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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 ADDRESSING THE TRACK A PROCEDURAL SCHEDULE, OPENING BRIEFS GUIDANCE, AND EXHIBITS

This ruling modifies the Track A procedural schedule to remove evidentiary hearings and provide more time for opening briefs. This ruling also denies the request for a status conference, provides guidance for opening briefs, and directs parties to conform their exhibits to the directions in this ruling.

Pacific Gas and Electric Company (PG&E) shall work with parties to file a joint motion to receive exhibits into evidence by September 8, 2023.

1. Background

On June 30, 2022, Assembly Bill (AB) 205, Stats. 2022, ch. 61 was signed into law. AB 205 provided, among other requirements, that the Commission shall authorize an income-graduated fixed charge (IGFC) for default residential electric rates no later than July 1, 2024.

On July 22, 2022, the Commission issued an Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates to open this proceeding.

On November 2, 2022, the assigned Commissioner issued a scoping memo and ruling (Scoping Memo) that created Track A in Phase 1 of this proceeding to establish an IGFC for residential customers for all investor-owned electric utilities in accordance with AB 205.

The Scoping Memo provided that the Commission may hold evidentiary hearings in Track A of this proceeding if needed. The scoping memo directed PG&E to serve a Track A joint case management statement that would include either a waiver of evidentiary hearings from all parties or a list of disputed material facts that require an evidentiary hearing, with an explanation of which parties requested an evidentiary hearing, estimates of time needed for evidentiary hearings, and an explanation of the time estimates.

2. Procedural Schedule and Request for Status Conference

On August 11, 2023, PG&E served a Track A joint case management statement (Joint Case Management Statement) that included requests for evidentiary hearings and a status conference.

The Sierra Club, the Solar Energy Industries Association, the Public Advocates Office at the California Public Utilities Commission, and the California Community Choice Association each requested evidentiary hearings in the Joint Case Management Statement. These four parties requested evidentiary hearings for disputed policy issues that are more appropriate for briefs, including the potential impacts of authorizing “high” IGFCs, which costs should be eligible for recovery through IGFCs, and how to comply with statutory requirements.¹ None of the requests for evidentiary hearings included disputed issues that would require an evidentiary hearing to elicit material facts relevant to the upcoming Phase 1 decision in Track A of this proceeding.

This ruling denies the requests for evidentiary hearings and removes evidentiary hearings from the procedural schedule.

¹ The Sierra Club also proposed evidentiary hearings regarding issues relating to differentiating between large and small residential customers. After review of party comments, I do not plan to address that issue in the proposed decision for Phase 1 of this proceeding.

The Joint Case Management Agreement also requested a status conference to discuss the following topics: (a) how to update the procedural schedule, including providing sufficient time for parties to prepare opening briefs, (b) directions for briefs, (c) whether comments provided in response to the Track A ruling issued on June 19, 2023 (June 19 Ruling) may be received into evidence, and (d) whether parties may submit another joint case management statement.

This ruling denies the request for a status conference. The Joint Case Management Statement provided sufficient explanations of parties' procedural concerns. I will address the topics for the proposed status conference in this ruling.

First, this ruling adopts the following revised schedule for the remainder of Track A of this proceeding:

Track A Event	Date
Joint motion to receive exhibits into evidence (Exhibits Motion)	September 8, 2023
Responses to Exhibits Motion	September 15, 2023
Replies to responses to Exhibits Motion	September 21, 2023
Opening briefs	October 6, 2023
Reply briefs	November 3, 2023
Proposed decision	March or April 2024
Final decision	At least 30 days after the proposed decision

Second, I will provide guidance for opening briefs in Section 3 of this ruling.

Third, I will provide directions for receiving exhibits into evidence in Section 4 of this ruling, including directions for parties who seek to propose exhibits based on their comments on the July 19 Ruling.

Fourth, parties should not submit another joint case management statement in this proceeding. However, parties may serve additional joint stipulations and include these joint stipulations in the Exhibits Motion. If parties begin formal settlement discussions, parties should serve updates about the status of these settlement discussions at least once every three weeks.

3. Opening Briefs Guidance

Parties should organize their opening briefs in accordance with the Track A list of issues in the Scoping Memo. Parties should focus their briefs on issues necessary to authorize the first version of IGFCs, which will reduce volumetric rates and rely on existing income verification processes used by the Commission for the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA) programs. Opening briefs should also address the procedural pathway and resources needed for developing and authorizing second version of IGFCs in the questions below.

Parties should address the following issues in their Track A opening briefs and provide policy, operational, and/or legal justifications for their responses.

1. What directions should the Commission provide for the development of an ME&O plan for the first IGFCs?
 - a. What topics should residential customers receive ME&O about before IGFCs are implemented?
 - b. Should the Commission direct investor-owned utilities (IOUs) to develop a single, statewide ME&O plan or individual ME&O plans for each utility?
 - c. If the Commission directs IOUs to develop individual ME&O plans, should the IOUs develop consistent

messages about IGFCs or custom messages and materials that differ for each utility?

- d. If the Commission authorizes an ME&O working group, what should be the scope of work for this working group (*e.g.*, should it include ME&O for small and multijurisdictional utilities (SMJUs), development of messages about IGFCs, and/or propose ME&O budgets)? When should the working group proposal be due?
 - e. If the Commission authorizes the hiring of a consultant to assist an ME&O working group, what should be the consultant's scope of work (*e.g.* facilitation, research, drafting), criteria for selection, and budget? What would be the proportional cost share of each IOU for the consultant?
2. What reporting requirements and directions for developing an evaluation plan should the Commission approve for the first IGFCs?
 - a. What reporting metrics should we establish for the first IGFCs?
 - b. How often should reports for the first IGFC be distributed, and how should the reports be distributed?
 - c. Should we require an independent evaluator for the first IGFCs? If so, what should be the scope of work, criteria for selection, and budget for the independent evaluator?
 - d. Which questions should the evaluation of the first IGFCs address?
 - e. What implementation period should the first evaluation report consider (*e.g.*, first 12 or 18 months of implementing the first IGFCs)?
 3. What are the estimated implementation costs of the first version of IGFCs, and how should these costs be tracked and recovered?

- a. What are the estimated costs of modifying each IOU's billing systems for the first IGFCs if the Commission authorizes three tiers for IGFCs?
 - b. Other than billing system changes, and ME&O, are there other estimated costs for implementing the first IGFCs? Provide a break-down of implementation costs by category.
 - c. How should the implementation costs of the first IGFCs be recovered?
4. What timeline and procedural pathway should the Commission adopt for implementing the first version of IGFCs and developing and adopting the second version of IGFCs?
- a. Should the Commission provide enough direction for the first IGFCs in the upcoming Track A decision for utilities to file advice letters to implement the first IGFCs rather than file rate design window applications?
 - b. If the Commission authorizes utilities to file advice letters to implement the first IGFCs after the upcoming Track A decision, when should the advice letters be filed? When should the first IGFCs be applied to customer bills?
 - c. Should the Commission authorize a working group to develop a proposal for income verification and tiers for the second version of IGFCs? If so, (i) what should be the scope of work for the working group, (ii) how much time should the working group be given to develop a proposal?
 - d. Should the Commission authorize hiring a consultant to advise Energy Division staff or a working group on income verification for the second version of IGFCs? If so, what should be the scope of work and budget for the consultant? What should be the criteria for selecting a consultant (*e.g.*, experience as a third-party administrator of income verification processes)? What

should be the proportional cost share of each IOU for the consultant?

- e. When should the Commission consider the design of the second version of IGFCs? Should the timing depend on reviewing a certain number of months of implementation data for the first IGFCs, and/or consideration of a working group proposal for income verification and tiers for the second version of IGFCs?
- f. Should the timeline or procedural pathway for SMJUs' IGFCs differ from the implementation pathway for large IOUs? If so, please explain why it should differ and specify how it should differ.

Opening briefs should not address the following issues, which will not be addressed by the Track A proposed decision scheduled for March or April 2023. The following issues will be addressed in a subsequent decision after future opportunities for party input.

- How should the Commission address the requirements of Section 739.9(d)(1) for approved fixed charges to reasonably reflect an appropriate portion of the different costs of serving small and large customers?
- How should future versions of the IGFC differ from the first version of IGFCs? For example, what income tiers and income verification processes should the Commission approve for the second version of IGFCs?
- Should the Commission authorize a request for proposals for a third-party administrator for IGFC income verification?

4. Exhibits Directions

PG&E is directed to work with parties to file and serve the Exhibits Motion in accordance with the following directions:

- a. The list of exhibits shall be in the attached format and will include the full web address of the e-filed Supporting Document.

- b. The list of exhibits will include all items that parties seek to have identified and received into evidence.

Parties may include in the Exhibits Motion supplemental testimony with material facts included in comments on the June 19 Ruling and/or material facts necessary to address the opening briefs guidance questions in this ruling.

Parties are directed to conform their exhibits with the following guidance and file exhibits as Supporting Documents through the Commission's e-file system:

- a. Parties shall format exhibits in accordance with the Commission's Rules of Practice and Procedure and the instructions below:
- The upper right-hand corner of the first page of each exhibit (or cover sheet) will be left blank for the exhibit stamp (approximately 2 inches high x 3.5 inches wide).
 - Parties will pre-mark their exhibits in the left corner of the top of the document or cover sheet as follows:
(i) proposed exhibit number, (ii) proceeding number, (iii) sponsor/witness, and (iv) date(s) served, including revision dates.
 - Proposed exhibit numbers will consist of a short acronym for the sponsoring party followed by sequential numbering. For example: PGE-1, PGE-2. Confidential exhibits will be labeled with the same number as the public version of the exhibit followed by the letter "C." For example, the confidential version of PGE-1 would be PGE-1-C.
- b. Parties shall ensure that all exhibits included in the Exhibits Motion are clean, corrected, and final versions. All exhibits will integrate errata.
- c. Parties shall not reference or attach to exhibits any of the following: documents filed and/or served by parties in other Commission proceedings or in the proceedings of other state or federal agencies.

- d. Parties shall not attach to exhibits the following types of documents: decisions, action plans, or reports of the Commission or other governmental agencies, or any other publicly available document of a government agency. Parties should generally avoid attaching lengthy documents to exhibits. Parties may reference these types of documents and provide the web address of the publicly available document in a footnote or a table of references. Alternatively, parties may attach a brief excerpt of this type of document.
- e. Spreadsheets attached to an exhibit must be provided in PDF format and must be designed to be printed on standard letter sized or legal sized paper.
- f. Parties should include any stipulations in proposed exhibits. If any stipulations are not included in the Exhibits Motion, parties will file and serve a motion to receive these additional exhibits into evidence.
- g. Parties shall e-file any confidential exhibits through the Commission's e-filing system. Parties who include confidential information in their briefs will do so by e-filing a confidential version through the Commission's e-filing system.
- h. Parties should not mail paper copies of exhibits or any other types of documents to me in this proceeding.

Parties may file and serve responses to the Exhibits Motion and replies to responses in accordance with the procedural schedule adopted above.

IT IS SO RULED.

Dated August 22, 2023, at San Francisco, California.

/s/ STEPHANIE WANG

Stephanie Wang
Administrative Law Judge