

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013  
(Filed June 21, 2012)

**OPENING BRIEF OF THE OFFICE OF RATEPAYER ADVOCATES  
ON DEFAULT TIME OF USE (TOU) PILOTS**

Pursuant to the assigned Administrative Law Judge's August 28, 2014 Ruling, the Office of Ratepayer Advocates (ORA) hereby files its opening brief on default time-of-use (TOU) pilots.

The Ruling asks parties to brief the following question: "Is there a structure for a default time-of-use pilot (a pilot that simulates the customer experience of being defaulted onto the TOU rate rather than opting in) that is permitted under current state law?" The answer is "no" because Public Utilities Code Section 745 prohibits default TOU rates before 2018. Section 745(b) states, in relevant part, "The commission shall not establish a mandatory or default time-variant pricing tariff<sup>1</sup> for any residential customer except as authorized in subdivision (c)." Section 745 (c) states, "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 all of the following ...". The list that follows this provision contains exemptions from default TOU rates as well as further protections or conditions. Therefore, the Commission cannot

<sup>1</sup> Section 745(a) defines "time-variant pricing" as including "time-of-use rates."

offer default TOU rates before January 1, 2018, and at that time can only do so under the conditions listed in Section 745.

Default pilots may be the most useful vehicle to study customer reactions to TOU rates if the goal is to implement a default TOU program. However, pilots for opt-in TOU rates and the availability of opt-in TOU rates for all customers also provide opportunities to learn about customer reaction to TOU rates. We can study what types of rates result in greater enrollment. For example, we can study the impact of offering different time periods, different lengths of TOU periods, and how much peak demand reduction is achieved. In addition, the IOUs have implemented default TOU programs for other customer classes and are moving forward to roll out default TOU rates for their small business customers. Though these classes have different characteristics from residential customers, the IOUs may be able to draw lessons of a general nature from those experiences.

Respectfully submitted,

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