Your PG&E rates are about to spike again. California pols have three ways to stem the bleeding

By Mark Toney : s**fchronicle** – excerpt (audio)

PG&E claims its rates are stabilizing. The numbers say otherwise.

According to an independent assessment by the California Public Utilities Commission's Public Advocates Office, the state's advocate for ratepayers, the average PG&E customer could pay $840 more annually by 2030, on top of the 69% rate increase during the past decade.

As California lawmakers and Gov. Gavin Newsom consider key electricity affordability legislation, including utility wildfire liability reform, state leaders should look beyond PG&E's claims of rate stabilization and focus on the actual costs California residents and businesses are expected to pay.

PG&E is seeking to charge California ratepayers billions for outstanding costs, which will soon show up on our electricity bills. The utility has also requested and is expected to collect on several additional pending proposals to raise rates over the coming years and has $1.05 billion sitting in memorandum accounts that will be billed to ratepayers. This includes billions of dollars for wildfire mitigation, grid upgrades and other investments — as well as the hefty profit margins the utility is allowed to collect.

Some of these investments are necessary. Yet the independent Public Advocates Office found that PG&E has a pattern of chronic overspending.

Unless legislators and Newsom act, there is no end in sight.

Three bills before the Legislature in August could make a substantial difference in protecting your wallet.

Senate Bill 905 from state Sen. Josh Becker, D-Menlo Park, would stop rewarding utilities for overspending on infrastructure, for which they are reimbursed with a guaranteed profit from ratepayers. This broken incentive is most visible in wildfire mitigation spending, the single largest driver of rising electricity bills for PG&E ratepayers. While improving the safety of California's grid is essential, utilities collect huge profit margins on wildfire mitigation work, such as undergrounding power lines, even though that spending directly reduces their own financial liability.

Ratepayers pay twice: once for the work, and again to finance utilities' inflated profit margins.

Sen. Becker's bill would rewrite those incentives by requiring the California Public Utilities Commission to consider lower profit margins on required wildfire investments so customers aren't overcharged for basic safety work. It would also tie a portion of the extravagant compensation packages for executives (nearly $20 million for PG&E's CEO last year) directly to controlling costs and improving performance…

State Sen. Sasha Renée Pérez has authored Senate Bill 1098, designed to close a billing loophole exploited by the state's utilities..

Meanwhile, SB1098 from state Sen. Sasha Renée Pérez, D-Alhambra (Los Angeles County), would restore transparency to the rate-setting process…

Currently, utilities use a little-known billing loophole — balancing and memorandum accounts — that function like a credit card with no spending limits and a guarantee that ratepayers will pay the balance and interest charges. Balancing and memorandum accounts were created to be a narrow tool for unforeseeable or unforecastable utility expenses. Utilities now exploit this loophole to increase spending outside of the normal budget process. As a result, this spending has exploded from $87 million in 2018 to nearly $2.4 billion in 2024…

As Gov. Newsom and California lawmakers consider a package to reform how wildfire costs are paid for, the ratepayer protections in SB905 and SB1098 must be included.

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Finally, SB886 from state Sen. Steve Padilla, D-Chula Vista (San Diego County), would ensure the artificial intelligence economy pays its own way. As AI data centers proliferate and more hyperscale data centers come online, they are expected to add 4.9 gigawatts of new electricity demand by 2040, according to the state's grid operator, requiring billions in grid upgrades. SB886 prevents data center costs from being shifted to residents and businesses by requiring them to pay for the grid infrastructure they need…

In PG&E's service area alone, the plan for future infrastructure has already identified $1.9 billion in network costs driven by these new interconnections….

Utilities typically argue that the California Public Utilities Commission already has ample authority under existing law to allocate data center costs equitably, making additional legislation unnecessary. But if lawmakers believe families should never subsidize AI data centers, protections should be written into law, not left to regulatory discretion…

Lawmakers and Gov. Newsom can make meaningful choices this session to end the status quo of forcing California families to shoulder unreasonable costs. These three bills offer a pathway for change. Lawmakers and the governor need to find the courage to pass them.

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