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Senate Bill 332: Investor-Owned Utilities Accountability Act

SUMMARY

The recent Eaton Fire gives us cause to re-examine the accountability and transparency of investor-owned utilities (IOUs).

Despite electricity demand remaining stable, executive compensation, infrastructure spending and customer rates continue to increase.

This bill promotes affordability and protects ratepayers, increases accountability and transparency from IOUs, and examines alternatives to our existing energy provider framework.

BACKGROUND

Rates are higher in investor-owned utilities (IOU) service territories across California than in not-for-profit utilities (including municipal utilities, rural electric cooperatives, and tribal utilities), which has resulted in people paying higher rates. On average, **California IOU electricity rates are more than 50% higher than rates charged by publicly owned utilities** (POU). In addition to this, for IOU customers in California, rates have increased nearly 50% over the past three years, with some IOUs increasing their rates 6 times in this past year alone.

Under the current system, most distribution and transmission infrastructure is financed by IOUs and paid for by utility ratepayers. Ratepayers also pay for a rate of return for the IOU's cost, which can average close to 10%.

ISSUE

Past and present experience demonstrates that the IOUs prioritize profits over the safety and well-being of Californians, leaving ratepayers paying increasingly expensive utility bills with no interest in examining affordability and ongoing issues of safety.

SOLUTION

In order to ensure rates are maintained at affordable levels for ratepayers, our infrastructure is safe, and we have accountability and transparency from the IOUs we must take bold steps.

SB 332 will:

1. Cap IOU rate increases for residential customers to no more than the Consumer Price Index
2. Prohibit the shut-off of utilities for specified vulnerable ratepayers to ensure their health and safety needs are met
3. Reduce ratepayer contributions to the Wildfire Fund, and increase IOUs responsibility for the fund
4. Require annual audits of equipment and the replacement of equipment that's outlived its usable life in high fire risk areas
5. Require proposed executive compensation be contingent on safety metrics
6. Require undergrounding for replacement equipment
7. Fund resilience hubs and community infrastructure to meet power needs during emergencies
8. Fund a feasibility study to determine what form of utility best serves ratepayers

SUPPORT

- Reclaim our Power – Sponsor
- Center for Biological Diversity - Sponsor

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