

AMENDED IN SENATE JULY 3, 2003  
AMENDED IN ASSEMBLY MAY 29, 2003  
AMENDED IN ASSEMBLY APRIL 30, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 425**

**Introduced by Assembly Member Richman**

February 14, 2003

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An act to amend Section 743.1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 425, as amended, Richman. Electric service: rates: interruptible programs.

(1) The Public Utilities Act authorizes the Public Utilities Commission to establish rates for public utilities regulated by the commission, including electrical corporations. The act requires electrical corporations to continue the availability to qualified heavy industrial customers, until March 31, 2002, of optional interruptible or curtailable service wherein the heavy industrial customer is charged a rate that reflects a pricing incentive for electing to operate under the optional or curtailable service.

This bill would instead require an electrical corporation to continue the availability to qualified customers, as defined, of optional interruptible or curtailable service, and would require the effective rate for that service to reflect a cost-based pricing incentive. ~~The bill would require the commission to set the incentive level and to authorize the continued availability of optional interruptible or curtailable service~~

~~until December 31, 2008. The bill would impose a penalty on~~ *require*  
a customer ~~receiving~~ *electing to operate under the* interruptible or  
curtailable service ~~who does not~~ *option to* comply with the commitment  
to shed load in excess of the customer's firm service level within the  
time period provided for in the tariff, if called upon to do so by the  
electrical corporation. *The bill would require the commission to*  
*establish a penalty for noncompliance.* The bill would require an  
electrical corporation to remove from the rate option any customer who,  
upon 2 consecutive requests from the electrical corporation, voluntarily  
elects not to comply substantially with its commitment to shed load. The  
bill would require an electrical corporation to eliminate by a certain date  
any incentive not described above that is included in an optional  
interruptible or curtailable service *rate* of that electrical corporation as  
of January 1, 2004. *The bill would require the commission to require*  
*each electrical corporation to adopt and implement a plan for*  
*certification by a participating customer of the manner in which the*  
*participating customer will comply with the terms of the interruptible*  
*or curtailable service option.*

Because a violation of the act is a crime, this bill, by continuing to  
require electrical corporations to offer optional interruptible or  
curtailable service and by imposing new requirements, would change  
the definition of a crime, thereby imposing a state-mandated local  
program.

(2) The California Constitution requires the state to reimburse local  
agencies and school districts for certain costs mandated by the state.  
Statutory provisions establish procedures for making that  
reimbursement.

This bill would provide that no reimbursement is required by this act  
for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 743.1 of the Public Utilities Code is  
2 amended to read:  
3 743.1. (a) Electrical corporations shall continue the  
4 availability to qualified customers of optional interruptible or  
5 ~~curtailable service. For purposes of this section, the term~~  
6 ~~“qualified customers” includes all customers with demand at, or~~

~~in excess of, 500 kilowatts. The effective rate for interruptible or curtailable service. The effective rate for interruptible or curtailable service to qualified customers shall reflect a cost-based pricing incentive for electing to operate under the interruptible or curtailable service option. The commission shall initially set the cost-based pricing incentive for the optional interruptible or curtailable service at a level equal to the level of incentive authorized in the base interruptible program rate option as of May 1, 2003. The commission may subsequently adopt a different cost-based pricing incentive level. The commission shall authorize the continued availability of optional interruptible or curtailable service until December 31, 2008. curtailable service option.~~

(b) A customer ~~receiving~~ *electing to operate under the interruptible or curtailable service who does not option shall* comply with the commitment to shed load in excess of the customer's firm service level within the time period provided for in the tariff, if called upon to do so by the electrical ~~corporation,~~ *shall pay a noncompliance penalty initially set at corporation. The commission shall establish a noncompliance penalty of nine dollars and thirty cents (\$9.30) per kilowatthour for excess power taken. The commission may subsequently adopt a different noncompliance penalty, if the commission makes a determination that the penalty level is insufficient to ensure compliance with the program.* In addition to the noncompliance penalty, the electrical corporation shall remove from the rate option any customer who, upon two consecutive requests from the electrical corporation, voluntarily elects not to comply substantially with its commitment to shed load.

(c) The commission shall require an electrical corporation to eliminate any incentive not authorized pursuant to subdivision (a) that is included in an optional interruptible or curtailable service rate of that electrical corporation as of January 1, 2004, before the earlier of the following dates:

(1) January 1, 2005.

(2) The date of the next final commission decision in the allocation of revenue requirement and rate design phase of the electrical corporation's general rate case proceeding.

(d) *In order to further ensure the value of the interruptible or curtailable service option, the commission shall require each*

1 *electrical corporation to adopt and implement plans for*  
2 *certification by the participating customer of the manner in which*  
3 *a participating customer will comply with the terms of the*  
4 *interruptible or curtailable service option.*

5 *(e) As used in this section, the term “qualified customers”*  
6 *includes all customers with demand at, or in excess of, 500*  
7 *kilowatts. The commission, by order or decision, may exclude from*  
8 *this definition any category of customer for which firm service is*  
9 *essential for public health and safety.*

10 SEC. 2. No reimbursement is required by this act pursuant to  
11 Section 6 of Article XIII B of the California Constitution because  
12 the only costs that may be incurred by a local agency or school  
13 district will be incurred because this act creates a new crime or  
14 infraction, eliminates a crime or infraction, or changes the penalty  
15 for a crime or infraction, within the meaning of Section 17556 of  
16 the Government Code, or changes the definition of a crime within  
17 the meaning of Section 6 of Article XIII B of the California  
18 Constitution.

