



PRESS RELEASE

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A flat rate is a critical step to addressing affordability and advancing electrification in California

SAN FRANCISCO, March 28, 2024 – The California Public Utilities Commission (CPUC) issued a Proposed Decision yesterday that makes needed updates to how residential electric rates are set. The decision will not increase utility revenue or profits and is a critical step forward to ensure electric rates are more equitable.

“We support the proposal,” said Linda Serizawa, Interim Director of the Public Advocates Office. “It allows for the implementation of a flat rate, which will reduce the price of electricity for all customers and reduce bills overall for low-income households.”

The decision comes at a time when Californians are experiencing historic electric rate increases that will be exacerbated if the CPUC does not implement equitable rate reform that will help to stabilize bills. Failure to implement a flat rate would only serve to perpetuate current inequities in the way customer bills are calculated.

The current electric rate structure penalizes households that have less control over their electricity use, such as those that live in a hotter region or have more residents under one roof. Without a flat rate, these households would continue to pay more than their fair share of costs that do not vary by usage, such as costs for utility customer service, energy efficiency programs, and activities related to providing basic service. It would also mean that electrifying the transportation and building sectors would be more difficult, as households currently have a disincentive to shift their energy use from fossil fuels to electricity due to high rates.

A flat rate will help to rebalance how certain costs are collected to ensure that lower-income customers do not pay more than their fair share for safely operating and maintaining the electric grid. It will also serve to reduce rates at all hours of the day, reduce punitive bill swings following heat waves, lower bills for low-income customers, and reduce costs associated with air conditioning, electric heating, and electric vehicle charging.

The proposal will reduce electricity rates by approximately 5 to 7 cents per kilowatt-hour depending on the utility. The flat rate, which would be \$24.15 per month for non-low-income customers, is benchmarked with flat rates set by the Sacramento Municipal Utility District, one of the largest public electric utilities in the United States.

We commend the CPUC for this Proposed Decision and believe it should be adopted to implement modest flat rates to advance equity and the state’s climate goals. The CPUC could vote on the proposal at its May 9, 2024, meeting.

For more detailed information on flat rates, please [visit our blog here](#). You can also [visit our website for more information](#).

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