

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of San Diego Gas & Electric Company (U 902-M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2019.	Application 17-10-007 (FILED October 6, 2017)
Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2019.	Application 17-10-008 (FILED October 6, 2017)

**OPENING BRIEF OF SAN DIEGO CONSUMERS' ACTION NETWORK
(SDCAN) OF SDG&E's PHASE 1 GENERAL RATE CASE APPLICATION**

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I. INTRODUCTION

SDCAN's showing in this rate cases is largely focused on SDG&E's customer service. While a number of intervenors have offered testimony challenging the reasonableness of SDG&E's proposed rates, SDCAN has uniquely offered documented testimony regarding deficiencies in SDG&E's service to residential and small business customers.¹ As will be shown below, SDG&E is seeking to charge highest-in-nation gold-standard rates to its customers but offer only rust-standard service; requiring its customers to figuratively wait until rust forms before SDG&E responds to their concerns.

The reason that customer service issues are worthy of the Commission's attention in this proceeding is because SDG&E enjoys a monopoly on the services it provides to customers.² The Commission is statutorily charged with standing in the shoes of customers who cannot go elsewhere for more responsive or reasonable service, i.e. to require that the utility provide services that would be available in a competitive market. Absent Commission action, there's no other way for SDG&E's customers to get the quality of service for which they are currently grossly overpaying.

SDCAN's presentation in this opening brief will be somewhat atypical. In an effort to present an easily digestible version of SDCAN's showing in this case, it will present a bloat-free outline-format discussion of the three elements of SDCAN's showing: a summary of SDCAN's unrebutted factual assertions, a

¹ Testimony of Michael Shames, Exh. 220 and Testimony of Conery Engineering, Exh. 221.

² Public Utilities Code Section 451: "...whether a utility's proposed rates, services, and charges are just and reasonable"

brief discussion of any SDCAN facts rebutted by SDG&E and finally a compact description of SDCAN's recommended action. It will be presented in an expurgated outline format with all citations to the record contained in the footnotes. This rather unusual format is offered to assist the ALJ and Energy Division (as well as other parties) to readily glean the essential facts presented by SDCAN. The vast majority of SDCAN's brief deals with *Customer Service*, which is Chapter 23 in the briefing outline. Only the Regional Public Affairs section falls into another category (Chapter 22, *Operations and Management*).

II. CPUC MUST ENFORCE CONSUMER PROTECTION LAWS

It is well settled law and policy that in a monopolized market, the regulators' task is to serve as a proxy for competition. This axiom is in full evidence in laws created by California to oversee regulated monopolies. To wit, the state Legislature passed a slew of statutes that directed this Commission to stand in the shoes of the customer and ensure that utility customers were receiving reasonable and fair services. These laws include The California Constitution §6 along with Public Utilities Code §§ 451³ and 2896⁴. In regards to the electric utilities, the Legislature also passed California Public Utilities Code §394-396 which sets forth eight minimum service standards by which all electric carriers must comply, and includes a requirement that compliance with the measures themselves must be noticed to each customer.⁵

³ "Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service.....as are necessary to promote the safety, health, comfort and convenience of its patrons, employees and the public."

⁴ "Reasonable statewide service quality standards, including, but not limited to, standards regarding network technical quality, customer service, installation, repair, and billing"

⁵ Id. at 394.4(d)

California legislators have historically looked to this Commission to protect electric utility customers from abuse by regulated companies. For example, Public Utilities Code §701 provides that “The commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.”

Where the authority sought is “cognate and germane” to utility regulation, the PUC's authority under section 701 has been liberally construed. (Citations omitted). . . . [N]othing in section 701 or elsewhere limits that statute's reach to public utilities. Although the statute initially refers to the PUC's power to “supervise and regulate every public utility,” the PUC's authority to do all things “necessary and convenient” in the exercise of that power is not expressly limited to actions against public utilities. *PG&E Corp. v. Public Utilities Comm.*, 118 Cal. App. 4th 1174, 1198 (2004). See also *Southern Calif. Edison Co. v. Peevey*, 31 Cal. 4th 781, 792 (2003) (discussing broad reach of § 701).

In *PG&E Corp. v. Public Utilities Comm.*, the court made clear that the Commission may enforce conditions against public utilities (in that case, utility holding companies) where such jurisdiction was not barred by statute and was essential to the Commission's assertion of regulatory authority over utilities. 118 Cal. App. 4th at 1199.

Moreover, the Commission may look to other state consumer protection laws, including the Song-Beverly Consumer Warranty Act and the Consumer Legal Remedies Act in the Civil Code, the Unfair Competition Law (UCL), which consists of the Unfair Business Practices Act (Bus. & Prof. Code § 17200 et seq.) and the False Advertising Act (Bus. & Prof. Code § 17500 et seq.) and Com. Code §§ 2314-2316.

Pursuant to a 1971 decision of the California Supreme Court⁶, a state appeals court ruled that the Commission consider such claims from such consumer protection laws without adjudicating them, if it does so in furtherance of its jurisdiction:

The PUC may, and indeed sometimes must, consider areas of law outside of its jurisdiction in fulfilling its duties. The *NCPA* court explained, “by considering antitrust issues, the Commission merely carries out its legislative mandate to determine whether the public convenience and necessity require a proposed development.” (*Id.* at fn 10, citing *Northern California Power Agency v PUC (NCPA)* 5 Cal.3d 370, 378 (1971).)⁷

Another exceedingly germane example is the Commission’s decisions in D. 98-12-038 and D. 99-05-030, in which the CPUC adopted service guarantees for:

- Service turn-ons
- Gas appliance adjustments
- Energy usage inquiries
- Meter re-reads where the customer asks to be present
- New meter installations
- Carbon monoxide inquiries
- Voltage inquiries

The Commission understood that SDG&E customers do not have competition options, other than self-generation. The quality of the service

⁶ *Greenlining Institute v. Public Utilities Comm*, 103 Cal App. 4th 1324, 1334 (2002)

⁷ The *NCPA* court annulled the Commission’s decision granting a certificate of public convenience and necessity for construction and operation of a geothermal generating plant, holding that the Commission failed to fully consider the public interest when it declined to consider federal antitrust matters raised by a project opponent. The Court stated that in considering this area of exclusive federal jurisdiction, “[the Commission’s] task does not impinge upon the jurisdiction of the courts” because “[the Commission’s] consideration of antitrust issues is for purposes quite different from those of the courts; it does not usurp their function.” (*NCPA, supra*, p. 378.)

provided by SDG&E of the absence of competing utility companies. SDG&E is the only game in San Diego County and the Commission stands as a protective barrier between SDG&E's inadequate responsiveness and the customer.

In a similarly germane decision, this Commission compelled SDG&E to establish a progressive performance benchmark for meter reading in response to a complaint filed by Utility Consumers' Action Network. In a complaint filed with the Commission, UCAN asserted that "deteriorated from historical practice and consumers were prejudiced by the increase in meters being estimated rather than read."⁸ In D. 02-05-001, the Commission found that there was a marked increase in the number of SDG&E's customer complaints received by UCAN in 1999 and 2000 related to meter reading and billing problems as compared with previous years.⁹ The Commission agreed with UCAN that "the aim of a meter reading performance benchmark is to ensure that the utility undertakes its best efforts to improve its meter reading practice to give the customers the highest service level that is attainable and sustainable."¹⁰ It ordered SDG&E to report annually and charged Commission staff with monitoring the utility's performance.¹¹

In this proceeding, SDCAN has submitted the equivalent of a complaint on behalf of SDG&E's customers. In so doing, it has raised the Commission's attention to deficient customer service and unresponsiveness to customer requests. SDG&E has missed appointments, provided unduly and unreasonably slow responses and unreliable electric service, thus imposing undue costs on those individual customers. The totality of these documented deficiencies justify Commission action to compel improved customer responsiveness.

⁸ D. 02-05-001, p. 2

⁹ Id, Finding of Fact #1

¹⁰ Id, Finding of Fact #11

¹¹ Id, Findings of Fact #13 & 14

III. SDG&E RATES AND PROFITS ARE EXCESSIVE

1. SDCAN Presented Facts - Unrebutted

- a. SDG&E's profitability has been very high; its profits have almost doubled in the past 10 years and this trend apparently will continue.¹²
- b. In the last five years, SDG&E's rate of increase in its system average rates has substantially eclipsed the state's other two major IOUs, despite the fact that SDG&E's rates were actually the lowest among the three IOUs in California for much of the 1990s and 2000s.¹³
- c. SDG&E's system average rates have leapfrogged to the highest in the continental United States and the highest in California.¹⁴
- d. In the last year, SDG&E has added over \$1.5 billion dollars of rate hikes in the regulatory pipeline. They are scheduled take effect in 2019.¹⁵
- e. Over the last 24 years, SDG&E sought increases in general rate cases that were only a fraction of what is being sought in this case. In almost every case, SDG&E received an even smaller fraction of what it sought. Yet over those 24 years of what the utility might characterize as "chronic underfunding" SDG&E has reaped record profitability levels.¹⁶
- f. SDG&E may have misled regulators. On September 8, 2017, SDG&E submitted illustrative rates that were far lower than the rates proposed

¹² Testimony of Michael Shames, Exh. 220, p. 11

¹³ Id, p. 15, 20

¹⁴ Id, p. 15-16

¹⁵ Id, 18

¹⁶ Id, p. 8-11

less than two months later on November 2, 2017, just after this GRC was filed.¹⁷

- g. Over the past dozen years, SDG&E has reaped over \$5 billion in profit, paid by its customers exclusively. SDG&E's annual earnings have effectively doubled since it reported earnings of \$227 million in 2006.¹⁸

2. SDCAN Presented Facts - Rebutted

a. SDG&E claims that despite its high average rates, its average customer bills are not among the country's highest.¹⁹ However, SDG&E's own figures show that its customers' average bills are among the state's *highest*.²⁰

b. Notably, SDG&E's witness did not contest any of the facts or supporting data contained in SDCAN's showing on its comparative rates, profitability or rates of return.

3. SDCAN Recommendations

- The Commission must require SDG&E to explain why its system average rates have disproportionately increased relative to the other two major California Investor-Owned Utilities since 2008;

¹⁷ Id, p. 17

¹⁸ Id, p. 12

¹⁹ Testimony of Cynthia Fang, Exh. 353 p. 3

²⁰ Id, p. B-1, Residential Bill Average and p. D-1, System Average Bill

- The Commission must reduce SDG&E's rates in order to comport with the system average rates of the other two major California Investor-Owned Utilities.
- The Commission must reduce SDG&E's rates in order to reduce SDG&E's profits to reasonable historical-based levels.

IV. SDG&E's DEFICIENT CUSTOMER SERVICE

A. Residential Customer Complaints

1. SDCAN Presented Facts - Unrebutted

- a. SDCAN offered an exemplar of SDG&E's customer service deficiencies via the fully- documented case of a sophisticated electric customer's complaint about his TOU rate and a seeming 20% rate increase. SDG&E repeatedly failed to deal with this customer in a timely and reasonable fashion.²¹
- b. Despite the fact that SDG&E conducted an internal analysis of the customer's spreadsheet. ²² SDG&E failed to address this customer's very specific analysis about a rate increase in a rate plan that should have resulted in reduced rates and bills. ²³

²¹ Exh. 220, p. 43. See also, Tr. V. 17, July 18, 2018 at 1515:7-14, 1516:15-18

²² Tr. V. 17, July 18, 2018 at 1507:1-8

²³ Tr. V. 17, July 18, 2018 at 1510-11 and 1517:3-23

- c. SDG&E was unrepentant about its behavior towards this customer.²⁴ It failed to admit, until under cross-examination, that the quality of service provided to this customer did not meet SDG&E's own expectations.²⁵
- d. This customer scenario is not unique. SDG&E's residential TOU default program will lead to numerous comparable scenarios, such as the one documented by SDCAN, where customers experience unexpected and unwarranted bill impacts due to flawed rate design or inadequate customer education and who will be subject to SDG&E's unresponsive customer service.
- e. SDG&E has experienced an increasing number of Customer Service Center complaints. This trend continued despite SDG&E having spent over \$25 million in 2005, over \$26 million in 2006, 2007, and 2008, and over \$27 million in 2009 on Customer Service Field Operations and Customer Contact Center.²⁶
- f. Informal Complaints filed with the Commission's Consumer Affairs Branch (CAB) against the SDG&E from 2007 and 2008 were less than the number filed in 2006, although both years saw over 200 informal complaints filed against SDG&E.⁴⁹ In 2009, the number of informal complaints filed totaled 310 complaints, exceeding the previous high of

²⁴ Exh. 143, p. JDS 22-23

²⁵ Tr. V. 17, July 18, 2018 at 1516:6-16

²⁶ Exh. 220, p. 39

289. For the years 2015-2017, the number of informal complaints submitted to CAB increased by over 57%.²⁷
- g. Similarly, escalated complaints within SDG&E also increased. Back in the TY2011 GRC, SDG&E's customer service representative complaints had increased from 55 in 1999 up to triple digit complaint numbers in 2007 and 2008. In 2009, the number of complaints about SDG&E customer service representatives maintained high levels at 161 complaints. More recently, SDCAN found that the number of written/escalated complaints and grievances for residential customers had taken on far greater numbers and had increased by 17%. These complaint numbers markedly and steadily increased despite the fact that total customer contacts for those three years increased by only 10%.²⁸

2. SDCAN Presented Facts - Rebutted

- a. SDG&E asserts only that "SDCAN's testimony is not truthful and provided a false picture."²⁹ Under cross-examination, it turns out that the only "untruthful" aspects of the entirety of SDCAN's testimony is that SDCAN did not include correspondence that sent to the customer *after the filing* of its expert testimony and that it didn't include a nonmaterial correspondence that SDG&E cannot prove was ever received by that customer.³⁰ Both contentions were fully discredited in cross-examination.

²⁷ Id, p. 39-40

²⁸ Id, p. 40-41

²⁹ Exh 149, p. JDS-22

³⁰ Tr. V. 17, July 18, 2018 at 1504-1505,1511:3-14, 1512-1514

- b. SDG&E maintains that the customer in question was at fault because of his reliance upon email. Specifically, SDG&E maintains that the customer could have called SDG&E.³¹ This position is self-serving, as it would have prevented the customer from documenting his treatment by the utility.
- c. SDCAN asserts that customer complaint data suggests that SDG&E's increased expenditures are not having a beneficial impact upon customer engagement.³² SDG&E complains that SDCAN made a calculation error that inflated numbers by 37 complaints.³³ SDG&E is wrong, but even if it were right, it doesn't change the basis for SDCAN's concerns. SDG&E informal and escalated complaints are increasing steadily.³⁴
- d. SDG&E asserts that the data relied upon by SDCAN is *de minimis*. SDG&E views the complaint data documented by SDCAN as trivial compared to the number of inquiries it receives.³⁵ Yet, SDG&E ignores the fact that the number of these complaints has been rising steadily over the past decade and this rise can't be explained by an increase in the customer base. And it also ignores the fact that it has spent lavishly to address its abilities to handle complaints in the past, with little to show for it.³⁶

³¹ Id, p. 1514-1515

³² Id, p. 42

³³ Exh. 143, p. JDS 45

³⁴ Exh. 220, p. 40

³⁵ Id, p. 45 "the actual percentage of customers having complaints is small" and "represents less than 0.004% of total customer transactions."

³⁶ Exh. 220, p. 42

3. SDCAN Recommendations

- The Commission must find that SDG&E's customer service metric trends are unacceptable and must be reversed.
- While SDCAN concedes that while one fully-documented customer complaint cannot prove widespread malfeasance, on its own, that in the context of the other customer service data presented by SDCAN and by SDG&E's unrepentant defense of its actions, SDG&E must reassess and reform its customer responsiveness.
- The Commission will not countenance increased utility expenditures for customer service without some demonstration that the expenditures are, in fact, *improving* customer responsiveness. SDCAN recommends the Commission reject SDG&E's request additional \$7.5 million or 20% for non-shared Customer Service Operations in TY2019.
- The Commission should require that in its next GRC application, SDG&E must demonstrate a reduction in customer complaints and an improvement in responsiveness in order for revenue increases to be considered in its next GRC application.³⁷

³⁷ Id.

B. Residential Customer Missed Appointments

1. SDCAN Presented Facts - Unrebutted

- a. SDCAN has tracked SDG&E's performance regarding service guarantees and has found a disturbing trend of increased missed appointments, despite the fact that SDG&E is scheduling fewer appointments.³⁸
- b. SDG&E did not track the number of emergency calls causing missed appointments in 2014, 2015 or 2016. ³⁹
- c. Since 2010, the number of service appointments have dropped by almost 50%, yet SDG&E's missed appointments increased. ⁴⁰ In fact, in three of the last four years registered triple-digit missed appointments.⁴¹
- d. Despite SDG&E's proposed adjustment of 2017 data, the company logged more missed appointments in 2017 than any previous year.⁴²
- e. Even though SDG&E had the chance to present partial 2018 data to rebut SDCAN's allegation of an increasing trend of missed appointments, SDG&E chose not to provide that potential exculpatory updated data.⁴³

³⁸ Exh. 220, p. 35

³⁹ Tr. V. 16, July 17, 2018 at 1345:1-5, see also 1347:26-1348:1

⁴⁰ Id, p. 35-36

⁴¹ Id,

⁴² Tr. V. 16, July 17, 2018 at 1346:10-19,

⁴³ Tr. V. 16, July 17, 2018 at 1348:16-18,

2. SDCAN Presented Facts – Rebutted

- a. The 2017 increase in missed appointments was attributable to gas emergency orders and the erroneous issue of 153 guarantee payments.⁴⁴ Yet, even with SDG&E’s proposed adjustment to 2017 data, SDG&E’s missed appointment numbers have been higher since 2013, despite the fact that scheduled appointments have dropped by 21% during the 2012-2017 time period.⁴⁵
- b. SDG&E also conceded that there are no other data anomalies in other years that might explain the steady increase in missed appointments.⁴⁶

3. SDCAN Recommendation

- SDCAN proposes that service guarantees should be increased from \$50 up to \$100 per missed appointment so that customers are partially compensated for their time. In its next GRC application, if SDG&E provides evidence of significantly reduced missed appointments, the service guarantee levels would be subject to revision downwards.⁴⁷

⁴⁴ Testimony of Gwen Marelli, Exh. 122, p. GRM-22

⁴⁵ Exh. 220, p, 25-36

⁴⁶ Tr. V. 16, July 17, 2018 at 1345:1-5, see also 1347:26-1348:1

⁴⁷ Exh. 220, p. 36

C. Treatment of Third-Party Contractors Working for Customers

1. SDCAN Presented Facts - Unrebutted

- a. SDG&E's scheduling system used for installation appointments causes last minute cancellations and creates scheduling hardships for third-party contractors.⁴⁸
- b. Delay times from the time of inspection to the time of installation is unpredictable and often more than five days.⁴⁹
- c. In the last four years, SDG&E has been reported to require contractors to wait up to two to three weeks for an installation appointment once their project has been inspected and released to the utility's Construction Department. Having to wait more than two-three weeks for an installation after a project has been released is unreasonable and imposes costs upon contractors.⁵⁰
- d. Long delays in completing the installations also exposes the public to risk and a contractor to liability that would not exist if SDG&E were reasonably responsive.⁵¹
- e. SDG&E's own installation crews have reported that these unreasonably long delays are caused by chronic understaffing.⁵²

⁴⁸ Tr. V. 13, July 12, 2018 at 943:16-22. (ALJ Lirag), Exh. 221, p. 3,7

⁴⁹ Tr. V. 13, July 12, 2018 at 943:23-28, Exh. 221, p. 3,8

⁵⁰ Testimony of Conery Engineering, Exh. 221, p. 8

⁵¹ Id.

⁵² Id.

- f. SDG&E believes it is reasonable for a third-party contractor to have to wait more than two-three weeks for an installation after the project has been “released” (authorized to proceed) by SDG&E’s own planning department.⁵³
- g. SDG&E’s slow processing of a construction plan creates unintended but very real complications for contractors. For developers to have to wait four to six weeks for a design document from the Planning Department is a hardship imposing significant carrying costs upon developers.⁵⁴
- h. These contractors (and their customers) incur costs of approximately \$1600 per day for a missed appointment.⁵⁵
- i. A contractor can expect to incur \$36.50 per day in out-of-pocket costs.⁵⁶
- j. SDG&E, itself, has set a penalty for contracts to pay approximately \$396-\$926 for contractor-caused delays incurred by SDG&E.⁵⁷
- k. SDG&E is unaware of the wait times that it imposes upon its customers for missed appointments and scheduling of installation, with the possible exception of gas main installations once SDG&E contractors arrive at the site.⁵⁸

⁵³ Tr. V. 13, July 12, 2018 at 948:16-949:3.

⁵⁴ Exh. 221, p.

⁵⁵ Tr. V. 13, July 12, 2018 at 948:17-21. Exh. 221, p. 11

⁵⁶ Exh. 221, p. 11

⁵⁷ Id.

⁵⁸ Tr. V. 13, July 12, 2018 at 952:21-953:2. See also Exh. 72, p. , SDG&E response to SDCAN DR#3

- l. SDG&E has conducted no research into whether other California utilities offer their customers online inspection for construction projects.⁵⁹
- m. SDG&E deems it reasonable that a gas-line installation should take two-three weeks, despite the fact that they are not complicated procedures, do not require environmental permits and it is unusual for the gas lines to be relocated.⁶⁰
- n. Third-party contractors hired by SDG&E customers are thrust into an inspection limbo, as they are forced to forego other projects while they are waiting for the SDG&E appointment to be rescheduled. This results in higher installation costs for SDG&E customers.⁶¹
- o. Contractors have an uneven bargaining advantage against SDG&E. Were a contractor to file a formal grievance, that contractor would legitimately fear being subject to an informal blackball status by SDG&E for future installations.⁶²

2. SDCAN Presented Facts – Rebutted

- a. Typically, inspectors plan their route in the morning and are available for customer calls until 8:00 a.m., when they leave for their first inspection.⁶³

⁵⁹ Tr. V. 13, July 12, 2018 at 960:16-21.

⁶⁰ Tr. V. 13, July 12, 2018 at 961:2-963:12

⁶¹ Exh. 221, p. 10

⁶² Id, p. 5

⁶³ Testimony of William Speer, Exh. 71, p. WHS-27

- However, SDG&E doesn't rebut SDCAN's assertion that these inspectors generally don't respond or are not available to customer calls.⁶⁴
- b. SDG&E does not typically give customers specific times because the nature of the work makes the on-site length very difficult to predict.⁶⁵ However, SDG&E doesn't explain why appointments are routinely cancelled or not confirmed.⁶⁶
 - c. SDG&E acknowledged the unduly long wait times on gas installation and claims to have added contract crews to assist with installation in late 2017, months after submitting its GRC application and testimony.⁶⁷ However, in cross-examination, it was made clear that the sponsoring witness who allegedly oversaw an evaluation of installation wait times did not understand the charts and could not personally attest to any reduced wait-times by actual customers awaiting installation.⁶⁸
 - d. Additionally, the charts contained in SDG&E's rebuttal testimony relates only to SDG&E's own internal installation procedures and does not measure the timeline experienced by customers awaiting a gas conduit installation.⁶⁹

⁶⁴ Exh. 221, p. 6

⁶⁵ Exh. 71, p. 27

⁶⁶ Exh. 221, p. 6

⁶⁷ Exh. 71, p. 27

⁶⁸ Tr. V. 13, July 12, 2018 at 945-952

⁶⁹ Tr. V. 13, July 12, 2018 at 956-959

e. SDG&E cannot be held to an installation date due to regulatory obligations placed upon utilities.⁷⁰ But during cross-examination, SDG&E conceded that it had not conducted a review of how other utilities handle inspection and installation appointments.⁷¹ So, it has no basis to assert that its process is reasonable or consistent with industry standards.

3. SDCAN Recommendations

- SDCAN recommends a bill credit or direct payment to developers of \$900 per day to customers where SDG&E has either failed to reschedule an appointment at least 24 hours in advance for either inspection or installation services or has taken more than 24 hours for a rescheduled appointment for either inspection or installation services.
- SDG&E should be ordered to pay \$400 per day to customers or developers where SDG&E's installation of gas lines exceeds five days after the project has been released to the Construction Department by the SDG&E inspectors.
- SDG&E should be put on notice by the Commission that imposing costs upon customers through unreliable gas line installation is unreasonable. Just as SDG&E itself penalizes its own contractors between \$396-\$926 for delays incurred by SDG&E, SDG&E's customers have the right to expect remuneration for installation delays caused by SDG&E.

⁷⁰ Exh. 71, p. 28

⁷¹ Tr. V. 13, July 12, 2018 at 960-961

D. Reliability of Service

1. SDCAN Presented Facts - Unrebutted

- a. In regards to SDG&E's outage data, there is a significant disparity between SDG&E's accounting of the events and the publicly documented reasons for and impacts caused by the outage events.⁷² SDCAN compared local San Diego media reports with SDG&E's own logs about the location, duration and causes of the electric outages. It found specific discrepancies between the media reports and SDG&E's own outage data.⁷³
- b. SDG&E presented no data to rebut the specific data discrepancies presented by SDCAN's testimony.⁷⁴
 - a. SDG&E does not archive or, in any way, preserve outage data on its website. It offers only real-time or anticipated planned outage data that is subsequently removed from public accessibility.⁷⁵ Once this data is removed there is no way for a customer or the media to validate the scope, duration or causes of an outage.⁷⁶
 - b. SDCAN chose 13 random outages that were reported by the media during the 2015-2016 timeframe. It found data discrepancies between SDG&E's own data and media-derived data in *all* 13 outage reports.⁷⁷

⁷² Tr. V. 13, July 12, 2018 at 941:14-19. See also 942:1-4

⁷³ Id, p. 24 and Appendix D.

⁷⁴ Id.

⁷⁵ Exh. 220, p. 25

⁷⁶ Id, p. 25

⁷⁷ Id, p. 24-25

- c. SDG&E has spent over \$600+ million in Smart Grid and AMI technologies since 2007 on the premise that reliability would improve as a result of these massive investments.^{78 79} However, not only has SDG&E failed to provide evidence of improved reliability, but when SDCAN raised concerns about data accuracy, SDG&E declined to demonstrate how these investments had improved electric service reliability.^{80 81}
- d. SDG&E's electric service reliability has worsened across the board.⁸²
- e. SDCAN's refused to provide specific reasons for its worsening reliability and even declined to include them in its workpapers. Moreover, SDG&E did not rebut any of SDCAN's testimony in Exhibit 220 regarding worsening reliability.⁸³

2. SDG&E Presented Facts - Rebutted

- a. SDG&E maintains that SDCAN relied upon inaccurate data.⁸⁴ Yet, SDCAN relied upon data provided by SDG&E. And the applicant doesn't explain why it provided SDCAN with the inaccurate data in a data request response.⁸⁵

⁷⁸ Tr. V. 13, July 12, 2018 at 939:5-18, See also Exh. 220, p.26-33

⁷⁹ Exh. 125, Article written by SDG&E witness Ted Reguly

⁸⁰ Tr. V. 13, July 12, 2018 at 939:7-14

⁸¹ Exh. 71, p. WHS-68-70

⁸² Exh. 220, p.29-33

⁸³ Exh. 220, p. 29-33, see also Tr. V. 13, July 12, 2018 at 939:7-14

⁸⁴ Exh. 71, p. WHS-68-70. See also Tr. V. 13, July 12, 2018 at 938:20-28

⁸⁵ Exh. 220, p. 55-57

- a. SDG&E maintains it examined SDCAN's data and found that SDG&E's data was accurate.⁸⁶ It offers no specific rebuttal or any analysis demonstrating any flaws in SDCAN's analysis. It merely offers some general argument about its "rigorous quality control."⁸⁷
- b. SDG&E alleges errors in SDCAN's analytic methodology.⁸⁸ But these alleged errors are not errors at all. For example, the fact that "not all outages are represented in local media" has no logical relation to SDCAN's findings that those outages which were corroborated by the media reports were at odds with SDG&E's publicly filed reports.
- c. It asserts that "planned outages may still end up in media reports", yet all of the data relied upon by SDCAN was unplanned outages. SDG&E offers absolutely no evidence to the contrary.
- d. It claims that SDG&E's Geographic Information System must be used, yet offers no examples of how this data differed from the data provided to SDCAN by SDG&E and relied upon by SDCAN.

3. SDCAN Recommendations

- The outage data that SDG&E has provided to the Commission may be highly inaccurate. The Commission compel must SDG&E to make historical outage data available at the SDG&E website and to subject its outage data to independent and random verification.⁸⁹

⁸⁶ Exh. 71, p, WHS-68

⁸⁷ Id, p. WHS-69

⁸⁸ Id, p. WHS-70

⁸⁹ Exh. 220, p. 25

- SDCAN urges the Commission to redirect at least \$5 million of the revenues SDG&E seeks for distribution O&M or capital expenditures and obligate the utility to fund an independent distribution management analysis overseen by the Commission’s Safety and Enforcement Division. The mandated study would examine the efficacy of SDG&E’s past ratepayer-funded distribution “smart grid” investments and recommend whether SDG&E would be subject to negligent or malfeasant expenditures. The study’s authors would also be tasked with recommending cost-effective strategies by which the utility’s electric reliability could be improved. This study would be completed and the recommendations incorporated into SDG&E’s next General Rate Case.⁹⁰

E. Customer Service Operations

1. SDCAN Presented Facts - Unrebutted

- a. SDG&E seeks non-shared Customer Service Operation expenses in 2016 of \$2.7 million or 8.2% and the company seeks an additional \$7.5 million or 20% in TY2019.⁹¹
- b. SDG&E’s informal complaints, escalated complaints, written/escalated complaints and grievances and field service technician complaints for residential customers all significantly increased from 2015-2017 as well as compared to 10 years earlier.⁹²

⁹⁰ Exh. 220, p. 33

⁹¹ Exh. 220, p. 42

⁹² Id, p. 41

- c. SDG&E declined to provide SDCAN with 2017 data relating to escalated customer complaints, despite repeated requests.⁹³
- d. The customer complaint data discussed above demonstrates that SDG&E's increased expenditures are not having a beneficial impact upon customer engagement. Rather than feeling that their concerns have been heeded and addressed, customers are complaining.⁹⁴

2. SDCAN Presented Facts - Rebutted

- a. SDG&E asserts that SDCAN's analysis is erroneous. It claims that the total number of customer service center complaints in 2017 is lower than 2009 figures.⁹⁵ In so arguing, SDG&E ignores the informal complaint figures for 2007, 2008, 2015 and 2016.⁹⁶ It also ignores all of SDCAN's other complaint findings, which are based upon SDG&E's own figures.
- b. The actual percentage of customers submitting complaints is small.⁹⁷

3. SDCAN Recommendation

- SDCAN recommends the Commission reject SDG&E's request additional \$7.5 million or 20% in TY2019 and require that in its next GRC application, SDG&E must show a reduction in customer complaints in order for revenue increases to be considered in future GRC applications.

⁹³ Id,

⁹⁴ Id, p. 42

⁹⁵ Testimony of Jerry D. Stewart, Exh. 149, p. JDS-45

⁹⁶ Exh. 220, p. 39, 58

⁹⁷ Exh. 149, p. 45

F. Regional Affairs

1. SDCAN Presented Facts - Unrebutted

- a. SDG&E refused to fully comply with the Commission's directive in D.08-07-04 to give a more detailed justification for its regional public affairs activities.⁹⁸

2. SDCAN Presented Facts - Rebutted

- a. SDG&E does not contest SDCAN's assertion that SDG&E did not comply with the Commission's D.08-07-04 directive. The company offers "additional information" on the RVP and Economic Development cost centers in its rebuttal.⁹⁹ However, this information is not responsive to the Commission's directive that SDG&E provide a "more detailed justification is required for all public affairs and outreach expense to demonstrate genuine customer benefit that outweighs any incidental corporate image enhancement."¹⁰⁰

3. SDCAN Recommendation

- In the absence of SDG&E's compliance with the Commission's 2008 order, SDG&E should receive authorization for no more than the \$686,952 authorized in TY2013.

⁹⁸ Exh. 220, p. 46-47

⁹⁹ Exh. 71, p. 65

¹⁰⁰ D.08-07-046, p. 74.

SDCAN's customer service showing in this application is predicated upon its concern that in its pursuit of higher profitability, SDG&E is chronically underfunding its customer service operations. This rate case, aided by the data compiled by SDCAN, gives the Commission an opportunity to inform SDG&E that it will not tolerate underfunded operations that result in degraded customer service. SDG&E may not enjoy substantially increased profit levels at the expense of its customers. For the reasons articulated above, SDCAN requests that the Commission adopt SDCAN's recommendations and/or modifications to SDG&E's application as set forth in the Summary of SDCAN Recommendations below.

Respectfully submitted,

September 21, 2018

/s/

Michael Shames
Executive Director/ Attorney
San Diego Consumers' Action Network

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SUMMARY OF SDCAN's RECOMMENDATIONS

- The Commission must require SDG&E to explain why its system average rates have disproportionately increased relative to the other two major California Investor-Owned Utilities since 2008;
- The Commission must reduce SDG&E's rates in order to comport with the system average rates of the other two major California Investor-Owned Utilities.
- The Commission must reduce SDG&E's rates in order to reduce SDG&E's profits to reasonable historical-based levels.
- The Commission must find that SDG&E's customer service metric trends are unacceptable and must be reversed.
- While SDCAN concedes that while one fully-documented customer complaint cannot prove widespread malfeasance, on its own, that in the context of the other customer service data presented by SDCAN and by SDG&E's unrepentant defense of its actions, SDG&E must reassess and reform its customer responsiveness.
- The Commission will not countenance increased utility expenditures for customer service without some demonstration that the expenditures are, in fact, *improving* customer responsiveness. SDCAN recommends the Commission reject SDG&E's request additional \$7.5 million or 20% for non-shared Customer Service Operations in TY2019.
- The Commission should require that in its next GRC application, SDG&E must demonstrate a reduction in customer complaints and an improvement in responsiveness in order for revenue increases to be considered in its next GRC application.

- The Commission must find that SDG&E's customer service metric trends are unacceptable and must be reversed.
- While SDCAN concedes that while one fully-documented customer complaint cannot prove widespread malfeasance, on its own, that in the context of the other customer service data presented by SDCAN and by SDG&E's unrepentant defense of its actions, SDG&E must reassess and reform its customer responsiveness.
- The Commission will not countenance increased utility expenditures for customer service without some demonstration that the expenditures are, in fact, *improving* customer responsiveness. SDCAN recommends the Commission reject SDG&E's request additional \$7.5 million or 20% for non-shared Customer Service Operations in TY2019.
- The Commission should require that in its next GRC application, SDG&E must demonstrate a reduction in customer complaints and an improvement in responsiveness in order for revenue increases to be considered in its next GRC application.
- SDCAN proposes that service guarantees should be increased from \$50 up to \$100 per missed appointment so that customers are partially compensated for their time. In its next GRC application, if SDG&E provides evidence of significantly reduced missed appointments, the service guarantee levels would be subject to revision downwards.
- SDCAN recommends a bill credit or direct payment to developers of \$900 per day to customers where SDG&E has either failed to reschedule an appointment at least 24 hours in advance for either inspection or installation services or has taken more than 24 hours for a rescheduled appointment for either inspection or installation services.
- SDG&E should be ordered to pay \$400 per day to customers or developers where SDG&E's installation of gas lines exceeds five days after the project has been released to the Construction Department by the SDG&E inspectors.

- SDG&E should be put on notice by the Commission that imposing costs upon customers through unreliable gas line installation is unreasonable. Just as SDG&E itself penalizes its own contractors between \$396-\$926 for delays incurred by SDG&E, SDG&E's customers have the right to expect remuneration for installation delays caused by SDG&E.
- The outage data that SDG&E has provided to the Commission may be highly inaccurate. The Commission compel must SDG&E to make historical outage data available at the SDG&E website and to subject its outage data to independent and random verification.¹⁰¹
- SDCAN urges the Commission to redirect at least \$5 million of the revenues SDG&E seeks for distribution O&M or capital expenditures and obligate the utility to fund an independent distribution management analysis overseen by the Commission's Safety and Enforcement Division. The mandated study would examine the efficacy of SDG&E's past ratepayer-funded distribution "smart grid" investments and recommend whether SDG&E would be subject to negligent or malfeasant expenditures. The study's authors would also be tasked with recommending cost-effective strategies by which the utility's electric reliability could be improved. This study would be completed and the recommendations incorporated into SDG&E's next General Rate Case.
- SDCAN recommends the Commission reject SDG&E's request additional \$7.5 million or 20% in TY2019 and require that in its next GRC application, SDG&E must show a reduction in customer complaints in order for revenue increases to be considered in future GRC applications.
- In the absence of SDG&E's compliance with the Commission's 2008 order, SDG&E should receive authorization for no more than the \$686,952 authorized in TY2013.

¹⁰¹ Exh. 220, p. 25