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Fact Sheet

RE: Repeal “Utility Tax” provision NOW before it increases utility bills on millions of working and middle class families and undermines conservation efforts across California

To: California State Legislature and Gov. Gavin Newsom

We, the undersigned organizations and community leaders, 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 hearings or discussion. The people of California deserve a voice in any major policy change with such wide-ranging consequences. The legislature needs to immediately repeal Public Utilities Code Section 739.9, through a current Budget Trailer or other bill.

Section 739.9 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 (NRDC, TURN, and Public Advocate) have proposed the highest fixed charges in the country, between $400 to $1,500 per year. That would be three to twelve 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 ever 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 ratepayers 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.

**Finally, the income verification of all customers** raises big privacy and data security issues that have not been thoroughly aired.

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 immediately repeal Public Utilities Code Section 739.9.**

We are watching and intend to hold state lawmakers accountable for the outcome of this matter.

Thank you,

Center for Biological Diversity  
Environmental Justice Coalition for Water  
Central Coast Climate Justice Network (C3JN)  
Western Center on Law and Poverty  
Green the Church
COFEM (Federation of Clubs and Associations of Michoacanos in North America)
California Latino Environmental Advocacy Network
Indivisible CA Green Team
San Joaquin Urban Native Council
California Interfaith Power & Light
Lutherans Restoring Creation
Todos Unidos
Monterey County Renters United
Oakland Education Association
East Bay Housing Organizations (EBHO)
Gallaher Community Housing
CADEM Renters Council
Long Beach Gray Panthers
Environmental Working Group
Bridge Housing
Clean Coalition
Elders Climate Action, SoCal Chapter
Third Act Sacramento
Social Eco Education
Federación de Guanajuatenses
Cafe Coop
Greater Harvest Church of God in Christ
Anahuak Youth Soccer Association
Federación de Clubes y Asociaciones
Federación Duranguense USA
Organización Regional de Oaxaca Por El Respeto y La Defensa De Nuestra Cultura
Federación de Nayaritas en Estados Unidos
Federación de Clubes Colima
Sonora USA
SanDiego350
350 Bay Area Action
Solar Rights Alliance
Indivisible Alta Pasadena
Indivisible Resistance Northridge
Rooted in Resistance (Indivisible)
Ban SUP (Ban Single use plastic)
Citizens’ Climate Lobby, Santa Clarita chapter
Indivisible Ventura
Indivisible Santa Cruz County
Indivisible Stanislaus
Indivisible Sacramento
Progressive Democrats of the Santa Monica Mountains
PDA-CA (Progressive Democrats of America-California
Livermore Indivisible
Electric vehicle Association California Central Coast Chapter
So Cal 350
Stand Strong LA Indivisible
Indivisible Sonoma County
Indivisible Westside LA
350 Conejo
Indivisible CA-34
Feminists in Action, Los Angeles
Environmental and Political Action Alerts
Valley Women's Club of San Lorenzo Valley
Indivisible Ross Valley
Indivisible San Pedro
Basin and Range Watch
Democratic Club of West Orange County
San Francisco Bay Physicians for Social Responsibility
Neighbors for Progressive Action
SAVE THE FROGS!
Indivisible San Jose
Center for Community Energy
Climate Action Mendocino
California Climate Voters
Californians for Western Wilderness
Albany Climate Action Coalition
Bay Area Clean Air Coalition
San Joaquin Valley Dems Clu
Resource Renewal Institute
Santa Cruz Climate Action Network
CBFD Indivisible
Stand.earth
Coalition for Environmental Equity and Economics
350 Ventura County Climate Hub
Alliance of Nurses for Healthy Environments
Climate First: Replacing Oil & Gas (CFROG)
UU Church of Palo Alto
CleanEarth4Kids.org
Sunflower Alliance
Grassroots Institute - Climate Crisis Workgroup
Designing Accessible Communities
Sonoma County Climate Activist Network (SoCoCANI)
Courageous Resistance and Indivisible of the Desert
Climate Hawks Vote
350 Santa Barbara
Eco Chicos
Wellstone Democratic Renewal Club
Equity Transit
Long Beach Alliance for Clean Energy
Hammond Climate Solutions Foundation
Redwood Energy
Morongo Basin Conservation Association
Long Beach Community Table
Extinction Rebellion San Francisco Bay Area
Solar United Neighbors
North County Climate Change Alliance
Samuel Lawrence Foundation
350 Sacramento
The Climate Reality Project San Diego Chapter
Sustainable Claremont
Endangered Habitats League
Tubb Canyon Desert Conservancy
Glendale Environmental Coalition
Public Power San Diego
Greening Committee of Kehilla Community Synagogue
Climate Reality Project Orange County Chapter
Hang Out Do Good (HODG)
350 Contra Costa Action
Mother’s For Peace
Climate Reality Project Ventura County
Invisible Resisters Walnut Creek
Santa Cruz for Bernie
Californians for Energy Choice
Silicon Valley Youth Climate Action
RootsAction
ZEV2030
Pacific Energy Policy Center
Humboldt Progressive Democrats
WEHANA (West Harmon Area Neighborhood Association)
Ballona Institute
Defend Ballona Wetlands
Coastal Lands Action Network
Our City San Francisco
California Alliance for Community Energy
Reform & Sustain
Change Begins With ME
The Climate Justice Team of First UU of San Diego
San Luis Obispo Mothers for Peace
Pink Panthers
SLO Climate Coalition
Eagle Architects
San Joaquin Valley Democratic Club
Green New Deal at UC San Diego
Democratic Socialists of America - San Diego
Business for Good San Diego
Better apc
Elected Officials to Protect America (EOPA) - Code Blue
Fossil Free California
Citizens' Climate Lobby Santa Cruz Chapter
Palos Verdes Democrats
San Diego Veterans For Peace
Youth Will
Extinction Rebellion Los Angeles
Congregational Community Church of Sunnyvale (UCC)
BQuest Foundation
Climate Action Campaign
Indivisible East Bay
Indivisible San Francisco
San Francisco Climate Emergency Coalition
350 Southland Legislative Alliance
Project Green Home
In Good Company
East Los Angeles Boyle Heights Coalition
LIFT Economy
First Church Berkeley UCC
Activist San Diego
Food & Water Watch
Elders Climate Action, NorCal Chapter
Orinda Community Church
NSI Services, Inc
Davis United Methodist Church Service & Justice Ministry
Rachel Carson Returns
Carlsbad Sustainability Coalition
Eagle Architects