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5-07-14
03:09 PM

JMO/JMH/KK2/ek4 5/7/2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013
(Filed June 21, 2012)

(NOT CONSOLIDATED)

Application of Southern California Edison Company (U338E) for Approval of its 2012 - 2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.

Application 11-05-017
(Filed May 16, 2011)

And Related Matters.

Application 11-05-018
Application 11-05-019
Application 11-05-020

JOINT ADMINISTRATIVE LAW JUDGES' RULING

This is a joint ruling of the Administrative Law Judges issued in Rulemaking (R.) 12-06-013 (RROIR Proceeding) and Application (A.)11-05-017, A.11-05-018, A.11-05-019, A.11-05-020 (Energy Savings Assistance Program (ESA) and California Assistance Rates for Energy (CARE) Proceeding) to:

- (1) Avoid potential procedural confusion amongst parties by clarifying how and what issues are being addressed in the above-captioned consolidated ESA and CARE Proceeding and how and what issues are being addressed in the RROIR Proceeding; and
- (2) Coordinate the review and resolution of issues by directing parties to follow the service list for the proceedings in which they have an interest.

RROIR Order Instituting Rulemaking and Scoping Memos confirm that the Commission will examine issues surrounding Assembly Bill (AB) 327 (Perea, 2013) and CARE rates, including any marketing, education and outreach concerns and messaging associated with potential rate changes.

AB 327 has several important impacts on the CARE Program which the Commission is charged with implementing: (1) it sets the average effective discount range between 30–35%, and (2) it allows utilities to restructure their CARE Program rates while maintaining the required effective discount range.¹

The rate design aspects of these changes will be addressed in RROIR Proceeding. Once the rate design aspects are resolved, implementation will be addressed in the ESA and CARE Proceeding.

Currently, RROIR Proceeding has two phases. Phase 2 is examining summer 2014 rate changes and a proposed decision is expected in May 2014. Phase 1 is examining long-term rate changes and a decision is expected in early 2015.

¹ AB 327 also amended California Public Utilities Code Section 739.1 and ordered CARE eligibility for “one-person households, program eligibility shall be based on two-person household guideline levels.” All electric utilities, small multi-jurisdictional utilities and large investor-owned utilities are currently in compliance with this new mandate.

AB 327 requires that if a utility has an average effective CARE discount rate higher than 35%, the utility must reduce the level of discount on a reasonable phase-in schedule. PG&E and SDG&E are currently in that position. Except for reductions necessary to reach the 35% maximum, the RROIR Proceeding Phase 1 and Phase 2 decisions will not address reductions in the level of discount. However, Phases 1 and 2 will include proposed phase-in plans and schedules to reduce the effective CARE discount.

Many innovative ideas for long-term restructuring of CARE rates have been suggested. Examples of possible structures include: (a) providing greater discounts for the lowest income households and smaller discounts for higher-income CARE eligible customers, (b) different rates of discount for each tier of usage, and (c) a flat 35% credit applied to a CARE customer's monthly bill. Any restructuring of CARE rates will require careful evaluation and will need to be coordinated with the ongoing administration of the CARE Program. Therefore, we anticipate addressing this issue in a later phase of RROIR Proceeding or a new proceeding that is dedicated specifically to rate design for the CARE Program.

Meanwhile, all other programmatic issues relating to the ongoing administration of the CARE Programs should continue to be addressed in the respective utility's CARE proceeding. ESA and CARE Proceedings are on a

three-year program cycle and the next program cycle applications are expected in August of 2014 for the program cycle 2015-2017.

IT IS RULED that parties interested in rate design or other aspects of the CARE Program should follow developments in both RROIR Proceeding and ESA and CARE Proceeding (including any successor proceedings).

Dated May 7, 2014, at San Francisco, California.

/s/ JEANNE M. MCKINNEY

Jeanne M. McKinney
Administrative Law Judge

/s/ JULIE M. HALLIGAN

Julie M. Halligan
Administrative Law Judge

/s/ KIMBERLY KIM

Kimberly Kim
Administrative Law Judge