



DIVISION OF RATEPAYER ADVOCATES
Dana Appling, Director



Senate Energy, Utilities and Communications
Assembly Utilities and Commerce
March 15, 2010



Overview of Presentation

This presentation satisfies the requirement outlined in Public Utilities Code Section 309.5 that DRA annually appear before Legislature to report on division activities

Presentation focuses on

- Who We Are
- What We Do
- Ratepayer Savings achieved in 2009
- How Ratepayer Savings Were Achieved
- DRA Before Legislature
- Energy Accomplishments and Priorities
- Water Accomplishments and Priorities
- Communication Accomplishments and Priorities
- Additional DRA Facts and Staff Information

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Who We Are

- **Director – Dana Appling**
 - ✓ Appointed by Gov. Schwarzenegger in the fall of 2004, confirmed by Senate
 - ✓ Only California Public Utilities Commission (CPUC) director appointed by and serving at the pleasure of the Governor
- DRA is independent from the CPUC for policy, budget, and resources, but physically housed within the same building in San Francisco
- DRA's statutory mandate as outlined in Public Utilities Code Section 309.5 is to represent and advocate on behalf of public utility customers and subscribers to obtain the lowest possible rate for utility service consistent with safe and reliable service levels
- PU Code Section 309.5 also requires DRA to annually appear before and submit a report to Legislature on specified division activities

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What We Do

- **Before CPUC** - DRA represents and advocates on behalf of ratepayers, as a party, in electricity, gas, communications and water proceedings performing
 - ✓ Auditing & Analysis
 - ✓ Investigation & Discovery
 - ✓ Expert Witness Testimony in Evidentiary Hearings
 - ✓ Legal Briefings
 - ✓ Oral Arguments

- **Before other State Agencies**
 - ✓ DRA advocates for ratepayer protections in policies adopted by other agencies that will affect customers of the utilities under CPUC jurisdiction

- **Before Legislature**
 - ✓ Take positions on bills
 - ✓ Participate in bill and informational hearings
 - ✓ Provide technical assistance to legislative offices
 - ✓ Participate in working group meetings to resolve complex issues

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2009 Ratepayer Savings & Protections

- **DRA saved residential and small business ratepayers more than \$3.3 Billion**

\$ 3.3 Billion

- ◆ **Highlights include**

- ✓ **Energy - \$3.3 Billion**
- ✓ **Water - \$37 Million**

- ◆ **Additional protections also achieved through cost avoidance**

- ✓ **Communications**

- **DRA saved ratepayers \$125 for each 1 dollar allocated to DRA**

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How 2009 Ratepayer Savings Were Achieved

DRA successfully represented IOU ratepayers

- ▶ Participated in 193 CPUC proceedings
- ▶ Filed 657 pleadings in CPUC proceedings
- ▶ Lobbied Commissioners and/or their staff 385 times
- ▶ Protested more than 100 advice letters
- ▶ Represented consumers in other forums related to CPUC proceedings
- ▶ Lobbied Legislature
 - ✓ Provided technical legislative assistance
 - ✓ Took positions on bills
 - ✓ Testified in informational and bill hearings
 - ✓ Participated in working groups





DRA Before the Legislature

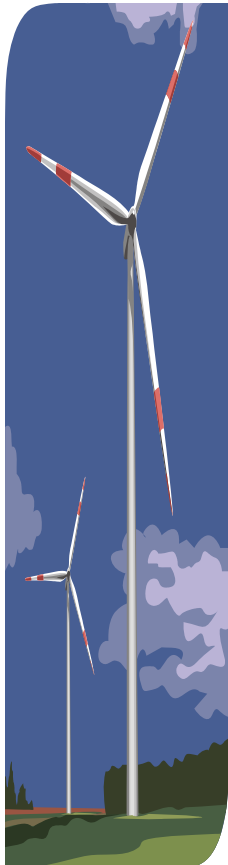
- **DRA has been active on the following issues before the Legislature**
 - ✓ Renewable Portfolio Standard
 - ✓ AB 1X Reform
 - ✓ Greenhouse Gas Emissions
 - ✓ Energy Utility Service Disconnections
 - ✓ Energy Efficiency
 - ✓ Lifeline Telephone Service

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Energy Accomplishments for 2009

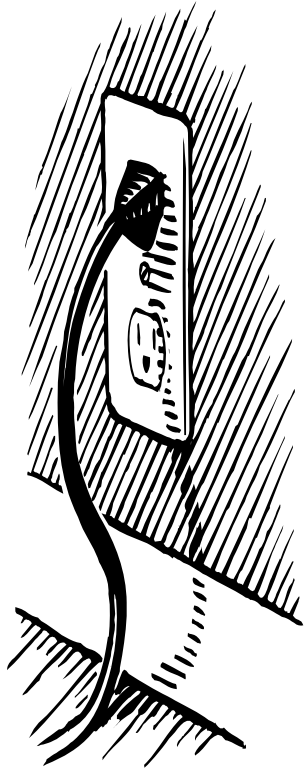


- ▶ **DRA saved ratepayers more than \$3.3 Billion by challenging utility requests for rate increases**
 - **General Rate Cases** - Southern California Edison..... **\$1.4 Billion**
 - Bear Valley..... **\$12 Million**
 - Sierra Pacific..... **\$10 Million**
 - **IOU Energy Efficiency Portfolios**..... **\$900 Million**
 - **PG&E Pensions**..... **\$480 Million**
 - **PG&E Smart Meters**..... **\$100 Million**
- ▶ **Released Energy Disconnection Report - Low income disconnections increased 19%**





Energy Priorities for 2010



- ▶ **IOU Rate Increase Requests** – Perform comprehensive investigations, analyses and evaluations
- ▶ **Cost Effective Achievement of**
 - **Renewable Goals**
 - **AB 32 Greenhouse Gas Goals**
 - **Energy Efficiency Goals**
 - **Smart Meter Deployment**
- ▶ **Mitigate Utility Disconnections**





Water Accomplishments in 2009

- ▶ DRA saved ratepayers more than \$37 Million in Water Utility General Rate Cases

General Rate Cases	Request Reductions	Savings
Apple Valley Ranchos Water Co.	21%	\$0.81 million
California American Water Company (Monterey District)	55%	\$13.5 million
Fontana Water Company	45%	\$5.87 million
San Jose Water Company	50%	\$17.6 million



- ▶ Pushed for the costs of rationing plans to only apply in regions experiencing water shortages and the cost savings achieved from reduced usage be directly passed on to ratepayers
- ▶ Audited California American Water's Water Revenue Adjustment Mechanism - saving ratepayers \$1.4 million
- ▶ Protested 49 improper advice letters - preserving proper regulatory process

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Water Priorities in 2010

- ▶ Advocate for **lower rates** while ensuring safe and reliable service
- ▶ Foster cost-effective **water conservation** and encourage associated energy-saving measures
- ▶ Identify the best **water supply solutions** to address long-term water supply needs
- ▶ **Protect ratepayer interests**
 - Ensure that the record the CPUC Commissioners rely on to make decisions is balanced
 - Ensure CPUC process integrity





Communications Accomplishments in 2009

- ▶ DRA achieved cost savings balancing subscriber benefits & needs with affordable rates

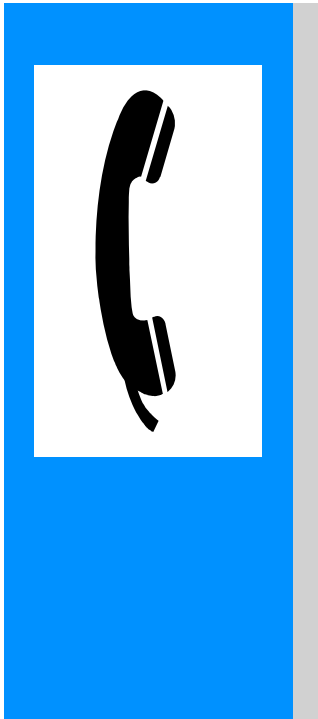


- **LifeLine Telephone Program** – Explored ways to resolve wireline, wireless and legal impediments to adding wireless phone service
- **Service Quality and Reliability** – Improved customer service and information
- **Service Contracts** – Improved contract accessibility, readability, disclosures and legal remedies available to customers
- **Public Safety** – Improved service availability during power outages and increased inspections of utility property





Communications Priorities in 2010



- ▶ **Customer Protections** – Ensure **customers** have timely access to service and bill information, stronger protections against abusive marketing practices and that **utilities** face penalties for service degradation
- ▶ **LifeLine Telephone Program** – Ensure **vulnerable customers** have access to modern technologies while preventing waste and inefficiency
- ▶ **Broadband** – Promote **ubiquitous access** cost effectively and improve grant transparency, accountability and effectiveness
- ▶ **Video Franchise License Holders** – Achieve **compliance** with redlining, build out and Public, Educational and Government (PEG) channel requirements
- ▶ **Public Safety** – Ensure **infrastructure** and **9-1-1 services** are reliable, secure and interoperable





Facts, Activities and Staff

- **History:** CPUC created DRA (formerly known as the Public Staff Division) in the mid-1980's - Legislature then codified DRA in the mid-1990's (SB 960, Statutes of 1996)
- **Budget:** DRA develops its own budget which is funded by its own line item in the State Budget
- **Staff Size:** DRA has 140 authorized positions, including economists, engineers, policy analysts, auditors and accountants
- **Legal Resources:** CPUC's Legal Division assigns lawyers to represent DRA in individual proceedings
- **Creation Of DRA's Chief Counsel:** SB 608 (Escutia, Statutes of 2005) authorized the DRA Director to appoint a Chief Counsel to represent the division and to oversee the lawyers assigned by the CPUC to DRA

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Executive Management Team

Dave Ashuckian, *Deputy Director*, oversees DRA's three energy branches: one dedicated to traditional electricity and natural gas utility ratemaking issues; one devoted to rate design and customer programs; and one focused on resource planning and policy

Phyllis White, *Deputy Director*, oversees the Communications Policy Branch, which includes newly added video services, and the Water Branch

Joseph Como, *Chief Counsel*, oversees DRA legal activities, working with CPUC's Legal Division to manage and coordinate legal resources to support and enhance DRA advocacy in CPUC proceedings

Matthew Marcus, *Legislative Director*, based in Sacramento, represents DRA in legislative hearings and meetings; ensures that legislators know that DRA is a resource on utility issues; coordinates timely responses to legislative requests and input on bills that affect utility consumers

Vacant, *Policy Advisor*, facilitates strategic initiatives and outreach to industry, customer groups, legislature, and other government entities; provides input on policy issues, coordinates DRA lobbying of commissioners and their advisors

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