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DAVID VALADAO and JIM COSTA: PUC faces major decisions for state's rate-weary consumers

As representatives of California's Central Valley, we often hear from constituents concerned about rising energy bills and the impact they will have on their families. Even as our days begin to cool, many Valley families must begin to plan for the financial impact of cooling their home in the summer. In our region, where temperatures reach triple digits for days on end, running the air conditioner and cooling fans is not a luxury, it is a necessity.

The California Public Utilities Commission, the agency responsible for overseeing California's utility companies, faces decisions on two matters that could significantly affect energy costs for our constituents. In the coming months, the CPUC will be implementing Assembly Bill 327, which calls for reform of California's tiered electric rates to create fairness for ratepayers across the tiers.

California's current electric rate structure, adopted over a decade ago, created a system in which individuals who consume the top 25 percent of residential energy subsidize energy cost for everyone else. Today, many energy users in the Central Valley pay two and a half times more for electricity than consumers in cooler parts of California, where energy usage is typically lower. Seniors, families with young children, the underemployed and unemployed are especially impacted. These individuals are typically home more often and their household budgets are already stretched thin. It is unfair that we place an unequal financial burden on these hardworking men and women.

We are encouraged by the leadership that California's State Legislature has shown on this important issue. Their actions will allow the CPUC to ensure all energy users pay their fair share by putting an end to this disproportionate subsidy. We urge the CPUC to work quickly to ensure that a new rate structure with increased fairness will be in place before peak summer usage begins and commend the state's decision to implement a fairer, more affordable rate structure for our constituents in the Central Valley.

In addition, the CPUC is deliberating the amount of a fine to be levied stemming from an explosion of PG&E's natural gas pipeline in San Bruno in 2010. It is extremely important the CPUC penalizes PG&E and takes the corrective steps necessary to ensure that an accident like San Bruno never happens again. At the same time, the CPUC should also keep California's energy consumers in mind as they make their decision.

The size of the proposed sanctions is already attracting attention and causing concern that California may be returning to a hostile regulatory environment. Such an environment would have serious negative repercussions for consumers. Indeed, CPUC Commissioner Mark J. Ferron recently warned that burdening California's energy companies with billions of dollars in unrecoverable costs would likely result in higher energy bills for ratepayers statewide.

Ferron recalled the days following the California Energy Crisis in 2001, when the perceptions of the financial community had real world consequences for Californians. Uncertainty caused investors to demand higher interest rates to finance California utility projects. Higher costs of capital ultimately led to higher rates paid by consumers. Since then, California's utility providers and regulators have taken steps to improve the state's standing in the eyes of investors. These steps have reaped substantial benefits to California ratepayers to the tune of "several hundred million dollars every year in direct savings," according to Ferron. However, steep penalties imposed on one utility might be all it would take to make investors jittery again.

California's energy consumers will be impacted by the consequences of current pending decisions before the commission. As the commissioners deliberate over these important decisions, we urge them to ensure that their actions continue to promote affordability for California's energy consumers.

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