



Presentation to Energy, Utilities & Communications Senate Oversight Hearing

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Agenda

- ✓ About the CPUC
- ✓ California Snapshot
- ✓ SB 350 Implementation
- ✓ Electricity Rate Reform
- ✓ Hot Policy Issues
- ✓ CPUC Strategic Plan

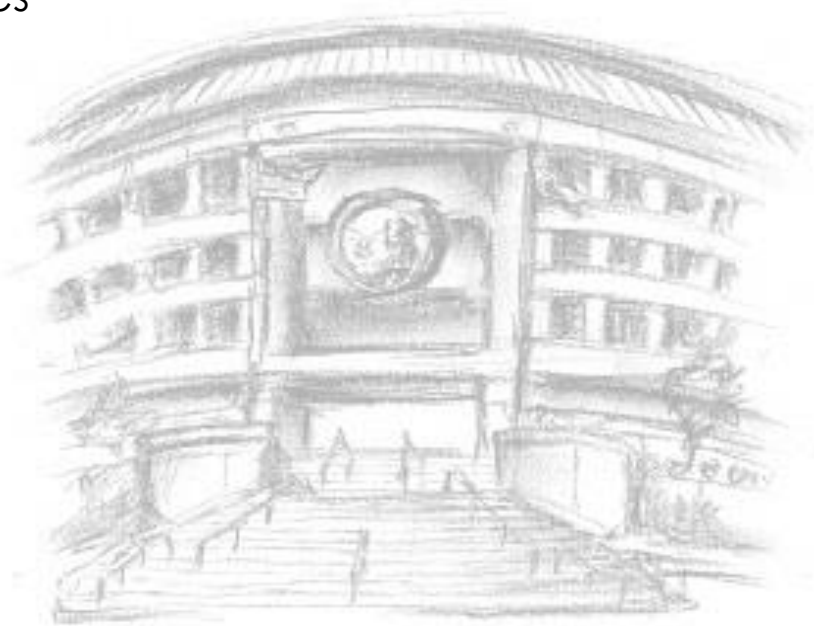




About the CPUC

The CPUC regulates the following services

- ✓ **Electricity**
- ✓ **Natural Gas**
- ✓ **Telecommunications**
- ✓ **Water**
- ✓ **Rail and Transportation**



Five Governor-appointed Commissioners serve staggered six-year terms





California Snapshot

- ✓ Average monthly electricity bill is \$92 (national average is \$110)
- ✓ Average monthly gas bill is \$40 (national average is \$60)
- ✓ The CPUC regulated water utilities on average charge water customers a monthly charge of \$68
- ✓ Broadband service has reached more than 95% of California households





Senate Bill 350 Implementation

Senate Bill (SB) 350 (de León, Chapter 547, 2015) requires the CPUC to focus energy procurement decisions on reducing greenhouse gas emissions by 40 percent by 2030, including efforts to achieve at least 50 percent renewable energy procurement, doubling of energy efficiency, and promoting transportation electrification.

CPUC Implementation Work Areas

- ✓ Integrated resource planning
- ✓ Energy efficiency
- ✓ Renewable energy
- ✓ Transportation electrification
- ✓ Regionalization of electric transmission

SB 350's broad statutory requirements impact approximately 17 different proceedings

Web Link: <http://www.cpuc.ca.gov/sb350>





Rate Reform

Assembly Bill (AB) 327 (Perea, Chapter 611, 2013) removed certain restrictions on residential rates, which had led to steeply inclining “tiered rates.” In July, 2015, the CPUC implemented AB 327 by adoption Decision D.15-07-001 on **Residential Rate Reform** including the following:

Tier Flattening: Four-Year “Glidepath”

- Compress rate tiers from 4 to 2 (with a 25% differential) on a gradual glidepath by 2019.
- This will bring rates more in line with cost over a reasonable time horizon.
- Some high usage customers currently paying above the cost of service will experience bill reductions, while some lower usage customers paying below the cost of service will experience bill increases.

Default Time-of-Use (TOU) Rates

- Residential customers will be defaulted to TOU rates on January 1, 2019.
- TOU rates reflect predictable daily changes in the cost of electricity service, and enable customers to reduce usage during peak hours when electricity prices are higher.
- Proposals for default TOU rates will be considered in the utilities' 2018 Rate Design Window applications.





Hot Policy Issues

Aliso Canyon Leak – What happens next?

- ✓ CPUC's root cause analysis is underway
- ✓ Assessing Southern California reliability needs

Renewable Energy and Preferred Resources

- ✓ Three large electric utilities are ahead of schedule towards meeting 33% RPS
- ✓ Successor to Net Energy Metering adopted
- ✓ Replacing fossil generation with preferred resources to meet Southern California reliability needs
- ✓ Electric vehicle infrastructure pilots commencing in SCE and SDG&E territories

Drought

- ✓ Water utilities are reaching the Governor's water curtailment goals.





CPUC Strategic Plan

CPUC is conducting an agency-wide strategic planning process to align the organization around clear expectations set by all 5 commissioners.

In 2015 we adopted 14 Strategic Directives and in 2016 we will create an action plan for each directive:

1. Administration
2. Communications
3. Climate Change
4. Compliance & Enforcement
5. Consumer Protection, Education, Assistance, and Engagement
6. Decision-making
7. Economic Prosperity
8. Environmental Sustainability
9. Mission/vision
10. Rates and Affordability
11. Reliability and Resiliency
12. Risk Management
13. Safety
14. Universal Access

Web Link: <http://www.cpuc.ca.gov/strategicplanninginitiative/>





More Work To Be Done

The CPUC's annual report covers in detail all the areas that the Commission oversees such as telecommunication and water and transportation and of course rail safety. <http://www.cpuc.ca.gov/AnnualReports/>

The CPUC is committed to the following:

- ✓ **Transparency** of our work to the legislature and the public
- ✓ **Fairness** – everyone should have the same opportunity and access
- ✓ **Integrating** the CPUC with the rest of California government
- ✓ **Effectively regulating** the industries within the CPUC's jurisdiction

Changing the CPUC's culture is ongoing and will happen over time.

- ✓ I have been a Commissioner for over two years, and I'm still learning how to navigate the PUC's process...

I will take your questions.





For Additional Information:
www.cpuc.ca.gov

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