, parties considered a proposed schedule that would have rate design proposals due in May 2013, testimony and briefs during the summer, and a proposed decision in September. The utilities generally wanted an earlier due date for proposals, in part so that the results could influence legislation in the 2013 session. Other parties disagreed and were concerned that this very complex proceeding would be rushed. CforAT specifically expressed concern that the Low Income Needs Assessment Report ordered in Decision 12-08-044<sup>10</sup> will not be available until August 2013, and thus would not be available for use in evaluating rate designs until then.

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<sup>10</sup> Decision on Large Investor-Owned Utilities' 2012-2014 Energy Savings Assistance Program and California Alternative Rates for Energy (CARE) Applications.

We feel it is important to allow sufficient time for development of common language and framework for evaluating rates, and a well-designed bill impact calculator. The process should not be rushed. We also anticipate concluding this proceeding within 18 months of the issuance of this Scoping Memo as set in Section 1701.5.

The table below provides a schedule for the proceeding. Following the completion of the workshop, the ALJ will issue a ruling inviting comments and reply comments on definitions and other issues that the workshop raises. This cycle of comments and replies will lead to a ruling asking for rate design proposals.

<b>Event</b>	<b>Date</b>
OIR issued	June 28, 2012
Workshop on List of Questions	August 27, 2012
Assigned Commissioner’s Ruling (ACR) issued	September 18, 2012
Comments on List of Questions filed	October 5, 2012
Reply Comments on List of Questions filed	October 19, 2012
Prehearing Conference	October 24, 2012
Ruling Seeking Comments on Coordination Issues (Coordination Question Ruling) issued	November 6, 2012
Scoping Memo issued	November 26, 2012
Comments on Coordination Question Ruling filed	November 21, 2012
Workshop, at the Commission offices as set forth above	December 5 – 6, 2012
Reply Comments on Coordination Question Ruling filed	December 7, 2012
Ruling Based on Workshop (Workshop Ruling)	End of January 2013

<b>Event</b>	<b>Date</b>
issued	
Comments on Workshop Ruling filed	2 weeks after issuance of Workshop Ruling
Reply Comments on Workshop Ruling filed	4 weeks after issuance of Workshop Ruling
Ruling requesting rate design proposals including answering the required questions issued (Note: this Ruling will set forth the definitions to be used based on the workshop and comment cycle)	April 2013
Rate Design Proposals served; Last day to file a motion requesting evidentiary hearings.	May 2013
Comment Cycle	June 2013
Briefing Cycle	July 2013
Proposed Decision issued	September 2013

This schedule does not allot time for evidentiary hearings. The OIR found that hearings might be necessary. Although we have not scheduled them, we will reevaluate the need for hearings as appropriate and in no event later than the submission of the rate design proposals. Accordingly, if any party contends that evidentiary hearings are needed to address specific issues, it shall, at the same time as the serving of rate design proposals (May 2013), file a motion requesting evidentiary hearings. That motion shall:

- a. Identify each area of relevant factual inquiry that has not been addressed;
- b. Identify each material contested issue of fact on which hearings should be held (explaining, as necessary, why the issue is material); and
- c. State why a hearing is legally required.

If so required, the ALJ or presiding officer may alter this schedule as required to promote the efficient and fair resolution of the proceeding. Consistent with Section 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of the issuance of this Scoping Memo.

## **6. Proceeding Category and *Ex Parte* Rules**

The Commission preliminarily categorized this Rulemaking as quasi-legislative. The parties did not oppose the Commission's preliminary categorization. This ruling affirms the preliminary categorization of quasi-legislative.

Pursuant to Rule 8.2(a), a quasi-legislative proceeding does not have any *ex parte* restrictions or reporting requirements.

We preliminarily addressed the need for hearing in the OIR, stating that although we expect that many of the issues may be resolved through the formal filing of comments and replies, we preliminarily determined that hearings may be needed, at least on some issues. Additionally, we anticipated that public participation hearings may also be needed.

## **7. Motion**

California Pacific Electric Company, LLC (U933E), Bear Valley Electric Service (U913E), a Division of Golden State Water Company, and Pacificorp (U901E) (jointly, the California Association of Small and Multi-Jurisdictional or CASMU) have filed a Joint Motion for Dismissal from this OIR. CASMU requests that each member be dismissed from any further obligations as a "respondent" in this OIR. Combined, the CASMU utilities supply power to approximately 115,900 California residences. CASMU utilities do not have Advanced Metering Infrastructure that would permit dynamic pricing. CASMU

argues that while the issues in this OIR are important, they are not of practical relevance to the customers of CASMU utilities, and participation in this OIR as a respondent would be expensive.

No party has argued that the public interest would be served by continuing to make these parties respondents in this proceeding.

Because the decision to make CASMU members respondents to this proceeding was made through the OIR and no discretion was delegated to the assigned Commissioner in this matter, changing the status of CASMU members should proceed through Commission decision, not through a ruling. As a result of this consideration, it is most appropriate to treat the CASMU comments as a petition to modify R.12-06-013. Responses to CASMU's request to be excused from respondent status, if any, shall be filed and served on December 3, 2012. Replies to responses are permitted, and due December 10, 2012.

#### **8. Intervenor Compensation**

The PHC in this matter was held on October 24, 2012. Pursuant to Section 1804(a)(1), an entity who intends to seek an award of compensation shall have filed and served a notice of intent to claim compensation by November 26, 2012.

#### **9. Final Oral Argument**

Since no evidentiary hearings are scheduled, no final oral argument is anticipated.

#### **10. Presiding Officer**

Pursuant to Rule 13.2(c), because this is a quasi-legislative proceeding, the presiding officer shall be the assigned Commissioner.

## **11. 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 Rules or in response to rulings by either the assigned Commissioner or the assigned ALJs. 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. Resolution ALJ-188 sets forth the interim rules for electronic filing, which replaces only the filing requirements, not the service requirements. Parties are encouraged to file 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/efile/static.htm>.

Other documents, including prepared testimony, are served on the service list but not filed with the Docket Office. 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 appearance or state service list member did not provide an email address. If no email address was provided, service should be made by U.S. mail. In this proceeding, concurrent e-mail service to ALL persons on the service list for whom an email 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: R.12-06-013 Rate Design. In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Brief*. Paper format copies, in addition to electronic copies, shall be served on the assigned Commissioner and the ALJs.

The official service list for this proceeding is available on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJs. 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](mailto:public.advisor@cpuc.ca.gov).

**IT IS RULED** that:

1. The final categorization of this proceeding is quasi-legislative. Hearings may be required, and a final determination on the need for hearings will be made at a later date in this proceeding as described above.
2. The scope of the proceeding set out in Rulemaking 12-06-013 is retained.
3. Pursuant to page 21 of the Order Instituting Rulemaking, the Rate Design Evaluation Questions and Principles set forth on Attachment A are hereby adopted unless further amended by the assigned Commissioner or assigned Administrative Law Judge.



4. The schedule for the next steps in this proceeding is as set forth in Section 5.2.

5. Since there are no planned evidentiary hearings at this time, there will be no oral argument.

6. Pursuant to Rule 13.2(c) of the Commission's Rules of Practice and Procedure, because this is a quasi-legislative proceeding, the presiding officer shall be the assigned Commissioner.

7. The motion of California Pacific Electric Company, LLC (U933E), Bear Valley Electric Service (U913E), a Division of Golden State Water Company, and Pacificorp (U901E) to no longer be respondents to this proceeding is deemed a petition to modify Order Instituting Rulemaking 12-06-013. Responses to the petition are due December 3, 2012. Replies to the responses are permitted and due December 10, 2012.

8. Instructions for filing and service of documents and for service of testimony in this proceeding is as set forth in Section 11.

9. Any entity who intends to seek an award of compensation shall have filed and served a notice of intent to claim compensation by November 26, 2012.

Dated November 26, 2012, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey  
Assigned Commissioner

## ATTACHMENT A

### FINAL RATE DESIGN EVALUATION

#### **Principles of Optimal Residential Rate Design:**

1. Low-income and medical baseline customers should have access to enough electricity to ensure basic needs (such as health and comfort) are met at an affordable cost;
2. Rates should be based on marginal cost;
3. Rates should be based on cost-causation principles;
4. Rates should encourage conservation and energy efficiency;
5. Rates should encourage reduction of both coincident and non-coincident peak demand;
6. Rates should be stable and understandable and provide customer choice;
7. Rates should generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals;
8. Incentives should be explicit and transparent;
9. Rates should encourage economically efficient decision-making; and
10. Transitions to new rate structures should emphasize customer education and outreach that enhances customer understanding and acceptance of new rates, and minimizes and appropriately considers the bill impacts associated with such transitions.

#### **Rate Design Proposals:**

Each party submitting a rate design proposal must answer the following questions.

1. Please describe in detail an optimal residential rate design structure based on the principles listed above and the additional principles, if any, that you recommend. For

purposes of this exercise, you may assume that there are no legislative restrictions. **Support your proposal with evidence citing research conducted in California or other jurisdictions.**

2. Explain how your proposed rate design meets each goal and compare the performance of your rate design in meeting each goal to current rate design. Please discuss any cross-subsidies potentially resulting from the proposed rate design, including cross-subsidies due to geographic location (such as among climate zones), income, and load profile. Are any such cross-subsidies appropriate based on policy principles? Where trade-offs were made among the principles, explain how you prioritized the principles.
3. How would your proposed rate design affect the value of net energy metered facilities for participants and non-participants compared to current rates?
4. How would your proposed rate design structure meet basic electricity needs of low-income customers and customers with medical needs?
5. What unintended consequences may arise as a result of your proposed rate structure and how could the risk of those unintended consequences be minimized?
6. For your proposed rate structure, what types of innovative technologies and services are available that can help customers reduce consumption or shift consumption to a lower cost time period? What are the costs and benefits of these technologies and services?
7. Describe how you would transition to this rate structure in a manner that promotes customer acceptance, including plans for outreach and education. Should customers be able to opt to another rate design other than the optimal rate design you propose? If so, briefly describe the other rate or rates that should be available. Discuss whether the other rate(s) would enable customers opting out to benefit from a cross-subsidy they would not enjoy under the optimal rate.

8. Are there any legal barriers that would hinder the implementation of your proposed rate design? If there are legal barriers, provide specific suggested edits to the pertinent sections of the Public Utilities Code. If there are legal barriers, describe how the transition to your proposed rate design would work in light of the need to obtain legislative or other regulatory changes and upcoming general rate cases.
9. How would your proposed rate design adapt over time to changing load shapes, changing marginal electricity costs, and to changing customer response?

**(END OF ATTACHMENT A)**