

ASSEMBLY BILL

No. 1736

Introduced by Assembly Member Buchanan

February 14, 2014

An act to amend Section 739 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1736, as introduced, Buchanan. Energy: baseline quantities of electricity and natural gas.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The Public Utilities Act requires the commission to designate a baseline quantity of electricity and gas necessary for a significant portion of the reasonable energy needs of the average residential customer, and to establish a higher energy allowance above the baseline, for residential customers dependent on life-support equipment. The act requires that electrical corporations and gas corporations file rates and charges, to be approved by the commission, providing baseline rates that are applicable to the first block of usage and requires the commission, in establishing baseline rates, to avoid excessive rate increases for residential customers and to establish an appropriate gradual differential between the rates for the respective blocks of usage.

This bill would make technical, nonsubstantive revisions to the requirement that the commission designate a baseline quantity of

electricity and gas necessary for a significant portion of the reasonable energy needs of the average residential customer.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 739 of the Public Utilities Code is
2 amended to read:

3 739. (a) As used in this section:

4 (1) “Baseline quantity” means a quantity of electricity or gas
5 allocated by the commission for residential customers based on
6 from 50 to 60 percent of average residential consumption of these
7 commodities, except that, for residential gas customers and for
8 all-electric residential customers, the baseline quantity shall be
9 established at from 60 to 70 percent of average residential
10 consumption during the winter heating season. In establishing the
11 baseline quantities, the commission shall take into account climatic
12 and seasonal variations in consumption and the availability of gas
13 service. The commission shall review and revise baseline quantities
14 as average consumption patterns change in order to maintain these
15 ratios.

16 (2) “Residential customer” means those customers receiving
17 electrical or gas service pursuant to a domestic rate schedule and
18 excludes industrial, commercial, and every other category of
19 customer.

20 (b) The commission shall designate a baseline quantity of gas
21 and electricity ~~which~~ that is necessary to supply a significant
22 portion of the reasonable energy needs of the average residential
23 customer. In estimating those quantities, the commission shall take
24 into account differentials in energy needs between customers whose
25 residential energy needs are currently supplied by electricity alone
26 or by both electricity and gas. The commission shall develop a
27 separate baseline quantity for all-electric residential customers.
28 For these purposes, “all-electric residential customers” are
29 residential customers having electrical service only or whose space
30 heating is provided by electricity, or both. The commission shall
31 also take into account differentials in energy use by climatic zone
32 and season.

1 (c) (1) The commission shall establish a standard limited
2 allowance ~~which~~ *that* shall be in addition to the baseline quantity
3 of gas and electricity for residential customers dependent on
4 life-support equipment, including, but not limited to, emphysema
5 and pulmonary patients. A residential customer dependent on
6 life-support equipment shall be allocated a higher energy allocation
7 than the average residential customer.

8 (2) “Life-support equipment” means that equipment ~~which~~ *that*
9 utilizes mechanical or artificial means to sustain, restore, or
10 supplant a vital function, or mechanical equipment ~~which~~ *that* is
11 relied upon for mobility both within and outside of buildings.
12 “Life-support equipment,” as used in this subdivision, includes all
13 of the following: all types of respirators, iron lungs, hemodialysis
14 machines, suction machines, electric nerve stimulators, pressure
15 pads and pumps, aerosol tents, electrostatic and ultrasonic
16 nebulizers, compressors, IPPB machines, and motorized
17 wheelchairs.

18 (3) The limited allowance specified in this subdivision shall
19 also be made available to paraplegic and quadriplegic persons in
20 consideration of the increased heating and cooling needs of those
21 persons.

22 (4) The limited allowance specified in this subdivision shall
23 also be made available to multiple sclerosis patients in
24 consideration of the increased heating and cooling needs of those
25 persons.

26 (5) The limited allowance specified in this subdivision shall
27 also be made available to scleroderma patients in consideration of
28 the increased heating needs of those persons.

29 (6) The limited allowance specified in this subdivision shall
30 also be made available to persons who are being treated for a
31 life-threatening illness or have a compromised immune system, if
32 a licensed physician and surgeon or a person licensed pursuant to
33 the Osteopathic Initiative Act certifies in writing to the utility that
34 the additional heating or cooling allowance, or both, is medically
35 necessary to sustain the life of the person or prevent deterioration
36 of the person’s medical condition.

37 (d) (1) The commission shall require that every electrical and
38 gas corporation file a schedule of rates and charges providing
39 baseline rates. The baseline rates shall apply to the first or lowest
40 block of an increasing block rate structure which shall be the

1 baseline quantity. In establishing these rates, the commission shall
2 avoid excessive rate increases for residential customers, and shall
3 establish an appropriate gradual differential between the rates for
4 the respective blocks of usage.

5 (2) In establishing residential electric and gas rates, including
6 baseline rates, the commission shall ensure that the rates are
7 sufficient to enable the electrical corporation or gas corporation
8 to recover a just and reasonable amount of revenue from residential
9 customers as a class, while observing the principle that electricity
10 and gas services are necessities, for which a low affordable rate is
11 desirable and while observing the principle that conservation is
12 desirable in order to maintain an affordable bill.

13 (3) At least until December 31, 2003, the commission shall
14 require that all charges for residential electric customers are
15 volumetric, and shall prohibit any electrical corporation from
16 imposing any charges on residential consumption that are
17 independent of consumption, unless those charges are in place
18 prior to April 12, 2001.

19 (e) (1) Each electrical corporation and each gas corporation
20 shall, in a timeframe consistent with each electrical and gas
21 corporation's next general rate case, disclose on the billing
22 statement of a residential customer all of the following:

- 23 (A) Cost per kilowatthour or gas therm per tier.
- 24 (B) Allocation of kilowatthour or gas therm per tier.
- 25 (C) Visual representation of usage and cost per tier.
- 26 (D) Usage comparison with prior periods.
- 27 (E) Itemized cost components in the bill to identify state and
28 local taxes.
- 29 (F) Identification of delivery, generation, public purpose, and
30 other charges.
- 31 (G) Contact information for the commission's Consumer Affairs
32 Branch.

33 (2) An electrical corporation and a gas corporation shall make
34 available online to residential customers both of the following:

- 35 (A) Examples of how conservation measures, including changing
36 thermostat settings and turning off unused lights, could reduce
37 energy usage and costs.
- 38 (B) Examples of how energy-saving devices and weatherization
39 measures could reduce energy usage and costs.

1 (3) The commission may modify, adjust, or add to the
2 requirements of this subdivision as the individual circumstances
3 of each electrical corporation or gas corporation merits, or for
4 master-meter customers, as individual circumstances merit.

5 (4) The commission shall, as part of the general rate case of an
6 electrical corporation or gas corporation, assess opportunities to
7 improve the quality of information contained in the utility's
8 periodic billings.

9 (f) Wholesale electrical or gas purchases, and the rates charged
10 therefor, are exempt from this section.

11 (g) Nothing contained in this section shall be construed to
12 prohibit experimentation with alternative gas or electrical rate
13 schedules for the purpose of achieving energy conservation.