

California Public Utilities Commission
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PRESS RELEASE

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**CPUC APPROVES RATE ADJUSTMENTS FOR
PG&E CUSTOMERS TO OFFER SUMMER RELIEF**

SAN FRANCISCO, May 20, 2010 - The California Public Utilities Commission (CPUC) today approved a settlement that provides for lower utility bills for households with large summer-cooling demands in Pacific Gas and Electric Company's (PG&E) service area.

The settlement reduces PG&E Tier 4 rates by approximately 2.5 cents/kWh; reduces Tier 5 rates by approximately 10 cents/kWh; and increases Tier 3 rates by approximately one-half cent/kWh, effective June 1, 2010. Tier 1 and 2 rates are unchanged.

PG&E requested a rate change in order to provide rate relief this summer for households with substantial upper tier consumption who are experiencing great hardship during hot summer months due to the steeply tiered rate structure that was in place.

As an example of the new rate structure, using the March 1, 2010, rates for PG&E the new rates under the Settlement Agreement are as follows:

- Under the current 5 Tier structure, Tiers 1 and 2 would see no change at all.
- Tier 3, currently has a rate of 28 cents per kWh and under today's decision, it would go up to 29 cents kWh. However, by allowing this modest increase in the Tier 3 rate, PG&E can reduce Tiers 4 and 5.
- Tier 4 is 42 cents per kWh and it would decrease to 40 cents per kWh.
- Tier 5 is 49 cents per kWh and would decrease to 40 cents per kWh.

"These new summer rates will help mitigate the large month-to-month bill increases experienced last summer in the Central Valley when sustained periods of high temperatures pushed substantial usage into Tier 5," said CPUC President Michael R. Peevey.

Nearly one-half of PG&E's residential customers are on the low income program CARE rates, or have usage in Tiers 1 and 2 only, and with the Assembly Bill 1X rate freeze for those customers, there was not a rate increase from 2001 through 2009. In addition, all customers were on the 5-Tier system, so even the large users also had rate protection for their Tiers 1 and 2 usage. Therefore, PG&E had to collect all residential rate increases through its Tiers 3, 4, and 5 rates.

Continued President Peevey, "Over time the differentials between Tiers 3, 4, and 5 have grown larger and larger and when combined with the legislative and regulatory constraints led to a difficult situation for Tier 5 customers. This decision helps to bring PG&E's rates within the range of the other regulated utilities and spreads the burden for revenue collection to the large Tier 3 base so it is more evenly distributed."

The settlement approved today was reached by PG&E, the Division of Ratepayer Advocates, and The Utility Reform Network.

The proposal voted on today is available at http://docs.cpuc.ca.gov/word_pdf/AGENDA_DECISION/118147.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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