



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: July 10, 2001

TO: Board of Supervisors

SUBJECT: ELECTRIC BASELINE ALLOWANCES MUST REFLECT SAN DIEGO'S DIVERSE CLIMATE (District: All)

SUMMARY:

Overview

Currently, the San Diego region's largest utility uses "baseline allowances" to calculate the electric bills of its customers. Electricity used under the baseline allowance costs one amount. Any usage greater than the baseline allowance is billed at a higher, non-baseline rate. While the baseline allowance is supposed to reflect the consumption needs for a geographic area, in the San Diego region it does not. From Carlsbad to Julian, the summer baseline allowance is exactly the same. It does not take into account significant temperature differences throughout the region.

The Public Utilities Commission warns that customers of San Diego Gas and Electric must face rate increases in the coming year. The CPUC reports that ratepayers who manage to stay within a certain percentage of their baseline allowance would be protected from such increases. Because baseline allowances currently ignore dramatic climate changes throughout the region, customers in parts of the County where temperatures are the most extreme would be placed at an unfair disadvantage under such a rate structure. Today's action seeks to change the baseline territories for the San Diego region so that baseline allowances accurately reflect climate variances throughout the region.

Recommendation(s)

SUPERVISOR JACOB:

Direct the Chief Administrative Officer to work with the California Public Utilities Commission to immediately implement the necessary changes to baseline territories and to assure that the new baseline allowances accurately reflect the different climate zones in the San Diego region.

Fiscal Impact

These actions can be performed within the existing budget.

BACKGROUND:

SUBJECT: ELECTRIC BASELINE ALLOWANCES MUST REFLECT SAN DIEGO'S DIVERSE CLIMATE (District: All)

California's electric baseline allowance rate structure was originally designed to keep power costs under control and to encourage conservation among utility ratepayers. The baseline allowance is the threshold amount of energy at which certain charges are billed at a lower baseline rate than the non-baseline rate. Any usage greater than the baseline allowance is billed at a higher non-baseline rate.

According to the Public Utilities Commission, the baseline allowance is supposed to reflect the consumption needs for a geographic area. In the San Diego region, however, it does not. According to SDG&E, the region is divided into three baseline zones. Nearly all residential customers in San Diego Gas and Electric's service territory fall into the first zone. From Carlsbad to Julian the summer baseline allowance is set at 249 kilowatts per hour and does not account for significant temperature differences throughout the region. From June through September, for example, temperatures can vary more than 20 degrees between the coast and the back country.

Because of rising energy costs and transmission system upkeep, the Public Utilities Commission is currently considering rate changes and tiered electric rates for SDG&E customers. The PUC has promised to protect customers who conserve energy and has argued that rate increases be implemented based on customer use. The PUC has said that customers who stay within 130 percent of their baseline allowance will not experience a rate increase. This proposed rate structure places ratepayers in certain areas of San Diego County at an automatic disadvantage, especially in the inland areas where it is hotter in the summer and colder in the winter than on the coast.

By using climate variances to establish new baseline territories throughout the County, we strive to ensure utility rate fairness for all County residents- from the Back Country to the coast. I urge your support.

Respectfully Submitted,

DIANNE JACOB
Supervisor, Second District