



2013 Annual Report

Submitted to the Legislature January 10, 2014



ORA's Statutory Mission

To obtain the lowest possible rates for service consistent with reliable and safe service levels. In fulfilling this goal, ORA also advocates for customer and environmental protections.



Edited by Cheryl Cox

with contributions by Charmian Desales and Dan Hartmann



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ORA

*Office of Ratepayer Advocates
California Public Utilities Commission*

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Honorable Jerry Brown, Governor of the State of California, and distinguished members of the California State Legislature:

I am pleased to present to you the Annual Report of the Office of Ratepayer Advocates (ORA). This Annual Report highlights the major accomplishments and ORA activities in 2013 and offers some insights, from a consumer advocate's perspective, into the current challenges and issues facing California's utility customers.

This Annual Report also fulfills ORA's legislative requirement to provide the following information as required by statute:¹

1. The number of personnel years assigned to ORA and a comparison of the staffing levels for a five-year period.
2. The total dollars expended by ORA in the prior year, estimated total dollars expended in the current year, and the total dollars proposed for appropriation in the following budget year.
3. Workload standards and measures for ORA.

ORA's statutory directive is to represent and advocate on behalf of the interests of public utility customers and to obtain the "lowest possible rate for service consistent with reliable and safe service levels."² ORA plays a critical role in ensuring that public utility customers are represented before the California Public Utilities Commission (CPUC) and in other forums that affect how much customers pay for utility services and the safety, reliability, and quality of those services. ORA's analysis must continuously evolve to incorporate state policy directives and customer needs into the rapidly changing landscape of energy, water, and communications services. We work to ensure our analysis continues to be balanced in that it is inclusive of state goals that range from increasing safety, reversing climate damage, stimulating economic development, and keeping utility service affordable and universally available.

ORA's role is as an important partner and resource for policymakers in helping to shape state policies that affect utility customers. ORA strives to help policymaking by providing a powerhouse of technical and legal expertise, primarily to advocate for residential and small business customers so that they can be effectively represented before policymakers.

For several decades now, California has been the national leader in energy policy. California leads by example. California customers want a sustainable energy policy that allows for affordable, safe, and environmentally responsible supplies of electricity and natural gas. ORA's role must be to help find the right balance of program objectives and costs that customers can accept, both in the long and short term.

Among the energy highlights of 2013, ORA continued its scrutiny of rate increase requests from the major investor owned utilities. ORA collaborated with other stakeholders to shape residential rate reform through Assembly Bill (AB) 327 (Chapter 611, Statutes of 2013), which resulted in considerable ratepayer protections, notably preserving low-income discounts and limiting the amount of customer service charges. In light of the permanent closure of the San Onofre Nuclear Generating Station (SONGS) ORA performed a detailed analysis of the state's generation and demand-side resources to determine the need for long-term procurement and Resource Adequacy

¹ Public Utilities Code Section 309.5 (g).

² Public Utilities Code Section 309.5 (a).

planning. ORA advocated for policies and procurement practices to preserve California's "loading order," to procure first the most environmentally friendly resources. ORA actively participated in two major investigations related to gas utility safety and accountability and has actively engaged utilities in ways of improving safety and accountability for electric and gas service.

Drinking water supply problems are a growing issue in California. California residents depend on having an adequate supply of affordable, high quality drinking water in a state where the population is growing faster than water supplies. The economic backbone of California also depends on an adequate water supply. Our job is to help policymakers find ways of using this precious resource more efficiently and pricing it in ways that keep it affordable.

In the area of water policy and service, ORA continued to advocate for affordable and reliable service, with low-income programs for those most in need. In an effort to keep water rates more affordable, the CPUC has been considering the effect of consolidating rates across utility districts. ORA has played an active role in determining how consolidated rates would ensure fairness and affordable rates, without any deterioration of current water conservation efforts. ORA also contributed to the state's efforts to increase the use of recycled water and rain water recapture and to promote joint water and energy conservation programs. In November 2013, the CPUC granted an ORA petition to open a new rulemaking proceeding on this water-energy nexus.

ORA's advocacy efforts in the communications arena primarily focused on affordability, customer protection, and service quality. ORA advocated for improvements to low-income Public Purpose Programs, cost-effective broadband deployment, and enhanced rules to protect customers who speak limited English.

California is the cradle of the worldwide information technology explosion. That homegrown ingenuity has enabled construction of the information super-highway, providing increased access to education, employment, and healthcare, among other benefits. The ease of electronic communications and supporting consumer devices has fundamentally changed the way people interact with each other. At the same time it has resulted in a "digital divide," the gulf between those who have access and use new information technology and those who do not. ORA's role is to help expand basic accessibility and affordability of information technology. ORA works to improve the quality of information services so that the basic communication needs are met for all customers.

ORA also plays an active role outside of the CPUC. Most importantly, ORA provides technical, legislative and constituent assistance, and offers informational briefings as requested by members of the state Legislature and the Governor's office. In 2013 ORA played an increasing role representing customers before the California Independent System Operator.

As in the past, ORA has been a cost-effective organization in its representation of utility customers, saving customers far more in utility bills than it takes to fund ORA. Savings have occurred in many different areas, as highlighted in this Annual Report. In addition to continued funding for ORA's efforts to hold down utility rates, in 2013 ORA received more ability to manage its own budget and consequently control its own costs as the result of Senate Bill (SB) 96 (Chapter 356, Statutes of 2013). ORA is now better positioned to manage its budget and staffing resources more effectively to better fulfill its statutory mandate. More in-depth information on the topics discussed in this Report are available in our online Annual Report at <http://www.ora.ca.gov/AR2013.aspx>. ORA's dedicated and talented staff of professionals will endeavor to continue its role as an important resource for decision-makers and utility customers.

Sincerely,



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Executive Summary



ORA The Office of Ratepayer Advocates is the independent consumer advocate within the California Public Utilities Commission (CPUC) that advocates solely on behalf of investor owned utility ratepayers. As the only state entity charged with this responsibility, ORA plays a critical role in ensuring that the customers of California's energy, water, and telecommunications utilities are represented at the CPUC and in other forums that affect consumers' utility bills, environmental benefits, and the reliability and safety of those services.

ORA has a staff of 142 professionals consisting of engineers, economists, scientists, and auditors with expertise in regulatory issues related to the electricity, natural gas, water, and telecommunications industries in California. ORA's staff performs in-depth review and analyses of regulatory policy issues and utility proposals, for funding that totals in the tens of billions of dollars, in order to determine whether utility requests are in the interest of the ratepayers who fund utility activities through their utility bills. ORA also supports environmental policies that benefit customers and seeks to ensure that utility actions

comport with CPUC rules and California environmental laws and policy goals. In 2013, ORA participated in 193 CPUC proceedings and filed approximately 560 pleadings to aid the CPUC in developing the record from which Commissioners formulated their final decisions. ORA lobbied decision-makers on behalf of ratepayers nearly 200 times in

About ORA

In 1984, the CPUC created ORA, formerly known as the "Public Staff Division," in a reorganization plan to more efficiently use staff resources. In 1996, SB 960 (Chapter 856, Statutes of 1996) made ORA independent with respect to policy, advocacy, and budget. SB 960 made the ORA Director a gubernatorial appointee subject to Senate confirmation. In 1997, the CPUC implemented its reorganization plan, "Vision 2000," which significantly diminished the size of ORA staff, but the ratepayer advocacy responsibilities and workload remained the same. In 2005, SB 608 (Chapter 440, Statutes of 2005) strengthened the organization by providing it with autonomy over its budget and staffing resources and authorizing the appointment of a full-time Chief Counsel. In 2013, SB 96 provided ORA more autonomy by making it an independent program within the CPUC.

2013 to ensure that the consumer perspective was heard. ORA's \$24,375,000 budget represents a small fraction of ratepayers' investment compared with the more than \$1.5 billion in savings ORA has achieved on behalf of ratepayers in 2013. This savings was realized in the form of lower utility revenues and avoided rate increases. For every dollar customers spent on ORA in 2013, they saved approximately \$61 across their utility bills. Additionally, ORA influenced the outcome of numerous CPUC policies, decisions, and California legislation that will positively impact ratepayers.

Energy

ORA represents the residential and small business customers of California's investor owned energy utilities, most notably Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). ORA also represents the customers of California's smaller investor owned utilities. Investor-owned utilities serve approximately 80 percent of all California's energy customers. ORA evaluates utility and other stakeholder proposals for both electricity and natural gas in the areas of Customer Rates, Procurement, Renewables, Transmission and Distribution, Demand-side Resources, and Consumer Protection. In 2013, ORA reviewed utility requests for energy revenue increases and programs that totaled approximately \$38 billion statewide. ORA's advocacy efforts on energy issues aided in saving ratepayers approximately \$1.5 billion.

In 2013, ORA's major areas of focus included reviewing utility proposals for accountability and keeping rates affordable, while promoting the safety of California's energy infrastructure. ORA scrutinized the requests of California's major investor owned utilities seeking to significantly increase customer rates. ORA's litigation of SDG&E's and SoCalGas's 2012 general rate cases resulted in cumulative savings to customers of approximately \$1.2 billion over the 4-year period through 2015, compared with the utilities' requests. For PG&E's request to increase its customers' rates \$5 billion for 2014-2016, ORA's analysis found that PG&E significantly overestimated its need for additional revenues. ORA's analyses show that PG&E should receive a cumulative increase of \$132 million for this period. ORA has begun to review Edison's revenue requirement request filed in

November 2013 in which it proposes to cumulatively increase its revenues for 2015-2017 by \$841 million. Based on its initial review, ORA opposes Edison's request and will submit its full analysis by spring 2014.

ORA collaborated with other stakeholders to shape residential rate reform through Assembly Bill 327 (Perea, 2013), which resulted in considerable ratepayer protections, including preserving low-income discounts and limiting the amount of customer service charges from exceeding \$10 per month (\$5 per month for low-income customers). ORA also worked with stakeholders to develop a policy framework that will allow the CPUC to design rates that will encourage conservation and energy efficiency. ORA continues to advocate for transitional "time-of-use" rates for customers that will aid in achieving the state's environmental goals in a manner that does not result in rate shock for customers. Additionally, ORA supported reasonable electric bill discounts for qualifying small business customers, including an enhanced discount for regions with high unemployment rates, to aid them in getting through the economic downturn and provide support to allow businesses to remain in California.

In light of the closure of the San Onofre Nuclear Generating Station (SONGS) and the possible closure of once-through cooling power plants, ORA performed a detailed analysis of the state's resources to determine needs for long-term procurement and Resource Adequacy planning. For Long Term Procurement Planning, ORA advocated for using final CAISO studies, which most accurately identify procurement needs in order to not over-procure energy and cause customers to pay more than is required to operate the state's power system. For Resource Adequacy, ORA's in-depth research shows that California needs to make only minor policy changes to its capacity procurement process to ensure reliability. ORA's solution to implement a multi-year planning process, and to not unnecessarily overhaul the entire system, is the most sensible approach which will keep energy costs lower and maintain California's jurisdiction. ORA advocates for policies and procurement practices that preserve California's loading order to procure first the most environmentally friendly resources.

ORA actively participated in two major investigations related to energy utility safety and accountability. For natural gas pipeline safety, ORA continued to

advocate that the investor owned utilities should pay for the majority of pipeline safety upgrades, given that customers had already paid to do this work. ORA actively advocated for PG&E penalties of \$2.5 billion in order to ensure that PG&E shareholders are responsible for paying for initial safety upgrades, and that significant fines are necessary to aid in deterring future mismanagement. As a proactive measure, ORA proposed a process to implement basic industry Quality Assurance/Quality Control practices to ensure that installed upgrades are more likely to be successful. Additionally, ORA also participated in the investigation of the premature closure of the San Onofre Nuclear Generating Station (SONGS) to ascertain culpability that led to the closure of the 2200 MW plant and determine who should pay for its resulting costs. ORA proactively advocated that customers should not be responsible for the \$54 - 64 million monthly costs associated with running the plant as of its January 2012 closure, after which time customers received no energy service from SONGS.

In 2013, ORA supported reforms to renewable energy strategies to promote innovation, affordability, and accountability. ORA advocated for sustainable development of California's retail solar market after the California Solar Initiative program ends, including continuation of important data collection to inform future policies that fairly balance the interests of participating and non-participating ratepayers. ORA supported reforms to the Renewable Portfolio Standard (RPS) criteria to improve transparency and monitoring, in order to reach California's renewable policy goals in the most cost-effective manner possible. ORA also advocated for improving confidentiality rules in order to provide increased public access to the cost of renewables in cases where such access would not be detrimental to a competitive market, and which could drive up costs for customers. Additionally, ORA supported reforms to interconnection rules which will streamline the process to ensure needed transmission and distribution access for renewable energy. ORA supported the state's initiatives to spur a competitive market for new renewable energy technologies, such as Bioenergy and Energy Storage, to create greater procurement diversity that can strengthen California's environmental goals. ORA advocated for an approach that prioritizes need and cost-effectiveness by targeting transmission-constrained regions, coordinating with the CPUC's Long Term

Procurement Plan to avoid over-procurement, and ultimately ramping down subsidies so that a sustainable market can emerge. As part of its mission to ensure customers' investment is protected, ORA reviewed \$15 billion in proposed renewable contracts, protesting ten of them totaling \$5 billion since ORA's analysis showed that the projects were either not needed or too expensive for ratepayers' return on investment.

ORA supported several initiatives which will benefit customers and promote California's clean energy goals. ORA advocated that electricity customers should benefit from their early investment in Greenhouse Gas (GHG) reductions as well as to offset any increases in electricity costs. ORA was active in the CPUC's proceeding to determine the allocation of Cap & Trade program dividends, which resulted in returning GHG revenues to electricity customers, estimated for 2014 to be approximately \$1.1 billion for residential customers and \$62 million for small business customers. The CPUC also approved a decision which utilizes ORA's recommendation to partner with the office of the California Treasurer's California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) program, which has an established revolving fund for clean energy programs, to make low interest loans to customers in order to make the next generation of energy efficiency programs affordable. ORA also supported establishing guidelines for improved access to energy data usage that would allow implementers and researchers to develop optimal solutions to achieve climate change initiatives. ORA only supports access to such usage data that comports with established state law and CPUC privacy rules, and protects customer privacy.

Water

ORA represents 1.3 million customers of investor owned Class A water utilities (more than 10,000 service connections) & Class B water utilities (less than 10,000, but more than 5,000 service connections), serving approximately 6 million people in the state of California. The CPUC has regulatory jurisdiction over approximately 20 percent of all of California's urban water usage customers. ORA audits water utility requests for additional revenues to help ensure service is high-quality, prudent, and affordable. ORA represents customers at the CPUC and participates in other statewide planning processes

such as the Department of Water Resources and on the Water-Energy Team of the California Action Team.

In 2013, ORA reviewed nearly \$156 million in water utility requests to increase revenues. ORA's work on water cost of capital cases achieved CPUC decisions that saved water ratepayers \$9.4 million annually. ORA negotiated a settlement with the small water utilities that reduced their requested return on equity for cost of capital from 11.25% to 9.79%. ORA also negotiated \$36.5 million in savings for Cal Water Service's rate case for its 32 districts, which is pending CPUC approval. Final 2013 CPUC decisions resulted in \$17.7 million in reduced revenue requests, which will result in an averaging monthly savings of \$5.16 per customer. ORA is in the process of reviewing Cal Am's proposals for more than \$70 million in capital projects and over \$123 million in operating expenses, as part of its 2014 general rate case. ORA will publish its findings in early 2014.

In 2013, ORA litigated the settlement request of Cal Am and the County of Monterey that ratepayers should reimburse Cal Am \$3.5 million for its now defunct desalination plan for the water constrained Monterey Peninsula. ORA advocated that Cal Am's ratepayers should not be required to fund this request because the settlement is not consistent with the law or in the public interest.

ORA also worked to develop key water policies to provide guidance for developing programs that will shape issues of safety, conservation, and affordable rates in the water industry. In response to ORA's petition, in December 2013 the CPUC opened a new Water-Energy Nexus proceeding that will consider new polices and joint funding for implementing innovative approaches to conserve both water and energy, which are often intertwined. Additionally, ORA advocated that the CPUC develop a comprehensive guidance document to determine whether water rates should be consolidated across water utility districts on a case-by-case basis, in order to ensure fairness, affordability, and that conservation policies are not undermined.

Communications

ORA advocates for the fair treatment of wireline and wireless telephone service customers, as well as to ensure that there is equal access to broadband services at reasonable rates. ORA's Communications

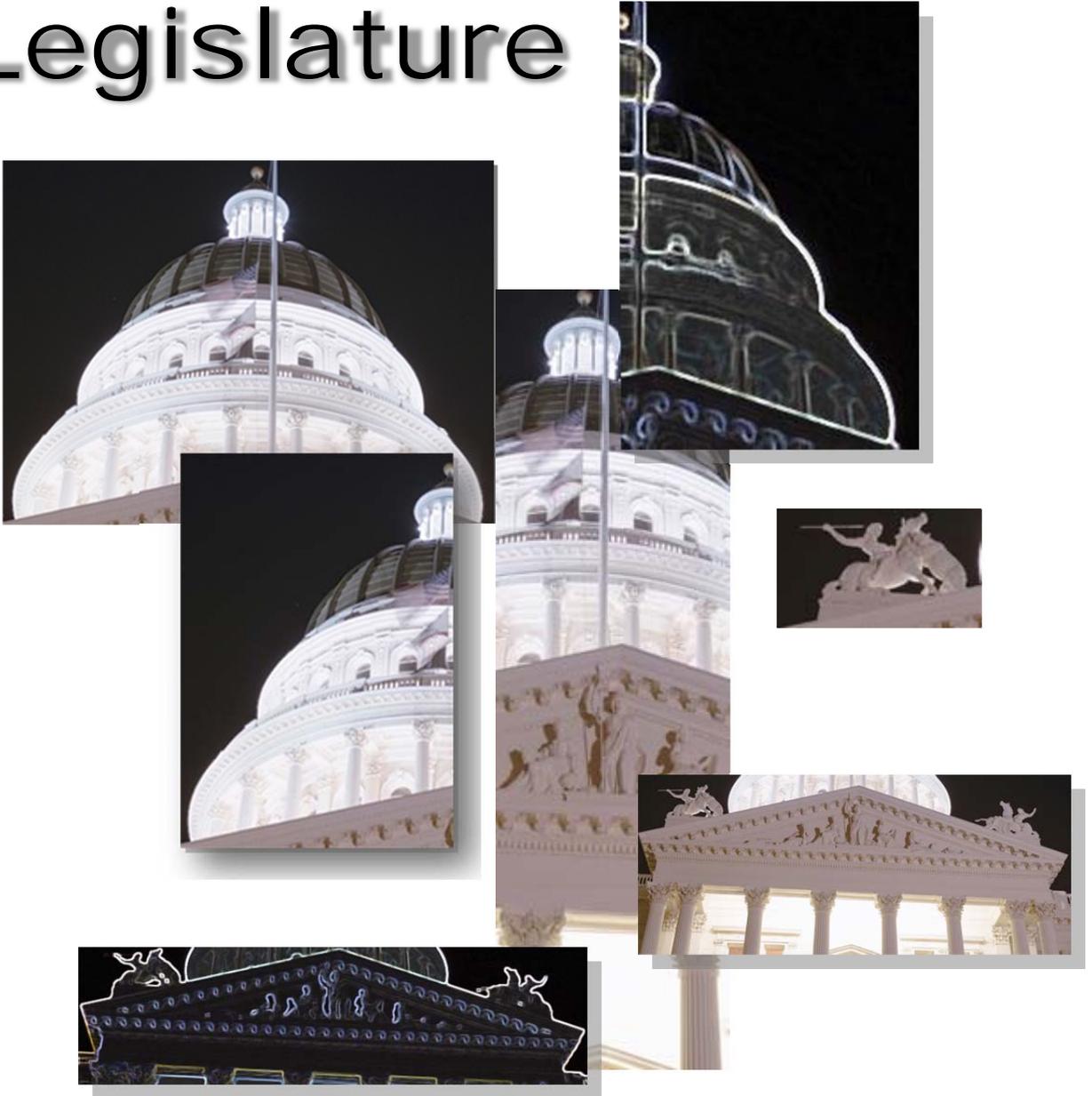
efforts in 2013 primarily focused on affordability, consumer protection, and service quality. ORA supports programs that promote greater access to telephonic service across communications technologies, given that telecommunications is a basic societal necessity for consumers. In 2013, ORA reviewed utility requests associated with the CPUC's oversight of approximately \$1 billion in Universal Service program funds, to help ensure that these programs were operated prudently and consistent with public benefit. ORA also advocated for consumer protections, basic access to quality service, and to keep costs affordable. ORA supported the CPUC's proposed rules that extend the LifeLine program to wireless technology, which is often the most affordable option for many customers. Additionally, ORA advocated that the High Cost Fund-B program, a special CPUC fund that subsidizes rural areas that are typically more expensive to serve, should demonstrate that the funds are used appropriately by utilizing a transparent per access line subsidy process to target those most in need, yet reduce the size of the fund for other California customers who fund it.

ORA supports the state's goals to reduce the "digital divide" in California and advocated that CPUC broadband subsidy programs should be accountable for achieving those goals. ORA recommended that audits for the California Technology Fund (CTF) program can aid in ensuring the program meets its statutory mandate while protecting ratepayers' investment. Likewise, the California Advanced Services Fund (CASF) program should demonstrate that it is achieving customer adoption, as well as deployment, in its efforts to provide improved broadband access in unserved and underserved areas of California. For the Digital Infrastructure and Video Competition Act (DIVCA) program, ORA proposed allowing public input to the updated, streamlined renewal process to increase transparency and evaluate customer service performance.

Ultimately, ORA supports the highest quality of communications service for all customers. ORA advocated adoption of the CPUC's 2013 decision to ensure network service quality by funding a study that will evaluate network facilities and by promoting company practices that ensure carriers meet consumer needs and adequate public safety in all regions, including inner cities.

**ORA's 2013 Online Annual Report
features highlights of its 2013 work.**
<http://www.ora.ca.gov/AR2013.aspx>

Report to the Legislature



On or before January 10 of each year, the Office of Ratepayer Advocates (ORA) is required to provide to the Legislature:³

- The number of personnel years assigned to ORA and a comparison of the staffing levels for a five-year period.
- The total dollars expended by ORA in the prior year, estimated total dollars expended in the current year, and the total dollars proposed for appropriation in the following budget year.
- Workload standards and measures for ORA.

ORA currently has 142 authorized positions.⁴ At its peak, ORA was comprised of eleven branches with over 200 employees. The table below provides a comparison of current staffing levels with those over the past five years.

ORA Staffing Levels for a 5 Year Period

Fiscal Year	Total ORA Staff	Explanation
2010 / 2011	142	2 positions added to Electricity Pricing and Customer Programs Branch for Energy Efficiency and Low-Income Issues
2011 / 2012	142	2 positions were redirected to cover Natural Gas policy issues
2012 / 2013	137	Reduction by Executive Order
2013 / 2014	142	2 Financial Examiners for Water proceedings, 2 positions for Natural Gas Safety, 1 Financial Examiner for Electricity Resource Recovery Accounting
2014 / 2015	142	No new positions requested

³ This report is submitted in compliance with Section 309.5 (f) and (g) of the Public Utilities Code.

⁴ Except for the Chief Counsel position which was authorized by Senate Bill 608, the CPUC Legal Division assigns attorneys to support ORA's staff in litigation matters. These attorneys are provided to ORA by the CPUC's legal division at a cost to ORA, but are not ORA staff. The cost for legal resources is included in ORA's budget.

ORA is led by an executive management team, which oversees ORA's five branches covering the issues of energy, water, and communications. ORA is served by an acting director pending a decision of the governor on a permanent appointment.

Acting Director, Joe Como: Joe Como has served as ORA's acting director since August 2010. The acting director manages the activities of three Energy branches, the Water branch, and the Communications & Water Policy branch.

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

Deputy Director / Water, Communications, and Governmental Affairs, Matthew Marcus: Matthew Marcus oversees the activities of ORA's Water branch and the Communications and Water Policy branch. The Water Branch primarily works on general rate cases to ensure monthly service bills are affordable and service is safe and reliable. The Communications and Water Policy Branch works on telecommunications and broadband issues to help ensure customers continue to have access to high-quality, reliable and affordable services and on water policy issues to help ensure the state's laudable goals such as conservation, recycling, and water-energy nexus issues are achieved most prudently. Matthew is also responsible for ORA's activities in Sacramento and leads ORA's legislative lobbying and educational efforts, as well as responding to inquiries from Assembly and Senate offices and the office of the Governor.

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

Acting Chief Counsel, Karen Paull: Karen Paull is responsible for overseeing all of ORA's legal issues and managing attorneys as assigned by the CPUC, pursuant to SB 608.

ORA's 142 authorized staff positions, including management and administrative positions, are allocated across the six ORA branches in the areas of Energy, Water, Communications, and Administration (11).

ORA branches are managed by its program managers:

- Energy Branches (82 Staff):
 - ▶ **Energy Cost of Service (ECOS)**, R. Mark Pocta
 - ▶ **Electricity Planning and Policy (EPP)**, Chloe Lukins
 - ▶ **Electricity Pricing and Customer Programs (EPCP)**, Mike Campbell
- Water Branch (29 Staff), Danilo Sanchez
- Communications & Water Policy Branch (20 Staff), Vacant

ORA's staff consists of technical, policy, and financial analysts with professional backgrounds as engineers, auditors, and economists with expertise in the regulatory issues of electricity, natural gas, water, and telecommunications. ORA's staff decreased in 2012 / 2013 due to the Governor's Executive Order to state agencies to streamline their budgets. ORA's staff increased by 5 positions in 2013 / 2014 due to a need for greater financial auditing expertise in the areas of natural gas pipeline safety, water rate cases, and true-up of electricity procurement.

ORA's Budget

Each year ORA reports to the Legislature the total dollars expended by ORA in previous budget cycles, estimated total dollars expended in the current year, and the total dollars proposed for appropriation in the upcoming budget year.

ORA's Budgets over the Past Five Fiscal Years

Fiscal Year	Total Budget Including Reimbursable Contracts ⁵
2010 / 2011	\$28,554,205
2011 / 2012	\$27,283,000
2012 / 2013	\$27,535,000
2013 / 2014	\$27,375,000
2014 / 2015	\$28,180,000

ORA develops its budget internally and then works with the CPUC to ensure ORA has sufficient resources, including assignment of attorneys and other legal support for the effective representation of consumer interests.⁶ ORA's budget is statutorily designated as a separate account into which funds are annually transferred via the annual Budget Act to the CPUC Ratepayer Advocate Account, to be used exclusively by ORA in the performance of its duties. ORA's \$28.2 million proposed budget for fiscal year 2014 / 2015 is a small increase over the previous year. The total budget includes staffing, legal services, and administrative overhead.

⁵ The ORA annual budget includes an authorization for reimbursable contracts. ORA is reimbursed for these costs by the relevant utilities. For FY 2014 / 2015, the proposed amount is \$3,000,000. Actual expenditures for reimbursable contracts occur only if there are proceedings that allow for reimbursable contracts. Examples include audits, mergers, and major resource additions, such as the construction of a transmission facility for which ORA may need to contract for expert consultant services to assist ORA in analyzing the utility request or application. In addition, the Department of Finance is currently auditing the CPUC and may have adjustments to the costs ORA is actually incurring that could impact the total budget requirements of ORA.

⁶ Public Utilities Code Section 309.5 (c): The director shall develop a budget for the office that shall be subject to final approval of the Department of Finance. As authorized in the approved budget, the office shall employ personnel and resources, including attorneys and other legal support staff, at a level sufficient to ensure that customer and subscriber interests are effectively represented in all significant proceedings. The office may employ experts necessary to carry out its functions. The director may appoint a lead attorney who shall represent the office, and shall report to and serve at the pleasure of the director. The lead attorney for the office shall obtain adequate legal personnel for the work to be conducted by the office from the commission's attorney appointed pursuant to Section 307. The commission's attorney shall timely and appropriately fulfill all requests for legal personnel made by the lead attorney for the office, provided the office has sufficient moneys and positions in its budget for the services requested.

ORA Workload Standards and Measures

ORA measures its workload in three ways:

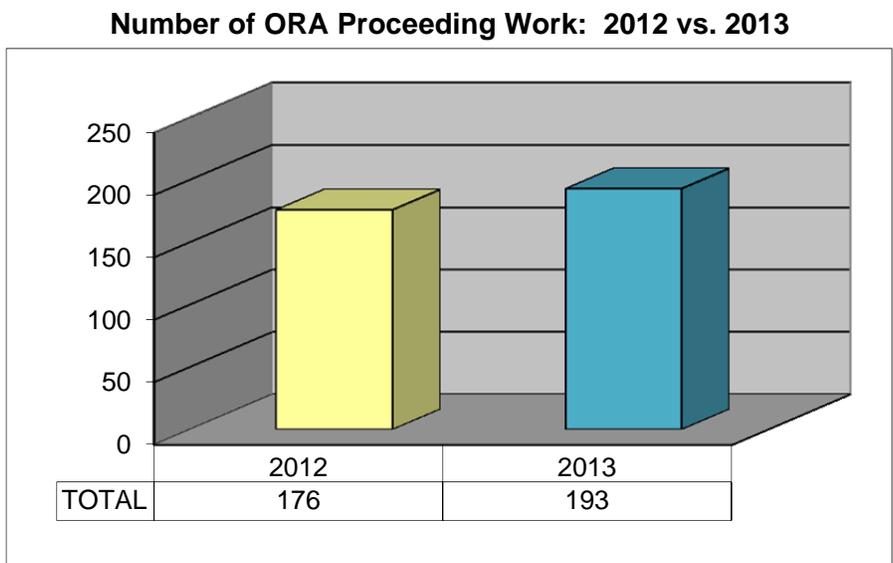
- The number of proceedings⁷ in which ORA participates.
- The number of pleadings⁸ filed by ORA with the CPUC.
- The number of outreach and education contacts.

ORA's Proceeding Work

In 2013, ORA participated in 193 formal CPUC proceedings. These numbers do not reflect the greater complexity of the issues being addressed by ORA in omnibus proceedings addressing greenhouse gas emissions, renewable resource development, procurement and transmission working groups, water conservation, and other major initiatives. ORA is often the only voice representing consumer interests in a number of these proceedings. Since the CPUC relies on a formal evidentiary record in rendering its decisions, ORA's participation is essential to ensure that the CPUC has a record that reflects the interests of California's customers.

The following charts represent the total number of formal CPUC proceedings in which ORA participated in 2013 in comparison to 2012 proceeding participation, as well as broken out by industry group.

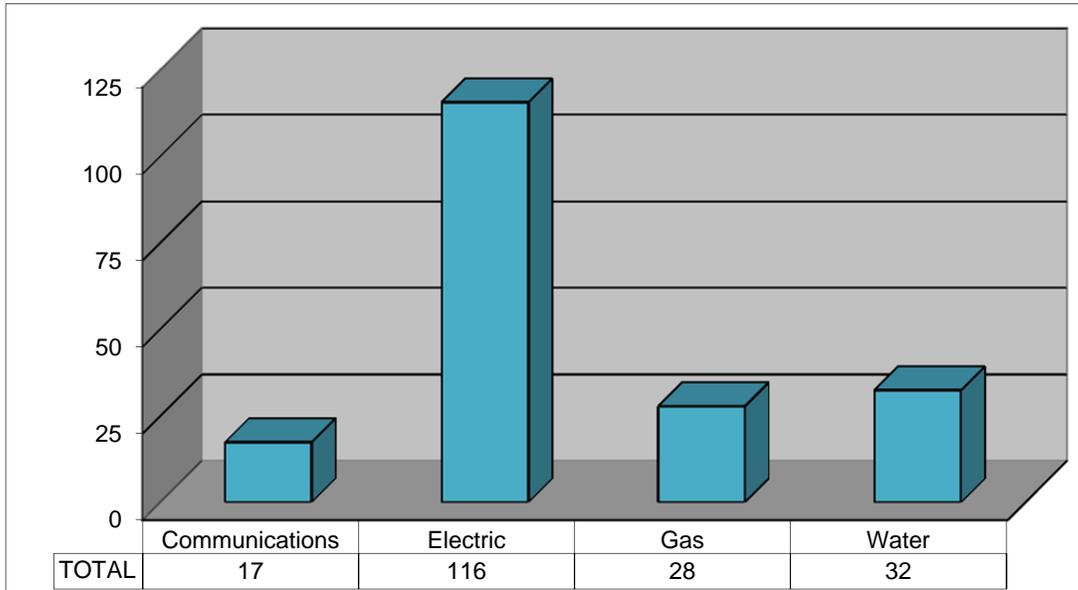
The number of Proceedings that ORA worked on in 2013 = 193



⁷ A Proceeding is a formal case before the CPUC in which a legal record is developed. It may include an evidentiary hearing with the opportunity to cross-examine witnesses.

⁸ A Pleading is a legal document filed in a formal proceeding before the CPUC. The CPUC conducts proceedings regarding a wide variety of matters such as applications to raise rates, CPUC investigations, CPUC rulemakings, or complaint cases. In a typical proceeding, pleadings filed by ORA might include a protest to a utility application, a motion for evidentiary hearings, opening and reply briefs, and opening and reply comments on a proposed decision, CPUC rulemaking, or CPUC investigation.

Number of 2013 ORA Proceeding Work by Industry



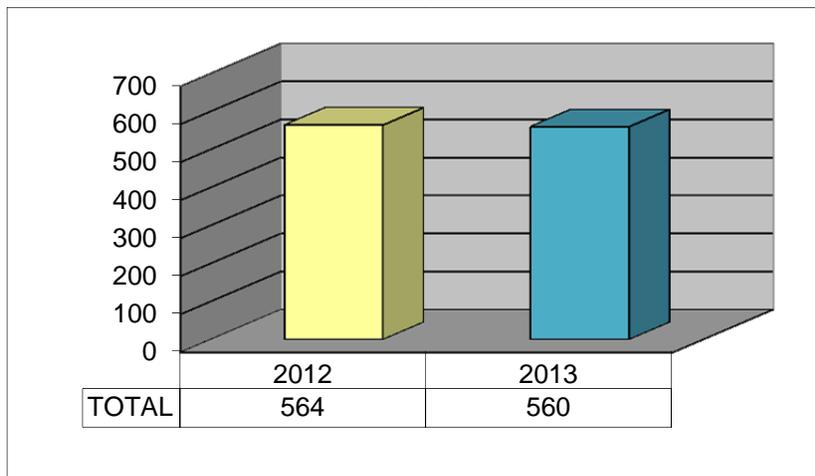
ORA's Pleading Work

ORA staff and attorneys file hundreds of pleadings annually on behalf of customers covering issues related to electricity, natural gas, water, and communications. In 2013, ORA filed 560 pleadings in formal CPUC proceedings.

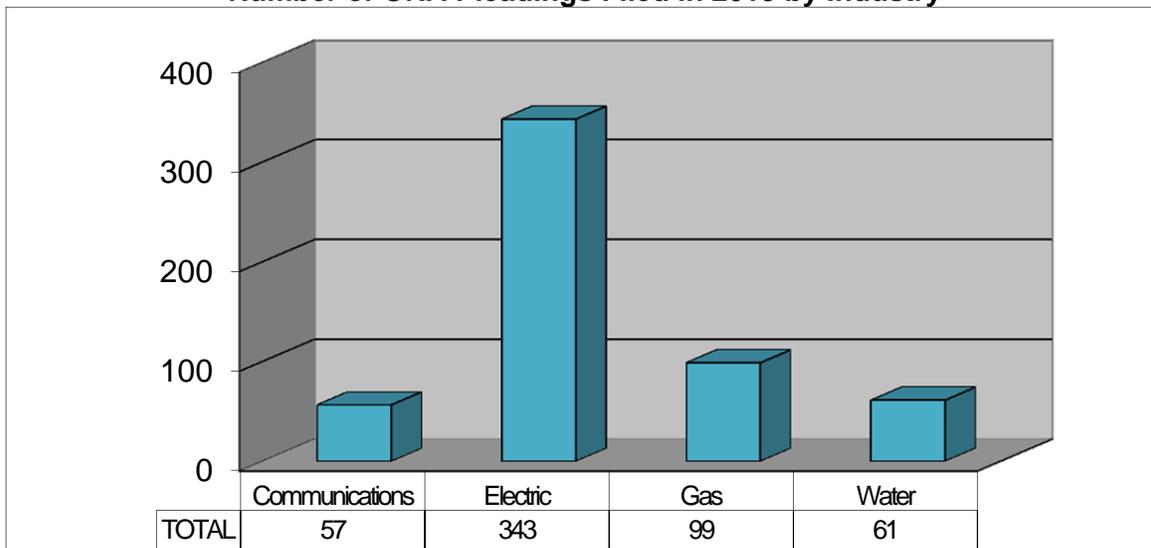
The following charts represent the comparison of the number of pleadings ORA filed in 2013 in comparison to 2012, as well as broken out by industry group, respectively.

The number of Pleadings ORA filed in 2013 = 560

Number of ORA Pleadings Filed: 2012 vs. 2013



Number of ORA Pleadings Filed in 2013 by Industry



Additionally, ORA filed numerous responses to utility advice letters in which the utilities often seek CPUC authority via a more informal process.⁹

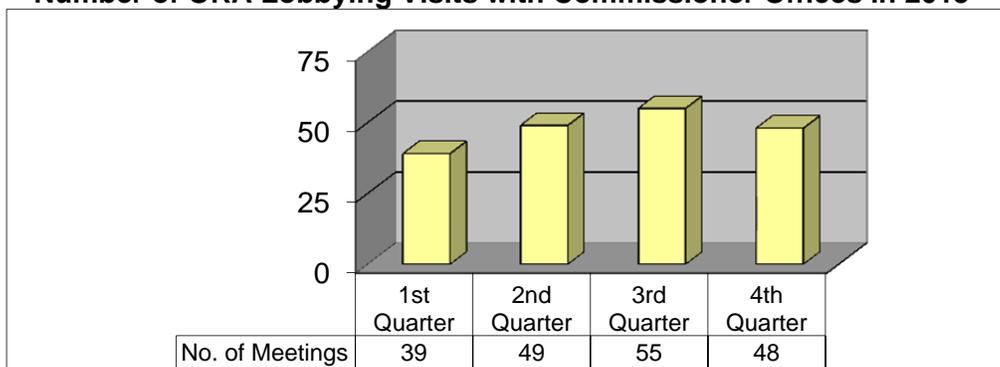
Beyond its participation in formal and informal CPUC proceedings, ORA is an active participant in proceedings at the California Energy Commission, the California Independent System Operator (CAISO), and the California Air Resources Board, where policy-making will impact ratepayers. ORA also provides consumer representation in other forums related to the CPUC’s proceedings such as meetings to review utility procurement decisions, the Low-Income Oversight Board (LIOB), telecommunications public policy committees, industry committees of the National Association of State Utility Consumer Advocates (NASUCA), and the Pacific Forest and Watershed Stewardship Council.

ORA Outreach and Education

ORA has also developed measures to improve the quality of its work product and increase the effectiveness of its advocacy efforts. In this regard, ORA also measures its CPUC lobbying efforts by tracking the number of contacts it has with commissioners and their advisors in connection with CPUC proceedings.

ORA lobbied Commissioners and/or their Advisors nearly 200 times.

Number of ORA Lobbying Visits with Commissioner Offices in 2013¹⁰

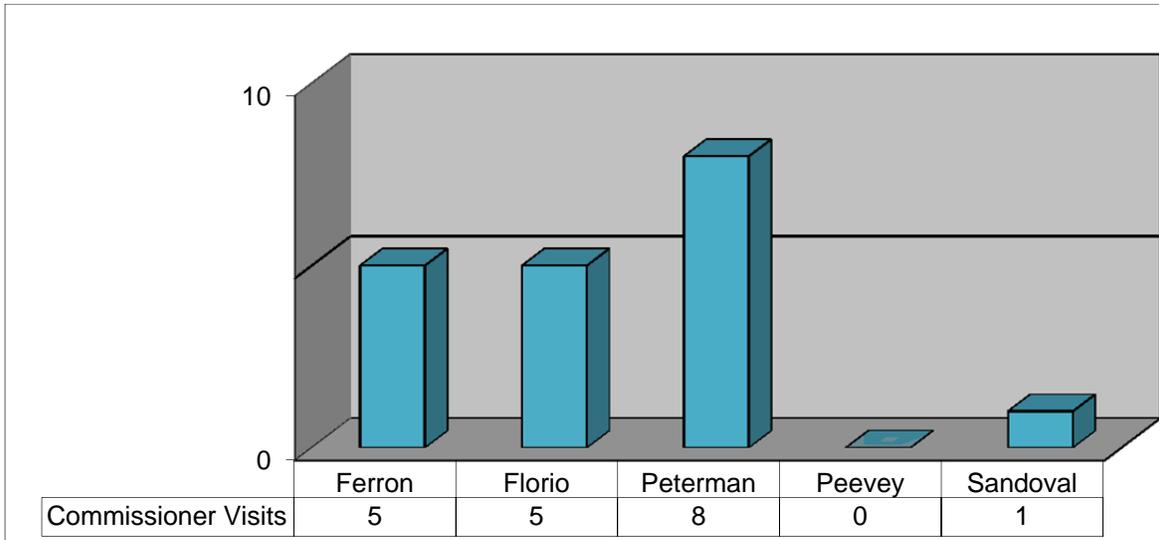


⁹ An Advice Letter is a filing by a utility seeking authority to spend ratepayer money or set/change policies which may have a significant impact on ratepayers. Utility requests via advice letters are typically authorized by a CPUC decision adopted in a formal proceeding, which sets certain parameters for determining whether the advice letter request is valid and should be granted.

¹⁰ This figure reflects the number of meetings between ORA representatives and CPUC Commissioners or their Advisors.

ORA met directly with Commissioners 19 times.

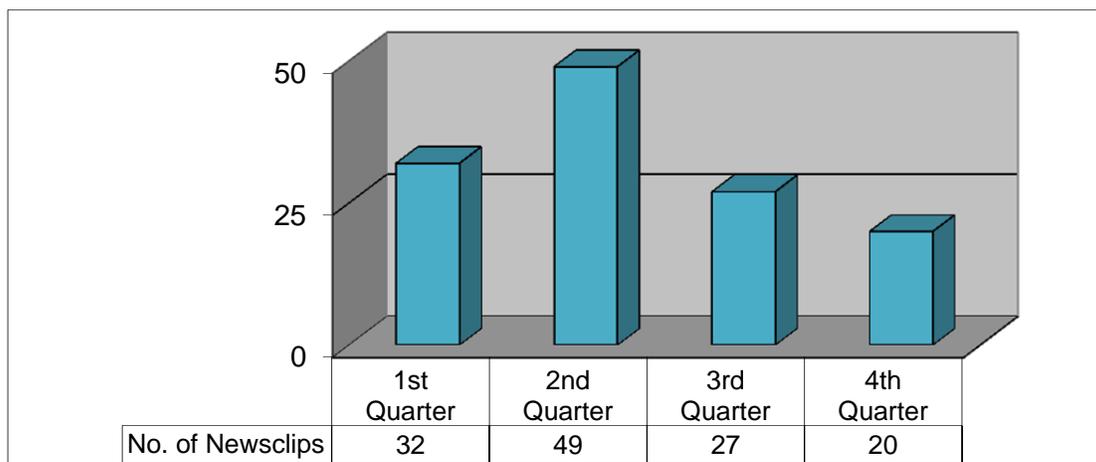
ORA asks for meetings with CPUC commissioners to discuss important ratepayer issues. The following are the number of individual meeting requests that were granted by each commissioner.



ORA reached the public through the media 128 times.

In an effort to create greater transparency of ORA’s advocacy work in the CPUC decision-making process and the outcomes which will affect the daily lives of Californians, ORA reaches out to the public via the press, internet, and social media. ORA’s efforts resulted in 128 press mentions in large and small California media outlets across the state. Additionally, ORA aided in providing the ratepayer perspective in numerous other news stories.

2013 ORA Press Mentions



Additionally, ORA works with a wide variety of stakeholders including small business organizations, community and environmental groups, and other consumer oriented organizations to augment the voice of customers before the CPUC and in other forums.

Lobbying in Sacramento



ORA actively participates in the Legislative and Budget processes in Sacramento by working directly with the Governor's office, Legislature, Department of Finance, Legislative Analyst's Office, and other related entities. ORA achieves its statutory mission to represent the customers of investor-owned utilities for energy, natural gas, water, and communications in Sacramento by:

- Taking positions on bills.
- Testifying in informational and bill hearings.
- Providing technical legislative and constituent assistance.
- Participating in working groups.
- Providing updates on CPUC and ORA actions.

ORA does this by maintaining a full-time presence in Sacramento. In 2013, ORA worked directly with Member offices and testified on many public utilities bills:

Energy

AB 177 (Perez, V. M.) -- would have required the investor-owned electric utilities to procure all available demand side and clean, eligible renewable energy resources to achieve the state's goals to reduce emissions of greenhouse gases and meet the state's resource adequacy goals in the most cost-effective manner possible.

AB 217 (Bradford) -- extends the existing Single Family Affordable Solar Homes program to the end of 2021, and provides an additional \$108 million toward installing 50 MW of solar technologies at qualifying low-income residences.

AB 270 (Bradford) -- requires the CPUC to direct the three large investor-owned utilities to coordinate in establishing a public website with energy efficiency program information, as specified.

AB 327 (Perea) -- provides the CPUC with authority to modify the current residential rate design structure; provides additional legislative guidance on net-energy metering for distributed on-site renewable installations; provides guidance on the statewide low-income CARE program standards and eligibility requirements; requires the investor owned utilities to conduct distribution planning; and authorizes the CPUC to require additional wholesale renewable procurement beyond 33 percent, as specified.

AB 448 (Quirk) -- would have required the California Energy Commission, as part of its Integrated Energy Policy Report, to include an assessment of overall ratepayer impacts for the electrical utilities to comply with California's Renewable Portfolio Standard program.

AB 922 (Patterson) -- would have required the CPUC to authorize an electric or gas corporation to verify, by the submission of proof of income, the continuing eligibility of participants in the CARE program regardless of the manner in which the participant was first enrolled in the program.

AB 1274 (Bradford) -- prohibits a customer premises network provider, as defined, from sharing, disclosing, or otherwise making a customer's electric or gas consumption data accessible to a third party, except upon the express consent of the customer.

SB 37 (de León) -- would have authorized the CPUC to require an investor-owned electric or gas utility to create an "on-bill repayment" program to provide financing services for energy retrofit loans, as specified.

SB 48 (Hill) -- would have required the CPUC to consolidate all review and approval of ratepayer-funded research programs by 2016; to adhere to peer review and competitive standards for research funding approval; and to comprehensively report all ratepayer-funded research and development projects.

SB 291 (Hill) -- requires the CPUC to develop and implement procedures for staff issuance of safety citations and for cited entities to appeal citations.

SB 418 (Jackson) -- would have required an investor-owned utility that files for relicensing of a nuclear power plant at the Nuclear Regulatory Commission, using ratepayer funding, to submit to the CPUC a detailed study on power plant operational needs and costs to assess the continued operation cost-effectiveness, as specified.

SB 656 (Wright) -- updates the California Public Utilities Code regarding customers' information access to direct access provider options; provides consumer protection standards for gas service providers, as specified.

SB 743 (Steinberg, Padilla) -- would have authorized the CPUC to increase California Alternate Rates for Energy rates in a limited manner for participants with electricity usage up to 130 percent of baseline quantities by the annual percentage increase of the Consumer Price Index from the prior year, but not to exceed 4 percent per year.

Water

SB 489 (Fuller) -- would have authorized the CPUC to appoint a receiver to assume possession of specified water corporation's property and to operate its system according to the terms and conditions prescribed by the CPUC.

Communications

AB 300 (Perea) -- would have created a new wireless phone surcharge and remittance system specifically for prepaid wireless phone services, as specified.

AB 911 (Bloom) -- would have required Multi-Line Telephone System providers to equip their systems with the ability to provide a Public Safety Answering Point with a more precise location from which the 911 call originates.

AB 1299 (Bradford) -- requires the CPUC to dedicate up to \$25 million from the California Advanced Services Fund toward publicly supported housing in urban areas.

AB 1407 (Bradford) -- would have repealed and modified certain provisions of the Moore Universal Telephone Service Act regarding the low-income LifeLine program.

SB 50 (Lieu) -- requires cost and contact information disclosure for all public payphone services regardless of payment method.

SB 129 (Wright) -- extends the sunset date of the Deaf and Disabled Telecommunications Program until 2020.

General Regulation

AB 415 (Garcia) -- would have established a legal defense for regulated entities against CPUC enforcement activities by citing "reasonable good faith reliance upon the direction and advice of commission staff."

SB 611 (Hill) -- would have made specified changes to ORA regarding its budget and staffing resources.

