

AMENDED IN SENATE JULY 16, 2003

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 *until January 1, 2009*, and would require the effective rate for that service to ~~reflect a cost-based pricing~~

~~incentive be cost-effective compared to other resource options.~~ The bill would require a customer electing to operate under the interruptible or curtailable service 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 ~~any two requests to shed load in any 12-month period.~~ 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 *until January 1, 2009*. 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. *be cost-effective compared to other resource options.*

(b) A customer electing to operate under the interruptible or curtailable service 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. The commission shall establish a noncompliance penalty of *at least* nine dollars and thirty cents (\$9.30) per kilowatthour for excess power taken. The commission may subsequently adopt a ~~different~~ *higher* 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 *any two requests to shed load in any 12-month period.*

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

(e) As used in this section, the term "qualified customers" includes all customers with demand at, or in excess of, 500 kilowatts. The commission, by order or decision, may exclude from this definition any category of customer for which firm service is essential for public health and safety. *A prior interruptible or curtailable service customer with a historical*

1 *record of compliance of less than 90 percent, as measured by hours*  
2 *interrupted divided by hours called, shall be ineligible for*  
3 *interruptible or curtailable service.*

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

