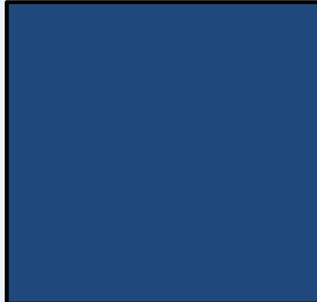
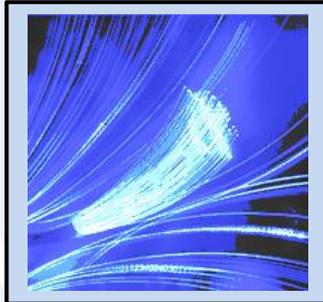




Annual Presentation to Senate Energy, Utilities, and Communications

Joe Como, Acting Director

March 3, 2015



Public purpose program charge: \$340.17
 Franchise fees represent 397.06 of your total charges.
 Your Generation charges include \$5.99 for the Comp Transition Charge.
 DWR provided 21.961% of the energy you used this m

Electric Charges	\$351.47	Baseline Quantity	340 20000 Kwh
Baseline Usage	340 20000 Kwh @ \$0.11430	101-150% of Baseline	102 00000 Kwh @ \$0.11989
		151-200% of Baseline	222 140000 Kwh @ \$0.22699
		201-300% of Baseline	340 20000 Kwh @ \$0.31602
		Over 300% of Baseline	382 52903 Kwh @ \$0.38162
Net Charges	\$351.47		

DWR
 Energy - Summer
 On peak 1.993 kWh x \$0.07981 \$159.66
 Mid peak 2,216 kWh x \$0.07981 \$200.78
 Off peak 2,710 kWh x \$0.07981 \$216.29
 Energy - Winter
 Mid peak 1,235 kWh x \$0.07981 \$98.57
 Off peak 2,798 kWh x \$0.07981 \$223.47



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
- Matthew Marcus** - Deputy Director for Water, Communications, & Governmental Affairs
- Linda Serizawa** - Deputy Director for Energy
- Cheryl Cox** - Policy Advisor
- Mary McKenzie** - 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 2014, 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 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.
2. Contributes to the development of GHG mitigation policy, including Cap & Trade, Distributed Energy Resources such as Electric Vehicles and Energy Storage, and interconnection of preferred resources.
3. Emphasizes cost-effective Transmission planning at both the CPUC and CAISO.

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. Ubiquitous deployment and adoption of Broadband.
5. Cost-effective 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 2014, ORA successfully represented utility customers:

- Advocated in 175 CPUC proceedings.
- Filed 535 pleadings in CPUC proceedings.
- Met with CPUC Commissioners' offices 184 times.
- Participated in numerous CPUC informal meetings and workshops.
- Represented customers in other forums related to CPUC proceedings, including CARB, CEC, CAISO, and FERC.
- Served as an informational resource to the Legislature.



2014 Ratepayer Savings

Saved Customers \$160 for Each Dollar Allocated to ORA

ORA's efforts saved residential and small business customers approximately \$4 billion:

- ▶ Energy Customer Savings: **\$3.9 billion**
- ▶ Water Customer Savings: **\$50 million**
- ▶ Communications Customer Savings: **Achieved by advocating for increased customer benefits & protections with avoided costs.**



2014 Advocacy & Achievements: Energy

ORA saved energy customers nearly \$4 billion.

PG&E:

PG&E General Rate Case: Savings = \$2.4 billion

Found that PG&E's \$5 billion cumulative request to increase its revenues for 2014-2016 was significantly over-estimated, which the CPUC reduced by \$2.4 billion.

PG&E Pipeline Safety Plan Update: Savings = \$23 million

Based on PG&E's discovery of new pipeline records, ORA reached agreement to further reduce PG&E's proposed \$53 million reduction by an additional \$23 million, without impact to scope of work or safety.

San Bruno Penalties - Pending: Advocated for a \$2.25 billion penalty for PG&E as a result of the 2010 San Bruno disaster. Urged modification of CPUC's proposed \$950 million fine by reducing to \$473 million, and applying the \$477 million difference toward reducing costs for improving safety of PG&E's gas pipeline system.

PG&E Gas Transmission & Storage - Pending: Determined PG&E only needs half of its \$2 billion request to operate safely and reliably. PG&E significantly over-estimated costs of hydro-testing its transmission pipes.



2014 Advocacy & Achievements: Energy

Edison:

SONGS Outage: Savings = \$1.4 billion

Negotiated a settlement with the utilities and key stakeholders that requires customer refunds as of the 2012 shutdown date.

Edison Economic Development Rates: Savings = \$13 million

Negotiated with stakeholders the design of reasonable electric bill discounts for qualifying large commercial and industrial customers.

Edison General Rate Case (GRC) - Pending: Found that Edison's \$841 million cumulative request to increase its rates for 2015-2017 should decrease by \$600 million.

Sempra:

SoCalGas GRC - Pending: Protested proposed increase of 2016-2018 revenues by \$1.1 billion. Reviewing reasonableness of estimates in staffing, incentives/awards, operations & maintenance, customer service, new programs/initiatives.

SDG&E GRC - Pending: Protested request to increase 2016-2018 revenues by \$688 million. Reviewing reasonableness of estimates in staffing, incentives/awards, forecasts of operations & maintenance, customer service, and administrative costs.



2014 Advocacy & Achievements: Energy

Rate Design:

Residential Rate Re-design: Worked collaboratively with stakeholders to develop updated framework that will achieve the state's goals to re-balance rates. Opposed fixed charges which are at odds with incenting conservation and may harm customers that use the least energy.

GRC Process Improvements: Supported streamlining GRC process and incorporating safety risk assessment and more accountability for safety in process. Recommended internal CPUC audit with metrics and verification of cost-effectiveness, and transparency with improved public participation.

Smart Meter Opt-out: Savings = \$20.6 million

Successfully influenced final CPUC program, which will save customers \$20.6 million.

California Climate Credit: Advocated for a Cap & Trade program for natural gas customers comparable to the credit program for electricity customers, which will send a transparent carbon price signal and result in a semi-annual customer climate credit.



2014 Advocacy & Achievements: Energy

Procurement:

- **Renewables:** Supported adoption of cost-effective RPS plans and rules, and successfully advocated for improved transparency, monitoring, and interconnection rules to ensure needed transmission.
- **SONGS Replacement Power:** Successfully advocated for Edison and SDG&E to be required to partially replace power with preferred resources such as energy efficiency, renewables, and storage.
- **Resource Adequacy (RA):** Advocated to allow all resources, especially the least polluting, to support reliability. Demonstrated that unplanned power plant retirement is unlikely so that current one-year ahead RA program is sufficient.



2014 Advocacy & Achievements: Energy

Distributed Energy Resources (DER):

- **DER Planning:** Supported AB 327 goals to integrate DER to optimize ratepayers' investment in smart grid technologies, and urged establishment of criteria, benchmarks, and accountability.
- **Electric Vehicles (EV):** Supported the governor's vision to significantly increase EVs to achieve climate goals. Urged
 - appropriately scoped, scaled, and targeted utility pilot programs.
- **Demand Response (DR):** Successfully shaped improvements to third party DR aggregators to terminate poor performing contracts, and urged competition as a means of improving performance and lowering cost.



2014 Advocacy & Achievements: Water

ORA's advocacy efforts saved water customers on average \$7.76 per month.

General Rate Cases:

GRCs	Total Requested Increase	ORA Recommendation	Savings
California Water Service – 23 Districts 2014-2016 Rates (Settlement - Final Decision)	\$93 million	\$56.2 million	\$36 million
Suburban Water Systems 2015-2017 Rates (Settlement – Final Decision)	\$15 million	\$7 million	\$2 million
Apple Valley Ranchos 2015-2017 Rates (Partial Settlement - CPUC Proposed Decision Pending)	\$3.1 million	\$2.8 million	\$334,000
Cal Am Water Company 2015-2017 Rates (Partial Settlement – CPUC Proposed Decision Pending)	\$18.4 million	\$2.9 million	\$15.6 million



2014 Advocacy & Achievements: Water

Advocated for Affordability, Conservation, and Prudent Investment.

- ▶ **Affordability:** Recommended 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 the Governor's Executive Order on Drought Actions, and recommended continuing cost-effective conservation program funding.
- ▶ **Investment:** Reviewed over \$200 million in capital investment projects to ensure adequate investment for the provisioning of safe and reliable water service.

- **Consolidated Rates:** Successfully proposed a solution to consolidate water districts based on public benefit, proximity, rate comparability, water supply, and operation.
- **Water-Energy Nexus:**
 - ▶ Urged CPUC to prioritize establishment of a cost-benefit methodology as the most expedient way to address the drought.
 - ▶ Supported development of partnerships between energy and water utilities / agencies necessary to implement successful programs.
- **Recycled Water:** Successfully advocated for a cost-benefit analysis that will demonstrate recycled water project benefits.



2014 Advocacy & Achievements: Communications

Balanced increased customer benefits & protections with avoided costs.

- **Service Quality:** Recommended technology neutral minimum service quality and reliability performance standards with priority for public safety, emergency communications, and for penalties for non-compliance.
- **Rates Cases for Small Telephone Companies:** Recommended the CPUC develop a clear rate case plan that will streamline the process, create transparency and accountability, and ensure that rate cases are processed in a timely manner, beginning in 2015.
- **Broadband:**
 - ▶ **California Advanced Services Fund** - Supported grants and loans to improve deployment and adoption of broadband in California for public housing and under/unserved in rural and urban areas. ORA also supported leveraging federal funding.
 - ▶ **California High Cost Fund-A** - Supported subsidies to aid small telephone companies to provide Voice and Broadband services to high cost communities. Given funds are collected from all California voice telephone service customers, recommended policies that encourage these companies to operate more efficiently by capping corporate expenses and counting broadband revenues to ensure subsidies are not excessive.



National Issues Impacting Californians:

- **Comcast-Time Warner Cable Merger:** Recommended the CPUC deny approval. ORA advocated before the CPUC for vibrant competition that drives investment, innovation, lower prices, and improved customer service.

- **Open Internet:** Supported an Open Internet which will allow customers to receive unobstructed access to the entire Internet at consistent speeds necessary for communication, information, and education. ORA provided the CPUC with legal analyses which found that the only way to achieve these goals is for the FCC to reclassify broadband service as a telecommunications service with restrained regulation to support policies related to public safety, service quality and reliability, universal service, privacy, and competition. The FCC just adopted Open Internet Rules.



2015 Energy Priorities

ORA aggressively advocates for thorough justification and risk assessment to determine need.

General Rate Cases:

Utility	Current Authorized Annual GRC Revenue	IOU Proposed Cumulative Increase	ORA Recommended Cumulative Increase	Status
Edison (2015-2017)	\$6.3 billion	\$ 841 million	\$245 million	Pending CPUC Proposed Decision
SDG&E (2016-2018)	\$1.78 billion	\$688 million	Testimony Due Mid-April 2015	ORA Filed Protest Dec 2014
SoCalGas (2016-2018)	\$2.10 billion	\$1.1 billion	Testimony Due Mid-April 2015	ORA Filed Protest Dec 2014

Residential Rates: Working to address the gap between high and low tiered rates without adverse impacts to low usage customers, including protections for low income customers.



2015 Energy Priorities

- **SDG&E and SoCalGas GRC Applications:** Issue extensive analysis and Testimony in April 2015.
- **PG&E Gas Transmission & Storage:** Litigate \$1.2 billion proposal, which represents a \$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.
- **Procurement:** Ensure that preferred resources are prioritized to reduce need to procure fossil energy.
- **Resource Adequacy:** Work with stakeholders to refine and establish annual local and flexible procurement obligations for 2016 and 2017.
- **Distributed Resources:** Collaborate with stakeholders to ensure that distributed resources are coordinated to optimize procurement of preferred resources.
- **Electric Vehicles:** Advocate for well-designed pilot programs to determine best ways to increase EV adoption.



2015 Energy Priorities

- **Net Metering:** Collaborate with stakeholders to implement AB 327 in order to appropriately value costs & benefits as well as to ensure the growth of renewables.
- **Cap & Trade Programs:** Evaluate allocation of climate costs and credits for customers.
- **Electric Transmission:** Evaluate utilities' requests for billions of dollars in transmission projects, and consider / develop alternatives, where possible.
- **Energy Efficiency:** Work with stakeholders to improve utilities' multi-billion dollar 2016 programs.
- **Demand Response:** Advocate for improved performance and administration of programs.
- **Low-Income Programs:** Evaluate utility proposals for 2016-2018 CARE and low-income energy efficiency programs to ensure assistance to Californians most in need.



2015 Water Priorities

General Rate Cases:

Water Utilities	Total Requested Increase / (Decrease)	ORA Recommendation	Status
Golden State Water 2016 – 2018 Rates	(\$1.6 million)	Testimony Issued March 6, 2015	Proposed Decision ~Sep 2015
San Jose Water Company 2016 – 2018 Rates	\$35 million	Testimony Due Mid-April 2015	Proposed Decision ~Sep 2015
Park Water Company	\$2.9 million	Testimony Due Early May 2015	Proposed Decision ~Oct 2015

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.

- **Water-Energy Nexus:** Develop sustainable partnerships across water and energy utilities as well as establish a cost-effectiveness calculator to achieve affordable energy savings through water conservation by identifying ways to reduce energy demand in the pumping, treatment, and delivery of water.
- **Consolidated Rates:** Review CPUC proposals regarding affordability and rate design related to conservation efforts.



2015 Communications Priorities

- **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.
- **Service Quality and Reliability:** Establish minimum service quality and reliability standards with viable reporting and enforcement mechanisms.
- **Competition:** Advance competition and customer choice in the voice and broadband markets to ensure affordability, investment, and innovation.
- **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:**
 - ▶ Ensure access to Universal Service Programs that are implemented in an efficient, cost-effective manner.
 - ▶ Ensure public safety and emergency communications are not degraded, but enhanced.
 - ▶ Ensure the communications needs of the deaf and disabled community are addressed.



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

Mr. Como 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

Ms. Serizawa 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

Mr. Marcus 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. He also oversees ORA's legislative and educational efforts before the Governor's office, Legislature, Department of Finance, Legislative Analyst's Office, and other entities.

Policy Advisor, Cheryl Cox

Ms. Cox is responsible for leading ORA's internal education and external communications efforts for ORA's policies. She manages ORA's efforts to educate and persuade policymakers on ratepayer issues for energy, water, and communications. She also oversees ORA's efforts to educate the public through the media, the internet, social media, and working collaboratively with community stakeholders.

Interim Chief Counsel, Mary McKenzie

Ms. McKenzie 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. She also manages the attorneys assigned by the CPUC, pursuant to SB 608.





Contact Information

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Online Annual Report

<http://www.ora.ca.gov/ar2014.aspx>

