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VIA ELECTRONIC MAIL

Commission President Michael Picker
Administrative Law Judge Jeanne McKinney
Administrative Law Judge Julie Halligan
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

**Subject: Request of Pacific Gas and Electric Company for Extension of Time to Implement
Several Changes as Required Per Decision 15-07-001**

Dear President Picker, and Administrative Law Judges Jeanne McKinney and Julie Halligan:

On July 3, 2015, the Commission approved D.15-07-001, *Decision on Phase 1 of Residential Rate Reform for Pacific Gas and Electric Company (PG&E), Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates* (the Decision), that reforms residential electric rates during the years 2015 to 2020 and transitions customers to time-of-use (TOU) rates.

On August 12, 2015, PG&E requested an extension of some of the deadlines that were contained in D.15-07-001. On November 10, 2015, PG&E met to discuss this request with Energy Division staff and seek their guidance. As a result of that discussion, and per the guidance of Energy Division, PG&E hereby updates and modifies its extension request. As described in more detail below, differences between the letter sent on August 12 and today's letter include:

- An additional request to implement the \$5 minimum bill for FERA and Medical Baseline customers by March 1, 2016.
- Elimination of the E-7 and E-8 rate schedules, closure of E-6 rate schedule and elimination of zero minimum bill by March 1, 2016 rather than on March 1, 2016.

Under the Commission's rules, PG&E would ordinarily direct its request to the Executive Director, but Ordering Paragraph (OP) 19 of the Decision states that "[t]he assigned Commissioner and assigned Administrative Law Judge are authorized to take all procedural steps to promote the objectives in this decision and to provide clarification and direction as required to assure the effective, fair and efficient implementation of this decision in this proceeding, including the authority to dispose of requests to modify the deadlines in this decision."

OP 4 of the Decision requires the Investor Owned Utilities (IOUs) to “file a Tier-1 Advice letter setting forth the new residential rates adopted for 2015 with a requested effective date no later than November 1, 2015. The advice letter shall include revised tariff sheets to implement the 2015 rate designs adopted in this order, subject to the conditions set forth in this decision, including the minimum bill, tier structure, and adjustments to California Alternative Rates for Energy and Family Electric Rate Assistance program discounts...”

In addition to the 2015 rate implementation requirements, OP 4 sets a deadline of January 1, 2016 for PG&E to implement the new minimum bill methodology (which will be applied to the delivery, or non-generation, component of the bill rather than to the total bill, as is currently done), and a deadline of December 31, 2015, to eliminate the residential Zero Minimum Bill, E-7 and E-8 rate schedules and close the E-6 rate schedule.

PG&E filed its Tier 1 Advice Letter in mid-August with rate changes and minimum bill increases proposed to take effect on September 1, 2015¹. Based on the requirements of the Decision and in order to make necessary billing changes, PG&E is requesting to make the following schedule adjustments:

- **Implement the 12% effective discount of Family Electric Rate Assistance (FERA) and the new minimum bill methodology as required by OP 4 on March 1, 2016.** The implementation of the new FERA discount and the new minimum bill methodology require structural changes to PG&E’s billing system. Due to the time and IT resources required, PG&E was unable to complete this work by the deadlines² set forth in the Decision. Moreover, because of the interactions between the new FERA discount structure with the new minimum bill methodology these two changes should be implemented at the same time, to avoid customer confusion and IT re-work that will otherwise be required. The system modifications will be best implemented concurrently with other structural changes related to the consolidations of Tiers 2 and 3 by March 1, 2016.
- **Implement the \$5 minimum bill for FERA and Medical Baseline customers by March 1, 2016.** PG&E’s billing system currently bills FERA and Medical Baseline customers as variations on the billing algorithm to bill non-CARE customers. Consequently, billing them a minimum bill amount different than \$10 requires significant re-programming. PG&E can implement these changes, and begin to bill very low usage FERA and Medical Baseline customers the \$5 minimum bill amount at the same time it implements the new minimum bill methodology on March 1, 2016.

¹ PG&E received a disposition letter on November 12, 2015 approving AL 4689-E effective as of September 1, 2015.

² No later than November 1, 2015 per OP 4 of D. 15-07-001.

- **Eliminate the E-7 and E-8 rate schedules, close E-6 rate schedule and eliminate zero minimum bill by March 1, 2016.** PG&E can most effectively eliminate the E-7 and E-8³ rate schedules and close the E-6 rate schedule upon the availability of the new E-TOU rates to be determined in PG&E's 2015 Rate Design Window (RDW) proceeding (A.14-11-014)⁴. On November 5, 2015, the Commission approved a final decision adopting the July 23, 2015 "Settlement Agreement on Residential Time-of-Use Rate Issues" in PG&E's 2015 RDW Proceeding. PG&E plans to implement the new E-TOU rates on March 1, 2016. Additionally, since the residential Zero Minimum Bill is only in effect today on Schedules E-7 and E-8, the elimination of the residential zero minimum bill is also best delayed until March 1, 2016. Upon approval, PG&E intends to eliminate the E-8 rate schedule in February 2016 and the E-7 rate schedule on March 1, 2016. The timing of the elimination for the two rate schedules will be staggered to improve customer support and contact center workload.

Changes to the structure of the FERA discount as well as the related changes to SmartRate and Medical Baseline are all necessitated by the reduction in the number of tiers from four to three that will occur in early 2016. Billing efficiencies can be achieved and customer confusion can be reduced from implementing the changes simultaneously with the consolidation of the Tier 2 and 3 rates directed by D.15-07-001 to take place between March and May of 2016. (See OP 6.) Thus, PG&E is requesting all these changes take place on March 1, 2016.

PG&E respectfully requests that the Commission approve an extension of the deadline for implementing the FERA changes to March 1, 2016; the new minimum bill methodology, elimination of zero minimum bill, and elimination of the E-7 rate schedule on March 1, 2016 and elimination of the E-8 rate schedule in February 2016.

Sincerely,



Erik B. Jacobson
Director - Regulatory Relations

cc: Edward Randolph, Director, Energy Division
Paul Phillips
Patrick Doherty
Service List for R.12-06-013 (via electronic mail)

³ D.15-07-001, page 157 PG&E is directed to transition impacted E-8 customers to E-TOU. Because the E-TOU rate is a time of use rate, PG&E requests to default existing E-8 customers to E-1. Impacted customers will be provided with 60 and 30 day notifications which will provide customers with the opportunity to voluntarily transition to available rates, including E-6, E-TOU with a baseline credit, E-TOU without a baseline credit, E-1, and as appropriate EV.

⁴ The table on page 157 of D.15-07-001 directs that Schedules E-7 and E-8 be eliminated on January 1, 2016, and replaced by Schedule E-TOU.