



California Public Utilities Commission
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PRESS RELEASE

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CPUC Proposal Would Cut the Price of Residential Electricity Under New Billing Structure and Accelerate California’s Clean Energy Transition

SAN FRANCISCO, March 27, 2024 – As required by [Assembly Bill \(AB\) 205](#), the California Public Utilities Commission (CPUC) today released a proposal that would cut the price of residential electricity for Californians, reduce electricity bills for lower income Californians and those living in parts of the state most impacted by extreme weather, while also advancing the state’s clean energy goals.

Read More: [Fact Sheet on “Flat Rate” Proposed Decision](#)

The proposal, formally called a Proposed Decision, changes how large investor-owned utilities (IOUs) bill residential customers for infrastructure-related expenses. Currently, all customers already pay for maintaining the electric grid through their electricity bills. This is factored into the price you pay for the electricity you use. Under this proposal, utilities will move these existing fixed costs—like the costs of maintaining power lines and equipment—into a separate “Flat Rate” line item on every customer’s bill.

This reallocation of the way costs are billed means that the price for a unit of electricity will be lower for all customers, making it more affordable for everyone to electrify homes and vehicles, regardless of income or location.

This billing structure does not impose any new fees, nor does it generate new profit for utilities—it simply reallocates how existing costs are shared among customers. In fact, almost all publicly owned utilities in the state and most utilities nationwide use a similar billing structure. This proposal brings California in line with state and national trends.

If approved, the new billing structure would go into effect late 2025 and early 2026.

How it Works: Cutting the Price of Electricity for All Residential Customers

Under the new billing structure, a residential customer bill would have two parts:

1. **Usage Rate:** The usage rate is the price customers pay for a unit of electricity.
 - a. The proposal cuts the usage rate by 5 to 7 cents per kilowatt-hour, making electricity cheaper for all customers and cheaper to electrify homes and vehicles.
 - b. The usage rate will continue to vary throughout the day just like how rates operate today to encourage conservation.

2. **Flat Rate**
 - a. The proposal moves some costs that customers already pay in the usage rate to a separate line item called a flat rate.
 - b. The flat rate includes the cost of infrastructure that connects all customers to the grid, such as wires and transformers that send power to and from a house.
 - c. Almost all publicly owned utilities in the state and most utilities nationwide have flat rates.

Under the proposal, the flat rate would be \$24.15 per month, which would reduce the price of a unit of electricity for all customers by 5 to 7 cents per kilowatt-hour. \$24.15 is the same amount as the flat rate for Sacramento Municipal Utility District (SMUD) customers, and significantly less than some stakeholder proposals that ranged up to \$73 per month.

Customers enrolled in the [California Alternate Rates for Energy](#) (CARE) low-income assistance program will benefit from a discounted flat rate of \$6 per month. Customers enrolled in the [Family Electric Rate Assistance Program](#) (FERA), as well as those residing in deed-restricted affordable housing with incomes at or below 80 percent of the area median income, will qualify for a discounted flat rate of \$12 per month.

Customer Benefits

Under the proposal, all customers, regardless of income or location, will see financial benefits if they electrify. For example, a customer who powers their home and vehicle with electricity would save an average of \$28-\$44 per month compared to under today's billing structure.

The proposal is anticipated to appear on the CPUC's May 9, 2024, Voting Meeting agenda.

The proposal is available [here](#).

Documents related to the proceeding are available [here](#). Members of the public can provide comment under the Public Comments tab.

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About the California Public Utilities Commission

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians access to safe and reliable utility infrastructure and services. Visit www.cpuc.ca.gov for more information.