

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

Application of Southern California Edison
Company (U338E) to Establish Marginal
Costs, Allocate Revenues, and Design
Rates.

Application 20-10-012
Filed 10/23/2020

**OPENING TESTIMONY OF MELISSA W. KASNITZ ON
MEDICAL DISCOUNT FOR OPT-IN RATES**

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Summary of Testimony

This testimony addresses a recommendation for SCE to develop a medical discount for customers who are eligible for the existing Medical Baseline program but prefer to select an opt-in rate that does not include a “baseline” allocation. Because the existence of a baseline allocation is key to the calculation of the existing medical discount, customers cannot currently receive any discount which may discourage them from selecting various opt-in rates or prevent them from obtaining assistance in meeting their medically-driven electricity needs. The Commission has provided direction in support of the development of a medical discount through rate design proceedings such as this GRC Phase 2. In this proceeding, the Commission should require that SCE should adopt a line-item discount structure for a medical benefit that could be provided in association with any opt-in rate that does not include a baseline structure consistent with the proposal that was developed by active parties in A.20-10-006.

Background

California’s major IOUs, including SCE, currently offer a discounted rate for electricity for customers with medical needs that drive increased energy usage, known as the medical baseline program.¹ At this time, however, the structure of the existing medical baseline discount means that it cannot be applied to a rate structure that does not incorporate tiers. This is because the existing discount structure is created by providing an increased allocation of electricity at the lowest (baseline) rate; without a baseline and upper tier, the discount structure cannot be applied.

While the medical baseline discount can only be applied to a rate structure based on tiers, other Commission programs that use non-tiered rates are of increasing importance to people with

¹ See Cal. Pub. Util. Code § 739(c).

medical needs that rely on electricity, and the number of opt-in rates that do not have a tiered structure continues to increase.

The Commission has begun to consider options for providing a medical discount to customers who select rates where the existing medical baseline structure cannot be applied. In R.12-11-005, a Commission Rulemaking addressing policies, procedures, and rules for the Self-Generation Incentive Program (SGIP), PG&E sought permission to enroll medical baseline customers in that program without forcing them to enroll in a conforming rate that did not allow for a medical discount. In D.20-05-041, the Commission granted PG&E's request to exempt medical baseline customers from the requirement to enroll in a SGIP-approved rate and also ordered the utility to act to propose an SGIP-compliant TOU rate that is available to medical baseline customers.² PG&E responded to this direction by filing an application, A.20-10-006, seeking to establish a medical discount structure that could be offered in conjunction with any of its non-tiered rate options, so that a customer can select any available rate and still have access to the medical discount program. The proposal offered by PG&E would allow customers who have selected a non-tiered rate option to obtain a medical benefit in the form of a line item discount.

CforAT is a party to the proceeding considering PG&E 's Application, and requested that the scope of that proceeding be expanded to the other major IOUs so that all IOU customers eligible for medical benefits could have the option to select any available rate. In the Scoping Memo issued in that proceeding, the Commission declined to expand the scope of the proceeding, but stated:

After considering this recommendation, I decline to make Southern California Edison and San Diego Gas & Electric respondents to this proceeding; however, I strongly encourage them to file proposals to develop a similar line-item discount for nontiered

² D.20-05-041 at pp. 19-23 (Ordering Paragraphs 2-3).

rates in their next respective rate design proceedings. I also encourage CforAT to raise this issue in those proceedings.³

Proposal

CforAT proposes that SCE should adopt a line-item discount structure for a medical benefit that could be provided in association with any opt-in rate that does not include a baseline structure. CforAT further proposes that the discount be consistent with the proposal that was developed by active parties in A.20-10-006, which resulted in an all-party settlement that is now pending before the Commission. This settlement and the associated motion asking the Commission to adopt the settlement are attached to this testimony. In brief, the agreed-upon structure of the medical discount for opt-in rates without a baseline element would include the following provisions:

- The medical discount would take the form of a rider that would authorize a line-item discount on any currently open non-tiered TOU rate, and it would also be available for residential customers taking service on any future CPUC-approved non-tiered TOU rate.
- Qualifying medical program customers taking service on the medical rider who also qualify for another discount program like California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) can receive both discounts. The discounts will be applied in a multiplicative fashion.
- Customers who opt into the medical discount would be excused from compliance with Electric Rule 12, which generally allows customers only one rate schedule change in any twelve month period unless (1) a new rate schedule is approved or (2) the customer's operating conditions have changed sufficiently where a rate change is warranted. Instead,

³ Scoping Memo issued in A.20-10-006 on December 15, 2020 at p. 2.

medical customers who choose to opt in to an open non-tiered TOU rate schedule will be eligible to return to their previous rate schedule if their request to do so is made within the first twelve months that the new medical discount is available.

The total line-item discount proposed by PG&E was calculated based on an analysis of its existing medical customers on tiered rates (including tiered TOU rates) to quantify the value those customers would receive based on the Medical Baseline Program adopted by D.18-08-013, in terms of annual bill savings, compared to what they would have paid absent the Medical Program. SCE should perform a comparable calculation to determine an appropriate medical discount.

Conclusion

CforAT's proposal, which mirrors the agreed-upon proposal from the all-party settlement in A.20-10-006 which is currently pending before the Commission, would provide a benefit for medical customers on non-tiered residential rates via a percentage line-item discount that approximates the benefits, on average, that current medical customers on tiered residential rates receive. PG&E's proposed line-item discount would initially be set at 12 percent. SCE should calculate a proposed discount using comparable analysis to that conducted by PG&E. In response to an initial proposal by SCE or in other rate design proceedings in the future, parties wishing to propose modifications to the discount value or structure should be authorized to do so. This proposal for a new medical discount for customers who select an opt-in non-tiered rate would be consistent with California's policy and the law to provide an allowance for customers with certain medical conditions, consistent with Public Utilities Code § 739 (c), while also supporting the Commission's ongoing efforts to allow all customers to select electricity rates that best match their household needs.

Qualifications:

Melissa Kasnitz is the Legal Director for the Center for Accessible Technology, and she has been involved in issues of rate design and affordability before the California Public Utilities Commission since 2004, first through her work with Disability Rights Advocates and then through her work with CforAT. She has extensive experience advocating on behalf of people with disabilities and other vulnerable populations in litigation, before the Commission, and in other forums. Ms. Kasnitz has previously provided testimony before the California Public Utilities Commission on multiple occasions, including with regard to rate design and the needs of vulnerable customers including those with medical needs that drive electricity usage. Ms. Kasnitz has a B.A. in Humanities from Yale University, awarded in 1989, and a J.D. from the Boalt Hall School of Law at U.C. Berkeley (now Berkeley Law), awarded in 1992.