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CONTACT
Rachel Davis, Office of Mayor Liccardo
(408) 535-4857 or rachel.davis@sanjoseca.gov

Barbara Osborne, Office of Supervisor Kuehl
(323) 683-1160 or BOsborn@bos.lacounty.gov

San José Mayor and L.A. Supervisor Call for CPUC "Exit Fee" Reform

Fine Print Electric Utility Fee Gouges Californians In Tough Economic Times

SAN JOSÉ, CA. – San José Mayor Sam Liccardo and Los Angeles County Supervisor Sheila Kuehl today called on the California Public Utilities Commission (CPUC) to increase transparency and accountability for California's "Big Three" investor-owned utilities as the companies prepare to levy hefty fees on California consumers via a confidential and murky process.

In an editorial published today in the San Francisco Chronicle, Mayor Liccardo and Supervisor Kuehl, who represent more than 3 million Californians, decried Pacific Gas & Electric, San Diego Gas and Electric, and Southern California Edison for huge increases to the "exit fee" levied on consumers who switch to alternate energy providers such as Community Choice Aggregators to account for expensive electricity supply contracts that utilities signed on their behalf many years ago.

Known as the Power Charge Indifference Adjustment or PCIA, the "exit fee" has risen more than 600 percent since 2013 in the PG&E service area and, shockingly, is set to rise again this fall, in the middle of a pandemic, which doubtlessly will inflict greater economic hardship on already struggling residents. The fee has nearly doubled since the CPUC changed its PCIA rules in 2018.

"In a moment when millions of Californians already suffer the most severe financial hardships of their lifetimes, the California Public Utilities Commission must reverse its historic capitulation to the financial interests of investor-owned utilities by protecting millions of ratepayers from excessive and anti-competitive exit fees," **said Mayor Liccardo**. "We cannot allow utilities to dismiss this as a mere regulatory complexity, particularly since skyrocketing exit fees have already shifted hundreds of millions of dollars to PG&E from the pockets of overburdened Bay Area residents."

"My response to this so-called Power Charge Indifference Adjustment is anything but indifferent! The Public Utility Commission's current exit-fee process promotes rate volatility, and our Los Angeles and Ventura County Clean Power Alliance is likely to see hefty increases yet again," **said Supervisor Kuehl**. "The PUC should reverse its 2018 decision to focus on transparency and cost reduction measures that public working groups have outlined. California needs greener energy sources and to make the days of opaque, complicated pricing for energy a relic of the past."

If the past month – with heat waves, rolling blackouts, rare thunderstorms, and subsequent firestorms that have displaced tens of thousands across California – has shown us anything, it is that the existential threat of climate change is already upon us. It is time for our state to embrace wholeheartedly the clean energy future that CCAs are implementing.

CCAs provide reliable, clean energy to their customers and are accountable in ways the investor-owned utilities are not. CCAs are under the oversight of boards of directors made up by local elected officials and members of the public that provide transparency and accountability. They secure better deals for their ratepayers by prudently managing their energy portfolio, keeping operating costs low by not having shareholders, and invest heavily in the communities they serve.

Liccardo and Kuehl outlined three specific solutions for the CPUC to implement to pull back the curtain on how exit fees are levied:

- Reverse CPUC rule changes made in 2018 that resulted in accelerated customer rate hikes and volatility. The lack of accountability in the process reduces any incentive for the Big Three utilities to reduce their costs or retire inefficient and dirty power generators, because the utilities can pass the costs on through increased "exit fees."
- Adopt transparency measures around rate setting and fees by the CPUC and the State Legislature. Assemblymember Ash Kalra's AB2689 would take major steps toward giving consumers and local energy providers more information about exactly what their customers are paying for.
- Adopt the public working group's recommendations that require utilities to optimize their energy supply portfolios. This would reduce energy costs for all consumers and support market-based incentives for the Big Three utilities to manage portfolio costs.

"By approving hikes of an obscure "exit fee" charged to customers, state regulators have shifted hundreds of millions of dollars in Big Three utilities' costs to local residents and businesses. We're calling on the CPUC to enact real reforms to how the PCIA is calculated because without it, Californians won't see a reduction in fees," **said Mayor Liccardo and Supervisor Kuehl**. "As community leaders, we won't sit idly by and let Californians be taken advantage of during this critical time or anytime."

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