



California Senate Republican Caucus

Janet Nguyen
Caucus Chair

Brian W. Jones, Senate Minority Leader

Brian Dable
Shannon Grove
Roger W. Niello
Rosilicie Ochoa Bogh
Kelly Seyarto
Scott Wilk

April 20, 2023

Honorable Alice Busching Reynolds,
President, California Public Utilities Commission
505 Van Ness Ave
San Francisco, CA 94102

Dear President Busching Reynolds:

While it is still very early in the CPUC's review process, we are writing to publicly express serious concerns about the arbitrary, so-called "fixed-charge" (or "flat-rate") electricity price proposal recently submitted by the big three Investor-Owned Utilities (IOUs) – PG&E, SCE, and SDG&E – which would primarily base utility costs for families on their annual income.

Based on our initial review so far, the IOUs' "fixed-charge" proposal is nothing but a shameful attempt to exploit and rip off residential customers. Another name for this proposal could be the "Hard Work Utility Tax," as it is an unjust and regressive plan that fails to recognize the differences in energy usage among households and unfairly burdens lower-income families.

Under the IOUs' plan, low-income families could be **on the hook for hundreds of dollars of additional yearly utility fees, regardless of their electricity usage**. This move not only contradicts the principles of fair pricing and consumer protection, but also discourages energy conservation and sustainable living.

When three dominant players in a government sanctioned monopoly get together and say, "Have we got a deal for you Californians," we know it's time for ratepayers to guard their wallets, checkbooks, and debit cards.

The goal of trying to stabilize the grid and lower electricity rates is something we support; however, the tactic of implementing a structured fixed-charge system that diminishes individual responsibility and usage in favor of an "identity" subsidization is not, in our opinion, an answer. **More fees are not a solution to already ridiculously high utility bills.**

We are well aware that the whole concept of California considering a "fixed-charge" energy pricing policy was concocted by majority party legislators last session in a gut-and-amend measure, Assembly Bill 205 (2022), jammed through the legislative process in three days with no real deliberation, discussion, or debate in policy committees.

The recent fixed-charge proposed plan by the IOUs appears to be a backdoor attempt to take advantage of that poorly written legislation.

On top of that, the circumstances surrounding AB 205 and that of the great California energy “Deregulation” debacle of the late 1990’s are eerily similar.

As it was in 1996, it was again so in 2022 - the story begins with good intentions of lowering electricity prices.

Unfortunately, the overly complicated, prescriptive, and rushed legislation - Assembly Bill 1890 (Brulte-Peace, 1996) – that was enacted set off a multi-year debacle of spiking electricity prices, panicked power buying by the state, market-manipulation by out-of-state entities, power blackouts and the ultimate historic recall of a sitting governor.

AB 205, like most rushed, primarily party-line mandates, was flawed, and the subsequent law needs to be amended or repealed. While the CPUC cannot amend or repeal laws, it is something we will encourage our majority-party colleagues to consider.

Additionally, with current programs provided to assist low-income individuals and families with their energy being readily available, let’s focus on improving these existing programs rather than implementing an unfair and even more anti-competitive, anti-marketplace policy. And for middle class families not eligible for assistance, we should also be focusing on the root cause of high utility bills, such as government mandates and regulations that could be streamlined to cut costs.

For these and other reasons, we respectfully request that the CPUC vigorously scrutinize and ultimately reject the IOUs’ “fixed-charge” proposal that unfairly targets hardworking Californians and discourages energy conservation and sustainable living.

Thank you for your consideration.

Sincerely,



Brian W. Jones
Senate Minority Leader
40th Senate District



Brian Dahle
Vice Chair, Energy, Utilities, and
Communications Committee
1st Senate District



Shannon Grove
12th Senate District



Janet Nguyen
36th Senate District



Roger Niello
6th Senate District



Kelly Seyarto
32nd Senate District



Scott Wilk
21st Senate District