



City of Glendora | City Hall

116 E. Foothill Blvd., Glendora, CA 91741-3380
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March 28, 2024

Honorable Jacqui Irwin
California State Assembly
1020 O Street, Suite 5150
Sacramento, CA 95814

**SUBJECT: ASSEMBLY BILL 1999 (IRWIN): INCOME GRADUATED FIXED CHARGE RATE
DESIGN – LETTER OF SUPPORT**

Dear Assembly Member Irwin,

On behalf of the City of Glendora, I write in support of Assembly Bill (AB) 1999, which would repeal the income-graduated utility rate charge structure for residents serviced by investor-owned utilities. The measure would instead reinstate the CPUC's maximum fixed rates of \$10 per residential customer account per month for customers not enrolled in the CARE program and \$5 per residential customer account per month for customers enrolled in the CARE program.

The provision allowing for the charge was placed into AB 205 (Statutes of 2022), a budget trailer bill that drew little attention at the time and moved through the legislative process in a matter of days. We have significant concerns about the direction of the CPUC's implementation of AB 205 and its potential negative impacts on our residents 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.

The CPUC has been authorized to implement a fixed rate charge since 2013, with the passage of AB 327 (Perea, Statutes of 2013), but has felt no urgency to do so for the past ten years. The decision to make such a fundamental overhaul of the state's utility rate charging system now will create confusion, financial hardships, could negatively impact lower income renters, and would put sensitive financial information in the hands of a partially privatized company with little confidentiality protections.

Glendora sees significant issues with the concept of a tiered system, which decouples 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 a 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 to avoid rolling blackouts that have threatened the state too often over the past several years.

Further, regarding housing affordability, the proposed policy and regulatory framework lacks clarity on how these higher charges will not be passed onto low-income renters. For example, if a landlord qualifies for the highest tier ratepayer due to his or her income status, it is unclear how this will impact a renter



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who makes only enough to qualify for the first tier. As is proposed, there are few guardrails to ensure the tiers of income-based charges are directed at the appropriate energy consumer.

The City is also concerned about this proceeding's potential impact on both current and future rooftop solar and battery users. The State has passed countless laws 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.

Finally, the method by which investor-owned utilities would collect and utilize sensitive financial information is deeply concerning to the City. Current law does not authorize investor-owned utilities to access federal or state income tax data about their customers, nor can they rely on customers self-reporting this information, given privacy concerns and the risk of misstating income to receive lower rates. We have concerns with private, for-profit utility companies having sensitive tax information and being responsible for managing it appropriately, particularly in an era where cyber security is an increasing threat.

For these reasons, the City of Glendora supports your efforts to repeal this confusing policy before it is enacted.

Sincerely,

Mendell L. Thompson
Mayor