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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates.

Rulemaking 22-07-005

ADMINISTRATIVE LAW JUDGE’S RULING PROVIDING GUIDANCE FOR PHASE 1 TRACK A PROPOSALS AND REQUESTING COMMENTS ON A CONSULTING SERVICES PROPOSAL

This ruling (a) directs parties to follow the guidance herein for Phase 1 Track A party proposals and (b) invites parties to file comments by February 3, 2023 and replies by February 13, 2023 on a staff proposal to fund consulting services to assist the Energy Division with modifying a spreadsheet tool and assessing Track A fixed charge proposals.

1. Background

On November 2, 2022, the assigned Commissioner issued a scoping memo and ruling that established the issues in scope and schedule for Phase 1 of this proceeding. Track A of Phase 1 of this proceeding will (i) establish an income-graduated fixed charge for residential rates for all investor-owned electric utilities in accordance with Assembly Bill (AB) 205, Stats. 2022, ch. 61, and (ii) implement the requirements of AB 205 to adjust the average effective discount for California Alternate Rates for Energy (CARE) so that it does not reflect any charges for which CARE customers are exempted, discounts to fixed charges or other rates paid by non-CARE customers, or bill savings resulting from participation in other programs. The scoping memo provides that parties may

serve Track A proposals through concurrent opening testimony by March 17, 2023.

On November 29, 2022, the Commission's Energy Division held a workshop to provide parties with sufficient information to develop their Track A proposals for an income-graduated fixed charge that meets the requirements of AB 205 and is feasible to implement.

On December 9, 2022, I issued a ruling to invite parties to file opening briefs on Track A questions of statutory interpretation by January 16, 2023 and reply briefs by February 6, 2023.

On December 9, 2022, Pacific Gas & Electric Company (PG&E) filed a joint motion on behalf of PG&E, Southern California Edison Company, and San Diego Gas & Electric Company (Joint IOUs) for the Commission to approve a memorandum account for each investor-owned utility to record its proportionate share of the total incremental costs incurred to pay third-party consultant Energy+Environmental Economics (E3) for services rendered under the supervision of the Commission's Energy Division to develop a fixed charge tool for this proceeding, effective as of the date the motion was filed.

On December 27, 2022, the California Large Energy Consumers Association and the Energy Producers and Users Coalition, and on behalf of the California Farm Bureau Federation, California Manufacturers & Technology Association, Energy Users Forum, and Federal Executive Agencies (together, the Joint Ratepayer Parties) filed a response to the motion by the Joint IOUs. The Joint Ratepayer Parties opposed the motion, asserting that the Joint IOUs failed to demonstrate that the E3 contracting costs are incremental to their currently authorized rate design costs.

On December 27, 2022, the Commission's Public Advocates Office (Cal Advocates) filed a response to the motion by the Joint IOUs. Cal Advocates did not oppose the motion but requested modifications to the cost recovery process.

On January 6, 2023, the Joint IOUs and Sierra Club filed replies to the responses to the motion.

2. Guidance for Track A Proposals

Parties' opening testimony due on March 17, 2023 shall conform with the attached staff guidance memo for Phase 1 Track A proposals.

Parties shall not attach to testimony the following types of documents: Commission decisions or filings from other Commission proceedings, draft or final action plans or reports of the Commission or other governmental agencies, or any other publicly available decision or other document of a government entity. Parties may reference these types of documents in testimony and provide a link to the publicly available document in a table of references.

Parties that include spreadsheets in testimony or other proposed exhibits shall serve two versions of the spreadsheet: (a) an Excel version, and (b) a PDF-A version that is legible when printed on standard letter or legal size paper.

3. Staff Proposal for Consulting Services Relating to Fixed Charge Proposals

In Section 5 of the attached staff guidance memo, Energy Division staff note that they are working with E3 and the Energy Institute at Haas to develop a spreadsheet tool that will allow parties to understand the volumetric rate impact associated with a chosen fixed charge, and to design an income-graduated fixed charge that allows for equitable revenue collection while avoiding a revenue shortfall. In the staff guidance memo, Energy Division staff explain that the

scope of work for the initial development of the spreadsheet tool and one workshop to explain the tools to parties was covered by previously authorized funding and an existing contract with E3 to support the Integrated Resource Planning process. Energy Division staff propose a new contract with E3, a new budget, and a new cost recovery process for a new scope of work relating to modifying the spreadsheet tool and associated consulting services.

Please comment on the following elements of the staff proposal to fund consulting services:

- a. Whether the proposed scope of work and proposed budget for consulting services are reasonable;
- b. Whether contracting with E3 is reasonable; and
- c. Whether the proposed contracting and cost recovery processes are reasonable, including establishing an effective date of December 9, 2022 for the new memorandum accounts.

IT IS SO RULED.

Dated January 17, 2023, at San Francisco, California.

/s/ STEPHANIE WANG

Stephanie Wang
Administrative Law Judge