September 9, 2022

The Honorable Gavin Newsom
Governor, State of California
State Capitol Building
Sacramento, CA 95814

RE: SB 884 (McGuire) - REQUEST FOR VETO

Dear Governor Newsom:

The Coalition for Affordable Bills urges 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 increase 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 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. Similar increases have been felt across other rate classes that will be also asked to absorb the costs of this program.

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.

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.

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.

Veto SB 884 to Protect Pocketbook and Planet

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

Sincerely,

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