



PRESS RELEASE

FOR IMMEDIATE RELEASE

Media Contact: Mary Flannelly – mary.flannelly@cpuc.ca.gov

Blocking a fixed charge will move California further from its electrification, climate, and affordability goals.

SACRAMENTO, January 30, 2024 – Assemblymember Jacqui Irwin (District 42) held a press conference today announcing a bill to roll back the California Public Utilities Commission’s (CPUC) implementation of a fixed charge for customers of investor-owned electric utilities. This comes at a time when Californians are experiencing historic rate increases that will be exacerbated if the CPUC is prevented from implementing equitable rate reform that will help to stabilize bills.

The legislators present at the press briefing today have a sincere interest in addressing rate inflation and are concerned for their constituents – a concern that is shared by our office whose mission it is to advocate on behalf of customers of investor-owned utilities. Unfortunately, Assemblymember Irwin’s proposal to roll back the implementation of a fixed charge may have the unintended consequence of perpetuating existing inequities and lead to higher utility bills – particularly for people who electrify (appliances, vehicles, etc.), for low-income customers, and for those that heavily rely on air conditioning in the hotter months.

“California households are seeing electric rates that have approximately doubled over the last decade. Almost 1 in 5 customers are behind on paying their utility bills, making it critical that the CPUC be allowed to amend the current rate structure to ensure all customers pay their fair share of costs to safely maintain and operate the power grid. Lower-income and working-class customers must not be unfairly burdened with these costs,” said Matt Baker, Director of the Public Advocates Office.

In today’s briefing, legislators expressed concerns that a fixed charge would steer the state away from a conservation focus to that of increased electrical consumption and move California away from its climate goals. Our analysis does not support the assertion that the implementation of a fixed charge (and the associated reduction in the price for energy consumed) would be harmful to conservation. California utilities have extremely high rates already, along with very strong efficiency standards, so moderately lower rates will not impede the incentive to conserve. Additionally, a prohibitive limit on a fixed charge would, in fact, undermine the State’s climate goals because it would make switching to electricity produced by clean resources too costly.

Contrary to various assertions, a fixed charge will not increase utility profits. Rather, a fixed charge rebalances how certain costs are collected to ensure that lower-income customers do not pay more than their fair share for safely operating and maintaining the electric grid.

We share the concerns raised today that the utilities' proposal has a high fixed charge, in the realm of \$51 for non-low-income customers. Our office, along with other environmental nonprofits and consumer advocates, propose a modest fixed charge of \$25, similar to what the Sacramento Municipal Utility District (SMUD), the sixth-largest community-owned electric utility in the United States, already has in place. This would reduce rates at all hours of the day, reduce punitive bill swings following heat waves, lower bills for low-income customers, and reduce costs associated with air conditioning, electric heating, and electric vehicle charging.

Additionally, an arbitrarily-set fixed charge may be inadequate to fairly share these costs. Low-income customers would continue to pay a disproportionate amount of costs, such as those associated with wildfire mitigation measures.

The CPUC, an independent agency, should not be prevented from establishing a fair and equitable fixed charge that is based on a public process that has focused on an in-depth evaluation of all stakeholder proposals.

For more information regarding fixed charges, please visit our website: [Public Advocates Office Fixed Charge Overview \(ca.gov\)](#).

###