



ORA Advocacy in 2013

Annual Presentation to Senate Energy, Utilities, and Communications Committee

Joe Como, Acting Director
March 18, 2014

ORA – Office of Ratepayer Advocates

ORA is the independent consumer advocate within the California Public Utilities Commission (CPUC) that represents the interests of investor-owned utility (IOU) customers.

ORA's statutory mission is to obtain the lowest possible rate for utility service consistent with safe and reliable service levels. In fulfilling this goal, ORA also advocates for consumer and environmental protections.



ORA STAFF

Joe Como - Acting Director

Linda Serizawa - Deputy Director for Energy

Matthew Marcus - Deputy Director for Water,
Communications, & Governmental Affairs

Cheryl Cox - Policy Advisor

Karen Paull - Interim Chief Counsel

***Authorized staff of 142 program managers, economists,
engineers, scientists, policy analysts, auditors,
and financial analysts***



Who We Are

- ORA represents residential and small business customers of **Electricity, Natural Gas, Communications, and Water** utilities.
- ORA is the only state government entity charged with this mission.
- ORA was created by the CPUC in 1984, and the Legislature made ORA a separate entity with respect to policy, advocacy, and budget in 1996.
- In 2013, the Legislature made ORA its own independent program, within the CPUC.
- ORA strives to ensure that utility customers are represented at the CPUC, the Legislature, and in other forums where decisions are made that affect the cost and quality of utility service.



ORA's Structure

ORA is Composed of 5 Branches

Electricity Pricing and Customer Programs Branch (EPCP) - Focuses on programs and policies that have a direct impact on customers:

1. Designs electricity rates that are affordable.
2. Identifies cost-effective ways to implement the state's goals for Energy Efficiency, Demand Response, and Distributed Generation.
3. Advocates for protecting vulnerable customers through improvements to low-income programs (CARE and energy efficiency) and development of fair service disconnection rules.

Electricity Planning and Policy Branch (EPP) - Focuses on electricity Procurement, Infrastructure Development (i.e., transmission), and Climate Change initiatives:

1. Advocates for cost-effective RPS policies, Resource Adequacy, and Long-Term Procurement Planning processes.
2. Emphasizes cost-conscious Transmission planning at both the CPUC and CAISO.
3. Contributes to the development of GHG Cap and Trade policy.

Energy Cost of Service and Natural Gas Branch (ECOS) – Examines the utilities' proposals for funding capital projects, operations and maintenance activities, and safety and reliability programs:

1. General Rate Cases for Electricity and Natural Gas.
2. Natural Gas infrastructure and programs.



ORA's Structure

continued...

Communications and Water Policy Branch - Represents customers in shaping policies and services related to Telephone, Broadband, and Water to achieve the state's goals:

1. High quality, reliable, and affordable services.
2. Strong customer protections and access to emergency communications.
3. Subsidized services for low-income individuals and families.
4. Continued examination of the state of competition.
5. Broadband deployment and adoption policies.
6. Conservation, water recycling, water-energy nexus.

Water Branch - Examines the cost of service for the 9 large, Class A investor-owned water companies (54 separate ratemaking districts) with emphasis on the following areas:

1. Affordable monthly water bills.
2. Reasonable return on investments.
3. Low-cost solutions to address water supply problems.



How Ratepayer Savings and Protections Were Achieved

In 2013, ORA successfully represented utility customers:

- Advocated in 193 CPUC proceedings.
- Filed 560 pleadings in CPUC proceedings.
- Met with CPUC Commissioners and their advisors nearly 200 times.
- Participated in numerous CPUC informal meetings and workshops.
- Represented customers in other forums related to CPUC proceedings, including CARB, CEC, CAISO, and FERC.
- Advocated before the Legislature.



2013 Ratepayer Savings

Saved Customers \$61 for Each Dollar Allocated to ORA

ORA's efforts saved residential and small business customers more than \$1.5 billion.

- ▶ **Energy Customer Savings: ~\$ 1.5 billion**
- ▶ **Water Customer Savings: \$25.2 million**
- ▶ **Communications Customer Savings: Achieved by balancing increased customer benefits with avoided costs.**



2013 Advocacy & Achievements

Energy

ORA's advocacy efforts saved energy customers more than \$1.5 billion.

- **Sempra Rates: \$1.2 Billion** - Litigated Sempra's request to cumulatively increase SDG&E's and SoCalGas' revenue requirement by nearly \$4 billion, resulting in a decrease of nearly \$1.2 billion.
- **PG&E Rates:** Found that PG&E's \$5 billion cumulative request to increase its revenue for 2014 - 2016 was significantly over-estimated, and that PG&E should receive no more than a \$132 million increase for this period.
- **Rate Design:** Worked closely with other stakeholders on AB 327 to re-balance rates and limit residential customer charges and overall rate increases for low-income customers.
- **PG&E Economic Development Rates: \$270 Million** - Supported reasonable electric bill discounts for qualifying large commercial and industrial customers.
- **SONGS Outage:** Advocated for ratepayer refund of capital, and operations & maintenance costs due to shutdown in January 2012.



2013 Advocacy & Achievements

Energy (cont'd)

- **Natural Gas Pipeline Safety:** Advocated for a \$2.25 billion penalty for PG&E as a result of the 2010 San Bruno disaster, which includes a fine and non-recovery of costs for safety-related upgrades, and an independent monitor.
- **CAISO-CPUC Reliability Plan:** Advocated that the state not risk FERC intervention, and retain its jurisdiction over electricity resources including the use of preferred resources to achieve its GHG reduction goals.
- **California Climate Credit:** Advocated for a Cap & Trade program that would send a transparent carbon price signal to customers, which will result in semi-annual payments of \$35-40 for residential customers and monthly payments to small business customers based on volumetric usage.
- **Renewables:** Supported RPS improvements, such as developing cost containment mechanisms.
- **Procurement:** Advocated for a long-term procurement plan that is based on need, makes preferred resources a priority, and promotes emerging technologies such as energy storage.



2013 Advocacy & Achievements

Water

ORA's advocacy efforts saved water customers a monthly average of \$5.16 per customer.

▪ General Rate Cases

GRCs	Total Requested Increase	ORA Recommendation	Savings
Golden State Water Company (Final decision)	\$58.1 million	\$42.3 million	\$15.8 million
California Water Service Company (Settlement pending final decision)	\$92.7 million	\$56.2 million	\$36.5 million

- ▶ **Affordability:** Advocated for increases in Low-Income Rate Assistance program benefits, participation, and outreach.
 - ▶ **Water Conservation:** Evaluated water savings, monitored compliance with state goal of 20% water reduction by 2020, and recommended continuing conservation program funding to ensure this trend continues.
 - ▶ **Investment:** Negotiated customer savings of over \$34 million in capital investment projects while ensuring adequate investment for safe and reliable water service.
- **Water Cost of Capital:** Negotiated a lower 9.79% return-on-equity for California's small water utilities, resulting in a final CPUC decision that will save customers approximately \$9.4 million annually.
 - **Water-Energy Nexus:** CPUC adopted ORA's recommendation to open a new proceeding to explore the important relationship between Water and Energy to develop partnerships between energy utilities and the water sector to establish programs that reduce energy consumption by the water sector in supplying, conveying, treating and distributing water.



2013 Advocacy & Achievements

Communications

Balanced increased customer benefits with avoided costs.

▪ **Customer Protections:**

- ▶ **Digital Infrastructure Video and Competition Act** – Advocated for a process to ensure program goals are achieved as applicants file for license renewals.
- ▶ **Public Purpose Programs** – Worked directly with administrators to improve program efficiency, enrollment, and to prevent drop-offs.
- ▶ **Licensing** – Advocated for increased standards for certain carriers by requiring performance bonds to protect customers in the event of unexpected circumstances.

▪ **Service Quality:**

- ▶ **Service Quality Rules** – Contributed to an independent study of telephone companies to ensure goals of reliable and safe service levels are being achieved.



2013 Advocacy & Achievements

Communications (cont'd)

▪ **Affordability:**

- ▶ **LifeLine Program** – Advocated for program improvements to ensure low-income customers continue to have access to affordable and modernized communication services.
- ▶ **General Rate Case / Advice Letters** – Reviewed utility filings and other requests to ensure just and reasonable policies or to aggregate data and identify trends.
- ▶ **California High Cost Fund A** – Advocated for program efficiencies while continuing to ensure ubiquitous telephone service that is affordable and reliable.

▪ **Bridging Digital Divide:**

- ▶ **California Advanced Services Fund** – Recommended program reforms to ensure new broadband infrastructure is built in unserved and underserved areas in the most prudent and transparent ways.
- ▶ **California Teleconnect Fund** – Advocated for program improvements to ensure broadband services are more accessible in underserved communities.



Energy Priorities for 2014

- **Utilities' Proposals to Increase Revenues:** Aggressively advocate for thorough justification and risk assessment to determine need.

- **General Rate Cases:**

Utility	Current Authorized Annual GRC Revenue	Proposed Cumulative Increase	ORA Recommended Cumulative Increase	Status
Southwest Gas (2014-2018)	\$83.1 million	~\$95 million	~\$7.7 million	CPUC Proposed Decision Approving SWG Request on March 27 Agenda
PG&E (2014-2016)	\$6.6 billion	\$4.9 billion	~\$132 million	A Proposed Decision is Anticipated in Q2 2014
Edison (2015-2017)	\$6.3 billion	\$ 841 million	TBD	Awaiting CPUC Scope & Schedule

- **Rate Case Plan Reform:** Revise to encompass safety, best utilization of CPUC resources, and expand opportunity for public comment.
- **Residential Rates:** Work to address the gap between high and low tiered rates, without adverse bill impacts for low usage customers, including maintaining protections for CARE customers.



Energy Priorities for 2014

- **PG&E Gas Transmission & Storage:** Thoroughly evaluate \$1.2 billion proposal, which represents \$500 million increase over the last cycle. Seek to ensure safety measures are prioritized using a risk assessment approach, and implemented at the most reasonable cost.
- **SONGS:** Ratepayer funding should be ramped down, and focus on use of preferred resources as replacement power.
- **SDG&E and SoCalGas GRC Applications:** Review applications to be filed late 2014.
- **Procurement:** Ensure preferred resources are accounted for in the 2014 long-term procurement process.
- **Joint Reliability Plan:** Support improvements to CPUC's successful resource adequacy program and preserve California's jurisdiction over resources used to generate electricity to accomplish its greenhouse gas reduction goals.
- **Net Metering:** Work with CPUC and stakeholders to appropriately value the contribution of distributed generation.
- **Cap & Trade Programs:** Ensure customers are informed about the cost and climate impact of GHG.
- **Energy Storage:** Support targeted and cost-effective projects that fit California's need and promotes a sustainable competitive market.



Water Priorities 2014

- **General Rate Cases:**

Water Utilities	Total Requested Increase	ORA Recommendation	Status
California American Water - Statewide	\$18,473,900	Report Due March 2014	Final Decision Jan 2015
Apple Valley Ranchos	\$3,127,463	Report Due May 2014	Final Decision Jan 2015
Suburban Water Company	\$8,248,942	Report Due June 2014	Final Decision Jan 2015
Golden State Water Company – Statewide	Company files July 2014	Report Due February 2015	Final Decision Jan 2016

- **Water Supply Solutions:** Identify best solutions to address long-term water supply needs such as water conservation, recycling, rain re-capture or other technologies.
- **Affordable Monthly Bills:** Scrutinize water utility operations, infrastructure, and rate requests to ensure service is provided at the lowest rates while remaining safe and reliable.
- **Low-Income Programs:** Advance strategies to assist those customers most in need by providing them with a monthly subsidy to reduce their water bills.
- **Rate Consolidation:** Advocate for appropriate use of district consolidation and targeted water affordability subsidy funds as effective interventions to achieve economic efficiencies, rate and revenue stability, affordable service, compliance with environmental standards, and conservation.
- **Water-Energy Nexus:** Develop state policies to achieve energy savings through cost-effective water conservation and identify ways to reduce energy demand in the pumping, treatment, and delivery of water.



Communications Priorities in 2014

- **Universal Service Programs:** Protect and advocate that all Public Purpose Programs are administered most prudently consistent with public benefit, and those most in need have access to the modernized equipment and services that they need.
- **Affordability of Services:** Preserve affordability through review of utility requests, operations, filings, complaints, and participate in workshops and other meetings to aggregate data, identify trends, and develop solutions to ensure those in rural or metropolitan areas have access to essential services at affordable prices.
- **Reliable Standards of Service Quality:** Advocate for enhancement of service quality and safety standards, and recommend regular audits or penalties for non-compliance as necessary.
- **Cable Franchising Renewal:** Advocate to define a Renewal process that complies with the DIVCA statute.
- **Broadband Adoption:** Advance cost-effective broadband projects with equal focus on detailed adoption plans, transparency, accountability, outreach efforts and safeguards of ratepayer funds.
- **Customer Protections:**
 - ▶ Review utility requests and operations for reasonableness and enhance customer benefits.
 - ▶ Review customer complaints to aggregate data, identify trends, and suggest appropriate solutions.
 - ▶ Participate in town hall meetings, workshops, and other gatherings to learn first hand about important customer issues.



ORA History: Legislation

Public Utilities Code 309.5 (c)

- **SB 960** (Chapter 856, Statutes of 1996) established ORA's statutory mandate to represent investor-owned utility customers in CPUC proceedings and made the director of ORA a gubernatorial appointment subject to Senate confirmation.
- **SB 201** (Chapter 440, Statutes of 2001) expanded ORA's mandate to represent investor-owned utility customers within the jurisdiction of the CPUC.
- **SB 608** (Chapter 440, Statutes of 2005) provided ORA better control over its budget and staffing resources, including the ability for the ORA director to appoint a chief counsel to represent ORA and oversee its legal activities.
- **SB 96** (Chapter 356, Statutes of 2013) made ORA an independent program at the CPUC.



Executive Management Team

Acting Director, Joe Como: Joe has been the acting director of ORA since August 2010, managing the advocacy activities of three **Energy** branches, the **Water** branch, and the **Communications & Water Policy** branch, consisting of 142 staff.

Deputy Director / Energy, Linda Serizawa: Linda oversees the activities of ORA's 3 Energy branches: **Energy Cost of Service**, which works on ratemaking activities including Natural Gas; **Electricity Planning and Policy**, which works on electric procurement, transmission, and climate change activities including renewables; and the **Electricity Pricing and Customer Programs**, which works on rate design, demand-side management, and low-income programs.

Deputy Director / Water, Communications, & Governmental Affairs, Matthew Marcus: Matthew oversees the activities of ORA's **Water Branch** and **Communications & Water Policy Branch**. The Water Branch works on general rate cases and water programs. The Communications & Water Policy Branch works to ensure customers have access to high-quality, reliable, and affordable services as well as to ensure that programs strive to achieve the state's policy goals. Matthew also oversees ORA's legislative lobbying and educational efforts before the Governor's office, Legislature, Department of Finance, Legislative Analyst's Office, and other entities.

Policy Advisor, Cheryl Cox: Cheryl is responsible for leading ORA's lobbying and external communications efforts. She manages ORA's efforts to educate and persuade policymakers on ratepayer issues for energy, water, and communications. Cheryl also oversees ORA's efforts to educate the public through the media, the internet, and working collaboratively with community stakeholders.

Chief Counsel, Karen Paull: Karen is responsible for all of ORA's legal activities, including review of ORA's legal filings and providing legal advice and strategy for ORA's advocacy efforts. Karen also manages the attorneys assigned by the CPUC, pursuant to SB 608.





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2013 Annual Report:

<http://www.ora.ca.gov/ar2013.aspx>

