

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Copy for:

RESOLUTION NO. E-1950

Orig. and Copy

to Executive Director

R E S O L U T I O N

UTILITIES DIVISION

BRANCH: Rate Design and Economics

DATE: October 6, 1982

Director

Numerical File

Alphabetical File

Accounting Officer

SUBJECT: Order Authorizing Pacific Gas and Electric Company to Implement an Experimental Time-of-Use Schedule for Large Usage Domestic Customers on an Optional Basis

WHEREAS: PACIFIC GAS AND ELECTRIC COMPANY (PG&E), by Advice Letter No. 907-E, filed August 20, 1982, requests authority to initiate an experimental time-of-use rate structure, Schedule No. D-7, for large usage domestic customers who will agree to participate. The following background and conditions apply to this filing:

1. On December 30, 1981, by Commission Decision No. 93887, PG&E was ordered to file a plan for implementation of rate Schedule D-7 on an experimental basis for high usage residential customers. We reiterate the proposal and goal set forth in that decision to provide residential customers with more options of service and rate combinations. We strongly believe that customers should be able to exercise more control over their utility bills.
2. At the request of Contra Costa County, the residential time-of-use rate program was included as an issue to be considered by the Commission in its rehearing of rate design matters in Decision No. 93887.
3. PG&E and Contra Costa County were the only two participants presenting evidence on residential time-of-use rates in the reopened proceeding, and Contra Costa has filed a stipulation in support of the Advice Letter filing. In addition, the staff has met with PG&E and Contra Costa County and carefully reviewed the proposed filing and concurs that Schedule No. D-7, Experimental Domestic Service Time-of-Use should be authorized.
4. Commission approval of this optional tariff will allow Pacific Gas and Electric to offer the TOU rate prior to the winter heating season, with recruitment for the program to begin immediately, and billing to begin in November 1982.
5. The proposed Schedule No. D-7 provides a time-of-use option to high use residential customers whose annual usage exceeds 12,000 kilowatt-hours, except that PG&E may waive this restriction for a limited number of customers. The waiver is necessary because of the desirability of establishing an experimental program structure in some areas for customers with annual usage of less than 1,200 kilowatt-hours which would provide information needed to evaluate the desirability of future expansion of this time-of-use program.
6. Preference will be given, primarily, to customers for whom no gas service is available, and secondarily, to customers whose lifeline allowances exceed the basic allowance.

7. The tariff includes a \$3.00 customer charge designed to recover, in part, the expenses associated with metering costs. The effective rates of Schedule No. D-7 are designed to be bill-neutral other than the customer charge amount for a customer who pays the average residential rate. The off-peak rate is set at 5.80¢, and the on-peak rate is currently set at 11.00¢. This produces an on-peak to off-peak ratio of 1.9 to 1.0. On-peak hours are defined as 12 noon until 6 p.m.

8. TURN has protested the Advice filing on the grounds that:
 - (a) The Advice Letter is prejudicial to the forthcoming decision on electric rate design.
 - (b) Implementation throughout the PG&E service area is unwarranted.
 - (c) A cap must be ordered on both the number of participants and time for experimental evaluation.
 - (d) In general, time-of-use rates act as a penalty on the customer who has no choice but to use on-peak power.

9. Solidarity for Utility Rate Justice (SURJ) has protested the Advice Filing on the grounds that:
 - (a) A residential TOU schedule should not be implemented while serious disputes over facts and policy remain unresolved and/or unaddressed.
 - (b) Time-of-use rate design undoubtedly has theoretical merits, but not every design works to reduce fuel or operating costs. SURJ believes that should be the first priority of any TOU schedule; simply reducing the bills for large users is social policy inappropriate as Commission policy absent legislative direction.
 - (c) The Commission can and should reject Advice Filing 907-E on the ground that it has received highly improper and prejudicial assistance from the staff.
 - (d) PG&E and the County both have financial interests in an immediate residential program implementation, and that those interests preclude the potential and objectivity necessary to identify the general public interest.

10. By letters of September 9, 1982, both PG&E and Contra Costa County have responded to TURN's protest. PG&E urges prompt approval of its advice filing in order to proceed on a schedule agreed to be reasonable by the staff, Contra Costa County, and PG&E. Both letters stress that: (1) their settlement resolved issues in dispute only through the testimony of PG&E and Contra Costa County, (2) the rate option will provide some assistance in control of energy bills, and (3) that action now does not preempt the decision in the reopened hearings.

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10. (continued)

By letter of September 17, 1982 Contra Costa County has responded to the SURJ protest and disputes the SURJ allegations relative to Contra Costa County financial interests and the technical aspects of the residential time-of-use rates.

11. The Commission will not prejudice its decision in the forthcoming decision on electric rate design since the authority granted herein is limited to an experimental rate schedule which was ordered to be filed in Decision No. 93887 on December 30, 1981.
12. The Commission is limiting the program to three operating divisions and a total of 1,700 meters, is providing for an experimental rate schedule, and is providing that the rate schedule is optional to the customer.
13. PG&E shall monitor and evaluate, on an ongoing basis, the effects of the D-7 rate on the electricity usage of customers who choose this pricing arrangement.
14. Except as noted above, this filing will not increase any rate or charge, cause a withdrawal of service, or conflict with other schedules or rules.

IT IS ORDERED that:

1. Authority is granted to PG&E to implement Schedule No. D-7, Experimental Domestic Service Time-of-Use.
2. The program is limited to not more than 1,700 meter installations in PG&E's East Bay, Shasta, and San Jose Divisions.
3. PG&E shall file a revision to Schedule No. D-7, Experimental Domestic Service - Time-of-Use, to reflect an on-peak effective rate of \$0.11 and an off-peak effective rate of \$0.058. PUC Sheets Nos. 7810-E through 7812-E, inclusive, be marked to show that the sheets issued under Resolution No. E-1950 of the Public Utilities Commission of the State of California to become effective October 6, 1982. The effective date of this Resolution is the date hereof.

I certify that this Resolution was introduced, approved and adopted at a regular conference of the Public Utilities Commission of the State of California on October 6, 1982. The following Commissioners voted favorably:

JOHN E. BRYSON
President

RICHARD D. GRAVELLE

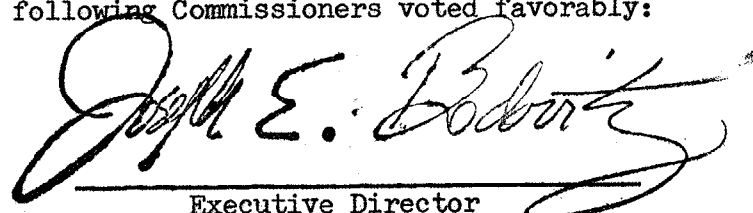
LEONARD M. GRIMES, JR.

VICTOR CALVO

Commissioners

I dissent.

PRISCILLA C. GREW



Joseph E. Bobritz

Executive Director