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To: Hall, Thomas A. (thomas.hall@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: DRA Release: DRA and CSBA Request Relief from New Electric Pricing Scheme That Will Cause Disruption to 500,000 PG&E Small Business Customers

**FOR IMMEDIATE RELEASE**

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**DRA and CSBA Request Relief from New Electric Pricing Scheme That Will Cause Disruption to 500,000 PG&E Small Business Customers**

SAN FRANCISCO, February 9, 2011 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), and the California Small Business Association (CSBA), a non-profit small business advocacy group, have requested that the CPUC revisit its decision to direct Pacific Gas and Electric Company (PG&E) to place 500,000 small business customers on a dynamic pricing program beginning in November 2011. That program will likely lead to disruption and higher costs to small businesses.

Under dynamic pricing, the price of electricity can vary by time of day and can change from day to day, depending on supply, demand, and wholesale prices. Electric rates can spike upward with only 24 hours notice, and the program relies on the new Smart Meters currently being deployed by California's investor-owned electric utilities under the direction of the CPUC.

More than 90 percent of PG&E's small business customers currently pay a flat electric rate, and the vast majority of small business customers have had no experience with time-varying electric rates. Yet, the dynamic pricing program is extremely complex for customers to understand and prevents small businesses from being able to plan for the cost of electricity. DRA and CSBA favor rate design programs where electricity prices are predictable and easy to understand.

Regarding why her organization is petitioning the CPUC, Betty Jo Toccoli, President of CSBA, said, "California lost 1.4 million jobs over the last four years and the state's unemployment rate is over 12 percent. With dynamic pricing, small businesses will send workers home, tell workers not to come into work or pay large electric bills for using power on peak days. Small business is the engine of our economy. We need policies that will promote job retention and job growth by small businesses, promote economic recovery, and help small businesses use electricity efficiently every day, not just on peak days."

Despite an intensive utility education campaign, 62 percent of large business customers have opted out of dynamic pricing in favor of a simpler time-of-use (TOU) pricing largely based on businesses' own experience with time-varying rates. PG&E has reported many difficulties in communicating the features of dynamic pricing to even its largest business customers, many of which have dedicated energy experts on staff. Additionally, one of the assumptions underlying mandatory dynamic pricing was that there would be a variety of new products, services, and programs that would enable small business owners to reduce their usage during peak periods. This has yet to happen.

"Small businesses have already been hammered by the tough economy. Switching small business customers onto an unfamiliar and complex program like dynamic pricing will only create confusion and reduce a business' ability to predict its cost of doing business," said DRA acting director Joe Como. "The CPUC should rethink its approach to dynamic pricing before putting 500,000 small businesses in danger of rate shock that could impact their viability."

The joint petition filed by DRA and CSBA asks the CPUC to consider a gradual transition to the more customer-friendly time-of-use pricing for small businesses, rather than implement dynamic pricing on a fixed timetable beginning in November 2011. Customers should not be transitioned until certain readiness conditions are met, including customer understanding of the rate structure, a reasonable level of voluntary participation, and a low level of customer complaints. Furthermore, the availability of reasonably-priced supporting technologies such as "smart appliances" could provide customers the ability to change their electricity use in order

to take advantage of or not be harmed by rates that vary by time.

You can find the petition to modify filed by DRA and CSBA on the CPUC's website.

For more information on DRA, please visit [www.dra.ca.gov](http://www.dra.ca.gov). For more information on CSBA, please visit [www.csba.com](http://www.csba.com).

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