

# Congress of the United States

Washington, DC 20515

March 25, 2024

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

Dear Commissioner Reynolds,

We write to express concern about the Income Graduated Fixed Charge (IGFC) proceeding at the California Public Utilities Commission (CPUC). We are concerned that a high fixed charge could undercut investments in renewable energy and energy efficiency that Congress intended to encourage with the *Inflation Reduction Act*. We are further concerned that a high fixed charge could increase the electricity bills of millions of Californians, especially those who live in small homes, condos and apartments. Such setbacks could harm our progress on federal and state clean energy, climate, and equity goals.

Proponents of the IGFC rightly state that electricity bills are quickly becoming a major burden on household incomes. However, we worry that their proposed solution – to impose a high monthly fixed charge regardless of how much electricity households use – is not the best tool to keep costs down and meet our climate goals.

California has long been a leader in energy efficiency and conservation measures. Known as the Rosenfeld curve, California's per capita electricity consumption has stayed nearly flat since the 1970s thanks to these efforts. Imposing a high fixed charge may undercut these decades of progress by forcing people to pay their utility company before they even turn on the light switch.<sup>1</sup>

Congress passed the *Inflation Reduction Act* to make electrification, energy efficiency improvements, and distributed energy resources more affordable for Americans. These measures will help to bring down utility bills, lower greenhouse gas emissions, and combat climate change. We are concerned that imposing a high fixed charge could make it substantially more difficult for families to realize cost savings from electrifying their homes, improving their energy efficiency, or installing distributed energy resources such as rooftop solar.

Proponents of the IGFC claim that a high fixed charge will accelerate electrification. However, we are concerned that these proposals may slow, not hasten, the fight against climate change. Modeling has found that proposals before the CPUC could lead to greater adoption of high-efficiency gas appliances instead of electrification, like electric vehicles and heat pumps, that we desperately need to decarbonize our grid.<sup>2</sup>

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<sup>1</sup> <https://pirg.org/california/resources/new-proposed-income-based-fixed-charges-in-california-would-devalue-energy-conservation/>

<sup>2</sup> <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/demand-response/demand-response-workshops/advanced-der---demand-flexibility-management/track-a-reply-testimony/r-2207005-clean-coalition-rebuttal-testimony.pdf>

Proponents of the IGFC also claim that it will reduce the overall electric bills of lower-income families and that it will reduce the cost of each unit of electricity. However, it could also impose the highest monthly fixed charges in the United States—fees that customers would have to pay regardless of their energy usage.<sup>3</sup> The current average monthly fixed charge across U.S. investor-owned utilities is \$11 per month.<sup>4</sup> Proposals under consideration include monthly fixed charges as high as \$128 for some families. Even \$33 per month would distinguish California as having a monthly fixed charge *three times* the national average. And there is little to stop utilities from continuing to increase electric rates once they secure the highest fixed charges in the country.

Many lower- and middle-class Californians would see their overall bills increase under a high fixed charge proposal.<sup>5</sup> For example, under the Joint Investor-Owned Utilities’ proposal, a single parent with one child living in a small apartment in the expensive San Diego area earning just \$40,000 per year would be forced to pay a new fixed charge of \$73 each month—regardless of how much they try to reduce their energy usage.<sup>6</sup> This person could be one of the millions of Californians unduly harmed by this proposal.

We believe that a policy change of this magnitude requires thorough vetting and analysis. We urge the CPUC to ensure that any proposal it ultimately pursues neither inadvertently and disproportionately increases energy costs for low- and middle-income California families, nor slows down our efforts to address climate change through energy efficiency, conservation, or distributed energy resources. We encourage the Commission to fully consider any alternatives to lower California’s unacceptably high electric bills and reduce the energy burdens of low-income families, fixed-income seniors, and those who do their part to conserve electricity, while keeping in line with our climate goals.

Thank you for your consideration of our concerns.

Sincerely,



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Mike Levin  
Member of Congress



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Mike Thompson  
Member of Congress

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<sup>3</sup> <https://eq-research.com/wp-content/uploads/2023/04/20230411-Residential-Fixed-Charges.pdf>

<sup>4</sup> Ibid.


<sup>5</sup> <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/demand-response/demand-response-workshops/advanced-der---demand-flexibility-management/track-a-reply-testimony/r-2207005-clean-coalition-rebuttal-testimony.pdf>

<sup>6</sup> <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=520530748>



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Ro Khanna  
Member of Congress



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Jared Huffman  
Member of Congress



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Jimmy Panetta  
Member of Congress



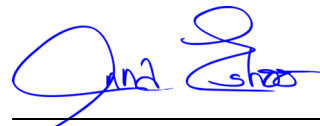
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Brad Sherman  
Member of Congress



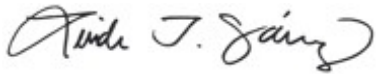
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Ted W. Lieu  
Member of Congress



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Katie Porter  
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John Garamendi  
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Barbara Lee  
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Zoe Lofgren  
Member of Congress



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Mark DeSaulnier  
Member of Congress



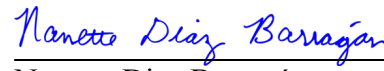
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Josh Harder  
Member of Congress



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Doris Matsui  
Member of Congress



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Nanette Diaz Barragán  
Member of Congress

cc:

The Honorable Gavin Newsom  
Dana Williamson, Chief of Staff to Governor Newsom  
Matt Baker, Commissioner, CPUC  
Karen Douglas, Commissioner, CPUC  
Darcie L. Houck, Commissioner, CPUC  
John Reynolds, Commissioner, CPUC  
David Hochschild, Chair, California Energy Commission  
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