



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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April 9, 2012

Honorable Henry Perea
California State Assembly
State Capitol, Room 4112
Sacramento, CA 95814

RE: AB 1755 (Perea) Oppose unless amended

Dear Assemblymember Perea:

DRA (Division of Ratepayer Advocates) is the independent consumer advocate within the California Public Utilities Commission (CPUC). DRA's statutory mandate is to obtain the lowest possible rate for utility service consistent with reliable and safe service levels. DRA also advocates for customer and environmental protections in connection with utility service.

DRA opposes unless amended your AB 1755, which would authorize the CPUC to establish a fixed customer charge for all residential investor-owned energy customers, as specified.

DRA recognizes the need to address the concerns of your Fresno constituents' and others' throughout the State regarding high energy bills. However, the establishment of a customer charge would not effectively accomplish this laudable goal. AB 1755 would only benefit residential customers that consume the most energy, typically those with higher-incomes, at the expense of low-income customers. Given that over 45% of your constituents are low-income and are already enrolled in the California Alternate Rates for Energy (CARE) program to receive a discount on their monthly bills, coupled with one of the worst economic downturns, it does not seem prudent to increase low income customers monthly bills with a monthly charge that will likely continue to increase over time.

We would also like to highlight (i) the CPUC recently denied both a PG&E proposal to establish a customer charge and subsequent request to reconsider this issue - clearly recognizing the bill impacts CARE customers already face and (ii) AB 1755 would modify some of the rate protections for residential customers that were carefully negotiated in SB 695 (Kehoe, 2009).

Therefore, DRA suggests that AB 1755 be amended to strike all references to authorizing the CPUC to establish a customer charge and amend the bill as follows to help provide your high energy usage constituents lower monthly bills without overburdening CARE customers. The proposed amendment below would change the escalation factor for CARE tier 1 and tier 2 rates and would lower non-CARE upper tier rates by roughly \$25 million per year:

PU Code 739.1 (b) (2) : The Commission may, subject to the limitation in paragraph (4), ~~and the exception in paragraph (6)~~, increase the rates in effect for CARE program participant for electricity usage up to 130 percent of baseline quantities by the annual

percentage ~~change in the Consumer Price Index from the prior year, percentage increase in benefits under the CalWORKs program as authorized by the Legislature for the fiscal year in which the rate increase would take effect,~~ but not to exceed 3 percent per year. For purposes of this subdivision, the annual percentage change in the Consumer Price Index shall be calculated using the same formula that was used to determine the annual Social Security Cost of Living Adjustment on January 1, 2008.

Thank you for working with us on this important matter.

If you have any questions or would like to discuss this matter further, please call DRA's Legislative Director Matthew Marcus, at (916) 327-3455 or me at (415) 703- 2381.

Respectfully,

Joseph P. Como, Acting Director
Division of Ratepayer Advocates

By
Matthew Marcus
Legislative Director