

August 2, 2013

Assemblymember Henry Perea
State Capitol
Sacramento, CA 95814

Re: AB 327 - SUPPORT IF AMENDED

Dear Assembly Member Perea,

We are pleased to inform you that the undersigned consumer organizations support the passage of AB 327 with the inclusion of the amendments developed jointly with Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company. Over the past several months, leaders from our organizations have met with management of the three major utilities to develop mutually acceptable statutory changes that will allow the California Public Utilities Commission (CPUC) to move forward with reforms to residential electric rates.

The complete package of amendments resulting from this negotiation includes the following key elements:

- Eliminating restrictions on rates charged for residential usage up to 130% of the baseline quantity.
- Capping the maximum fixed charges that may be approved by the CPUC at \$10 per month (or \$5 per month for CARE customers). This provision does not require the CPUC to approve any new or expanded fixed charges.
- Establishing average discounts of 30-35% for low-income customers enrolled in the CARE program.
- Prohibiting the creation of default time-of-use rates until at least 2018 and ensuring that customers retain the ability to choose an alternative tiered rate structure.

The agreement creates certain basic protections governing rate reform while allowing the CPUC to consider a wide array of outcomes in implementation proceedings. For example, consumer organizations may continue to oppose the establishment of any new fixed charges, may propose a variety of innovative approaches to providing the CARE discount, and are free to argue for or against default time-of-use rates that the CPUC could establish beginning in 2018.

Our negotiation process with the utilities has resulted in a balanced package of consumer protections that provides the CPUC with necessary flexibility in developing electric rates for the future. As a result, the final set of amendments represents an integrated package that should be enacted without modification.

We appreciate your guidance throughout this process and look forward to working together to enact AB 327 in this legislative session.

Sincerely,

Mark Toney
Executive Director
The Utility Reform Network

Joe Como
Director
Division of Ratepayer Advocates

Kathleen Hirning
State Director
AARP California

Sam Kang
Executive Director
The Greenlining Institute