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March 29, 2024

The Honorable Steven Bradford  
Chair, Senate Energy, Utilities and Communications Committee  
1021 O Street, Room 7210  
Sacramento, CA 95814

**RE: SB 1142 (Menjivar) Electrical and gas corporations: establishment and termination of service SPONSOR**

Dear Chairperson Bradford,

The Utility Reform Network (TURN) is a consumer advocacy organization that has fought on behalf of California utility customers for over 50 years. TURN has been an active ratepayer advocate at the California Public Utilities Commission and at the Legislature championing affordable bills and customer protections that will ensure that all people living in California have access to safe, clean, affordable and reliable energy. On behalf of our members, TURN is proud to sponsor and support SB 1142.

SB 1142 will create stronger customer protections with a goal of reducing energy and gas service disconnections and increasing service reconnections. SB 1142 requires utilities to offer customers that are at risk of a disconnection the opportunity to enter a minimum 24-month payment plan for outstanding balances. For customers seeking to be reconnected, SB 1142 limits the amount of the outstanding balance that a customer could be required to pay to up to 20% of their outstanding balance with customers also having the opportunity to enter a payment plan for the balance of amounts due. Together, the provisions of the bill will ensure that the customers can stay connected and get reconnected to electric and gas service.

**Skyrocketing Rates Have Increased Energy Insecurity and Exacerbated Inequity**

In recent years, rates for the California Investor-Owned Utilities have skyrocketed. For electric rates, in the last 10 years, SCE rates have increased 89%, PG&E rates 92% and SDG&E 105%.<sup>1</sup> Over 2013 to 2023, SoCalGas rates increased over 100%.<sup>2</sup> These steep rate increases worsen the financial questions already facing energy insecure customers.<sup>3</sup> Questions like whether to pay the electric bill, buy food and medicine or pay the rent.

The issue of disconnections in California is also felt differently amongst different economic and racial groups. Because statistics show that Black, Latiné and Native

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<sup>1</sup> California Office of Public Advocates Q3 2023 Electric Rates Report, p.4, available at: <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/q3-2023-electric-rates-report>

<sup>2</sup> See TURN-02 in Southern California Gas Company 2024 General Rate Case, A.22-05-015.

<sup>3</sup> <https://www.kqed.org/news/11970332/rising-utility-costs-compound-californias-housing-crisis>

American populations have the highest rates of poverty across the state, we know that these groups are overburdened by rising energy cost and are disproportionately more likely to be in arrears or experience a utility shutoff. This experience exacerbates inequity. When families experience utility shutoffs, food spoils, children miss school or are unable to complete homework, families are unable to source the heat or cooling necessary to maintain health and well-being and opportunities for employment and advancement are stifled.

The issue of energy insecurity and particularly disconnections is impacting the already untenable housing crisis in California and putting folks out on the street. Due in part to skyrocketing utility costs, homelessness has rapidly increased in the state of California.<sup>4</sup> In cases where families live in subsidized housing, their tenancy is in jeopardy as current housing laws require energy as a condition for habitability.<sup>5</sup> And for those seeking to move out of homelessness, if a potential tenant cannot pay off previous debt, subsidized housing may not be an option. Limiting the requirements for reconnection while giving that a customer a path to erasing their debt reduces at least one barrier.

#### Data Shows Customers in Arrears and the Potential for Disconnection is Growing

Seeing the increase in electric and gas disconnections statewide and the hardship that the disconnections put on utility customers, SB 598 (2017 Hueso) directed the California Public Utilities Commission (CPUC) to develop new rules and policies with an aim to reduce utility disconnections and improve reporting by the IOU's. The result of the Commission's work implementing SB 598 has not only shined a light on the number of Californian's facing disconnections but the tools that can protect customers when they are facing economic hardship.

The report resulting from SB 598 paints a bleak picture. According to arrearage data for December 2023, across all four major IOUs in California, 1 in 4 utility customers are in arrears – which is an indication of energy insecurity. Among CARE customers, low-income customers that receive a discount on their energy bills, 1 in 3 customers are in arrears and energy insecure. In December 2023, over 900k more customers were in arrears than in December 2021.<sup>6</sup>

#### SB 1142 Provides Protections to Keep Customers Energized

It is in the best interests of the utilities and their customers to ensure that disconnections are minimized. Not only does a disconnection leave the utility system with one less customer account paying for fixed infrastructure, but any debt left behind by that customer will eventually be collected by the remaining customers on the system. Not only do higher rates lead to increased disconnections. Increased disconnections and the related uncollectibles exacerbate rate increases.

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<sup>4</sup> According to the 2023 HUD Point in Time report, California has the largest homelessness population in the country with 181,399 people currently without permanent housing, surpassing the second ranked state, New York, by more than 78,000 people.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

<sup>5</sup> 24 CFR § 966.4(l)(2)(i)(A)

<sup>6</sup> In December 2023 there were 3,809,690 customers in arrears out of 12,306,700 total customers of the major Investor Owned Utilities. This includes 1,601,707 CARE customers in arrears out of 4,815,587 total CARE customers.

SB 1142 builds on the work completed pursuant to SB 598. For example, the Commission has developed new rules for payment plans including a requirement that any customer at risk of disconnection be offered the opportunity to enter a 24-month payment plan. However, this protection is only temporary and set to expire in 2026. SB 1142 would codify this to ensure this longer payment plan, and its lower monthly cost remains an option for customers. It also will provide a pathway for a customer who has otherwise defaulted on the payment plan to remain on the plan.

SB 1142 also expands the protections for customers seeking to be reconnected. The bill limits the amount that can be required before reconnecting a customer and directs that customers with outstanding unpaid bills have an opportunity to rely on the payment plans to pay down previous debt. Further the bill, eliminates credit deposits and reconnection fees removing another barrier that could limit a customer's ability to connect to utility service.

This bill creates permanent protections that will help people stay on and get back on track to pay off utility debt. Especially as energy insecurity increases hand in hand with the rates, SB 1142 provides the additional protections required to ensure customers have every reasonable opportunity to maintain connected to their electric and gas service.

TURN is proud to sponsor and support SB 1142. For more information about TURN's position, please contact the Hernandez Strategy Group at [Ignacio@HernandezStrategy.com](mailto:Ignacio@HernandezStrategy.com).

Sincerely,

*Katy Morsony*

Katy Morsony  
Legislative and Assistant Managing Attorney  
The Utility Reform Network

Cc: Members, Senate Energy Utilities and Communications committee  
Senator Menijvar

