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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 ON IMPLEMENTATION BUDGET AND TIMING ISSUES (TRACK A)**

This ruling directs Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to file additional information about the proposed budgets for implementing the first income-graduated fixed charges by January 24, 2024. This ruling also invites party comments on the timing of implementation of the first income-graduated fixed charges by January 24, 2024. Parties may file replies by February 12, 2024.

**1. Background**

On June 30, 2022, Assembly Bill (AB) 205, Stats. 2022, ch. 61 was signed into law. 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 that created Track A in Phase 1 of this proceeding to establish income-graduated fixed charges for residential rates for all investor-owned electric utilities in accordance with AB 205.

On October 6, 2023, PG&E, SCE, and SDG&E (Large Utilities) jointly filed a Track A opening brief with proposed budgets for implementing the first income-graduated fixed charges.

## **2. Large Utilities' Budget Information**

This ruling directs each of the Large Utilities to file the following information about its proposed budgets for implementing the first income-graduated fixed charges.

- a. For billing system update costs, provide the following information: (i) the proposed project management internal staffing and/or contract costs for the billing system updates, (ii) the incremental cost of applying an income-graduated fixed charge to each rate schedule that does not currently have a fixed charge, and (iii) the incremental cost of applying an income-graduated fixed charge to each rate schedule that currently has a fixed charge.
- b. Provide a list of all authorized residential rate schedules with the following information: (i) whether the rate schedule currently has a fixed charge, (ii) for rate schedules that will be phased out in accordance with a final Commission decision or resolution, estimate the date when the rate schedule will be phased out and note which Commission decision (and resolution, if applicable) authorized the phasing out of this rate schedule, and (iii) for rate schedules that are scheduled to be added to the billing system in the future, estimate the date when the rate schedule will be added to the billing system and note which Commission decision authorized the addition of this rate schedule.
- c. For online rates tool update costs, provide the following information: (i) the proposed project management internal staffing and/or contract costs for the tool updates, and (ii) the incremental cost of applying an income-graduated fixed charge to each rate schedule.

- d. For customer support through contact center costs, provide the following information: (i) the projected additional call volume relating to income-graduated fixed charges during a specific time period, over average call volume, and the basis of this expectation, (ii) the time period for increasing internal staffing or external contracts to address incrementally higher call volume, and the rationale for using internal staff or external contracts, (iii) the additional call volume the utility received during a specific time period after implementing default time-of-use (TOU) rates, and (iv) a breakdown of internal and external budget line-items to address the incremental call volume (*e.g.*, number and type of internal staff, cost of individual internal staff and/or external contracts), including the time period for these incremental costs.
- e. For the proposed administrative and project management support costs, provide the following information: (i) whether these administrative and project management support costs overlap with or are separate from the costs for managing the other budget categories (*e.g.*, billing system upgrades, online rates tool updates, customer support through contact center), (ii) actual costs incurred for administrative and project management support for default TOU implementation, (iii) a breakdown of internal and external budget line-items to implement the first income-graduated fixed charges (*e.g.*, number and type of internal staff, cost of individual internal staff and/or external contracts) including the time period for these incremental costs, and (iv) if your proposed budget is higher than actual default TOU implementation costs, explain why.
- f. For the proposed marketing, education, and outreach (ME&O) budget, provide the following information: (i) a breakdown of internal labor costs and external contract costs for planning, developing messaging, and coordination, (ii) a breakdown and description of external expenses for paid media, advertising, and outreach, and

- (iii) a breakdown and description of any other proposed costs.
- g. For the Large Utilities' proposal to create a separate tier for customers with incomes at or below 100 percent of the federal poverty guidelines level, provide the following information: (i) a breakdown of the incremental costs of the separate tier, including the costs associated with collecting this income information from new CARE applicants, the costs associated with collecting this information from existing CARE applicants, and the timeframe over which these costs will be incurred, and (ii) clarify whether recovery of all or a portion of these costs is requested through a decision in this proceeding.
- h. Provide a list of Commission decisions that authorized funding for similar implementation costs (such as income data collection costs, ME&O costs for specific programs such as FERA, and information technology or billing system implementation costs) and explain whether the previously authorized funding may be used to pay for all or a portion of the implementation costs of the first income-graduated fixed charges.

### **3. PG&E's Implementation Timing and Budget Information**

In its opening brief, PG&E proposed a budget for implementing the first income-graduated fixed charges in 2028 after completing its general billing system upgrades. This ruling directs PG&E to file the following information about the timing and costs of implementing the first income-graduated fixed charges in its billing system.

- a. If the Commission ordered PG&E to implement the first income-graduated fixed charges as soon as possible, before implementing its general billing system upgrades, (i) when is the soonest PG&E could implement the first income-graduated fixed charges in its billing system, and (ii) if the soonest PG&E estimates it could implement the first income-graduated fixed charges is later than year-end

2025, what are the barriers to implementation by year-end 2025 and how could these barriers be addressed?

- b. Could PG&E use elements of the existing billing system to expedite the implementation of the first income-graduated fixed charges? For example, could the minimum bill charge in the PG&E billing system be repurposed for income-graduated fixed charges? Could PG&E use rate components from the electrification rate schedules, which include a fixed charge, to implement a fixed charge in other rate schedules?
- c. Provide the following information about the costs of implementing the first income-graduated fixed charges as soon as possible, before implementing general billing system upgrades: (i) the incremental project management cost of implementing the first income-graduated fixed charges prior to implementing general billing system upgrades (rather than after general billing system upgrades), and (ii) the incremental cost of applying an income-graduated fixed charge to each additional rate schedule prior to implementing general billing system upgrades (rather than after general billing system upgrades).

#### **4. Party Comments on Implementation Timing**

This ruling requests party comments on the following questions relating to the timing of implementation of the first income-graduated fixed charges.

- a. What are the potential impacts of delaying PG&E's implementation of the first income-graduated fixed charges on ME&O and customer understanding if the Commission authorizes the other utilities to implement the first income-graduated fixed charges as soon as possible (*e.g.*, the fourth quarter of 2025)?
- b. What are the potential impacts on achieving state electrification goals if the Commission delays the implementation of the first income-graduated fixed charges for PG&E or all investor-owned utilities beyond year-end 2025?

**IT IS SO RULED.**

Dated December 18, 2023, at San Francisco, California.

/s/ STEPHANIE WANG

Stephanie Wang  
Administrative Law Judge