



An EDISON INTERNATIONAL Company

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February 6, 2006

Docket Clerk
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

RE: R.04-01-006

Dear Docket Clerk:

Enclosed for filing with the Commission are the original and five copies of the **COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO THE DRAFT OPINION DENYING THE PETITION OF SOUTHERN CALIFORNIA EDISON COMPANY FOR MODIFICATION OF D.05-10-044** in the above-referenced proceeding.

We request that a copy of this document be file-stamped and returned for our records. A self-addressed, stamped envelope is enclosed for your convenience.

Your courtesy in this matter is appreciated.

Very truly yours,

Stacie Schaffer

Enclosures

cc: All Parties of Record
(U 338-E)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking on the)
Commission's Proposed Policies and Programs) Rulemaking 04-01-006
Governing Post-2003 Low-Income Assistance) (Filed January 8, 2004)
Programs)

**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO THE
DRAFT OPINION DENYING THE PETITION OF SOUTHERN CALIFORNIA EDISON
COMPANY FOR MODIFICATION OF D.05-10-044**

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Dated: **February 6, 2006**

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I.

INTRODUCTION

Pursuant to Rules 77.2 and 77.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Southern California Edison Company ("SCE") submits these comments to Administrative Law Judge Steven Weissman's Draft Opinion Denying the Petition of Southern California Edison Company for Modification of D.05-10-044 ("Draft Decision").

The Draft Decision denies SCE's Petition for Modification ("Petition") because "SCE has not demonstrated a compelling reason to modify D.05-10-044". (Draft Decision, Finding of Fact.) SCE disagrees. SCE appreciates the Commission's concerns regarding the impact of high natural gas prices on low-income customers. SCE, however, continues to believe that the winter shut-off moratorium is inconsistent with its customers' electric bills and energy usage patterns (which the Draft Decision does not deny), and will result in detrimental, unintended consequences to its customers (which the Draft Decision also does not deny).

The Draft Decision fails to adequately address SCE's concerns. Instead, it adopts The Utility Reform Network's ("TURN") and the Office of Ratepayer Advocates' ("ORA") responses to the Petition wholesale. In doing so, the Draft Decision sidesteps the issues, and

ironically highlights the differences between gas and electric utilities that warrant disparate treatment in this circumstance. SCE urges the Commission to reject the Draft Decision and grant the Petition for Modification.

II.

DISCUSSION

The Draft Decision’s rationale that “an electric utility customer is also a gas utility customer, and as such the electric customer will benefit by [the shut-off moratorium] during this coming winter” (Draft Decision, p. 6), simply does not justify extending the shut-off moratorium to SCE. This logic applies to a multitude of services – including other utilities – that the Commission has not extended the shut-off moratorium to despite the fact that the “customer will benefit.”

The Draft Decision’s justification for extending the shut-off moratorium to electric utilities because “natural gas is also a major component of electric rates” is similarly flawed. Electric utilities derive their power from a variety of sources, including hydropower, coal and nuclear power. Only part of SCE’s power comes from natural gas generation. Accordingly, any impact of high natural gas prices on electric bills is small compared to the impact on gas bills. As discussed in SCE’s Reply, about 40% of SCE’s residential base will not see an increase in their rates due to high natural gas prices because of rate design protections and certain programs. Approximately 423,250 of SCE’s CARE customers, those consistently using less than 130% of baseline allowances, will also see no bill impacts resulting from rate increases in early 2006.¹ This is in sharp contrast to the projected increases to gas bills. (*See D.05-10-044, p. 2 (“Buyers and sellers of natural gas anticipate exceptionally high gas prices this winter, with utility bills as much as 70% higher than comparable bills last year”).*)

¹ Based on rates recently implemented on January 1, 2006, of those remaining customers with usage subject to Tier 3 energy charges, 22% (208,200 CARE customers) will have monthly bill impacts of less than 3%; 22% (208,900 CARE customers) will have monthly bill impacts of between 3% and 10%; and the remaining 11% (99,900) of CARE customers will have bill impacts of over 10%.

The Draft Decision also fails to adequately address the burden that will fall on SCE’s customers who choose to make only minimum bill payments this winter. In fact, the Draft Decision does not dispute that the electric customer is in the unique position of, under a levelized payment plan, paying more during the winter months than the cost of actual usage, and under the nine-month repayment plan, having higher summer bills (when electric bills are at their highest). Rather, the Draft Decision simply dismisses it – “[the tables attached to the Petition] merely illustrate [SCE’s] prior argument that gas utility bills are high in the winter, whereas electric bills are higher in summer.” (Draft Decision, pp. 5-6.) The Draft Decision attempts to alleviate the electric customer’s predicament by suggesting that SCE “need not force defaulting customers onto a levelized payment plan [but] [i]nstead, . . . offer to mitigate the bill impacts by using the nine-month repayment option.” (*Id.*, p. 6.) However, as pointed out in the Petition, this is not a satisfactory option, as electric bills are at their highest in the summer months when air conditioning is a necessity for many SCE customers. Adding the winter balances to the summer bills will only exacerbate already high bills.

Finally, the Draft Decision also denies the Petition based on SCE’s alleged failure to “provide[] any new information or circumstances that would warrant modification of D.05-10-044.” (Draft Decision, p. 5.) This proceeding was unusually expedited – only approximately 1 and ½ months from start to finish. The parties had less than 24 hours to comment on the draft decision,² which was the first full glimpse into the Commission’s thinking on the winter initiatives. Now that the Commission has the appropriate information before it (such as the tables illustrating the potential impact of the shut-off moratorium payment plans on SCE’s

² SCE disputes that the only ambiguity in the draft decision of D.05-10-044 was in Summary Point 8. Summary Point 8 stated that “[t]he utilities are prohibited from shutting off service this winter to **low-income customers** that make regular bill payments of at least 50% of their bills. The utilities must provide **such customers** with 12-month repayment plans starting at the end of the winter.” (Draft Decision of D.05-10-044, dated October 25, 2005, p. 3) (emphasis added.) Under the section entitled “Continuity of Service” the draft decision stated that “[w]e further direct the utilities to take extraordinary steps to ensure that **low-income** customers struggling to pay higher bills this winter are able to continue receiving gas and electric service.” (*Id.*, p. 25) (emphasis added.) Conclusion of Law 14 and Ordering Paragraph 16 stated that “CARE customers should not be disconnected after the winter months if they agree to, and comply with, a plan to repay all past-due amounts within 12 months,” (*Id.*, pp. 33, 35-36), but did not discuss repayment plans with respect to non-CARE customers (even though, allegedly, the shut-off moratorium originally applied to all residential customers).

customers, which the Commission does not dispute), it should make a reasoned decision based on such information.

SCE understands that it plays a critical role in the success of the winter initiative programs. SCE commends the Commission's efforts to mitigate the impacts of high natural gas prices on low-income customers, and SCE is committed to protecting its most vulnerable customers during the winter months. To this end, SCE has implemented the winter initiatives to the letter and spirit of D.05-10-044. However, the shut-off moratorium simply does not make sense for SCE's electric customers.

It seems apparent from the Draft Decision that the Commission, through the shut-off moratorium, wants to ensure that the utilities work with their customers during these winter months so that customers struggling to pay their bills can maintain gas and electric service. In fact, as pointed out in the Draft Decision, “[t]he best option would be for the customer to pay each bill as it comes due.” (Draft Decision, p. 10.) Consistent with this policy, SCE had, and continues to have, flexible credit policies and works with its customers to make payment arrangements to avoid disconnection. And, SCE, like the Commission, is concerned about the ability of its customers to pay their utility bills this winter. It seems unnecessary, however, to impose a greater burden on SCE's customers; and the shut-off moratorium has the potential to do just that. The benefit of any deferral of winter bills will only be off-set by the increase in already high summer bills.

III.

CONCLUSION

SCE appreciates this opportunity to comment on the Draft Decision. SCE urges the Commission to consider the issues raised by SCE's Petition and Reply, and grant the Petition.

Respectfully submitted,

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February 6, 2006

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO THE DRAFT OPINION DENYING THE PETITION OF SOUTHERN CALIFORNIA EDISON COMPANY FOR MODIFICATION OF D.05-10-044 on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

- Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.
- Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand or by overnight courier to the offices of the Commission or other addressee(s).
- Placing copies in properly addressed sealed envelopes and depositing such copies in the United States mail with first-class postage prepaid to all parties.
- Directing Graphics to place the copies in properly addressed sealed envelopes and to deposit such envelopes in the United States mail with first-class postage prepaid to all parties.

Executed this **6th day of February, 2006**, at Rosemead, California.

Christine Sanchez
Project Analyst
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