

# Switching Rules

- Current switching rules continue to be appropriate:
  - 6 month notice to transfer to DA
  - 6 month advance notice to return to bundled
  - 3 year commitment to bundled upon return
  - Transitional Bundled Service (TBS) rate- temporary IOU service while customer is switching ESP's or returning to IOU service with out 6 month notice
- Switching rules adopted in D.03-05-034 are based on a fully developed record, including testimony and evidentiary hearings, and from a variety of parties, representing a full range of interests, that are still involved in this proceeding

# Switching Rules

- The principles for the switching rules adopted in D.03-05-034 continue to be appropriate
  - Switching restrictions are appropriate to prevent arbitrage and cost shifting to bundled customers
  - Rules for switching should guard against placing burden on bundled customers and also promote customer choice and economic efficiency
  - DA customers should not have indiscriminate ability to come and go from bundled service without regard for the cost-shifting that may occur, but should also not be unduly constrained from selecting the most economically efficient service option, consistent with avoidance of cost shifting
  - Restrictions on DA customers' switching options should correspond to the level of commitment that the DA customer elects to make upon return to bundled service
  - Customers electing to return to bundled service to obtain price stability should be obligated to remain on bundled service for an appropriate minimum commitment to avoid gaming, cream skimming or cost shifting to other bundled ratepayers
  - It is reasonable to require customers benefiting from the price stability of the IOU's portfolio to give up the ability to go back immediately to cheaper DA supplies as soon as the electric prices fall
  - The minimum commitment period should bear some relationship to the duration of contractual supply commitments underlying the bundled portfolio
  - The rules need to recognize the effect of ongoing provisions for prospective procurement obligations
  - If a customer does not want the restrictions of a long-term commitment, then bundled utility service is not the appropriate option for that customer

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- The facts underlying the Commission's conclusions in D.03-05-034 have not changed to warrant modification of the switching rules
  - Other than an increase in the duration of some procurement contracts, IOU's procurement practices have not fundamentally changed
    - The IOUs continue to enter into medium- and long- term contracts on behalf of bundled customers to effectuate CPUC policies and ensure stable, low-cost resources
  - Average life of resource commitments is at least three years
  - IOUs still need adequate time to adjust procurement/ resource adequacy for departing/returning customers and to mitigate the above-market costs that must be borne (via CRS) by departing load customers