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Cc:
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Subject: DRA Press Release: DRA Finds Fault With CPUC Decision That Will Cause Unnecessary Hardship on PG&E's Small Business Customers

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PRESS

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**DRA Finds Fault with CPUC Decision that
will cause unnecessary hardship on PG&E's
Small Business Customers**

SAN FRANCISCO, August 2 – The Division of Ratepayer Advocates (DRA), the independent consumer advocate within the California Public Utilities Commission (CPUC), today expressed its disappointment over the CPUC's decision re-affirming its direction to Pacific Gas and Electric Company (PG&E) to transition 500,000 of its small and medium sized small business customers to mandatory Time-of-Use rates beginning November 1, 2012, leaving little time to prepare and educate customers.

Under Time-of-Use rates the price of electricity varies by preset usage periods, such as time of day. Today's CPUC decision imposes mandatory time-variant pricing programs on PG&E's small business customer in two stages, beginning November 1, 2012. The second stage will transition small business customers to default Dynamic Pricing on November 1, 2014. Dynamic Rates allow electricity prices to change on short notice to reflect market and electric system conditions, and can spike upward with only a 24 hour notice. In 2014, customers will be switched involuntarily to Dynamic Pricing, unless they take affirmative action to "opt out" to Time-of-Use rates.

Today's CPUC decision denies a petition by PG&E to retain a flat rate option that would provide for more customer choice. More than 90% of PG&E's small business customers are

accustomed to a flat rate pricing structure. DRA is concerned that PG&E's small business customers have not been adequately prepared, and given adequate tools, to respond to the new rate structures. Resistance or negative customer experience with the new pricing approach could damage the CPUC's efforts to promote time-variant pricing strategies and for customers to benefit from their billion dollar investment in smart meters, the technology upon which time-variant pricing relies.

Last February, DRA and the California Small Business Association had requested that the CPUC implement its program by gradually transitioning small business customers to the simpler, more understandable Time-of-Use pricing on an opt-out basis, to offer dynamic pricing as a voluntary program, and to require more complex dynamic pricing only when certain customer readiness conditions are met. The CPUC's complex rate scheme could result in significant increases to small business utility bills in the coming years.

“Small businesses who are accustomed to flat rates will likely be unprepared to adjust to complex rate changes in the short three-month timeframe” said Joe Como, DRA's acting director. “While time-variant pricing is an important tool in reducing overall demand and meeting the state's goal of reducing greenhouse gas emissions, the CPUC should reduce the risk of customer confusion and rate-shock by first meeting key readiness conditions such as customer understanding, low levels of complaints, and achieving a reasonable level of voluntary participation.”

PG&E is the first in line among California's three largest investor owned electric utilities to implement time-variant rates on small business customers, and the other utilities are expected to follow in the coming year.

For more information on Time-Variant Pricing, please visit:
http://www.dra.ca.gov/PGE_TimeVariantPricing.aspx.

For more information on DRA, please visit www.dra.ca.gov.

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