



CITY OF HUNTINGTON BEACH

2000 MAIN STREET, HUNTINGTON BEACH, CALIFORNIA 92648-2702

GRACEY VAN DER MARK MAYOR

March 11, 2024

Honorable Cottie Petrie-Norris
Assembly Utilities and Energy Committee
1020 O Street, Rm 408A
Sacramento, CA 95814

Re: AB 1999 (Irwin)—Support

Dear Chair Petrie-Norris:

The City of Huntington Beach writes to express support for Assembly Bill 1999, as introduced on January 30, 2024. This measure would overturn a provision of a state law passed in 2022 (AB 205) that orders the California Public Utilities Commission (CPUC) to study and institute an “income-graduated fixed charge” for customers of the State’s largest utility providers. The bill would also cap the fixed charge that CPUC may authorize utility providers to charge customers for grid maintenance.

Based on significant feedback from residents of the City of Huntington Beach, we object to the current income graduated fixed charge which perpetuates inequity and does not include the proper accountability measures for energy providers to their customers in California. Our residents and businesses use energy wisely, invest in alternative energy resources and are attentive to the growing cost of living in the State. Income graduated fixed charges are in addition to the extraordinary rate hikes already approved by the CPUC and imposed on our residents.

Repealing the existing income based fixed charges through AB 1999 allows our residents to better respond to the increasing cost of living. It also holds the CPUC and utility providers more accountable to daylighting their costs and efforts to hardening and repairing the electricity grid and responding appropriately and fairly to customers’ needs.

For these reasons, the City of Huntington Beach supports AB 1999 and respectfully requests an “aye” vote on the measure.

Sincerely,

Mayor Gracey Van Der Mark

cc: Honorable Assembly member Jacqui Irwin
Members, Assembly Energy and Utilities Committee
Laura Shybut, Chief Consultant, Assembly Energy and Utilities Committee



AB-1999 Electricity: fixed charges. (2023-2024)

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CORRECTED JANUARY 31, 2024

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

ASSEMBLY BILL

NO. 1999

**Introduced by Assembly Members Irwin, Addis, Berman, Connolly, Muratsuchi, Papan,
Pellerin, Quirk-Silva, Ting, Ward, and Weber
(Principal coauthor: Assembly Member Bauer-Kahan)
(Principal coauthor: Senator Wiener)
(Coauthors: Assembly Members Boerner, Bonta, Friedman, Lee, Low, and Maienschein)
(Coauthor: Senator Blakespear)**

January 30, 2024

An act to amend Section 739.9 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1999, as introduced, Irwin. Electricity: fixed charges.

Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to adopt new, or expand existing, fixed charges, as defined, for the purpose of collecting a reasonable portion of the fixed costs of providing electrical service to residential customers.

Under existing law, the commission may authorize fixed charges for any rate schedule applicable to a residential customer account. Existing law requires the commission, no later than July 1, 2024, to authorize a fixed charge for default residential rates. Existing law requires these fixed charges to be established on an income-graduated basis, with no fewer than 3 income thresholds, so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage.

This bill would repeal the provisions described in the preceding paragraph. The bill would instead permit the commission to authorize fixed charges that, as of January 1, 2015, do not exceed \$5 per residential customer account per month for low-income customers enrolled in the California Alternate Rates for Energy (CARE) program and that do not exceed \$10 per residential customer account per month for customers not enrolled in the CARE program. The bill would authorize these maximum allowable fixed charges to be adjusted by no more

than the annual percentage increase in the Consumer Price Index for the prior calendar year, beginning January 1, 2016.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain provisions of this bill would be a part of the act and therefore a violation of the bill's requirements or of a commission action implementing its requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 739.9 of the Public Utilities Code is amended to read:

739.9. (a) "Fixed charge" means any fixed customer charge, basic service fee, demand differentiated basic service fee, demand charge, or other charge not based on the volume of electricity consumed.

(b) Increases to electrical rates and charges in rate design proceedings, including any reduction in the California Alternate Rates for Energy (CARE) *program* discount, shall be reasonable and subject to a reasonable phase-in schedule relative to the rates and charges in effect before January 1, 2014.

(c) Consistent with the requirements of Section 739, the commission may modify the seasonal definitions and applicable percentage of average consumption for one or more climatic zones.

(d) The commission may adopt new, or expand existing, fixed charges for the purpose of collecting a reasonable portion of the fixed costs of providing electrical service to residential customers. The commission shall ensure that any approved charges do all of the following:

- (1) Reasonably reflect an appropriate portion of the different costs of serving small and large customers.
- (2) Not unreasonably impair incentives for conservation, energy efficiency, and beneficial electrification and greenhouse gas emissions reduction.
- (3) Are set at levels that do not overburden low-income customers.

~~(e)(1) For the purposes of this section and Section 739.1, the commission may authorize fixed charges for any rate schedule applicable to a residential customer account. The fixed charge shall be established on an income-graduated basis with no fewer than three income thresholds so that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage. The commission shall, no later than July 1, 2024, authorize a fixed charge for default residential rates.~~

~~(2) For purposes of this subdivision, "income-graduated" means that low-income customers pay a smaller fixed charge than high-income customers.~~

(e) For purposes of this section and Section 739.1, the commission may, beginning January 1, 2015, authorize fixed charges that do not exceed ten dollars (\$10) per residential customer account per month for customers not enrolled in the CARE program and five dollars (\$5) per residential customer account per month for customers enrolled in the CARE program. Beginning January 1, 2016, the maximum allowable fixed charge may be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year. This subdivision applies to any default rate schedule, at least one optional tiered rate schedule, and at least one optional time-variant rate schedule.

(f) Notwithstanding the requirements of subdivision (d) of Section 739 and Section 739.7, the commission shall not apply the composite tier method to the treatment of any revenues resulting from any fixed charge adopted pursuant to this section.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CORRECTIONS:
Heading—Lines 4 and 7.
