

**Assembly Bill No. 2589**

CHAPTER 848

An act relating to public utilities.

[Approved by Governor September 23, 1996. Filed  
with Secretary of State September 24, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2589, Battin. Public utilities: baseline rates.

Existing law requires the Public Utilities Commission to designate a baseline quantity of electricity and gas, as defined, necessary for a significant portion of the reasonable energy needs of the average residential customer.

Existing law requires that the commission retain an appropriate inverted rate structure in establishing residential rates, and requires that if the commission increases baseline rates, revenues resulting from those increases be used exclusively to reduce nonbaseline residential rates.

This bill would provide for a test of noninverted rate design or other rate structure changes on an experimental basis in Climatic Zone 15.

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

SECTION 1. (a) The Legislature finds and declares that the extreme burden of utility bills in the desert region of Climatic Zone 15 may necessitate a rate structure test for residential customers that diverges from the rate structure that is required by Section 739 of the Public Utilities Code. Therefore, the Legislature desires the commission to approve prior to April 1, 1997, a test of noninverted rate design or other potential rate structure changes, or any combination thereof, in Climatic Zone 15 on an experimental basis, as provided in subdivision (b). Moreover, the test shall not involve any shifting of recovery or recovery related costs to other customer classes.

(b) In areas within Climatic Zone 15 served by a regulated investor-owned utility, the requirements of Sections 739 and 739.7 of the Public Utilities Code may be waived and future expected rate decreases for residents of Climatic Zone 15 shall be applied in a manner that reduces the nonbaseline rate or provides other reasonable rate structure changes or any combination thereof, provided both of the following conditions are met:

(1) The rate structure is designed in such a way that baseline rates will not be increased above their level on January 1, 1997.



(2) That customers subject to subdivision (b) of Section 739 of the Public Utilities Code will not be impacted.

(c) The experimental rate design shall terminate when rate designs associated with electric restructuring have been implemented as set forth by Public Utilities Commission Decision 95-12-063 and any subsequent modifications of that decision.

(d) The commission shall institute an expedited proceeding to examine the best manner in which to provide rate relief in Climatic Zone 15. The experimental rate design for Climatic Zone 15 shall be approved by the commission before April 1, 1997.

