

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, DECEMBER 05, 2023**

MINUTE ORDER NO. 29

**SUBJECT: PROTECTING CALIFORNIA RATEPAYERS BY OPPOSING
INCOME-GRADUATED FIXED ENERGY CHARGES (DISTRICTS: ALL)**

OVERVIEW

San Diego County residents currently pay the highest electricity costs in the country, according to the U.S. Bureau of Labor Statistics. In 2022, the average San Diego Gas & Electric (SDG&E) ratepayer paid \$171 a month in electricity costs. The California Public Advocates Office released data showing SDG&E electricity rates have more than doubled in the past decade, rising 105% between 2014 and 2023. In recent years, utility costs have soared in San Diego County, driving up the already high cost of living.

California ratepayers are keenly aware of the extraordinarily high costs and inadequate production. Many county residents have responded by reducing energy usage, especially during peak times, to lower their bills. Many Californians made long term investments, spending thousands of dollars, to conserve power and utilize renewable energy sources, such as rooftop solar. California residents and businesses have heavily invested in solar panels, leading the nation in solar installations in 2022, according to the Solar Energy Industries Association. San Diego County leads the state in solar megawatt capacity, with enough solar infrastructure to produce almost 15,000 megawatts a year.

Despite these efforts, energy rates continue to rise faster than inflation. With the passage of Assembly Bill (AB) 205 in 2022, the state's public utilities code was amended to allow an option for the California Public Utilities Commission (CPUC) to adopt income-graduated fixed charges for electricity bills. This fixed charge would be based on a household's income and would require a minimum of three income thresholds. The income-based billing structure would pool together to drive down, at least initially, the per kilowatt hour usage fees. The updated code stated that if a fixed rate charge were to be adopted, the CPUC would have to adopt it no later than July 1, 2024. In anticipation of this, on April 7, 2023, Southern California Edison, Pacific Gas & Electric, and SDG&E submitted a joint proposal to the CPUC that outlined their proposed fixed rates. The fixed rates are the following:

Income-Graduated Fixed Charge Proposals

Annual Income	San Diego Gas & Electric	Pacific Gas & Electric	Southern California Edison
\$28,000 or less	\$24	\$15	\$15
\$28,000-69,000	\$34	\$30	\$20
\$69,000-180,000	\$73	\$51	\$51
\$180,000 or more	\$128	\$92	\$85

Income brackets would be based off household income, allowing for working class households' income being combined to put them in a higher tier, ultimately charging them more for electricity. On top of the fixed rate, electricity customers will have to pay the per kilowatt hour cost. Currently, the average rate is \$0.47 per kilowatt hour for SDG&E customers. This proposal will charge SDG&E customers an estimated \$0.27 per kilowatt hour.

Ratepayers would pay the flat fee every month, even if they don't use any electricity. The CPUC has historically promoted electricity policy tied to volumetric usage and conservation-based models. The new model would decouple volumetric usage from rates, disincentivizing energy conservation. These proposals are an injustice to Californians who have invested thousands in solar to protect the environment and reduce their monthly bill.

California Public Utilities Code 739.9, amended by AB 205, led to the current fixed charge proposals. The code contains contradictory and confusing language. There are also several unanswered questions about the implementation of an income-graduated fixed charge that the code does not answer. The state legislature needs to repeal the code and find a better, and more affordable, usage-based solution for all San Diegans.

An income-graduated fixed rate structure should not be adopted by the CPUC because the new state law is unfair, unclear, and misguided. SDG&E's proposed change in methodology is bad for San Diegans, who are already overburdened by the cost of housing and other necessities. This would set a dangerous, income-based payment precedent.

Today's request is to protect California ratepayers by having the San Diego County Board of Supervisors take a position in opposition to income graduated fixed charges and to direct the Chief Administrative Officer to take appropriate actions to voice the concerns of the County.

RECOMMENDATION(S)

SUPERVISOR JIM DESMOND

1. Direct the Chief Administrative Officer to draft a letter for the Chair's signature, expressing the County of San Diego's opposition to income-graduated fixed charge proposals presented by Southern California Edison, Pacific Gas & Electric, and San Diego Gas & Electric for the California Public Utilities Commission, and to send the letter to the California Public Utilities Commission, State legislature, and Governor.
2. Direct the Chief Administrative Officer to include in the Board's Legislative Program opposition for legislation that would generate income-graduated fixed charges for utility billings.

EQUITY IMPACT STATEMENT

San Diegans are struggling to pay their utility bills. Out of the 3.7 million San Diego Gas & Electric customers, a reported 25% (341,000) are at some level, behind on their bills. This shows that San Diegans need relief. Taking a stand against the fixed rate proposal would allow the County to advocate for rates that take into consideration the disproportionate hardship high energy costs have on low and middle-income homes. The County of San Diego is committed to advancing equity; it is our goal to support strong and equitable policies while improving the quality of life throughout the region by alleviating the financial burden of rising costs of basic needs, including power.

SUSTAINABILITY IMPACT STATEMENT

There are multiple cost drivers contributing to San Diego Gas & Electric's (SDG&E) high rates. State mandates for transportation electrification requires utility companies to invest in energy efficient technology and infrastructure. Wildfire mitigation and renewable energy construction are also major

cost drivers. Both are important for San Diegans, however the billions of dollars spent on wildfire and energy improvements are directly passed on to the ratepayers. Advocating for the California Public Utilities Commission to reject SDG&E's fixed rate proposal would force SDG&E to provide a more affordable means for more sustainable future for San Diegans.

FISCAL IMPACT

There is no fiscal impact associated with this action. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ACTION:

A motion was made by Supervisor Desmond, seconded by Supervisor Anderson, for the Board of Supervisors to take action as recommended.

(Motion failed due to a lack of majority vote.)

AYES: Desmond

NOES: Vargas, Anderson, Montgomery Steppe

NOT PRESENT: Lawson-Remer

State of California)

County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER

Clerk of the Board of Supervisors



Signed

by Andrew Potter