

The Utility Tax

October, 2023

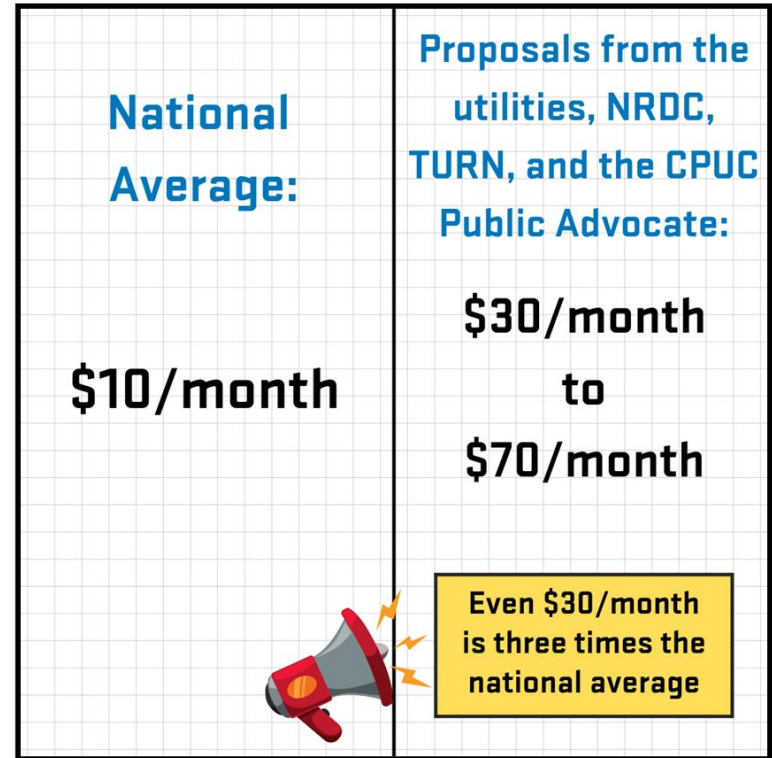
Utility Tax: What's on the Table

- Last year, the Legislature passed a "budget trailer bill" (AB 205) that included little-known provision that requires the California Public Utilities Commission (CPUC) to charge all ratepayers a Utility Tax based on household income.
 - Applies to ALL residential customers of PG&E, SCE, SDG&E, including CCA customers.
- AB 205 went from proposal to law in just 3 days with no public hearing or discussion.



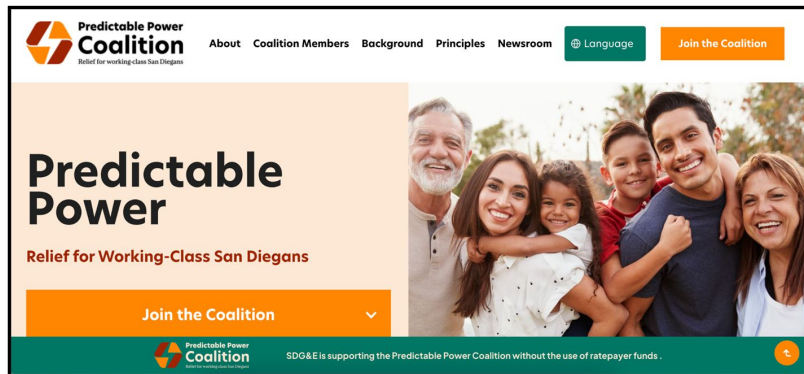
Utility Tax: What's on the Table

- Now, the utilities and some organizations are proposing to charge all ratepayers the highest Utility Tax in the country: \$30 - \$70 / month.
- You would have to pay this Utility Tax even if you buy zero energy from the utility, and the money goes to the utilities.
- The per kilowatt rate would be reduced somewhat.



Utility Tax: What is the utilities' rationale?

- Proponents say this will:
 - Lower bills for working class households.
 - Incentivize people to switch from gas appliances to electric appliances such as heat pumps and induction stoves.



← *SDG&E website promoting their utility tax proposal*

Utility Tax will increase bills for many working and middle class families living in apartments, condos, or smaller homes

Californians who live in apartments, condos, and small homes that use less energy would see their utility bills increase.

Even the \$30/month Utility Tax proposal will have this negative impact.



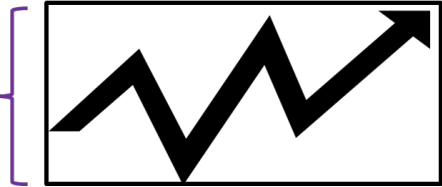
Bills will increase



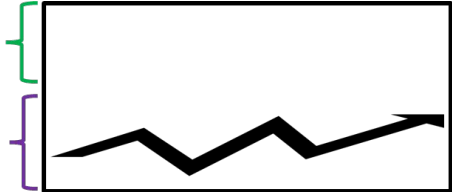
Here's why bills will go up for renters, people living in small homes, or people trying to conserve energy:

How it works now:

People are charged a per KWh rate for the energy they use, which goes up and down depending on how much they use:



People who use less energy (through any form of conservation, efficiency, or small home size) see bill savings:

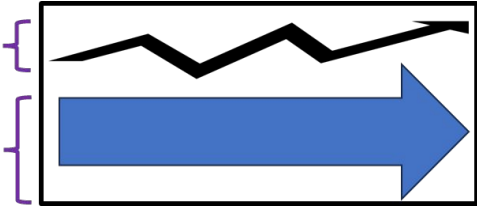


What a high Utility Tax would do:

Even if consumers use less energy because they have a small home and/or invest in conservation or efficiency, a high Utility Tax would eat into those savings and raise the overall bill



High Utility Tax



Even a \$30/month Utility Tax will increase bills on these kinds of households:

- A single mother making just \$40,000/year with one child living in a Bay Area apartment.
- A retired couple living in a small home on a fixed income in the San Diego.
- A teacher living in a small home in Fresno.
- A nurse in San Diego renting an apartment.
- A laborer living in a small home in Gilroy.



Utility Tax Would Discourage Conservation, Take Control Away from Ratepayers

High Utility Taxes discourage people from reducing their electricity use through conservation or energy efficiency, such as:

- Turning off the lights when you leave the room
- Installing new windows
- Getting rooftop solar and batteries

These proposals create a high minimum bill you cannot get out of, no matter what you do.



The Utility Tax and Rates Will Only Go Up From Here

Utility rates and fees go up, not down. The promise of lower variable rates is temporary. The Utility Tax will become yet another way for the utilities to treat ratepayers like a cash machine.

- AB 205 lifted the cap on the size of the Utility Tax
- AB 205 says nothing about freezing or lowering electricity rates

Utility Tax Does Not Incentivize Electrification

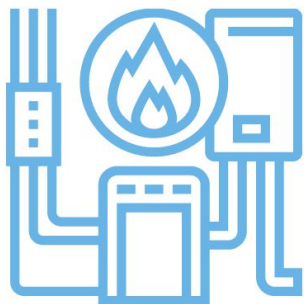
Proponents of the Utility Tax claim it will incentivize people to ditch gas and install heat pumps and other electric appliances.

But none of the Utility Tax proposals on the table would actually do that.

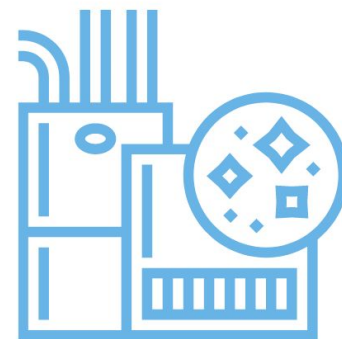
Instead...

Under the Utility Tax:

It will still be \$40-400/ year cheaper to stick with gas appliances.
The utility tax will not incentivize people to go electric



Gas Appliances



Electric Appliances

Utility Tax proponents say their proposals will lower bills on low-income people. They are not telling the whole story.

- CARE and FERA customers would see small decreases in their monthly electricity bills. These decreases will be temporary, because rates will keep going up.
- Meanwhile, millions of working people not eligible for CARE/FERA will see bill increases. Many of these households are just above the eligibility line and also struggling.



A single mother with one child making \$40K/year is just above the CARE cutoff. If she lives in an apartment or small home, her bill will increase.

There are solutions to high electricity prices. A Utility Tax is not one of them.

- Electricity prices are too high due to the cost of building and maintaining long distance power lines and the cost of liability when those lines spark wildfires.
- A Utility Tax does not fix that underlying problem: it just rearranges who pays what—harming millions of working class people in the process.
- The solution to stabilizing the high cost of electricity is to reduce our over-reliance on long distance power lines and other large-scale grid infrastructure—through more energy conservation and local solar, not less.
- We should also increase subsidies to help low-income people pay their electricity bill.

How You Can Help

1. [Sign the letter to the Legislature telling them to repeal the Utility Tax](#)
2. [Contact your Senator and Assemblymember and tell them to repeal the Utility Tax](#)
3. Alert your members and ask them to call their Legislators
4. Suggest other local organizations who should be alerted to this threat



More information

[Fact sheet](#)

[Clean Coalition rebuttal testimony to the CPUC](#)

FAQs:

[What's the theory behind how a Utility Tax would work?](#)

[Can you tell me more about the Clean Coalition data and findings?](#)

[Can you tell me more about Clean Coalition?](#)

[What savings would CARE customers get?](#)

[Why wouldn't the Utility Tax incentivize decarbonization?](#)

[What are the bottom lines?](#)

[How did AB 205 go from proposal to law so quickly?](#)

[What's an example of an action a legislator could take on this issue?](#)