



## SB-1292 Electricity: fixed charges: report. (2023-2024)

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CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

### SENATE BILL

**NO. 1292**

Introduced by Senator Bradford

February 15, 2024

An act to amend Section 739.9 of, and to add and repeal Section 913.7 of, the Public Utilities Code, relating to electricity.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1292, Bradford. Electricity: fixed charges: report.

Existing law authorizes the Public Utilities Commission to adopt new, or expand existing, fixed charges, as defined, for the purpose of collecting a reasonable portion of the fixed costs of providing electrical service to residential customers. Under existing law, the commission may authorize fixed charges for any rate schedule applicable to a residential customer account. Existing law requires the commission, no later than July 1, 2024, to authorize a fixed charge for default residential rates on an income-graduated basis, as specified.

This bill would require the commission, on or before January 1, 2028, but no sooner than 2 years after the adoption of the income-graduated fixed charge for residential rates, to submit a report to the relevant policy committees of both houses of the Legislature on the electrical corporations' implementation of the fixed charge, as specified. The bill would prohibit the commission from authorizing a new residential fixed charge other than those authorized before July 1, 2024, until 30 days after the report is submitted.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 739.9 of the Public Utilities Code is amended to read:

**739.9.** (a) "Fixed charge" means any fixed customer charge, basic service fee, demand differentiated basic service fee, demand charge, or other charge not based on the volume of electricity consumed.

(b) Increases to electrical rates and charges in rate design proceedings, including any reduction in the California Alternate Rates for Energy (CARE) program discount, shall be reasonable and subject to a reasonable phase-in schedule relative to the rates and charges in effect before January 1, 2014.

(c) Consistent with the requirements of Section 739, the commission may modify the seasonal definitions and applicable percentage of average consumption for one or more climatic zones.

(d) The commission may adopt new, or expand existing, fixed charges for the purpose of collecting a reasonable portion of the fixed costs of providing electrical service to residential customers. The commission shall ensure that any approved charges do all of the following:

(1) Reasonably reflect an appropriate portion of the different costs of serving small and large customers.

(2) Not unreasonably impair incentives for conservation, energy efficiency, and beneficial electrification and greenhouse gas emissions reduction.

(3) Are set at levels that do not overburden low-income customers.

(e) (1) (A) For the purposes of this section and Section 739.1, the commission may authorize fixed charges for any rate schedule applicable to a residential customer account. The fixed charge shall be established on an income-graduated basis with no fewer than three income thresholds so that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage.

(B) The commission shall, no later than July 1, 2024, authorize a fixed charge for default residential rates.

(C) The commission shall not authorize a new residential fixed charge, except those authorized before July 1, 2024, pursuant to this paragraph, until 30 days after the report described in Section 913.7 is submitted to the relevant policy committees of both houses of the Legislature.

(2) For purposes of this subdivision, "income-graduated" means that low-income customers pay a smaller fixed charge than high-income customers.

(f) Notwithstanding the requirements of subdivision (d) of Section 739 and Section 739.7, the commission shall not apply the composite tier method to the treatment of any revenues resulting from any fixed charge adopted pursuant to this section.

**SEC. 2.** Section 913.7 is added to the Public Utilities Code, to read:

**913.7.** (a) For purposes of this section, "fixed charge" means the fixed charge for residential rates adopted pursuant to subparagraph (B) of paragraph (1) of subdivision (e) of Section 739.9.

(b) The commission, on or before January 1, 2028, but no sooner than two years after the adoption of the fixed charge, shall submit a report to the relevant policy committees of both houses of the Legislature on the electrical corporations' implementation of the fixed charge.

(c) The commission shall include in the report an evaluation of the implementation of the fixed charge. The evaluation shall include all of the following information:

(1) Impacts to customers participating in the California Alternate Rates for Energy (CARE) or family electric rate assistance (FERA) programs.

(2) Impacts to all other residential customers.

(3) Administrative and operational challenges with implementing the fixed charge.

(4) Impacts on master-metered residential customer accounts.

(5) A summary of customer complaints associated with the fixed charge, including the number and relevant categories of customer complaints.

(6) A list of potential challenges with future adjustments to the fixed charge, including, but not limited to, adjustments to the income-graduated tiers, administrative issues, and billing systems.

(7) The extent to which the fixed charge impacts the rate of building electrification, the rate of air conditioning adoption, customer conservation efforts, residential electric vehicle charging behavior, and the rate of installation of distributed solar or battery storage systems.

(d) Pursuant to Section 10231.5 of the Government Code, this section is repealed on January 1, 2031.