The Honorable Gavin Newsom
Governor, State of California
RE: SB 884 (McGuire) Veto

Dear Governor Newsom,

On behalf of the Coalition to oppose SB 884, the environmental and climate groups listed, we ask you to veto SB 884, the Expedited Utility Distribution Infrastructure Undergrounding Program.

We are in great gratitude for the many climate-related bills passed this year that follow your five points of focus for climate and resilience but need your attention on one bill that should not have passed.

We originally opposed this bill unless amended, then accepted the amendments and went neutral, not supporting or opposing. But upon hearing information about some bad last-minute amendments, we now join The Utility Reform Network, (TURN) in asking you to veto SB 884 for all the reasons listed below in TURN’s well-crafted letter.

You will notice many Indivisible groups in Senator McGuire’s own district who have joined in opposition. We hope that also influences your veto.

TURN wrote and our coalition supports the following:

[We] “urge you to veto SB 884, which would authorize adding over $100 billion in costs to residential, commercial and industrial electric bills for customers of California’s large investor-owned utilities, at a time when these utilities’ electric rates are already among the highest in the nation, and utility customers face an affordability crisis impacting millions of California households and businesses.

1) By making electric rates even more unaffordable, SB 884 threatens to undermine the achievement of California’s climate goals by discouraging the switch to electric vehicles and appliances, as well as by increasing utility shutoffs, a hidden driver of homelessness.
2) SB 884 would add a new and unworkable process for regulatory review of undergrounding proposals that would prevent California from being able to nimbly modify its wildfire mitigation strategies as technologies evolve.

3) SB 884 is unnecessary because utilities already have the opportunity to make the case for large undergrounding programs before both the Office of Energy Infrastructure Safety (OEIS) and the California Public Utilities Commission (CPUC).

**SB 884 Would Make Electricity More Unaffordable and Worsen Homelessness**

The impetus for SB 884 is Pacific Gas and Electric’s (PG&E’s) proposal to underground 10,000 miles of overhead lines over the next ten years. Even using PG&E’s optimistic cost estimates, PG&E’s plan would cost its ratepayers an unprecedented $70 billion over several decades, including many billions of dollars of profits pocketed by shareholders. By the year 2032, an average PG&E residential customer would be paying an additional $400 each year on their electric bill to pay for PG&E’s undergrounding program. These increases would be on top of the already punishing 30% increase in PG&E’s residential electric rates that took place between January 2019 and January 2022, compared to a 12% increase in the Consumer Price Index for that period.

If SB 884 becomes law, Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) can also be expected to seek approval for undergrounding plans that would cost their customers tens of billions of dollars. The high price tag for utility undergrounding plans would drive crippling additions to already unsustainable levels of basic living expenses in California.

Unaffordable bills lead to disconnections and, for too many people, eviction and homelessness. Undergrounding is supposed to prevent deaths from utility-caused wildfires, but the increased utility bills to pay for undergrounding will also inevitably lead to loss of life.

In short, SB 884 would leave a legacy of unaffordable electric rates for California’s households and businesses for decades, with dangerous consequences for the health and welfare of California’s residents and economy.
SB 884 Would Undermine California’s Climate Strategy by Making Electricity Too Costly

California’s climate strategy depends on consumers deciding to replace their gas-powered cars with electric vehicles and their gas furnaces, stoves and water heaters with electric appliances. If the price of electricity is too high, consumers will be discouraged from making this switch. Thus, because of the astronomical price tags for the utilities’ undergrounding plans, SB 884 threatens to single-handedly defeat this cornerstone of California’s climate strategy.

Careful attention and study must be given to the impact of undergrounding-driven electric rate increases on consumer incentives to switch fuel sources – a ratemaking issue over which the CPUC has exclusive authority. As discussed below, SB 884 offers no improvement over the current process for ensuring that this issue gets the necessary CPUC scrutiny.

SB 884 Is Unnecessary and Creates a New Alternative Process that Is Unworkable

SB 884 is simply unnecessary. Current law allows California’s large investor-owned utilities to propose undergrounding as part of their three-year wildfire mitigation plans presented to the OEIS for review and approval by OEIS and the CPUC. And in General Rate Cases before the CPUC, utilities can make their case for approval of their undergrounding plans in rates, in proceedings that allow the CPUC to consider the full range of issues associated with undergrounding, including whether the utilities’ plans must be scaled back to address affordability and climate strategy. SB 884 would only serve to layer on top of this sound process an alternative option for utilities that is poorly described and fails to consider the full scope of ratepayer impacts.

Worse, SB 884’s alternative process appears unworkable. Section 8388.5(c) and (d) vest the initial decision of how much undergrounding to approve in OEIS. OEIS’s primary charge is with infrastructure safety rather than just and reasonable (and affordable) rates. In fact, the utility plans submitted to OEIS are not even required to discuss rate impacts.

Only after OEIS has made its initial decision and approved a utility ten-year undergrounding plan does the CPUC have an opportunity to consider a utility application to recover the costs of the plans approved by OEIS (Section 8385(e)). Because OEIS has no ratemaking authority, the CPUC will consider
anew the question of how much undergrounding can be approved without doing irreparable damage to affordability and California’s climate strategy. Given this reality, there is no point to SB 884’s bifurcated decision-making approach.

Ultimately, SB 884 offers no improvement on the current general rate case process in which the CPUC makes a holistic decision that considers all relevant factors, including OEIS’s guidance related to wildfire mitigation plans, before approving an undergrounding plan. In fact, SB 884 would inflexibly lock California into ten-year undergrounding plans, even though there is every reason to believe that, in the near future, new and much less expensive technologies that prevent overhead electric lines from sparking fires without preemptive power shutoffs will become feasible on a broad scale.

In short, SB 884 is unnecessary in that it does not improve upon the current regulatory structure for regulatory review and approval of undergrounding proposals. Instead, it creates a new, unworkable option that will only create controversy and uncertainty while preventing California from being able to nimbly adapt to changing wildfire mitigation technologies.

**Veto SB 884 to Protect Pocketbook and Planet**

SB 884 is an unnecessary and seriously flawed bill that threatens to saddle the residential and business customers of California’s large utilities with unaffordable and unsustainable rate increases. It also threatens the achievement of California’s world-leading climate strategy.

**Therefore, the undersigned organizations ask you to VETO SB 884.**

Sincerely,

Indivisible CA GreenTeam, Jennifer Tanner, Leader
Indivisible Marin, Susan Morgan, Leader
Indivisible Sonoma County, Larry Martin, Leader
Indivisible Ross Valley, Sue Saunders, Leader
Indivisible Alta Pasadena, Anita Ghazarian, Chair
Indivisible Riverside, Lecia Elzig, President
Indivisible Resistance San Diego, Yvonne Elkin
Indivisible Sacramento, Cynthia Shallit, Enviro leader
Indivisible Stanislaus, Darlene Patrick, Leader
Indivisible CA-14, Feminists in Action, Jessica Craven, Leader
Indivisible San Francisco, Francesca Wander
Progressive Democrats of the Santa Monica Mountains, Dorothy Reik, President
San Joaquin Valley Democratic Club, Elizabeth Sroble
Indivisible Stand Strong LA, Janeen Pederson, Leader
Cloverdale Indivisible, Vicky Groom, Leader
Indivisible Ventura, Steering Committee
The Resistance Indivisible Northridge, Kayla Owens, Enviro Committee
Indivisible Mendocino, Christie Olson Day, Enviro Committee
Indivisible San Jose, Rebecca Elliot, Admin
Long Beach Alliance for Clean Energy, Dave Shukla, Operations
Indivisible Media City Burbank, Marty Perimutter, Co-Director
SoCal 350, Jack Eidt, Director
Indivisible South Bay LA, Doug Bender, Organizer
Indivisible Santa Cruz County, Angela Marshall, Steering Committee
Clean Coalition, Craig Lewis, Policy Manager
Valley Women’s Club of San Lorenzo Valley, Nancy Macy, Lead Organizer
Livermore Indivisible, Mary Perner
Rooted in Resistance, Ruth Richardson, Co-Leader
350 Ventura County Climate Hub, Jan Dietrick, Policy Team Leader
350 South Bay LA, Sherry Lear, Leader
Ban SUP, Cheyl Auger, Leader
350 Conejo / San Fernando Valley, Alan Weiner, Chapter Lead