



# California Legislature

October 27, 2023

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

RE: Income Graduated Fixed Charge Rate Design

President Reynolds:

We are writing in response to the California Public Utilities Commission's (CPUC) income graduated fixed charge rate designs proposed in regulatory proceeding (R.) 22-07-005 following a provision in Assembly Bill (AB) 205 (Budget, Chapter 61, Statutes of 2022) that authorizes regulated utilities to charge residential energy customers a fixed, income-graduated rate. We have significant concerns about the direction of the CPUC's implementation of AB 205 and its potential negative impacts on our constituents and believe that, at a minimum, more time will be needed to consider such a significant and far reaching change in policy that will significantly impact rate payers with only a theoretical benefit.

First, the CPUC has rejected a request to hold public participation hearings regarding major changes to the state's electric rate structure. Given the breadth of impact to rate payers, it is only fair, in the name of transparency and disclosure, that a full, public process be conducted to hear from all parties that will be affected, not just those who are party to the proceeding. Further, given that the CPUC has had authorization to implement a fixed rate charge since 2013, with the passage of AB 327 (Perea, Chapter 611, Statutes of 2013), but has felt no urgency to do so for the past ten years, we believe there is ample time to open this proceeding to the public.

Second, we are concerned that this proceeding, and its subsequent decision, could ultimately steer the state away from a conservation focus to that of increased electrical consumption, by sending the wrong signal to rate payers. With these proposals, there would be a decoupling of electricity policy from the volumetric and conservation-based model that the CPUC has long been promoting. For instance, even under some of the lower proposed flat rates, analyses show that those who consume more electricity, such as a single family home with pool, will receive a discount at the expense of a low electricity user, such as an apartment renter. There is a very real possibility that these proposals could discourage the kind of conservation that is needed in order to avoid rolling blackouts that have threatened the state too often over the past several years.

Building on this departure from volumetric rates, a significant amount of analysis has been conducted on the impact of these proposals on both California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA) rate payers, as is appropriate. Lower income Californians were meant to benefit from an income graduated fixed charge, however analysis shows that rate payers just outside of the CARE and

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FERA income levels who consume less electricity will ultimately pay more for their electricity than a large electricity user. It's important to consider the real impacts of these theoretical discussions on rate payers that may already be living paycheck to paycheck. A \$30 fixed rate fee for these rate payers would result in their electrical bill costing an extra \$360 per year, to which that rate payer would see no direct benefit and would have no ability to lower through conservation or "time of use" adjustments.

Additionally, we are concerned about this proceeding's potential impact to both current and future rooftop solar and battery users. The Legislature has voted repeatedly to encourage rooftop solar and the CEC is now requiring rooftop solar on new homes. These distributed solar energy systems combined make up the largest clean energy market in California, generating 24 million megawatt-hours of electricity every year. The proceeding must carefully contemplate the impact on this distributed, renewable energy resource and whether a fixed rate fee would impact existing policies in this area. We are still waiting to understand the impacts of the CPUC's Net Billing Tariff on roof-top solar and battery market which went into effect this past April.

While we understand that a fixed charge may be needed, we do not believe a policy shift of this magnitude should happen without sufficient time for a wide array of public input. Instead, we request that the CPUC, at a minimum, extend the timeline for the proceeding, allowing for the Commission to hold public participation hearings on this proceeding. Further, the majority of the current proposals are unreasonable and the Commission must ensure that any fixed rate being considered be in line with national rates.

We appreciate your consideration of this request and look forward to engaging with the CPUC on this crucial decision.

Sincerely,



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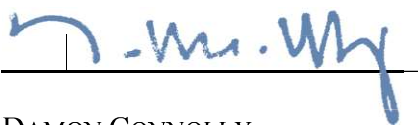
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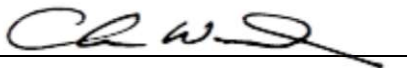
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