

Energy rates generate questions, concerns in Fresno forum

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No one is necessarily eager to pay more for electricity, and about 200 residents from Fresno and the central San Joaquin Valley showed up Tuesday evening at Fresno City Hall to make that point clear to representatives of the California Public Utilities Commission.

Commission president Michael Picker and commissioners Carla Peterman and Catherine J.K. Sandoval got an earful at a forum to field comments and address questions about the panel's decision earlier this summer to reform electricity rates statewide.

The new residential rate system is intended to more accurately reflect the true cost of electricity. One of the major provisions was to require time-of-use rates in which customers are charged more for using electricity during peak demand times and less for the power they use in off-peak periods – the default billing system for households starting in 2019.

Another provision, for customers who opt out of time-of-use billing, will flatten out the current system of tiered rates in which the more power people use, the more they pay for electricity. The number of tiers will be reduced from four to two, with a stiff new surcharge for electricity “super users” or energy hogs.

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Michael Picker, California Public Utilities Commission president

“There's not a lot to like in this,” Picker acknowledged in an interview prior to the forum. “Change is hard. People get upset. Everybody feels like their apple cart is getting upset and not anybody else's.”

While time-of-use may be the biggest change coming by 2019, the biggest gripes from people in the early comments Tuesday were over changes to the tiered rates.

CPUC analyst Whitney Richardson said households that manage to hold their energy use down in the bottom two tiers will likely see their bills increase by \$10 to \$12 each month by 2018. “If you're in the higher tiers, your bill may decrease more dramatically because there are fewer people paying those really high rates.” Richardson and CPUC program supervisor Paul Phillips noted that CARE discounts for low-income families will be reduced from about 43% statewide to 35% by 2018.

But Mark Toney, executive director of San Francisco-based TURN – The Utility Reform Network, told the commissioners that the reforms adopted earlier this year “will result in the majority of residential ratepayers in Fresno ending up with higher bills.” That would include customers in the CARE program.

“There are a small number of high users that will get lower bills,” Toney added. “We think that's sending the wrong message.”

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Plenty of others echoed similar concerns or vented about PG&E's rates – something with which commissioners said they sympathized.

“I still worry about large families who are renting, who don’t have air conditioning or really inefficient air conditioning,” Picker said. “They can’t make the expenditures to improve their situation, and their landlords aren’t going to spend money on their behalf. ... We have to be able to capture them through energy-savings assistance programs or the CARE program.”

Less attention was given to the prospect of time-of-use rates. Because those programs have yet to be designed by the state’s major investor-owned utilities including Pacific Gas & Electric Co. and Southern California Edison, nobody – not even the utilities commission – is quite sure what to expect.

“A lot depends on the consumer and a lot depends on what the utilities develop for time-of-use rates,” said Picker. “We’re challenging the utilities to actually begin a process of pilot programs so they can figure out what really helps people, and I’m challenging groups of customers to try to figure out what they need and pitch the utilities on a time-of-use rate that works for them.”

Commercial, industrial and agricultural customers are already on time-of-use rates, and Picker said he expects the utility companies to develop a range of different time-of-use plans for residential customers to choose from. He compared the possibilities to cellular telephone plans, “where people choose how much data they’ll use and pay for it that way. ... We’re in a world where customers demand a lot more choice.”

Even with the proliferation of solar power in California, electricity gets more expensive to produce during periods of peak demand because in the late afternoon and early evening, solar production is tapering off. That means that less efficient and more expensive gas-fired plants have to be activated to produce electricity.

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Denny Boyles, PG&E spokesman

PG&E spokesman Denny Boyles said the company is in the very early stages of designing time-of-use rates.

“One of the goals is that time-of-use provide greater visibility to customers of where their energy costs are coming from,” he said.

“We know that peak usage has moved further and further into the evening,” Boyles added. “The world is changing. It used to be that people would come home from work and turn on their ovens. Now they’re using electricity further into the night, and it’s a lot of electronic devices.”

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