

Application: 19-09-014
(U 39 E)
Date: September 18, 2020
Witness(es): Dennis Keane
Erika Wasmund

PACIFIC GAS AND ELECTRIC COMPANY

**PROPOSAL ON LONG-TERM CHANGES TO RESIDENTIAL
HIGH USAGE CHARGE**

REBUTTAL TESTIMONY



PACIFIC GAS AND ELECTRIC COMPANY
PG&E'S REBUTTAL TESTIMONY ON LONG-TERM REFORM OF
THE HIGH USAGE CHARGE

PACIFIC GAS AND ELECTRIC COMPANY
PG&E'S REBUTTAL TESTIMONY ON LONG-TERM REFORM OF THE HIGH
USAGE CHARGE

TABLE OF CONTENTS

A. Introduction.....	1
B. Summary of Parties' Positions and PG&E's Response	1
C. Response to UCAN	3
D. Response to TURN and CforAT	4
1. Response to TURN's Conservation Arguments	5
2. Response to TURN and CforAT's Policy Arguments	8
3. Response to Arguments Related to Electrification	17
E. Response to Cal Advocates	21
F. Response to Customer Experience of Modification Rather Than Elimination of HUC	25
G. Conclusion.....	27

Attachments:

Attachment 1 – TURN's September 14, 2020 Response to Joint IOUs' First
Data Request

Attachment 2 – PG&E's July 30, 2020 Response to Cal Advocates' Second
Data Request, Question 6

Attachment 3 – PG&E's July 13, 2020 Response to Cal Advocates' Second
Data Request 2, Question 2

Appendices:

Appendix A – Customer Complaints About the HUC

Appendix B – Statements of Qualifications

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **PG&E'S REBUTTAL TESTIMONY ON LONG-TERM REFORM OF**
3 **THE HIGH USAGE CHARGE**

4 **A. Introduction**

5 Q 1 What is the purpose of this Rebuttal Testimony?

6 A 1 The purpose of this chapter of Pacific Gas and Electric Company's (PG&E)
7 rebuttal testimony is to respond to testimony submitted by the Public
8 Advocates Office at the California Public Utilities Commission
9 (Cal Advocates), The Utility Reform Network (TURN), the Center for
10 Accessible Technology (CforAT), and the Utility Consumers' Action Network
11 (UCAN) related to the proposals by PG&E and the other two investor-owned
12 utilities (IOUs), Southern California Edison Company (SCE) and San Diego
13 Gas & Electric Company (SDG&E), to eliminate the High Usage Charge
14 (HUC)¹ in this proceeding.

15 **B. Summary of Parties' Positions and PG&E's Response**

16 Q 2 Please summarize the positions of the four other parties' testimony to which
17 you are responding.

18 A 2 UCAN supports PG&E's and the other two IOUs' proposals to permanently
19 eliminate the HUC rate and return to a two-tiered rate structure like was in
20 place prior to the California Energy Crisis of 2001. TURN and CforAT
21 oppose HUC elimination, although CforAT states that it is open to the idea of
22 potentially modifying it. Cal Advocates recommends maintaining the IOUs'
23 temporary, lower, HUC rate that went into effect on June 1, 2020 through
24 the end of 2021, although "rebalancing" the tiered rates to make them
25 revenue neutral. Then, in 2022, Cal Advocates proposes shifting to a
26 permanent HUC set at the higher glidepath ratio approved in the
27 Commission's 2015 decision in its Residential Rate Reform Rulemaking but

1 In PG&E's marketing materials, the HUC is referred to as the High Usage Surcharge (HUS). See Section 2 of Chapter 1 of PG&E's Opening Testimony. But to avoid confusion and be consistent with the terminology used by SCE and SDG&E, PG&E uses the term "HUC" rather than "HUS" in this rebuttal testimony to denote the rate charged for usage in excess of 400 percent of a customer's baseline quantity of kilowatt-hours (kWh).

1 increasing the kWh HUC tier threshold from 400 percent to 600 percent of
2 each customer's baseline amount.

3 Q 3 Please summarize PG&E's general response to the intervenors' proposals.

4 A 3 PG&E agrees with UCAN (as detailed in Q/A 4 below) and continues to
5 support the elimination of the HUC entirely for all the reasons described in
6 PG&E's Opening Testimony. Decision (D.) 15-07-001 set the HUC rate at
7 2.19 times the composite Tier 1 rate. This represents an extremely high
8 penalty paid by those households who consume in the HUC tier and is wildly
9 inconsistent with the principle that rates should send price signals that
10 reflect cost of service. Nor does PG&E believe the original HUC tier meets
11 the statutory requirement, added to the Public Utilities Code (Pub. Util.
12 Code) in 1988, that inclining block rates must have *gradual* tier
13 differentiation.²

14 As a consequence, high usage households see artificially high and
15 volatile non-cost-based bills, especially when heat waves hit in areas like the
16 Central Valley, and the HUC requires them to unfairly subsidize customers
17 who consume in the lower tiers. Moreover, the regulatory environment has
18 changed since 2015, making the HUC outdated and inconsistent with the
19 state's more recent policy of encouraging electrification. Eliminating the
20 HUC would result in a two-tier rate structure that meets the statute's
21 "gradual tier differentiation" requirement. It would also significantly alleviate
22 high bills and bill volatility faced by households consuming in the HUC tier
23 who are forced to shoulder an added cost burden without any cost of service
24 basis, while lower-tier consumers get subsidized.³ Therefore, PG&E
25 opposes the proposals of Cal Advocates, TURN and CforAT which all

2 Pub. Util. Code Section 739(d)(1).

3 As described in Section F of this Rebuttal, eliminating the HUC will also improve the customer experience. PG&E has received complaints from some of the customers who receive communications that they are approaching and/or have incurred the HUC tier. These customers express the concern that HUC is unavoidable because of their usage needs. Such customer feedback is especially poignant now, with customers mentioning COVID-19 shelter-in-place as well as remote learning for many schools and colleges, as well as worsening economic stress due to high unemployment rates. (See Appendix A.).

1 include a non-cost-based higher third tier without adequate evidence that
2 doing so has actually resulted in conservation or supports electrification.

3 **C. Response to UCAN**

4 Q 4 What is PG&E’s response to the specific reasons UCAN gives for its
5 proposal to eliminate the HUC tier and rate?

6 A 4 PG&E agrees with UCAN’s concern about the severe bill impacts the HUC
7 places on large users, including, at p. 9, noting there is “significant evidence
8 the HUC is placing an undue burden on many customers just cooling homes
9 during hot weather.” UCAN correctly notes that “usage levels may vary for a
10 variety of reasons” so, while some homes may consume more due to
11 inefficient appliances or lack of weatherization, others homes “may consume
12 more energy because they have more square footage, more appliances,
13 and/or swimming pools.” This is particularly true in PG&E’s hot climate
14 zones, like the Central Valley, where a significant portion of the customer
15 population are low- and moderate-income households who must rely on air
16 conditioning. It is also the case that households with more members,
17 especially members spending most of their daily hours at home, are more
18 likely to hit the HUC tier and face disproportionately high bills.⁴ The HUC
19 essentially acts as a tax on large households and households who just
20 happen to need to be at home (e.g., members with medical problems, young
21 children, students doing remote learning from home, seniors, people who
22 work from home, etc.).

23 UCAN also correctly points out, at page 9, that climate change is only
24 going to worsen this situation, “causing more high summer bills, bills the
25 HUC will exacerbate.” UCAN concludes that the rate structure needs to be
26 changed now “to protect consumers from paying high rates under the HUC
27 when just cooling their homes during hot weather.” PG&E agrees.

4 The experience during the pandemic has reinforced this, with remote work causing more people to be at home all day, causing more customers to hit the HUC tier and experience high bills. See the August 26, 2020 article in the San Jose Mercury News by George Avalos at the following link:
<https://www.mercurynews.com/2020/08/26/coronavirus-pge-bills-jump-work-from-home-customers-electric-economy/>.

1 Finally, UCAN echoes the point made in PG&E’s Opening Testimony
2 that another important benefit of HUC elimination is to simplify rates for
3 customers,⁵ stating (at p. 2) that elimination is “the simplest [HUC reform]
4 option that enhances rate understandability.” In comparing HUC elimination
5 with the alternative of performing additional analysis on the HUC and then
6 perhaps modifying it, UCAN concludes (at p. 11) that eliminating the HUC is
7 the preferred option, as it “has the advantage of being much simpler to
8 implement and reduces rate complexity, but also results in bill decreases to
9 high users of electricity.” PG&E commends UCAN for its various analyses,
10 and wholeheartedly concurs with its conclusion.

11 **D. Response to TURN and CforAT**

12 Q 5 What reasons do TURN and CforAT, the two parties opposed to eliminating
13 the HUC, TURN and CforAT, give for retaining it?

14 A 5 Between them, TURN and CforAT make a variety of arguments. First,
15 TURN argues that the HUC rate provides an incentive for customers to
16 conserve and to install solar. Second, both TURN and CforAT argue that it
17 appropriately penalizes very large users who are largely able to afford it.
18 Finally, CforAT argues that there are other, better, means to provide
19 incentives for electrification than eliminating the HUC. Tellingly, though,
20 neither TURN nor CforAT contends that the HUC is in any way cost-based
21 or provides an accurate price signal to customers, and they do not deny the
22 HUC dis-incentivizes electrification. Rather, they seem to support it solely as a

5 PG&E Opening Testimony, p. 10 (“A simple two-tiered design is easier to explain to customers: you pay one price for usage up to your baseline and a somewhat higher price for usage above baseline. There is no need for customers to multiply their baseline quantity by four to determine at what point they will enter a third tier where the price will skyrocket.”). This is supported by the CPUC’s finding, at page 59 of D.15-07-001, that residential customers do not understand rate tiers (“...we can see from the results of the Hiner study that at least half of the utilities’ customers do not know that their rates are tiered or how a tier structure works. Many other customers do not know what tier they are in, or which tier they would likely end up in during a given billing cycle.”).

1 policy measure to either penalize households with high usage or to try to
2 induce them to conserve, install solar, or move to time-of-use (TOU) rates.⁶

3 **1. Response to TURN’s Conservation Arguments**

4 Q 6 What arguments does TURN provide in support of its claim that the HUC
5 rate tier has “pro-conservation” effects?

6 A 6 First, TURN claims the HUC is an effective policy tool to promote
7 conservation and solar, arguing (at p. 3):

8 There is compelling evidence to demonstrate that the price signals
9 provided by HUC are leading to the desired conservation behaviors.

10 TURN then presents tables (at pp. 8–10) showing trends in HUC usage
11 and revenue over the 2017-2019 period, and concludes:

12 Despite a general trend of declining kWh usage across the state, the
13 amount of HUC kWh and HUC percent of total kWh usage has declined
14 across all customer types even faster than overall usage. Finally, over
15 the 2017-2019 period, prior to the pandemic, both the kWh purchased in
16 the HUC tier, and the dollars charged to customers through the HUC
17 has declined across all IOUs. This evidence clearly demonstrates that
18 HUC is working well as an incentive for customer conservation.

19 Q 7 Does TURN’s analysis evaluate the overall conservation effect of the HUC
20 rate?

21 A 7 No, it focuses solely on conservation in the HUC tier. It is important to keep
22 in mind that the introduction of the HUC rate is necessarily accompanied by
23 reductions in the Tier 1 and 2 rates, in order to maintain revenue neutrality.
24 This can be seen by comparing the rates in Table 2 of PG&E’s Opening
25 Testimony: the rate design that includes the HUC rate also yields lower
26 Tier 1 and 2 rates.⁷ So, for the approximately 90 percent of customers who
27 do not hit the HUC, its effect is to lower all of their volumetric rates, thus

6 TURN claims, at page 3 (emphasis added): “HUC *appropriately targets abnormally high electricity usage* by primarily economically secure customers who are most able to pay the charges or change their behaviors.” And at page 6, CforAT describes its reasons for initially proposing a HUC-type rate structure in the Residential Rate Reform Order Instituting Rulemaking (RROIR), R.12-06-013 (emphasis added): “The actual structure of CforAT’s initial proposal sought to design a surcharge that would expressly serve as a signal to customers with extremely high levels of electricity usage *that their consumption levels were problematic.*”

7 PG&E Opening Testimony, p. 12.

1 reducing the incentive to conserve for the vast majority of customers. This
2 incentive to consume more for the vast majority of households could very
3 well offset whatever effect it has on persuading HUC households to
4 consume less.

5 Q 8 What if you assumed, for the sake of argument, that the only policy objective
6 that matters is to reduce the consumption of households who hit the HUC
7 tier, even if doing so leads to an increase in overall consumption, would
8 TURN's analysis show that the HUC has been effective?

9 A 8 No. TURN's analysis is flawed for a number of reasons.

10 First, year-over-year changes can be due to a variety of factors, most
11 notably differences in weather conditions (e.g., the extremity of very cold
12 and very hot weather that impacts electric heating and air conditioning,
13 respectively). TURN makes no attempt to weather-normalize the usage
14 data to try to isolate the effects of the HUC rate from the weather-related
15 effects.⁸ In addition, there are changes in the numbers of tiered customers
16 from year-to-year. But TURN's table only looks at overall HUC
17 consumption, not HUC consumption *per customer*, and by doing so TURN
18 confounds individual changes in consumption with changes in the tiered rate
19 population over time.

20 Nor does TURN compare the usage data from 2017-2019 with similar
21 usage data in excess of 400 percent of baseline prior to implementation of
22 the HUC (in, say, 2015 and/or 2016). Instead, TURN looks at trends in HUC
23 usage only over the period during which the HUC existed, without bothering
24 to compare those usage figures with similar usage in excess of 400 percent
25 of baseline in prior years, when the HUC price signal did not exist. The
26 latter approach would be needed to determine whether adding the HUC was
27 correlated with (or even caused) changes in customer usage.

28 Finally, even if, after controlling for such other factors, the results still
29 showed a decline in usage, there could be other causes, such as the
30 customer installing a rooftop solar unit or moving to one of PG&E's opt-in

8 For example, TURN does not develop a regression model to attempt to estimate the separate effects of weather versus the HUC (not to mention other factors like the total number of customers on the tiered rate schedule) on total usage.

1 TOU rates, which D.15-07-001 required would have no HUC tier. A
2 customer who installs solar may well show a decline in *net* usage even as
3 they increase consumption above prior usage levels (i.e., the solar unit
4 supplies more kWh than the added usage). That is not conservation.
5 Rather, it is simply substituting kWh consumed from PG&E with kWh
6 consumed from its solar unit. Similarly, Schedule E-1 customers who are
7 persuaded by the punitive HUC to switch to a TOU rate that does not have
8 that rate component may also not be reducing their kWh usage at all. If this
9 occurs, TURN's analysis—which does not account for rate migration by
10 customers—would incorrectly conclude there is “conservation,” by focusing
11 only on E-1 HUC usage levels while ignoring the usage former E-1
12 customers whose usage went above 400 percent of baseline but who left for
13 an opt-in TOU rate.

14 In summary, because it does not control for all of these other variables
15 that are likely to affect HUC usage, TURN's model is too simplistic to reach
16 any valid conclusions, even about just the effect of the HUC rate on
17 conservation in the HUC tier. Thus, there is no compelling evidence the
18 HUC has incited conservation.

19 Q 9 TURN also takes issue with the IOUs' claims that a two-tiered rate
20 structure—which is what results if the HUC is removed – would be sufficient
21 to drive conservation. Specifically, TURN asserts at page 15, “[t]he claims
22 by IOUs that the elimination of the HUC will not affect conservation are
23 unsupported by credible evidence.” Do you agree?

24 A 9 No. TURN has only analyzed data from a three-tiered rate design that has
25 the HUC, not a two-tiered design that does not.⁹ TURN acknowledges that
26 the Commission previously evaluated evidence in the Residential Rate
27 Reform Proceeding and, in D.15-07-001, concluded that only a mild
28 differential between its two adopted rate tiers is needed to maintain a

⁹ Responding to a data request question the three IOUs jointly sent TURN asking, “Has TURN performed any analysis of the overall conservation impacts (taking into account usage in all tiers) of moving from the current three-tiered rate structure (with Tiers 1 and 2 plus the HUC tier) to a two-tiered rate structure without the HUC?”, TURN replied simply, “No.” See Attachment 1, “TURN's September 14, 2020 Response to Joint IOUs' First Data Request,” Question 3.

1 conservation signal.¹⁰ TURN nevertheless argues, at page 15, that nothing
2 in this conclusion “negates the value of a more ‘dramatic price signal’ for
3 conservation.” But, as described in detail in the answer to Question 8
4 above, regardless of how “dramatic” it may be for PG&E to charge an
5 exorbitant price in excess of 50 cents per kWh for HUC usage, TURN has
6 failed to demonstrate that the HUC actually resulted in conservation, even if
7 you focus only on the customers who hit the HUC tier.

8 UCAN disagrees with TURN as well, stating (at page 13) that a SDG&E
9 rate in excess of 27 cents per kWh represents “a rate high enough to incent
10 customers who can conserve to do so.” If PG&E’s HUC were eliminated,
11 the resulting Tier 2 rate would be higher than that, at 31.9 cents, and still
12 more than 6.5 cents higher than the resulting Tier 1 rate, offering plenty of
13 incentive for customers who can do so to conserve.¹¹

14 **2. Response to TURN and CforAT’s Policy Arguments**

15 Q 10 Now let’s turn to TURN and CforAT’s arguments in favor of the HUC as a
16 policy measure. TURN argues that the HUC appropriately penalizes very
17 large users whom it claims are largely able to afford it. Do you agree?

18 A 10 No. TURN argues, at p. 3, that the “HUC appropriately targets abnormally
19 high usage by primarily economically secure customers who are most able
20 to pay the charge or change their behavior.” Tellingly, though, TURN adds
21 the qualifier “primarily” to its statement, tacitly acknowledging that: (a) the
22 HUC is an imperfect tool for redistributing income from richer to poorer
23 households and (b) it will continue to cause high bills for some percentage of
24 CARE and FERA customers who may not be able to afford it. In addition,
25 there are moderate income non-CARE customers, for example those with
26 incomes just above the threshold levels to qualify for the FERA program,

¹⁰ See D.15-07-001, Finding of Fact 62 (“To the extent tiered rates may promote energy efficiency or conservation, a mild differential between two tiers is sufficient to maintain a conservation signal.”) See also page 61 (“...while we cannot find with certainty that the rate design proposals will decrease (or increase) conservation, we can find that any impacts to conservation from the proposed rate design changes would be relatively small and would not unreasonably impact conservation”).

¹¹ Prior to the California energy crisis, the approved Schedule E-1 rates had just two tiers with quite mild tier differentials (with Tier 2 rates just 15% above Tier 1), and the Commission found that such a structure provided an adequate conservation signal.

1 who are also harmed by the HUC and may, due to their location and
2 household situation, be unable to avoid it. PG&E agrees with
3 Cal Advocates' point (at p. 1-6) that "[t]he Commission adopted the HUC as
4 a blunt tool to reduce abnormally high energy usage. However, the HUC
5 impacts many low-income customers and large households. Also, the HUC
6 seems to impact many customers on a seasonal basis, which contributes to
7 bill volatility."

8 Inclining block tier structures are not cost-based, and even with a two-
9 tiered rate design, households consuming in the upper tier are subsidizing
10 those consuming in the lower tier. But such a structure is mandated by the
11 Baseline statute and, at a relatively moderate tier ratio of 1.25 between the
12 Tier 2 rate and the composite Tier 1 rate, at least there is a relatively gradual
13 tier differentiation which makes the subsidy smaller. There can be no
14 plausible claim that the original HUC rate structure, effectively setting a
15 Tier 3 at 75% higher than Tier 2 (and 2.19 times higher than the composite
16 Tier 1 rate), comports with the statutory requirement for "gradual tier
17 differentiation." Rather, the original HUC, plain and simple, is punitive and
18 unfair.¹²

19 Q 11 In a similar vein, CforAT expresses a concern about the effect HUC
20 elimination would have on lower-tier consuming customers, claiming (at p. 1)
21 that the IOUs' arguments "stress the impact of the surcharge on customers
22 that use the most electricity, and they neglect or downplay the impact of
23 removing the charge on the majority of customers who maintain lower levels
24 of usage." How do you respond?

¹² A simple example shows why this is inequitable. Suppose two customers, Household A and Household B are lower- or moderate-income families who live next door to each other in the Central Valley, and it's near end of their billing cycle during a hot summer month. Suppose further that Household A has been on vacation for two weeks and so, despite running its air conditioner to stay comfortable, its cumulative consumption only puts it in Tier 2. Household B, on the other hand, has been home all month running its air conditioner, and its cumulative usage has put it into the HUC tier. Finally, suppose it is another hot day and both customers need to continue to run their air conditioners. In a given hour, for every marginal kWh consumed by each one, Customer B must pay 75 percent more than Customer A, even though PG&E's marginal cost to provide both kWh is the same.

1 A 11 PG&E is, indeed, stressing the impact on households hitting the HUC tier
2 who can see very high bills and bill volatility because of this penalizing third
3 rate tier. However, PG&E does not, as CforAT claims, “neglect or
4 downplay” the impact on the Tier 1 and 2 consumers who will see slightly
5 higher bills if the HUC is eliminated. PG&E’s Opening Testimony describes
6 the bill impacts in detail and they are mild. PG&E’s elimination proposal
7 would simply return the rates to what they would have been under the
8 glidepath absent the HUC. If elimination is approved the bills of lower-tier
9 consumers will be identical to what they would have been had the HUC
10 subsidy never been implemented. At the end of the day, lower-tier
11 consumers will still have benefitted from lower bills over the three years that
12 the HUC was in place (and HUC users still would have paid inequitably
13 higher bills). CforAT seems to care only about low users’ bills, regardless of
14 whether or not the rates they pay are cost-based. But PG&E respectfully
15 suggests the Commission should balance the interests of *all* Schedule E-1
16 customers and eliminate the HUC now, so E-1’s overall rate design is
17 reformed to not only be more cost-based but also, among other things,
18 support the policy goal of electrification for decarbonization.

19 Q 12 CforAT argues (at p. 12) that, “For those who simply have no desire to
20 change [their usage], the HUC is intended to collect more revenue to reduce
21 the rates of other customers who do in fact limit their usages; elimination of
22 the charge would simply reward these customers for their unwillingness to
23 change.” How do you respond to this claim?

24 A 12 CforAT’s assertions about the intent of the HUC are not properly grounded
25 in the actual language of D.15-07-001, which identifies conservation as the
26 HUC’s primary goal.

27 At its core, CforAT is essentially saying that customers who hit the HUC
28 are “energy hogs” and thus deserve the punishment of paying a HUC so that
29 lower-usage customers can pay less. It does so despite the fact that it costs
30 no more to serve HUC usage than to serve Tier 1 usage. And it does not
31 take into account whether a HUC customer might actually need to consume
32 those levels due factors such as: (a) exposure to extreme weather;
33 (b) having a larger household size; (c) having a need for household

1 members to remain in their homes for much of the day (due, say to childcare
2 responsibilities, age or health issues); (d) making a decision to support
3 climate action through decarbonization (e.g., by shifting from natural gas
4 water or space heating, adding battery storage, or switching from a fossil
5 fueled car to an electric vehicle); or (e) being a renter who is not responsible
6 for the weatherproofing of their dwelling or the efficiency of its major
7 appliances. Since utility costs of service do not increase when someone's
8 usage crosses into the HUC tier, PG&E does not believe it is equitable to
9 bump their rate by 75 percent (or even 25 percent), just to punish them for
10 consuming more than a kWh threshold that some parties like CforAT deem
11 socially unacceptable. In addition to not being equitable, the HUC certainly
12 is not going to support the State and the CPUC's more recent policy goal
13 (since the adoption of D.15-07-001) of incenting customers to electrify their
14 appliances and equipment to help fight climate change, since doing so
15 would push customers' electric usage into the HUC penalty tier.

16 The Commission adopted the HUC (at the last minute as a compromise
17 to reach a final RROIR decision) as a blunt tool that it believed might
18 support conservation by reducing abnormally high energy usage. However,
19 in practice the HUC has impacted many lower and moderate income
20 customers, including households with greater numbers of family members,
21 and seems to cause bill month-to-month volatility for many customers on a
22 seasonal basis (in the summer). Table 1 provides an example, showing an
23 illustrative household in PG&E's Territory R (Fresno) whose usage
24 increases by 50 percent between June and July due to a prolonged July
25 heat wave. As the table shows, a rate structure with the HUC rate causes a
26 disproportionate increase in bill of 82 percent – much higher than the
27 50 percent increase in usage. In contrast, under PG&E's proposal, the
28 percentage increase in bill is only slightly greater (53 percent, rather than
29 the 50 percent increase in usage), leading to much less month-to-month bill
30 volatility. Customers should expect that, when their usage increases, their
31 bill will increase approximately in proportion to that increased usage--which
32 would be the case if PG&E's proposal to eliminate the HUC is approved but
33 is not under today's punitive HUC rates.

**TABLE 1
SUMMER USAGE AND BILLS FOR AN ILLUSTRATIVE TERRITORY R HOUSEHOLD
WITH AND WITHOUT PERMANENT HUC RATE**

With HUC Rate	Rates	Usage (kWh/mo)		Bill (\$/mo)	
		June	July	June	July
Tier 1	\$0.24373	567	567	\$138.19	\$138.19
Tier 2	\$0.30672	1,433	1,701	\$439.53	\$521.73
HUC	\$0.53738	0	732	\$0.00	\$393.36
Total		2,000	3,000	\$577.72	\$1,053.29
Pct Increase			50%		82%

Without HUC Rate	Rates	Usage (kWh/mo)		Bill (\$/mo)	
		June	July	June	July
Tier 1	\$0.25317	567	567	\$143.55	\$143.55
Tier 2	\$0.31860	1,433	1,701	\$456.55	\$541.94
HUC	\$0.31860	0	732	\$0.00	\$233.22
Total		2,000	3,000	\$600.10	\$918.70
Pct Increase			50%		53%

1 Finally, not only is there no reliable, compelling evidence showing that
2 the HUC has caused conservation, but the CPUC and the State are now
3 pursuing a different policy objective of electrification/decarbonization that
4 makes the HUC no longer suited to current policy needs. Thus, the HUC
5 should be eliminated, as UCAN agrees.

6 Q 13 TURN and CforAT both argue against eliminating the HUC because it would
7 benefit a small percentage of customers while harming a much larger
8 percentage. TURN states (at p. 4):

9 Total HUC revenues have been significant over the past three years,
10 and shifting these costs harms the many to benefit the few most able to
11 absorb the costs.

12 CforAT similarly states (at p. 10):

13 In order to reduce the bills of only 2.9% of customers by a substantial
14 amount, a greater number of customers, 3.7%, would see bill increases
15 of between \$10-15 each month, while a number of customers an order
16 of magnitude beyond those who would benefit, 28.1%, would see
17 monthly increases between \$5-10. Yet an additional 62.5% of
18 customers would see increases below \$5 per month, and a small
19 number would see increases of over \$15.

20 How do you respond?

1 A 13 PG&E believes the Commission should not evaluate various parties' HUC
2 elimination proposals based the numbers of customers who benefit
3 compared to those who do not; rather, it should base its decision on what is
4 equitable and fair, and what rate structure best reflects cost of service and
5 supports the recently added policy goal of electrification/decarbonization.¹³
6 The bill impacts presented in PG&E's Opening Testimony indeed show that
7 eliminating the HUC would provide significant relief from high bills and
8 volatility to a relatively small number of customers (2.7% of the total non-
9 CARE E-1 population), while causing slightly higher bills for much larger
10 numbers of customers.¹⁴

11 These bill impacts essentially are the "mirror image" of the bill impacts
12 that occurred on March 1, 2017 when PG&E first implemented the HUC. At
13 that time, a relatively small percentage of customers suddenly experienced
14 significant bill increases, while a much larger percentage of customers had
15 their bills slightly reduced. Those bill impacts were based on the imposition
16 of a non-cost-based charge that significantly harmed the relatively small
17 group of customers who hit the HUC in hopes that this might incent
18 conservation by that group. But proponents of continuing the HUC have
19 presented no compelling evidence that this rate component has actually
20 resulted in increased conservation, as the CPUC had hoped it would.
21 PG&E's proposal merely corrects that harm (although it does not undo the
22 three years during which HUC customers had to pay much higher bills) and
23 helps support the newer policy goal of decarbonization by removing a huge
24 economic disincentive for electrification for E-1 customers to switch away
25 from fossil fuel appliances to electric ones.

26 Q 14 After stating at page 11 that "TURN's analysis shows the vast majority of
27 HUC kWh usage and charges are incurred by customer who are not on low-

13 One could imagine a rate design where the 100 highest users had to pay \$10 per kWh so that the other millions of customers could pay lower rates. This design clearly would not be cost-based or equitable. Yet any proposal to provide relief to those top 100 users who were providing a large subsidy to others could be met with similar arguments made by TURN and CforAT that undoing the subsidy "benefits a very small number of customers and harms a very large group of customers."

14 See Figure 1 of PG&E's Opening Testimony, at page 15, for the complete distribution of bill impacts for non-CARE customers.

1 income programs or otherwise economically vulnerable,” TURN presents a
2 series of tables showing HUC revenues in the “top ten” zip codes of each
3 IOU,¹⁵ concluding, “[t]hese tables demonstrate that the vast majority of HUC
4 charges are incurred in communities where customers typically have a high
5 ability to pay for their electricity usage.” Do you agree?

6 A 14 No. TURN’s tables demonstrate no such thing. Assuming that TURN is
7 defining the term “economically vulnerable” to mean households on CARE
8 or FERA, PG&E does agree that those households consume in the HUC tier
9 much less frequently than non-CARE/FERA customers—but a significant
10 number of them still do. In a data response provided to Cal Advocates in
11 this proceeding, PG&E calculated that, over the March 2019 to April 2020
12 12-month period, 3.4 percent of CARE/FERA/Medical customer-months had
13 usage in the HUC tier (compared to 6.2 percent of customer-months for
14 other customers).¹⁶ So, for this group of customers, the HUC results in
15 significantly higher bills.¹⁷

16 PG&E has given thought to the idea of proposing exempting CARE and
17 FERA customers from the HUC. However, this would do nothing to alleviate
18 the problem faced by high-usage, moderate income households or those
19 lower income households who barely miss qualifying for either CARE or
20 FERA. In addition, it runs counter to a Commission decision less than two
21 years ago to simplify CARE rates by eliminating multiple CARE rates
22 schedules by, instead, providing CARE customers a transparent, constant
23 percentage line-item discount regardless of their rate schedule or usage

¹⁵ For some reason, TURN’s Table 2-B pertaining to PG&E shows information for the top 12 zip codes, despite its “Top Ten” labeling.

¹⁶ See Attachment 2, “PG&E July 30, 2020 Response to Cal Advocates’ Second Data Request, Question 6.”

¹⁷ On p. 8, TURN does concede that the HUC does not perfectly target only non-CARE/FERA customers, but says they only do so “inadvertently” (“TURN does not doubt that some customers have inadvertently incurred the HUC and that some of these are economically vulnerable customers.”). In response to a joint data request by the three IOUs, TURN stated it used the phrase inadvertently incurred: “to convey the HUC may be incurred out of an unawareness of the full impact of a customer’s usage behavior on their bill.” See Attachment 1, “TURN’s September 14, 2020 Response to Joint IOUs’ First Data Request,” Question 4. But whether these low-income customers were aware or not, the HUC still resulted in them seeing significantly higher bills.

1 tier.¹⁸ Eliminating the HUC for CARE/FERA but not for non-CARE/FERA
2 customers would mean that CARE/FERA customer bills could no longer be
3 calculated by applying a constant percentage discount to the customer's
4 calculated non-CARE/FERA bill, and it would seem to require PG&E to re-
5 introduce a confusing set of multiple CARE schedules that the Commission
6 just recently eliminated.

7 Moreover, TURN's argument ignores the moderate income non-CARE
8 customers who hit the HUC who, while perhaps not qualifying for the
9 "economically vulnerable" label, nevertheless might see very high bills and
10 bill volatility especially in summer in hot climate zones – and TURN's
11 analysis of the top zip codes does not prove otherwise.

12 Q 15 Why don't TURN's top zip code tables support its conclusion (at p. 11) that
13 "the vast majority of HUC charges are incurred in communities where
14 customers typically have a high ability to pay for their electricity usage"?

15 A 15 TURN's tables do not support that conclusion because they are narrowly
16 focused on just a tiny percentage of the ZIP codes. For example, Table 2-B
17 shows HUC revenues and usage for the top twelve ZIP codes in PG&E's
18 territory. TURN's table itself states that these top ZIP codes produced just
19 7 percent of PG&E's total HUC revenue—which is a far cry from being "the
20 vast majority of HUC charges." While it may be dramatic to show only the
21 information for the most affluent zip codes, it paints a misleading picture.
22 PG&E has over 800 zip codes and provided data to TURN on all of them;
23 TURN could have done a more comprehensive analysis showing the
24 location of the customers representing the other 93 percent of collected
25 HUC revenue, and the median incomes in those ZIP codes.

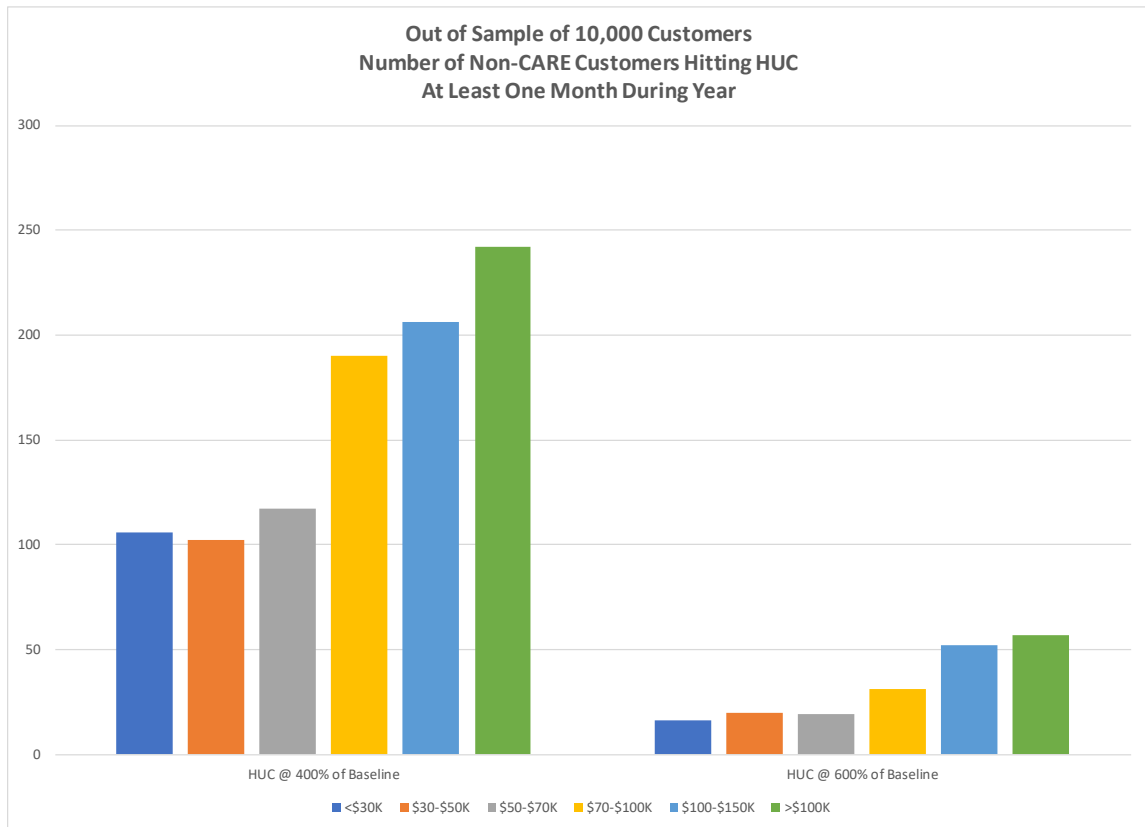
26 An additional problem with doing the analysis by ZIP code, rather than
27 at the individual household level, is that not every household in that zip code
28 earns the same income as the average. In any ZIP code, the distribution of
29 household income will have some amount of dispersion around the mean
30 income, measured by the variance of the distribution. TURN does not report

¹⁸ See D.18-12-004. It also runs counter to D.15-07-001, which approved a similar constant percentage line-item discount for FERA customers for similar reasons. PG&E implements these line-item discounts via rate rider Schedules D-CARE and E-FERA.

1 variance statistics for the ZIP codes it analyzed. In affluent areas, where a
2 relatively small percentage of households with extremely high incomes can
3 drive the mean income figure upward, large majorities of the customers may
4 have incomes below the mean income. So even within the ZIP codes
5 covering largely “affluent” areas, there may be significant numbers of
6 households who hit the HUC but are not nearly as well-off economically as
7 the mean income figure for their ZIP code. And moderate-income
8 households also hit the HUC in the “other-than-twelve-most-affluent” ZIP
9 codes where 93 percent of PG&E’s HUC revenues are collected. So even if
10 some parties believe that the HUC, despite having no cost basis, is
11 nevertheless appropriate as a pseudo “tax on the rich” (which seems to be
12 TURN’s position), the HUC is not sufficiently targeted, and ends up saddling
13 lower and moderate income non-CARE/FERA households with inequitably
14 high bills (including households earning just enough to miss qualifying for
15 either CARE’s 35% discount or FERA’s 18% discount, but still struggling to
16 make ends meet, especially given the ongoing post-COVID economic
17 crisis).

18 A PG&E internal analysis (conducted in summer 2019), based on a
19 random sample of 10,000 non-CARE customers for which PG&E had
20 household income data, examined the income distribution of customers
21 hitting the HUC tier at least one month during the 12-month period from May
22 2018 to April 2019. Figure 1 below shows the results. The set of bar charts
23 to the left show, by income category, the distributions of customers hitting
24 the HUC if it is set at 400 percent of baseline, while the set of bar charts to
25 the right show the distributions if it were set at a higher boundary of
26 600 percent of baseline, as Cal Advocates has proposed. As expected, the
27 number of customers hitting the HUC decreases as the boundary is
28 increased, however, those decreases are relatively uniform across the
29 income categories, so that many lower and moderate income customers
30 would still be harmed with a 600% threshold.

**FIGURE 1
DISTRIBUTIONS OF NON-CARE CUSTOMERS HITTING HUC
BY INCOME GROUP**



1 **3. Response to Arguments Related to Electrification**

2 Q 16 CforAT (at pp. 10 – 11) addresses PG&E’s point that eliminating the HUC
3 will help promote the state’s electrification goal of persuading customers to
4 switch from appliances and equipment that use fossil fuels like gasoline or
5 natural gas to cleaner electricity. What is PG&E’s response to CforAT on
6 this?

7 A 16 PG&E is pleased that CforAT acknowledges PG&E’s pro-electrification
8 argument has some validity. Nevertheless, CforAT maintains the HUC
9 should not be eliminated, stating (at pages 10-11):

10 To the extent that the IOUs put forward some valid concerns, including
11 the notion that the charge is impacting more customers than was
12 anticipated, or that it could potentially interfere with the state’s emerging
13 policy of supporting beneficial electricity use to reduce reliance on other
14 forms of energy that are more polluting, the answer can be to examine
15 and consider modifications to the HUC rather to eliminate it.

1 However, CforAT is vague about what specific modifications it has in
2 mind that would provide an equivalent pro-electrification benefit as simply
3 eliminating the HUC. At page 14, CforAT suggests the CPUC consider
4 three possible modifications to the HUC. First, CforAT suggests
5 re-examining the HUC cutoff level (presumably, increasing it, though CforAT
6 provides no specific proposal) so fewer customers will see high bill impacts.
7 Second, CforAT suggests revisiting CforAT's original RROIR proposal to
8 apply the HUC charge only if a customer hits it some multiple of times
9 (which CforAT does not specify) during the year. Third, CforAT suggests
10 revisiting another of its RROIR proposals, to assess customers a surcharge
11 (either a dollar per kWh volumetric surcharge of a *flat* dollar per month
12 surcharge) if their usage exceeds the HUC threshold.^{19,20}

19 In its original May 2013 RROIR proposal, CforAT suggested that there might be multiple penalty tiers, with one dollar per month surcharge for exceeding a certain usage threshold (e.g., 400% of Baseline) and a second, higher, dollar per month surcharge for exceeding a second usage threshold (e.g., 600% of Baseline). See "Center for Accessible Technology and The Greenlining Institute's Rate Design Proposal," May 29, 2013, page 53 ("A substantial rate surcharge applied to customers who use 400% of average usage, with an increase to the surcharge for customers who use 600% of average, could provide the price signal to motivate these customers to take steps to change their consumption habits."). CforAT's proposals here are too vague and lack sufficient details about how they would work, for example making no proposal for the dollar amounts at which the two surcharges should be set, or even a generic methodology to use to calculate those levels. Nor did CforAT data request or work with PG&E seeking the necessary data, or other assistance, to help CforAT determine the necessary methodology to develop its proposals to something specific enough to allow for meaningful consideration and testing in this Rebuttal.

20 If the charge is a flat dollar per month amount, then CforAT's proposal also has a discontinuity problem, in that the customer's bill would jump suddenly each time its usage crossed one of the penalty tier boundaries. Suppose those boundaries were set at 400% and 600% of Baseline, respectively, and the penalty rates were \$50 per month if usage crossed the 400 percent threshold and another \$100 per month if usage crossed the 600 percent boundary. As a customer's usage approached the 400 percent threshold, its bill would increase by the Tier 2 rate (for PG&E, about 32 cents) for every additional kWh consumed. But the single kWh consumed beyond 400% of its Baseline would cause the customer's bill to increase by the Tier 2 rate plus \$50, or \$50.32, a huge jump just for one additional kWh. Then each successive kWh after, up to 600% of Baseline, would once again cost just the 32 cent Tier 2 rate. But when the 600% boundary was crossed there would again be a gigantic cost of that kWh, as it would cause a bill increase of \$100.32. This is an even less reasonable rate design than the HUC, as neither it nor any volumetric HUC has any resemblance to cost of service whatsoever; moreover, a flat fee over-penalizes a customer who barely exceeds the threshold by charging her the same as a customer whose usage significantly exceeds it.

1 But CforAT does not explain how any of these non-specific modifications
2 to the HUC would better comport with the state’s electrification goals. As
3 PG&E shows here, none of these approaches would do so. Rather, even
4 under any or all three of CforAT’s suggested HUC modifications, the HUC
5 would continue to have the deleterious effect of dis-incenting customers
6 from installing electric appliances/equipment that would push their usage up
7 into the “penalty” tier, even though they would be moving away from a more
8 intensively fossil-fuel-based energy source with higher Greenhouse Gas
9 emissions than electricity. CforAT’s first approach would simply move the
10 boundary of the penalty tier. Its second approach would provide customers
11 with a “Mulligan” for the first few²¹ times they hit the HUC boundary
12 threshold. And CforAT’s third suggestion would just change the way the
13 penalty is calculated (from a dollar-per-kWh charge to a dollar-per-month
14 charge), once the boundary is exceeded. Under each of and all three such
15 approaches, the disincentive would remain because a penalty of some sort
16 would still be in place for E-1 customers who are thinking about purchasing
17 electric appliances/equipment that would move their usage into the HUC
18 tier. Nor does CforAT try to claim that any of these proposals would be cost-
19 based or send the correct price signals. Rather, they are simply punitive
20 rate designs that are a means to force higher users of electricity to subsidize
21 lower users.

22 Q 17 CforAT also argues, at p.13, that HUC elimination is not needed to
23 encourage electrification because, “To the extent that customers with high

²¹ CforAT’s proposal did not indicate precisely how many times the customer would need to go over the HUC before it would “count,” or over what time period. But CforAT’s May 29, 2013 proposal in the RROIR (at pps.52-53) indicated a customer would need to hit HUC usage levels for 90 days (three months) before CforAT’s proposal would have them actually incur the surcharge (but without clarity on whether that must be 90 consecutive days hitting the HUC, and whether it would be exempt until it hit the HUC in three monthly billing cycles *per year* or cumulatively over multiple years). Nor did CforAT data request or confer with PG&E as it was drafting its specific proposals here, including to develop the missing specifics mentioned above. Not did CforAT data request PG&E to assess customer understandability as well as feasibility of implementing such proposals. Indeed, in the short-term HUC proceeding last spring, when CforAT (in its April 14, 2014 Comments) similarly suggested an array of potential approaches to modifying the HUC, PG&E and the other IOUs had already pointed out numerous implementation concerns. (See, e.g., PG&E’s April 17, 2020 Reply Comments, pp. 3-7.)

1 usage are engaged in beneficial behaviors such as charging electric cars or
2 other activities that the Commission wants to promote, another scenario
3 identified by the IOUs to argue against retention of the HUC, there are
4 targeted rate structures that can be used, mostly in the form on (sic) non-
5 tiered TOU rates, and the Commission is in the process of considering
6 additional such rate structures.” Do you agree?

7 A 17 No. PG&E’s other rate options are not “mostly” in the form of TOU rates.
8 Rather, the *only* alternatives to Schedule E-1 for PG&E’s residential
9 customers are in the form of TOU rates. There is no other non-TOU
10 residential rate choice at the present time.²² So, for customers who dislike
11 or fear TOU rates,²³ there is no pro-electrification option, and the continued
12 presence of a HUC rate in excess of 50 cents per kWh discourages them
13 from purchasing electric appliances and equipment.

14 Q 18 At pp.13-14, CforAT counters the argument you just made about some
15 customers not wishing to take service on specialized rates like PG&E’s
16 Schedule EV2, saying, “While PG&E argues that not all eligible customers
17 will want to select these rates that are designed to support beneficial
18 electricity use, the answer there is to revisit how to make these rates more
19 appealing, not to adopt a rate plan that takes the step that the Commission
20 has previously rejected and simply lowers the bills for the highest users
21 whether or not they are engaged in beneficial use.” How do you respond?

22 A 18 It is not enough to simply recommend that the Commission “revisit” rates like
23 EV2, without offering any specific suggestions for how to make such a rate

22 In the 2018 Rate Design Window proceeding (A.17-12-011/A.17-12-012/A.17-12-013), PG&E proposed a non-tiered, non-TOU rate, Schedule E-FLAT, although in a later settlement with Cal Advocates, this was agreed to be withdrawn, without prejudice to potentially proposing it in the future. A rate with E-FLAT’s structure, which pairs a significant fixed charge with a non-tiered volumetric rate, would be another effective approach for encouraging electrification.

23 CARE/FERA customers seem particularly risk-averse to taking TOU service compared to non-CARE customers. PG&E provided a response to a data request in this proceeding from Cal Advocates, providing information from its Default TOU Pilot program comparing the opt-out rates of non-CARE versus CARE/FERA customers. For non-CARE, only 4 percent of benefiteres (i.e., customers who would save on their bills going to the TOU rate) opted out. In stark contrast, 70 percent of CARE/FERA benefiteres nevertheless opted out. See Attachment 3, “PG&E’s July 13, 2020 Response to Cal Advocates’ Second Data Request, Question 2.”

1 option more attractive for customers with concerns about TOU rates.
2 CforAT has not addressed PG&E’s main concern—namely, that
3 Schedule EV2 may not be appealing to a household that also has high loads
4 (e.g., cooking, air conditioning, etc.) during that rate’s peak period hours. To
5 meet the state’s electrification goals, it is not sufficient to just offer
6 specialized optional TOU rates like EV2. The Commission also needs to
7 promote electrification among the group of customers who do not like, and
8 thus are unlikely to choose, TOU rates due to concerns about the high peak
9 period rates. Eliminating the HUC would do that.

10 **E. Response to Cal Advocates**

11 Q 19 Earlier, you summarized Cal Advocates’ testimony, noting that it
12 recommends maintaining the lower, temporary, HUC rate through the end of
13 2021, but “rebalancing” the rates in early 2021 to make them revenue
14 neutral, then in 2023 returning to a design with the very high permanent
15 HUC rate but with the HUC tier threshold increased to 600 percent of
16 baseline. Can you please describe what is meant by “rebalancing” the
17 rates?

18 A 19 Yes. When the Commission, in D.20-05-013, implemented the temporary
19 HUC at a reduced level compared to the permanent HUC, it did not direct
20 any changes to PG&E’s Tier 1 or 2 rates to make the overall tiered rate
21 revenue neutral. Thus, when PG&E implemented this reduction to its E-1
22 HUC rate on June 1, 2020, the resulting reduction in HUC revenues was not
23 offset by compensatory increases in the Tier 1 and 2 rates. This is
24 illustrated in Table 2. Column B shows the May 1, 2020 effective rates prior
25 to the implementation of the temporary HUC while Column C shows the
26 June 1, 2020 rates after implementation. Comparing the two columns
27 shows that only the HUC rate changed. Consequently, the resulting set of
28 three rates—Tier 1, Tier 2, and HUC—inevitably yields a revenue shortfall
29 for E-1. Put another way, the rates effective June 1, 2020 were not
30 revenue-neutral compared to the May 1, 2020 effective rates. Column D
31 shows what “rebalanced” rates would be, with the temporary glidepath rate
32 ratios in effect but with rate levels increased to yield equivalent revenues as
33 the Column B permanent HUC rates. While this may have been acceptable

1 as a temporary emergency measure for the summer of 2020, the temporary
 2 reduction has recently been extended beyond its prior October 31, 2020
 3 end-date.

**TABLE 2
 PG&E TIERED RATES AND RATE RATIOS
 PERMANENT HUC VS. TEMPORARY HUC**

(A) Rates and Rate Ratios by Tier	(B) With Permanent HUC (Eff. 5/1/20)	(C) With Temporary HUC (Not Revenue-Neutral) (Eff. 6/1/20)	(D) With Temporary HUC (Revenue-Neutral)
Rates			
Tier 1	\$0.24373	\$0.24373	\$0.24995
Tier 2	\$0.30672	\$0.30672	\$0.31455
HUS	\$0.53738	\$0.38340	\$0.39319
Rate Ratios			
Tier 2 : Composite Tier 1	1.250	1.250	1.250
HUS : Composite Tier 1	2.190	1.563	1.563
HUS : Tier2	1.752	1.250	1.250

4 Q 20 Does PG&E support the first part of Cal Advocates' proposal, to maintain the
 5 temporary HUC throughout 2021 but at a rebalanced level?

6 A 20 Yes, in part. Specifically, PG&E supports Cal Advocates' approach of
 7 maintaining the lower temporary HUC rate as is through the end of 2020
 8 (without rebalancing any of Schedule E-1's other rate components)²⁴ but

²⁴ PG&E further supports tracking, in a balancing account, the amount of the revenue shortfall from June 1, 2020 until the time the rates are actually rebalanced, for future collection.

1 then implementing such rebalancing as early as possible in 2021.²⁵

2 However, PG&E believes the Commission should adopt the IOUs' proposals
3 when it issues its decision in early 2021 and, if it does so, the decision
4 should be implemented as promptly as possible. Since initially it could be
5 implemented via a simple value change (i.e., by setting the HUC rate equal
6 to the Tier 2 rate), there is no reason to continue the temporary HUC for the
7 remainder of 2021. As described in PG&E's Opening Testimony (at
8 pages 18-19), this value change can be accomplished about eight weeks
9 from a final decision adopting elimination. However, the removal of all
10 mention of the HUC on PG&E's Energy Statement cannot be completed
11 until 2022.²⁶

12 Q 21 How about the second part of Cal Advocates' proposal, to increase the HUC
13 threshold to 600% of Baseline sometime in 2022, while reinstating the
14 permanent HUC at a level of 2.19 times the composite Tier 1 rate and
15 1.75 times the level of the Tier 2 rate?

16 A 21 PG&E opposes this proposal. While the 600% threshold would offer some
17 improvement over D.15-07-001's original HUC design by alleviating some of
18 the high bills seen today, Cal Advocates' retention of the original very steep
19 HUC tier, even at a higher usage level, means it still suffers from the same
20 practical, legal and policy shortcomings. It would still: (1) be punitive for the

²⁵ Cal Advocates proposes that this rebalancing occur in early 2021 after a final decision is issued in this phase of the proceeding (Cal Advocates pp. 1-5, 1-8 – 1-9). However, a final decision in this phase of the proceeding is not expected until at least late January 2021. PG&E raised this concern at the August 31, 2020 status conference, and ALJ Doherty encouraged PG&E to work with Energy Division. PG&E did so, and has recently received Energy Division's guidance to file a Tier 2 Advice Letter soon, for approval ideally by mid-November 2020, to allow such rebalancing to go into effect with its other rate changes on January 1, 2021 (as supported by both Cal Advocates and PG&E here). The effect of rebalancing rates can be seen by comparing the rates in Columns C and D in Table 2 (although these rates are based on current CPUC-approved revenue requirements, and the revenue requirements will be somewhat different in January 2021). PG&E would need about six weeks from the effective date of final CPUC approval to program these slight value changes for Schedule E-1's tiered rates into its billing system.

²⁶ PG&E's testimony gave a range of late 2021 to early 2022, based on a final decision in December 2020. Given that a final decision is now not expected until January 2021, PG&E will likely not be able to complete the HUC elimination from the Energy Statement until 2022.

1 highest users, (2) cause significant bill volatility, (3) remain counter to the
2 CPUC's rate principles for cost-based rates as well as the statutory
3 requirement for "gradual tier differentiation," and (4) continue to dis-incent
4 tiered rate customers from switching to cleaner electrical appliances and
5 equipment. In addition, the 600% threshold modification being proposed by
6 Cal Advocates would involve structural reprogramming requiring even more
7 IT effort than HUC elimination.²⁷

8 Cal Advocates' proposed ultimate HUC rate structure would be
9 inequitable because it has no cost of service basis, and would still be
10 punitive for the (albeit smaller) set of customers that continue to hit the
11 newly defined HUC penalty tier (perhaps due to doing their part to support
12 the state's pro-electrification climate change policy). Cal Advocate's
13 proposed 2022 HUC rate would return the rate structure to having an
14 enormous tier differential relative to both the Tier 1 and the Tier 2 rates that
15 lacks justification. Therefore, the Commission should resist the urge to
16 "tweak" the HUC starting in 2022 as Cal Advocates recommends; rather it
17 should undo the harm the HUC has caused and eliminate it now.

18 Q 22 Please provide a comparison of the rates under Cal Advocates' proposal to
19 retain the HUC, but have it apply only to usage in excess of 600 percent of
20 baseline, to the rates under PG&E's proposal to eliminate the HUC tier and
21 rate altogether.

22 A 22 Table 3, which is an expanded version of Table 2, presents such a
23 comparison. Columns B through D are identical to Table 2, with Column E
24 showing the rates under PG&E's proposal and Column F showing the rates
25 under Cal Advocates' proposal. Under PG&E's proposal, the highest rate

²⁷ Not only is this true for Cal Advocates' 600% threshold proposal (which is why they acknowledge it could not go into effect until 2022), and even more so for CforAT's three substantially different new approaches, such as its vague concepts of a flat surcharge (amount not specified) or of adding complex new logic to determine whether the HUC should be waived for a particular customer in a given month or not depending on how many times they had previously hit the HUC (with the number of times or time span of counting not specified). The missing details could impact implementation timing as well as assessment of likelihood of efficacy at achieving whatever policy goal(s) the CPUC states it is now trying to achieve through the HUC. CforAT's three conceptual approaches are so vague that they could be rejected at this time as not rising to the level of actionable proposals and lacking adequate specifics to allow them to be meaningful tested through Rebuttal testimony.

1 paid by any customer would be 31.9 cents per kWh, while under
 2 Cal Advocates' proposal it would be 22 cents higher at 53.8 cents per kWh.

**TABLE 3
 PG&E TIERED RATES AND RATE RATIOS
 UNDER ALTERNATIVE RATE PROPOSALS**

(A) Rates and Rate Ratios by Tier	(B) With Permanent HUC (Eff. 5/1/20)	(C) With Temporary HUC (Not Revenue-Neutral) (Eff. 6/1/20)	(D) With Temporary HUC (Revenue-Neutral)	(E) With Elimination of HUC (Revenue-Neutral)	(F) HUC Boundary at 600% of Baseline (Revenue-Neutral)
<i>Rates</i>					
Tier 1	\$0.24373	\$0.24373	\$0.24995	\$0.25317	\$0.24416
Tier 2	\$0.30672	\$0.30672	\$0.31455	\$0.31860	\$0.30726
HUS	\$0.53738	\$0.38340	\$0.39319	\$0.31860	\$0.53832
<i>Rate Ratios</i>					
Tier 2 : Composite Tier 1	1.250	1.250	1.250	1.250	1.250
HUS : Composite Tier 1	2.190	1.563	1.563	1.250	2.190
HUS : Tier2	1.752	1.250	1.250	1.000	1.752

3 **F. Response to Customer Experience of Modification Rather Than**
 4 **Elimination of HUC**

5 Q 23 Parties have proposed potential HUC modifications, ranging from increasing
 6 the threshold (or “cutoff”) beyond 400% to creating an additional
 7 communication plan that would “target” ²⁸ certain customer groups. What is
 8 PG&E’s response as to the downstream impacts that such modifications
 9 would cause?

10 A 23 PG&E does not support such HUC modification proposals since these types
 11 of modifications would: (a) not necessarily assist in customer understanding
 12 of rates, (b) not necessarily help customers conserve, and (c) definitely
 13 require even more IT resources to implement, as compared with eliminating
 14 the HUC entirely.

15 Regarding customer communications, eliminating the HUC would
 16 continue along the CPUC’s path of making rate education communication
 17 more straight-forward, in the true spirit of rate reform (making rates easier to
 18 understand). Returning E-1 to the kind of two-tiered rate it was for decades

²⁸ “TURN does not doubt that some customers have inadvertently incurred the HUC and that some of these have been economically vulnerable customers. This underscores the importance that the Commission consider targeted customer HUC mitigations...” (TURN’s Opening Testimony, p. 8.).

1 before the Energy Crisis is likely to be something most customers could
2 grasp, unlike a surcharge which is based on a complicated and confusing
3 convergence of baseline and percent of usage above it. Cal Advocates
4 confirms that “steeply tiered rates have not been demonstrated to
5 encourage conservation.”²⁹ By this, Cal Advocates seems to admit that
6 many customers either cannot or choose not to implement enough behavior
7 change to avoid the HUC tier due to a variety of circumstances, some of
8 which may be that they are supporting the state’s new pro-electrification
9 policies. Therefore, not only would continuing current HUC communications
10 or increasing them be more costly, but it would not likely result in much
11 reduction in energy usage (per the CPUC’s original goal of conservation).

12 Furthermore, the number of customers on E-1, making them subject to
13 incurring the HUC, is already diminishing and, with full roll-out of default
14 TOU, will go down much further. Under the RROIR decisions, TOU is
15 becoming PG&E’s standard start service rate plan in October 2020, as
16 PG&E begins its default residential TOU roll-out. By early 2022, over half of
17 PG&E’s E-1 customers will have been transitioned to the TOU rate plan
18 (which the CPUC adopted without a HUC). Not only will an ever-smaller
19 population of customers even be eligible to incur the HUC between October
20 2020 and early 2022, but since low³⁰ income customers in hot climate
21 zones were made ineligible for automatic transition to default TOU, the
22 remaining pool of E-1 customers by early 2022 is expected to have a
23 disproportionately higher percentage of such lower-income hot climate-zone
24 customers compared to today’s E-1 customer population. Also, the reduced
25 pool of E-1 customers means that communications will cost more *on a per-*
26 *customer basis*, even as the load receiving the HUC price signal, dwindles.

29 “Despite the Commission’s inclusion of the HUC in the decision (then referred to as the super user energy charge surcharge), there is little evidence to suggest that steeply tiered rates such as the HUC will create additional conservation incentives beyond mildly differentiated rates.” (Cal Advocate’s Opening Testimony, p. 1-9 and 1-10).

30 In addition to the CARE customers who are already excluded from the upcoming TOU transition, PG&E’s default pilot results show that close to 70 percent of CARE/FERA customers who would have benefitted from transitioning to TOU still chose to opt-out. See Attachment 3, “PG&E’s July 13, 2020 Response to Cal Advocates’ Second Data Request, Question 2.”

1 Additionally, PG&E has received poignant and compelling feedback
2 from customers who have received HUC warning notifications or whose bill
3 shows they incurred the HUC, generally expressing feelings of
4 hopelessness, frustration, and other negative feedback in reaction to the
5 HUC. Complaints often mention personal circumstances, with more recent
6 months' complaints vividly focusing on COVID-19's impacts such as shelter-
7 in-place, remote learning, and the economic downturn, factors which are all
8 out of their control but can cause them to incur this surcharge. These
9 customer communications provide real life examples of the concerning
10 unintended consequences of even the reduced HUC surcharge that the
11 CPUC wisely adopted effective June 1, 2020. (See Appendix A for a
12 representative sample of customer HUC complaints, received by PG&E on
13 September 10, 2020, alone).

14 Instead, PG&E recommends focusing its resources on customer
15 outreach efforts and initiatives where the benefit to be received by all
16 customers. PG&E's proposal to move back to a simple two-tier E-1 rate
17 structure that is more cost-based and easy for customers to understand
18 meets this standard. Because parties arguing for continuation of any form of
19 the HUC have not sufficiently proven that the CPUC's primary HUC goal of
20 conservation has been achieved—even with a HUC customer
21 communication plan approved by CPUC staff—PG&E believes that
22 spending additional dollars on HUC communication would not be a wise use
23 of ratepayer funds. PG&E's approach of eliminating the HUC and focusing
24 on customer understanding of the remaining simple two-tiered E-1 rate (and
25 TOU options) better leverages successful integrated channels for efficient
26 customer outreach, such as PG&E's e-newsletter, Home Energy Report,
27 etc. as opposed to other's proposals to modify the HUC, which appear to
28 require additional marketing, hyper-targeted down to the HUC level to try to
29 explain an even more complex approach to HUC.

30 **G. Conclusion**

31 Q 24 Does that conclude your Rebuttal Testimony?

32 A 24 Yes, it does.

PACIFIC GAS AND ELECTRIC COMPANY
ATTACHMENT 1
TURN'S SEPTEMBER 14, 2020 RESPONSE TO JOINT IOUS'
FIRST DATA REQUEST

**High Usage Charge
A.19-09-014**

TURN Response to Data Response IOU-TURN-01

To:	PG&E, SCE, SDG&E (“JOINT IOU”)
Cc:	
Date Received:	August 28, 2020
Response Date:	September 14, 2020
Subject:	High Usage Charge

1. At p. 3 of its testimony, one of the reasons TURN gives for opposing the permanent elimination of the HUC

is:

“HUC appropriately targets abnormally high electricity usage by primarily economically secure customers who are most able to pay the charges.”

a. Please provide TURN’s definition for what it means for a household to be “economically secure.”

b. What does TURN mean by the qualifier “primarily” in this sentence? Do customers who are not economically secure” incur the HUC?

RESPONSE 1

- a. TURN uses economically secure as a general descriptor rather than a term of art. In the referenced usage, TURN intends to describe a general ability to pay financial obligations and monthly bills timely as they come due without discounts or external grants. Here, TURN is also referencing households that are not CARE/FERA.
- b. Based on data provided by all three utilities it appears that some CARE/FERA customers have incurred HUC. Because CARE/FERA customers qualify for discounts to their electricity bill, TURN would not describe these customers as economically secure.

2. At p. 4, TURN states:

“Total HUC revenues have been significant over the past three years and shifting these costs

harms the many to benefit the few most able to absorb these costs.”

a. Does TURN believe there is any cost of service justification for the current HUC rate? If so, please explain how the HUC rate reflects a utility’s cost to serve residential customers.

b. If there is no cost of service justification, does TURN agree that the HUC represents a subsidy, in that it results in more revenue being collected from the customers who pay the HUC so that less revenue is collected from those who do not pay the HUC?

c. If the answer to Question 2.a is that TURN does believe there is a cost basis for the HUC charge, please explain how it reflects PG&E’s, SCE’s and SDG&E’s costs, each respectively, to provide service for households consuming in that tier.

RESPONSE #2

- a. TURN does not assert whether there is cost of service justification for the HUC. TURN also does not assert whether the HUC rate reflects a utility’s cost to serve. TURN does, however, assert that the HUC rate meets multiple important rate design principles including, but not limited to, encouraging conservation and energy efficiency, creating appropriate price signals to encourage economic choices by consumers, and furthering State legislative and CPUC policy goals.
- b. HUC is not a subsidy. HUC is a rate that was implemented for policy reasons to encourage conservation and desired customer behavior. It was not implemented to lower the cost of other customers. The Commission noted in D.15-07-001 that “[a]pplying the revenues collected from the SUE Surcharge [now called HUC] to reduce the Tier 1 and Tier 2 rates will provide an *added* benefit,”¹ which was not the primary purpose or benefit. Thus, while the HUC may have an effect similar to a subsidy, the HUC was clearly not created as a subsidy.
- c. See response to part a above.

¹ D.15-07-001, p. 127. (Emphasis added)

3. At p. 4, TURN states:

“The claims by utilities that price signals in Tier 1 and Tier 2 pricing alone are sufficient to drive continued conservation or that the elimination of HUC will not affect conservation are not supported by evidence.”

- a. **Has TURN performed any analysis of the overall conservation impacts (taking into account usage in all tiers) of moving from the current three-tiered rate structure (with Tiers 1 and 2 plus the HUC tier) to a two-tiered rate structure without the HUC? If so, please provide these analyses and any associated workpapers.**

RESPONSE #3

- a. No.

4. At p. 8, TURN states:

“TURN does not doubt that some customers have inadvertently incurred the HUC and that some of these have been economically vulnerable customers.”

a. Please clarify what it means for a customer to “inadvertently incur” the HUC.

RESPONSE #4

a. By “inadvertently incur” TURN intends to convey the HUC may be incurred out of an unawareness of the full impact of a customer’s usage behavior on their bill.

5. At p. 8, TURN states:

“Table 1 below, a summary of HUC kWh by year and customer type, shows the overall decline in residential usage for the period 2017-2019 amounts to over 3,600 MWHs of conservation statewide.”

Then at p. 10, again referring to Table 1, TURN states: “This evidence clearly demonstrates that HUC is working well as an incentive for customer conservation.”

- a. Are the kWh figures in Table 1 weather-normalized?**
- b. How does TURN know that the decreases in HUC usage are due to conservation and not other reasons(e.g., customers installing solar or moving to a different rate option that does not have the HUC)?**
- c. Has TURN performed any analysis to attribute declining sales to anything other than conservation (e.g.,milder weather, economic factors, installation of self-generation, migrating to different rate schedules, etc.)? If so, please provide these analyses and any associated work papers.**
- d. Did TURN adjust the 2017 kWh data to account for the fact that PG&E’s HUC charge did not exist in two of the twelve months (January and February)?**
- e. Did TURN adjust the 2017 kWh data to account for the fact that SDG&E’s HUC charge did not exist in ten of the twelve months in 2017 (January through October)?**
- f. How does TURN arrive at its conclusion, at page 9, that SDG&E has the same ‘All Other’ HUC Revenues in 2019 as listed for PG&E when associated kWh sales for the two utilities are drastically different?**
 - i. Are the revenues TURN provides for SDG&E correct?**
 - ii. If the response to question 5.f.i is “No”, what should the correct revenues for SDG&E and be in 2019?**
- g. How did TURN develop the SDG&E revenues listed in Table 1?**
 - i. Does TURN’s calculation use an actual SDG&E-specific HUC rate to calculate the revenues?**
- h. Please provide the number of customers in each group in Table 1.**

RESPONSE #5

- a. No.
- b. TURN believes that customers switching to solar and customers moving to a different rate schedule that does not include HUC are, in fact, examples of conservation and desired behavior because residential solar reduces the required generation by utilities thus “conserving” those resources, and the Commission has long held that the point of TOU rates is to send efficient price signals to customers so that they will shift and reduce load, which is key for conservation policy goals.
- c. TURN could not have performed such an analysis because the utilities did not provide the data necessary for such an analysis.
- d. No.
- e. No.
- f. The 2018 and 2019 “All Other HUC” revenues figure for PG&E in Table 1 are incorrect. The correct figures for 2018 and 2019 are \$229,309,445, and \$103,526,998 respectively. TURN will file Errata to its testimony reflecting this correction.

- f(i) The revenues TURN provides for 2017, 2018, and 2019 “All Other HUC” are incorrect.
 - f(ii) The correct figures for 2017, 2018, and 2019 are \$10,187,717, \$118,112,170, and \$54,790,136. TURN will file Errata to its testimony reflecting this correction.
- g. TURN totaled the revenues provided by SDG&E by customer class. TURN relied on SDG&E’s calculation of HUC revenues in TURN DR 01 Question 4.
- h. The utilities did not provide TURN with this information.

**6. At p. 11, in referring to Tables 2-A, 2-B, and 2-C, TURN states:
“These tables demonstrate that the vast majority of HUC charges are incurred in communities where customers typically have a high ability to pay for their electricity usage.”**

a. By using the qualifier “typically” in this sentence, is TURN acknowledging that some segment of customers in each community might not have “a high ability to pay?”

b. While the tables show average income, has TURN performed any analyses of the income distributions in these zip codes? If so, please provide these analyses and any associated work papers.

c. Has TURN performed any analyses (either for this proceeding or for any other reason) of the income levels of customers hitting the HUC at any time during the year? If so, please provide these analyses and any associated work papers.

d. In Table 2-B pertaining to PG&E, the table appears to show that the top 10 zip codes paid 7 percent of the total HUC revenues. Is that correct? If so, how this 7 percent figure “demonstrate” that “the vast majority of HUC charges” are incurred in these wealthier zip codes? Please clarify.

RESPONSE #6

- a. TURN uses the qualifier typically to indicate its comments are meant generally and that it does not know the economic circumstances of each and every customer in a given zip code.
- b. No.
- c. No.
- d. Table 2-B pertaining to PG&E is in error. The top 10 zip codes paid 16% of total HUC revenues. The simple average for income as reflected by 2017 CA State Adjusted Gross was \$454,397.

The data PG&E provided included 970 discrete zip codes. If the HUC revenues were proportional each zip code would account for 1/970 or about 0.1% of the total. This would work out to $0.001 \times \$225.8$ million of HUC revenues per zip code or about \$2.30 million for ten zip codes in 2019. By contrast the top 10 zip HUC zip codes accounted for \$35.01 million, 15 times more than their average proportional share.

PACIFIC GAS AND ELECTRIC COMPANY
ATTACHMENT 2
PG&E'S JULY 30, 2020 RESPONSE TO CAL ADVOCATES'
SECOND DATA REQUEST, QUESTION 6

PACIFIC GAS AND ELECTRIC COMPANY
Residential Rates Seasonal Differential – SDG&E
Application 09-09-014
Data Response

PG&E Data Request No.:	CalAdvocates_002-Q06		
PG&E File Name:	ResidentialRatesSeasonalDifferential-SDGE_DR_CalAdvocates_002-Q06		
Request Date:	June 24, 2020	Requester DR No.:	002
Date Sent:	July 30, 2020	Requesting Party:	Public Advocates Office
PG&E Witness:	Dennis Keane	Requester:	Lee-Whei Tan

QUESTION 6

Please provide a breakout of unique customers based on how many times (months) in a year (using most recent available 12 months of data) customers usage breaches the following thresholds according to the following format for non-CARE and CARE/FERA/medical baseline.

ANSWER 6

PG&E has prepared two separate tables, one for non-CARE and one for CARE/FERA/Medical. They can be found in the following two attachments, respectively:

“ResidentialRatesSeasonalDifferential-SDGE_DR_CalAdvocates_002-Q06Atch01”; and
 “ResidentialRatesSeasonalDifferential-SDGE_DR_CalAdvocates_002-Q06Atch02”.

non-CARE Customers**Number of Customer-Months where Usage
exceeds 400%, 500% and 600%****Data from Mar 2019 - Feb 2020**

Frequency /Year	Over 400% Baseline	Over 500% Baseline	Over 600% Baseline
0	3,641,601	3,780,046	3,831,098
1	83,918	36,671	17,674
2	51,397	21,278	10,120
3	31,820	12,568	6,022
4	20,748	8,361	4,319
5	11,231	4,668	2,412
6	7,349	3,139	1,730
7	5,680	2,401	1,336
8	4,615	1,934	1,046
9	3,972	1,670	871
10	3,706	1,637	920
11	3,850	1,717	926
12	12,143	5,940	3,556
Total	3,882,030	3,882,030	3,882,030

CARE/FERA/MED Customers**Number of Customer-Months where Usage
exceeds 400%, 500% and 600%****Data from Mar 2019 - Feb 2020**

Frequency /Year	Over 400% Baseline	Over 500% Baseline	Over 600% Baseline
0	1,314,945	1,346,118	1,355,214
1	20,440	7,037	2,697
2	11,573	3,621	1,314
3	6,253	1,805	650
4	3,088	855	319
5	1,456	423	184
6	852	234	110
7	590	196	63
8	422	116	52
9	332	105	41
10	253	69	31
11	192	57	28
12	420	180	113
Total	1,360,816	1,360,816	1,360,816

PACIFIC GAS AND ELECTRIC COMPANY
ATTACHMENT 3
PG&E'S JULY 13, 2020 RESPONSE TO CAL ADVOCATES'
SECOND DATA REQUEST, QUESTION 2

**PACIFIC GAS AND ELECTRIC COMPANY
Residential Rates Seasonal Differential – SDG&E
Application 09-09-014
Data Response**

PG&E Data Request No.:	CalAdvocates_002-Q022		
PG&E File Name:	ResidentialRatesSeasonalDifferential-SDGE_DR_CalAdvocates_002-Q02		
Request Date:	June 24, 2020	Requester DR No.:	002
Date Sent:	July 13, 2020	Requesting Party:	Public Advocates Office
PG&E Witness:	Dennis Keane	Requester:	Lee-Whei Tan

QUESTION 02

By the time PG&E completes default TOU implementation before the removal of HUC, how many HUC customers will be left?¹

- a. How many of these customers will be CARE, medical baseline, and FERA versus non-CARE? Please separate by CARE, FERA, and medical baseline numbers.
- b. From PG&E’s experience, is there customer inertia/resistance to switch to a TOU rate (which does not have a high usage charge) from a tiered rate even if they would benefit from doing so?
 - i. Does PG&E have research papers/documents that demonstrate such symptom, if so, please provide the material.
 - ii. Is this inertia greater for low-income customers? Please provide supporting documents.

ANSWER 02

a. PG&E notes that, if the Commission approves PG&E’s proposal to eliminate the HUC tier and rate, its implementation would likely occur before the transition of all eligible residential customers to default TOU is completed. For the purposes of responding to this question, though, PG&E answers as if the default TOU transition is completed prior to the removal of the HUC (as the question assumes).

It is highly uncertain which tiered rate customers will opt-out of the transition and remain on tiered rates. Similarly, it is highly uncertain which tiered rate customers excluded from the TOU transition will nevertheless decide to opt-in to TOU rates. Because of this uncertainty, PG&E cannot determine the group of customers that will be on its Schedule E-1 tiered rate after the default TOU transition is completed, nor the subset of this group which might have HUC usage in any given month(s) of the year.

¹ Please use the most recent available year of billing data to determine HUC customers. This billing data align with the HUC data presented in Opening Testimony.

b. Customer inertia/resistance to switching rates depends on whether the customer is defaulted onto the rate plan or whether the customer optionally enrolls in a rate plan. Data from PG&E's Default TOU Pilot suggests some degree of inertia/resistance for some customers. The table below shows the number of customers in the Default TOU Pilot who declined the transition and whether the customer would likely monetarily benefit from switching to Time of Use without changing their usage (e.g., shifting load). PG&E is providing data from its Default TOU Pilot (or Phase 1 of the TOU transition) because this data is more indicative of customer behavior in the coming full roll-out to default TOU than would data from its Opt-in TOU Pilot or other acquisition campaigns, in which customers needed to take action to enroll in a TOU rate plan.

As shown below, in PG&E's Default TOU Pilot a higher percentage of CARE/FERA customers declined the transition, compared to Non-CARE customer response in that same pilot, even though most CARE/FERA customers were shown likely to benefit from switching to the default Time of Use rate:

PG&E Default Pilot Results on Customer Opt-Out Choices by Degree of Benefit

Bill Impact Status	Non-CARE		CARE/FERA	
	Number	%	Number	%
Extreme Non-Benefiter	3,975	11.05%	1	0.03%
Non-Benefiter	16,393	45.59%	169	5.57%
Mild Non-Benefiter	4,100	11.40%	92	3.03%
Neutral(-)	5,627	15.65%	168	5.54%
Neutral(+)	4,393	12.22%	482	15.88%
Benefiter	1,473	4.10%	2,123	69.95%
Total	35,961		3,035	

Legend:

	Non-CARE	CARE
Benefiter	Decrease of >\$10	Decrease of >\$5
Neutral +	Decrease 0 to \$10	Decrease 0 to \$5
Neutral -	Increase 0 to \$10	Increase 0 to \$5
Mild Non-Benefiter	Increase 10 to \$20	Increase 5 to \$10
Non-Benefiter	Increase 20 to \$100	Increase 10 to \$50
Extreme Non-Benefiter	Increase of > \$100	Increase > \$50

PACIFIC GAS AND ELECTRIC COMPANY
APPENDIX A
CUSTOMER COMPLAINTS ABOUT THE HUC

1 **APPENDIX A**
2 **CUSTOMER COMPLAINTS ABOUT THE HUC**

3 Even after the HUC reduction June 1, 2020, PG&E continues to receive HUC
4 complaints whenever HUC Energy Alert notifications are sent to at risk customers,
5 as well as after customers see they hit the HUC in their bill. The following
6 representative examples come from complaints PG&E's Energy Alert mailbox
7 received just on Thursday September 10, 2020:

8 With 6 people living and working from home now, how much can we expect to
9 reduce energy usage?

10 You people have some nerve! In the middle of a pandemic, an epic heatwave
11 and an apocalyptic fire season that your archaic infrastructure is partly
12 Responsible for, how dare you dangle up- charging me, a single mom, out of
13 work, with kids zoom-schooling at home all day long, for TRYING TO SURVIVE.
14 I spit on this email. 😡

15 This is an outrageously poorly timed increase. Is it not self-evident that so many
16 households around the entire country are using more energy, since no one is
17 leaving the house? My wife and I now work from home. Our daughters now
18 attend classes from home. Why? Because we are sheltering in place to prevent
19 the spread of a global pandemic. But you know all this, and still have the
20 audacity to raise rates? Shame on you PG&E.

21 My power has been out for 3 days. May I ask how we are in a high pricing
22 bracket just now?

23 And let me tell you how bullshit this is based on the fact everyone's how and
24 online school is taking place.

25 Kinda not sure what you want us to do. We replaced windows operate at 80
26 during the day and our house is just old. New furnaces and AC units too. With
27 everyone home we are doing our best. As is kids complain all the time about
28 being too hot. Next step is solar but that is also expensive.

29 My husband has COPD and he needs air and we are retired, do you ever
30 consider any of this? Or just blast us for use 24 hours a day.

31 We literally evacuated from the LNU Complex Fire in Vacaville last month and
32 had to run our AC when we returned to remove the SMOKE from the house and
33 it was in the middle of a period of 100+ degree days, but hey, surely that
34 deserves aHUC! Never mind you've been through a crisis! Guess we should
35 just buy a tent and sleep outside so we don't use too much electricity, eh?!
36 Maybe exercise a little compassion for people in these areas? Good grief. I
37 wish I didn't have to have anything to do with PG&E!! When are you going to cut
38 people a break? After your equipment sparks fires and we die in them? Can't
39 wait.

PACIFIC GAS AND ELECTRIC COMPANY
APPENDIX B
STATEMENTS OF QUALIFICATIONS

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **STATEMENT OF QUALIFICATIONS OF DENNIS M. KEANE**

3 Q 1 Please state your name and business address.

4 A 1 My name is Dennis M. Keane, and my business address is Pacific Gas and
5 Electric Company, 77 Beale Street, San Francisco, California.

6 Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company
7 (PG&E).

8 A 2 I am a Chief in the Analysis and Rates Department, responsible for
9 preparing and managing the preparation of retail electric rate design
10 proposals for presentation before the California Public Utilities Commission
11 (Commission).

12 Q 3 Please summarize your educational and professional background.

13 A 3 I received a Bachelor of Arts degree in Economics, with honors, in 1974
14 from the University of California, Berkeley; and a Ph.D. degree in Economics
15 in 1980 from the University of Wisconsin, Madison.

16 From 1978 to 1980, I taught in the Economics Department at the
17 University of Southern California. In 1980, I joined PG&E as a Load
18 Research Analyst, responsible for preparing PG&E's class load research
19 reports and designing samples for load profile metering projects. In 1982,
20 I was promoted to Coordinator of Load Research Projects, where I managed
21 a number of large-scale load profile metering projects. In 1984, I was
22 promoted to Supervisor of Load Management Analysis and Operations,
23 responsible for scheduling experimental operations of PG&E's dispatchable
24 load management programs, as well as estimating their load impacts.
25 In 1988, I became the Supervisor of Commercial/Industrial Electric Rate
26 Design. In 1991, I accepted a position in the Market Planning and Research
27 Department, where I managed a number of projects designed to evaluate
28 the effectiveness and economics of distributed generation and targeted
29 demand-side management programs designed to alleviate peaking
30 problems on the local distribution system. I left PG&E in 1993 for a position
31 at the consulting firm Freeman, Sullivan & Company, where I directed the
32 firm's electric utility practice. I returned to PG&E in 1996 as a
33 Senior Analyst in the Service Analysis Department, and, in 2000,

1 was promoted to a Manager position in that department. From July 2008
2 through February 2009, I worked as a Principal in the Market Design and
3 Analysis Department, responsible for estimating avoided costs and
4 evaluating demand response cost-effectiveness. In March 2009, I took the
5 position of Manager of Electric Rates in the Analysis and Rates Department.
6 I was promoted Senior Manager in April 2011 and to Chief in March 2014.

7 I have previously appeared before the Commission, sponsoring
8 testimony on electric rate design, revenue forecasting, flexible rate options,
9 customer retention and economic development, the applicability of
10 non-bypassable charges to direct access and departing load customers, and
11 the cost-effectiveness of PG&E's demand response programs.

12 Q 4 What is the purpose of your testimony?

13 A 4 I am sponsoring the entirety of "PG&E's Rebuttal Testimony on Long-Term
14 Changes to Residential High Usage Charge," with the exception of Question
15 and Answer 23 in Section F, in the second phase of San Diego Gas and
16 Electric Company's Application 19-09-014 related to long-term changes to
17 the High Usage Charge in the investor-owned utilities' tiered
18 (non-time-of-use) rates. I am also sponsoring Attachment 1, Attachment 2
19 and Attachment 3 to that testimony.

20 Q 5 Does this conclude your statement of qualifications?

21 A 5 Yes, it does.

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **STATEMENT OF QUALIFICATIONS OF ERIKA WASMUND**

3 Q 1 Please state your name and business address.

4 A 1 My name is Erika Wasmund, and my business address is Pacific Gas and
5 Electric Company, 245 Market Street, San Francisco, California.

6 Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company
7 (PG&E).

8 A 2 I am the Marketing Strategist for Residential Rates.

9 Q 3 Please summarize your educational and professional background.

10 A 3 BA, Journalism; 25 years of experience in public relations, advertising and
11 marketing practices.

12 Q 4 What is the purpose of your testimony?

13 A 4 I am sponsoring the following testimony and workpapers in the second
14 phase of San Diego Gas and Electric Company's Application 19-09-014
15 related to long-term changes to the High Usage Charge in the
16 investor-owned utilities' tiered (non-time-of-use) rates. Specifically, I am
17 sponsoring the following testimony:

- 18 • Section F, "Question 23"; and
19 • Appendix A.

20 Q 5 Does this conclude your statement of qualifications?

21 A 5 Yes, it does.