

AB 1999:
Stop The Big Utility Tax

Why the Legislature must cap the fixed charge to prevent an increase in electricity bills on millions of working people and seniors living in apartments or small homes, or anyone conserving energy



**We all agree electricity prices are too high.
A Big Utility Tax does not solve the problem.**

A big Utility Tax simply rearranges who pays what.

And millions of working families and seniors will get the short end of that stick.



A Big Utility Tax will increase bills for millions of working people living in apartments and small homes

- In exchange for an uncapped Utility Tax, the utilities are offering a small, one-time decrease in the volumetric rate.
- But because people living in apartments or small homes use very little electricity, even a \$24/mo Utility Tax wipes out any savings and causes their bills to go up.
- As a result, a Big Utility Tax will have a disproportionate impact on these families, raising their bills.
- Even the CPUC's \$24/month Utility Tax will have this negative impact on working families and seniors.

Source:

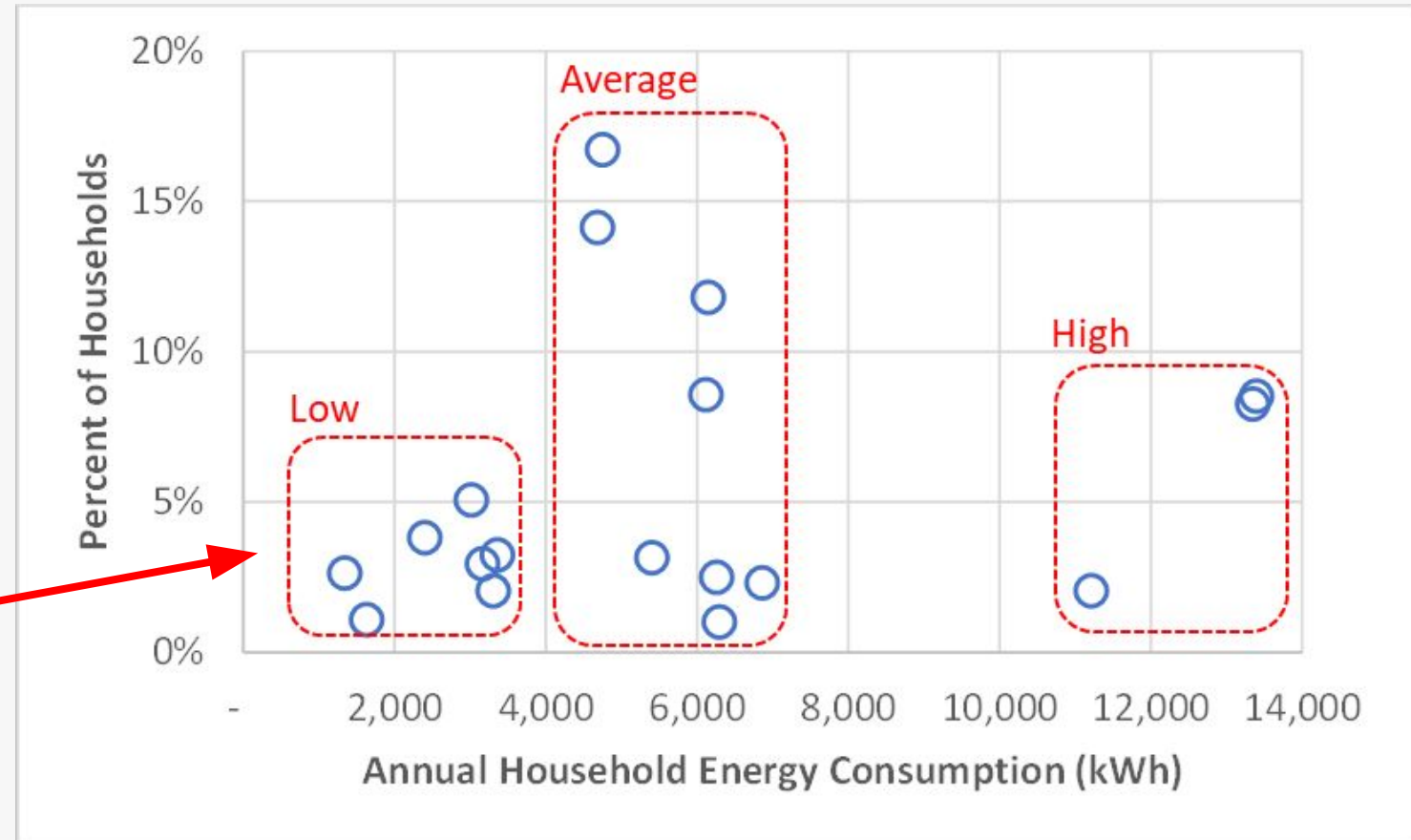
Clean Coalition, [Rebuttal Testimony](#), Flagstaff Research Appendix, 6/2/23, pp. 7-19, 22-25

Flagstaff Research, Analysis prepared for Stop the Big Utility Tax Coalition, 3/29/24

Key thing to understand: not everyone is average

Utility Tax proponents are only talking about an average-sized house when they say their proposal won't raise utility bills. But millions of people live in homes below the average size.







1 in 5 households live in a multi-family home that uses less electricity than the statewide average. These people will see their bills go up.



CEC 2019 RASS Survey - Annual Energy Consumption by dwelling type, profile, and representation in population

The CPUC's \$24/mo Utility Tax will increase bills on millions who live in apartments and small homes




- People living in small multi-family homes or apartments don't tend to use a lot of energy. As a result, their bills will increase by hundreds of dollars per year under the CPUC's proposal:

Multi-family homes	PG&E		SCE		SDG&E	
	Yearly Usage	Yearly Bill impact	Yearly Usage	Yearly Bill impact	Yearly Usage	Yearly Bill impact
Low energy use (kWh)	1,334	 \$225.30	2,397	 \$177.74	1,623	 \$177.64
Medium energy use (kWh)	3,009	 \$146.58	3,353	 \$133.76	3,296	 \$63.87

- 1 in 5 households live in a multi-family home that uses less electricity than the statewide average. These millions of people will see their bills go up immediately.

Meanwhile, large energy users—who tend to be wealthier than average—will see large bill decreases under the CPUC proposal:

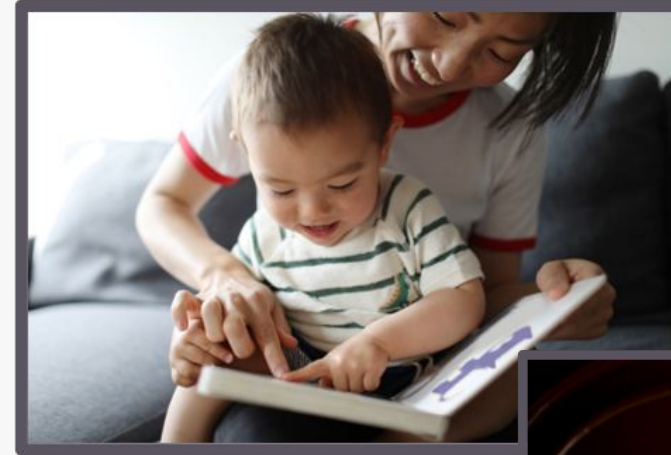
- Because the utilities are offering a one-time rate reduction in exchange for the uncapped Utility Tax, even a \$24/mo. Utility Tax would result in these bill decreases for high energy users:

Single-family homes	PG&E		SCE		SDG&E	
	Yearly Usage	Yearly Bill impact	Yearly Usage	Yearly Bill impact	Yearly Usage	Yearly Bill impact
High energy use (kWh)	13,337	 \$338.84	13,391	 \$327.99	11,205	 \$473.94

- For context, a home that uses 13,337 kWh of energy per year would be around a 4,500 sq. ft. home.
- The owner of that home would see their bills go down by hundreds of dollars per year, rewarding their high energy use. This is counter to common sense and our state’s clean energy goals.

The CPUC's \$24/month Utility Tax will increase bills on millions of working and middle class families

- A single mother living in an Irvine apartment.
- A retired couple living in a small home on a fixed income in San Diego.
- A teacher living in a small home in Fresno.
- A nurse in Madera living in a small home.
- A laborer living in a small home in Gilroy.



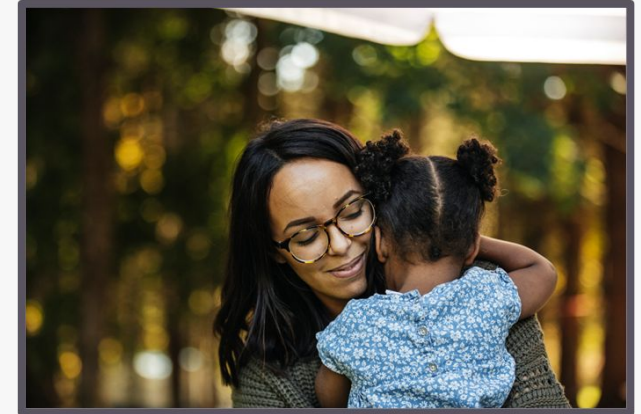
Utility Tax proponents say it will lower bills for low-income people. They're not telling the whole story.

The CARE cutoff for a family of 1-2 is \$39,440 a year.

- A single mom making \$40,000 /year living in a small apartment would pay more on her utility bill under the CPUC's Utility Tax.

The FERA cutoff for a family of 4 is \$75,000 a year.

- A family of four making 76,000 /year year living in an apartment would pay more on their utility bill under the CPUC's Utility Tax.



There are millions of people like these. They are struggling to make ends meet, don't qualify for CARE or FERA, and just because they consume less electricity than the average, their bills will go up.

Some CARE and FERA customers who use average amounts of energy would see a small decrease in their bills. But even those savings will be wiped out as both rates AND the Utility Tax go up.

A Big Utility Tax discourages all forms of energy conservation. It will not incentivize electrification.

- For years, working families have practiced energy conservation as a way to save money. The Utility Tax proposals will take consumer controls away, degrading their ability to manage energy bills.
- To make matters worse, it will still be cheaper for most consumers to stick with natural gas under any of the proposals. This would put our state's climate and conservation goals further out of reach.

Sources:

Clean Coalition, [Rebuttal Testimony](#), Flagstaff Research Appendix, 6/2/23, pp. 25-28

California Energy Commission, [Achieving Energy Efficiency](#), 1/2019



A Big Utility Tax entrenches the problem of high electricity prices, rather than solving it

A Big Utility Tax is not the solution:

- Electricity prices are soaring in California because of out-of-control spending by utilities.
- A Utility Tax does not fix that underlying problem. It just rearranges who pays what for an overly expensive and unreliable system—harming millions of working class people in the process.

How to solve the underlying problem:

- The solution to stabilizing the high cost of electricity is to reduce transmission and distribution spending. This can be accomplished by reducing electricity demand through conservation, efficiency, and distributed energy resources.
- CARE and FERA programs could also be expanded to provide lasting relief from high electricity bills.

Sources:

CA Public Utilities Commission, [Utility Costs and Affordability of the Grid of the Future](#), 5/2021

For these reasons,
more than **240**
diverse organizations
have joined the
coalition opposing the
high Utility Tax:



WESTERN CENTER
ON LAW & POVERTY



API EQUALITY-LA
Asians and Pacific Islanders for LGBTQ Equality



BINATIONAL CENTER FOR THE DEVELOPMENT
OF OAXACAN INDIGENOUS COMMUNITIES



East Bay Housing Organizations



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Howard Jarvis
Taxpayers Association
established 1978



ACTION FOR A
HEALTHY PLANET



Catholic
Charities
Diocese of Stockton



Environmental
Justice Program



MOTHERS
for
PEACE



The CADEM platform, and more than 100 Local Elected Officials all oppose this high Utility Tax



2024 Platform

We, the undersigned elected officials, are writing in strong opposition to the "Utility Tax" provision embedded into Budget Trailer Bill [AB 205](#) (2022). We object to the un-democratic and opaque way in which the **Utility Tax was enacted, passed in three days without any public hearing or discussion**. The people of California deserve a voice in any major policy change with such wide-ranging consequences. The state legislature needs to immediately **repeal Public Utilities Code Section 738.9**, through a current Budget Trailer or other bill.

Section 738.9 requires the California Public Utilities Commission (CPUC) to add a fixed charge to electricity bills based on household income. Because of this provision, the utilities and other organizations have proposed the highest fixed charges in the country; between \$30 to \$70 per month for any customer not already on CARE or FERA. That would be three to seven times the national average for such a fixed charge. These proposals would function as a Utility Tax that would apply to all residential customers of PG&E, SCE, SDG&E, and CCAs.

In contrast to the claims made by Utility Tax proponents, the Utility Tax will hurt working families. An [in-depth analysis of these Utility Tax proposals](#) found that they would have the following negative consequences:

- **Millions of Californians who live in apartments, condos, and small homes that use less energy would see their utility bills increase.** Californians already suffer under the highest electricity bills in the country. This would have devastating consequences for working families.
- **High fixed charges discourage all forms of energy conservation**, such as turning off the lights, energy efficiency, or installing new windows, rooftop solar, and batteries. For years, working families have practiced energy conservation as a way to lower their monthly bills. The Utility Tax proposals will take control away from these households, degrading their ability to manage their energy bill.
- **The Utility Tax proposals will not incentivize electrification** as proponents claim. In fact, it will still be cheaper for most consumers to stick with natural gas under any of the proposals.

Utility rates and fees only go up, not down. The fixed charge provision of AB 205 completely lifted the cap on the size of the Utility Tax and says nothing about freezing or lowering electricity rates. Thus, the promise of lower volumetric rates in exchange for the Utility Tax will be temporary. **Both rates and the Utility Tax will continue to increase over time**, wiping out any initial benefit for CARE and FERA customers, and keeping our constituents trapped in unsustainable electricity bills.

The Utility Tax entrenches the problem of high electricity prices, rather than solving it. Electricity prices are too high mainly due to the increasing costs of unnecessary long distance power lines, liability when those lines create wildfire risks, and generous utility profits that drive this spending. A Utility Tax does not fix that underlying problem because it just rearranges who pays what, harming millions of working class people in the process. The true solution to stabilizing the high cost of electricity is to reduce our overdependence on long distance power lines through greater conservation and local clean energy.

Utility Tax proponents claim that the Utility Tax will lower bills on low income households. This does not tell the whole story. While CARE and FERA customers will see relatively small and temporary bill decreases, households above the cutoff for those programs who live in apartments, condos and smaller homes, will see bill increases. **This includes millions of low income Californians, as well as moderate income households, and is unacceptable.**

We call on the state Legislature to address the problems outlined in this letter by authoring a bill to immediately repeal Public Utilities Code Section 738.9.

Thank you,

Larry Agran, Vice Mayor, City of Irvine

Cameron Sassi, Vice Mayor, City of Pinole

Carlyn Obringer, Vice Mayor, City of Concord

Laura Nakamura, Councilmember, City of Concord

Kate Harrison, Councilmember, Berkeley

George Syrop, Councilmember, Hayward

Alison Hicks, Councilmember, Mountain View

Scott Sakakihara, Councilmember, Union City

Sheila Bana, Council Member, City of Richmond

Daniel Goldstein, Councilmember, City of Hayward

David Haubert, County Supervisor, District 1, Alameda County

The Solution: a bill that stops the Big Utility Tax and protects ratepayers



Please co-author of AB 1999 to stop the Big Utility tax and protect millions of California families.