

Summary of CPUC Decision 03-05-034 Switching Exemption

On May 8, 2003, the California Public Utilities Commission (CPUC) issued Decision D.03-05-034, regarding the rights and obligations of direct access (DA) customers who return to bundled service and subsequently switch back to DA service. In this decision, the CPUC adopted provisions for eligible DA customers electing to return to DA Service. In this decision, the CPUC adopted provisions for eligible DA customers electing:

- 1) Initial Transition Period
- 2) Transitional Bundled Service
- 3) Bundled Portfolio Service

- 1) Initial Transition Period - The CPUC authorized a 45-day period during which DA-eligible customers, with signed DA contracts as of September 20, 2001, that are currently taking bundled service can choose to remain on bundled service or return to DA service. At the end of the 45-day period, customers will have 60 days to submit a Direct Access Service Request (DASR) to Pacific Gas and Electric Company (PG&E). Customers electing to remain on bundled service are not required to take any action and will be placed on the Bundled Portfolio Service for a three-year minimum period. Customers electing to switch to DA service will assume responsibility for payment of the DA CRS, which applies to all existing DA customers, except to those categorized as continuous DA that took DA service prior to February 1, 2001 and returned to bundled service only after September 20, 2001.
- 2) Transitional Bundled Service (TBS) - The CPUC established the TBS for DA customers that need to return to Bundled Service on a transitional basis to facilitate a switch from one Electric Service Provider (ESP) to another, or for similar or related reasons. Under the new rules, the TBS is limited to a 60-day period and is intended to facilitate an already contemplated switch to a new ESP. Customers electing the TBS option will pay an electric commodity rate [Schedule TBCC--Transitional Bundled Commodity Cost--Price Determination] based on the cost to supply their short-term commodity needs. Customers will also continue to pay any applicable DA Cost Responsibility Surcharge (DA CRS) or, if applicable, will retain their continuous DA status and exemption from certain components of the DA CRS.

The customer's new ESP will need to submit a DASR on the customer's behalf within the 60-day period. If PG&E does not receive a DASR within the 60-day period, the customer will be returned to Bundled Portfolio Service for a minimum of three years.

- 3) Bundled Portfolio Service - Under the rules established in the decision, there is no minimum time requirement that customers must stay on DA service. However, customers choosing to return to bundled service for a term longer than 60 days must provide a six-month advance notice to the utility prior to becoming eligible for the Bundled Portfolio Service rate so that the utility can adjust its procurement activity to accommodate for the customer's additional load. Customers have three business days after PG&E receives their six-month advance notice to rescind the notice and stay with DA service. Customers electing BPS service make a three-year commitment and will not be eligible to return to DA service until their three-year minimum period has been completed. Customers returning to Bundled Portfolio Service continue to be responsible for DA CRS under-collections (if applicable) resulting from the period they were taking DA service.

At the end of the initial three-year term, customers will have the option to return to DA service or remain on Bundled Portfolio Service based on any subsequent rules.

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This summary is meant as an aid to understanding the CPUC's Decision on the Switching Exemption, D.03-05-034. It does not replace the tariffs. Please refer to the CPUC Decision D.03-05-034 (http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/26070.htm).