



California Senate Republican Caucus

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May 7, 2024

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

Dear President Busching Reynolds:

We are writing to express concerns about the California Public Utilities Commission's (CPUC) recent proposal to allow Investor-Owned Utilities (IOUs) to impose a \$24.15 fixed charge on consumers' monthly energy bills. This issue is agendized for your May 9th meeting.

While this plan comes with *supposed* reductions in per-kilowatt usage rates and *reduced* charges for lower-income customers, consumers will still face nearly \$300 per year in increased charges.

We are particularly concerned that this will only be the beginning. The CPUC has been granted unchecked power to increase this new charge at any time. If the \$24.15 plan is approved, the next proposal may see the fixed charge hiked to \$50, \$100, or even higher!

This proposal comes at a time when Californians are already facing sky-high electricity prices, with rates that are the third highest in the nation, only behind Hawaii and Rhode Island. We must do more to rein in the ever-growing cost of living in our state, not find new ways to add to it.

Beyond its excessive nature, the concept of a fixed charge is inherently flawed. First, it contradicts the principles of fair pricing and consumer protection. Customers should primarily pay for the electricity they use, plain and simple.

Furthermore, the fixed charge discourages energy conservation, as customers will be forced to pay \$24.15 extra, regardless of their energy use. When consumers are forced to pay hundreds of dollars more each year regardless of usage, they are going to use it more freely. This botched billing scheme takes away a major incentive to conserve energy, directly conflicting with California's energy goals.

Although the Democrat supermajority forced through the legislation that authorized this new charge, members of both parties have since made efforts to undo the misguided addition.

Senate Republicans introduced Senate Bill 1326, "The Cost of Living Reduction Act", which would have immediately repealed the unfair law imposing this uncapped charge. Thousands of

Californians across the state signed the petition in support of the measure. Additionally, 20 Democrats from both houses introduced Assembly Bill 1999, a similar measure to repeal the charge. Despite the bipartisan nature of these efforts, Democrat Leadership killed both measures.

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

We respectfully request that the CPUC reject the 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, Committee on Energy,
Utilities and Communications
1st Senate District



Roger Niello
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