

AMENDED IN SENATE APRIL 8, 2014

**SENATE BILL**

**No. 1090**

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**Introduced by Senator Fuller**

February 19, 2014

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An act to amend Section 745 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 1090, as amended, Fuller. Electricity: rates: default time-of-use pricing.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law permits the commission to authorize an electrical corporation to offer residential customers the option of receiving service pursuant to time-variant pricing, as defined, and to participate in other demand reduction response programs, but prohibits the commission from authorizing an electrical corporation to employ mandatory or default time-variant pricing for any residential customer, except that beginning January 1, 2018, the commission may require or authorize an electrical corporation to employ default time-of-use pricing for residential customers, subject to specified limitations and conditions.

This bill would require the commission to make specified findings before it could require or authorize an electrical corporation to employ default time-of-use pricing to residential customers and would require the commission to submit its findings to the Legislature not less than 12 months prior to requiring or authorizing an electrical corporation to employ default time-of-use pricing for residential customers.

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

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

1 SECTION 1. Section 745 of the Public Utilities Code is  
2 amended to read:

3 745. (a) For purposes of this section, “time-variant pricing”  
4 includes time-of-use rates, critical peak pricing, and real-time  
5 pricing, but does not include programs that provide customers with  
6 discounts from standard tariff rates as an incentive to reduce  
7 consumption at certain times, including peak time rebates.

8 (b) The commission may authorize an electrical corporation to  
9 offer residential customers the option of receiving service pursuant  
10 to time-variant pricing and to participate in other demand response  
11 programs. The commission shall not establish a mandatory or  
12 default time-variant pricing tariff for any residential customer  
13 except as authorized in subdivision (c).

14 (c) Beginning January 1, 2018, and subject to the commission  
15 making the findings required by subdivision (d) and reporting  
16 those findings as required by subdivision (e), the commission may  
17 require or authorize an electrical corporation to employ default  
18 time-of-use pricing for residential customers subject to all of the  
19 following:

20 (1) Residential customers receiving a medical baseline allowance  
21 pursuant to subdivision (c) of Section 739, customers requesting  
22 third-party notification pursuant to subdivision (c) of Section 779.1,  
23 customers who the commission has ordered cannot be disconnected  
24 from service without an in-person visit from a utility representative  
25 (Decision 12-03-054 (March 22, 2012), Decision on Phase II  
26 Issues: Adoption of Practices to Reduce the Number of Gas and  
27 Electric Service Disconnections, Order 2 (b) at page 55), and other  
28 customers designated by the commission in its discretion shall not  
29 be subject to default time-of-use pricing without their affirmative  
30 consent.

31 (2) The commission shall ensure that any time-of-use rate  
32 schedule does not cause unreasonable hardship for senior citizens  
33 or economically vulnerable customers in hot climate zones.

34 (3) The commission shall strive for time-of-use rate schedules  
35 that utilize time periods that are appropriate for at least the  
36 following five years.

37 (4) A residential customer shall not be subject to a default  
38 time-of-use rate schedule unless that residential customer has been

1 provided with not less than one year of interval usage data from  
2 an advanced meter and associated customer education and,  
3 following the passage of this period, is provided with no less than  
4 one year of bill protection during which the total amount paid by  
5 the residential customer for electric service shall not exceed the  
6 amount that would have been payable by the residential customer  
7 under that customer's previous rate schedule.

8 (5) Each electrical corporation shall provide each residential  
9 customer, not less than once per year, using a reasonable delivery  
10 method of the customer's choosing, a summary of available tariff  
11 options with a calculation of expected annual bill impacts under  
12 each available tariff. The summary shall not be provided to  
13 customers who notify the utility that they choose not to receive  
14 the summary. The reasonable costs of providing this service shall  
15 be recovered in rates.

16 (6) Residential customers have the option to not receive service  
17 pursuant to a time-of-use rate schedule and incur no additional  
18 charges as a result of the exercise of that option. Prohibited charges  
19 include, but are not limited to, administrative fees for switching  
20 away from time-of-use pricing, hedging premiums that exceed any  
21 actual costs of hedging, and more than a proportional share of any  
22 discounts or other incentives paid to customers to increase  
23 participation in time-of-use pricing. This prohibition on additional  
24 charges is not intended to ensure that a customer will necessarily  
25 experience a lower total bill as a result of the exercise of the option  
26 to not receive service pursuant to a time-of-use rate schedule.

27 (d) The commission shall not require or authorize an electrical  
28 corporation to employ default time-of-use pricing for residential  
29 customers unless it has made ~~at~~ *both* of the following findings  
30 relative to any proposed time-of-use rates:

31 (1) Customers located in hot, inland areas will not experience  
32 unreasonable summertime bills, assuming no changes in overall  
33 usage by those customers during peak periods.

34 ~~(2) Any resulting shift in revenue collected between territories  
35 for baseline usage is reasonable, assuming no changes in overall  
36 usage or in usage during peak periods.~~

37 ~~(3)~~

38 (2) Seasonal bill volatility will not cause hardship for residential  
39 customers living in areas with hot summer weather, assuming no  
40 change in summertime usage or in usage during peak periods.

- 1     ~~(4) Use of default time-of-use pricing will not exacerbate the~~
- 2     ~~potential consequences of excess generation during times of peak~~
- 3     ~~solar generation.~~
- 4     ~~(5) Costs for integration of eligible renewable energy resources~~
- 5     ~~will not increase as the result of employing default time-of-use~~
- 6     ~~pricing.~~
- 7     (e) The commission shall submit its findings made pursuant to
- 8     subdivision (d) to the Legislature not less than 12 months prior to
- 9     requiring or authorizing an electrical corporation to employ default
- 10    time-of-use pricing for residential customers.