

IOU RESPONSE TO CONSUMER ADVOCATES

With the lifting of specified statutory restrictions, as proposed by AB 327, the CPUC would have sufficient discretionary authority to consider and adopt rate design structures consistent with the subparts of this response. This response includes both the necessary changes to existing law as well as the discretionary actions the CPUC could currently undertake without any statutory changes.

GENERAL RESIDENTIAL RATE DESIGN ISSUES

- (1) The CPUC may approve fixed charges for residential customers if it determines that the fixed charges are reasonable. .
- (2) CPUC may re-examine baseline zones and has authority to create additional zones if warranted.
- (3) The CPUC may consider modifying the summer season for baseline zones.
- (4) Increases to rates and charges, including any reduction in the CARE discount, shall be reasonable and subject to a reasonable phase-in schedule relative to the rates and charges in effect prior to enactment of rate reform legislation.
- (5) The CPUC may consider establishing mechanisms that allow over-recovery of revenues due to extreme weather events to be returned to customers in a manner reasonably proportional to the charges incurred by such customers.

NON-CARE RATES

- (1) Eliminate restrictions in §739.9(a) and (b).
- (2) The CPUC may approve non-CARE standard customer rates with 2 tiers separated by a fixed ratio between the upper tier and the lower tier rates.
- (3) The CPUC may consider adopting a price signal for extreme usage (e.g., 3rd tier) with high coincidence to high costs.
- (4) The Family Electric Rate Assistance Program shall be continued, with current eligibility criteria, and the CPUC shall approve the level of the discount based on the level of need as determined in the low-income needs assessment conducted pursuant to §382(d) and consistent with the method used to determine the CARE discount, e.g. as a lower rate to be charged for a limited amount of electricity to replace the current structure whereby FERA customers pay Tier 2 rates for Tier 3 usage.

CARE RATES

- (1) Repeal restrictions on Tier 1, 2, and 3 rates in §739.1(b)(2), (b)(3), (b)(4), and (b)(5), except as provided in (2), below.
- (2) Preserve current statutory requirements that ensure low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures (§382(b)) and that the level of the CARE discount correctly reflects the level of need as determined by the low-income needs

- assessment conducted pursuant to §382(d) (§739.1(b)(3)(B)). Modify §382(d) to require an assessment to be conducted no less frequently than every three years. The assessment shall measure affordability issues and energy burdens among low-income customers as well as the cost of the program to non-CARE customers.
- (3) CPUC is allowed flexibility in determining the design and level of the CARE discount and assistance. The CPUC may consider discounts that decline with increasing usage. The total discount for CARE shall be no less than X%.
- (4) Preserve current statutory provisions in §739.1(b)(1), §382(b) and §382(c) that permit the Commission to provide different levels of assistance to low-income customers with different household incomes.
- (5) The CPUC may provide that the entire discount be in the form of a reduction in the overall bill or as a total fixed payment for eligible CARE customers instead of through adjustments to fixed or volumetric rates.
- (6) Preserve current statutory provisions (§382(b), (c) and (e); §739.1(b)(1)) that permit CARE assistance in the form of energy efficiency services or other forms of assistance.

DYNAMIC PRICING

- (1) The CPUC may consider whether Dynamic or Time of Use Pricing should become the default residential rate design subject to a reasonable transition period and sufficient customer outreach and education.

(2) CPUC is authorized to develop non-tiered, dynamic or time-of-use pricing tariffs.

(3) Each electric utility may provide, no less than once per year, a summary of available tariff options for residential customers with a calculation of expected annual bill impacts under each available tariff. The reasonable costs of providing this service shall be recovered in rates.

NET ENERGY METERING

No modifications to NEM statute in this bill.