

September 4, 2019

The Honorable Ben Hueso, Chair
Senate Committee on Energy, Utilities and Communications
State Capitol, Room 4035
Sacramento, CA 95814



RE: AB 235 (Mayes/Bonta/Irwin)—OPPOSE

Dear Senator Hueso:

The California Alliance for Community Energy writes to voice our strong opposition to AB 235, which props up California's failing electricity model—PG&E, in particular—at the expense and at the peril of California ratepayers and taxpayers.

The Alliance is a statewide advocacy coalition representing the ratepayers and communities that participate in Community Choice energy programs across California. In particular, the Alliance works to support and defend Community Choice programs that advance local clean energy for the environmental, economic, and social justice benefit of our communities.

AB 235 bails out PG&E for the utility's responsibility in causing a host of devastating wildfires in 2017 and 2018, and the attendant loss of lives and property, by allowing the utility to issue tax-exempt bonds to pay off 20 - 40 billion dollars of liability damages to fire victims.

The assertion that these bonds will be paid off through shareholder profits is just a financial sleight of hand. Shareholder profits come from ratepayer-provided revenues, and PG&E is actively seeking from the CPUC an increase of 20-50% in its rate of return. This increase in ratepayer-provided profits will more than cover the cost of the proposed bailout bonds.

In addition, ratepayers would be left holding the bag for any default by PG&E in repaying the bonds. This seems particularly outrageous given that PG&E is currently in bankruptcy court to avoid an untenable burden of debt resulting from its own mismanagement. Filing for bankruptcy protection is a clear indication that the utility is willing to default on debt and then protect shareholders by passing the debt on to ratepayers. AB 235 rewards this pattern of PG&E financial irresponsibility to its customers.

Moreover, AB 235 specifies that the bailout bonds will be tax-exempt, which means that the state's taxpayers as well as ratepayers are paying for PG&E's wildfire malfeasance through lost tax revenue. Taxes on bond earnings fund California schools, healthcare, public safety, and critical services. Allowing a private utility to issue tax-free bonds is a direct transfer of billions of dollars from the public to PG&E's shareholders.

The most destructive consequence of AB 235 would be that bailing out PG&E for its wildfire negligence would essentially eliminate any incentive for the utility to correct its well-documented failure to protect public safety. Passing this bill would put the citizens of California at increased risk of devastating wildfires.

In short, AB 235 is a PG&E-inspired bailout of the worst type. It not only props up a criminal corporation at the expense of the public, but in doing so reinforces the centralized utility model that is failing to protect us in the face of a worsening climate crisis. Rather than moving California to a more decentralized, locally controlled sustainable and resilient energy system, it puts a terminally ill system on life support.

Sincerely,

A handwritten signature in black ink that reads "Al Weinrub". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Al Weinrub
Coordinator, California Alliance for Community Energy
Cc: Assemblymember Chris Holden, Chair, Assembly Committee on Utilities and Energy

Nidia Bautista, Chief Consultant, Senate Committee on Energy, Utilities and Communications

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