



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

June 26, 2024

The Honorable Cottie Petrie-Norris
Chair, Assembly Committee on Utilities and Energy
1020 N Street, Room 408A
Sacramento, CA 95814

**RE: Senate Bill 1221 (Min) – OPPOSE
As Amended June 20, 2024**

Dear Assembly Member Cottie Petrie-Norris:

On behalf of the Rural County Representatives of California (RCRC), we regretfully oppose Senate Bill 1221 (Min), creating a Neighborhood Decarbonization Program. RCRC is an association of forty rural California counties and the RCRC Board of Directors is comprised of elected supervisors from each member county.

Senate Bill 1221 creates a new Neighborhood Decarbonization Program that allows gas corporations to terminate the provision of gas service to select areas within their service territories. While we share your interest in reducing overall energy costs for our residents, we have several serious concerns with how this program is structured and will be implemented. We fear it will impose thousands of dollars in new unavoidable costs on residents.

We are concerned that SB 1221 will shift costs from gas utilities onto the backs of customers, including those who are least able to bear cost increases. Abandoning gas lines under SB 1221 will not allow consumers to gradually replace their existing appliances at the end of their useful lives – it will require *immediate* replacement of all gas-powered appliances. This could include water heaters, stoves, dryers, heaters, etc. Furthermore, electrification of buildings does not merely involve swapping gas for electric appliances, but also necessitates expensive panel and electrical upgrades. Together, these costs could easily approach or exceed \$10,000 per household depending on the number of appliances and electrical upgrades involved. Very few Californians are prepared or positioned to bear these costs. *These ratepayer costs to purchase new appliances and perform electrical upgrades must be factored into the overarching cost-effectiveness determination and covered as part of the pilot program to discontinue gas service.*

We appreciate that SB 1221 seeks to leverage non-ratepayer funding and funding from energy efficiency, low-income weatherization, and distributed generation programs to help fund pilot program transition costs; however, there is no guarantee that funding will be

1215 K Street, Suite 1650, Sacramento, CA 95814 | www.rcrcnet.org | 916.447.4806 | Fax: 916.448.3154

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available, approved, or adequate to fully cover those ratepayer transition costs. Implementation of each pilot program should be contingent upon the utility securing and funding ratepayer costs of replacing natural gas appliances and performing required electrical upgrades.

While we appreciate SB 1221's spirit of trying to ensure that substitute service for low-income customers is affordable, adequate, efficient, and just and reasonable, these protections cannot be limited to JUST low-income customers. SB 1221 should be amended to require the CPUC to ensure that the substitute service and rates for all customers are affordable, adequate, efficient, and just and reasonable.

We appreciate provisions in the bill requiring 67% of impacted residents to agree to the pilot program; however, we are concerned about the accuracy of the anticipated implementation costs provided to impacted customers – especially with respect to out-of-pocket costs for the ratepayers to transition away from natural gas appliances.

Finally, where different utilities provide gas and electrical service, the gas corporation and Public Utilities Commission must work closely with the electricity provider to ensure that it can adequately serve the increased load that will result from abandoning the gas line in a timely manner. Even where gas and electricity are provided by the same entity, increasing energy demand could further strain infrastructure and hamper the ability to quickly serve new loads such as infrastructure, businesses, and vehicle charging stations. We already have experienced too many communities being told it will take far too long to provide service to new (or increase service load to existing) customers. SB 1221 cannot exacerbate those problems.

For these reasons, we must regretfully oppose SB 1221 unless amended to address the aforementioned concerns. If you should have any questions, please do not hesitate to contact me at jkennedy@rcrcnet.org.

Sincerely,



JOHN KENNEDY
Senior Policy Advocate

cc: The Honorable Dave Min, Member of the California State Senate
Members of the Assembly Utilities and Energy Committee
Laura Shybut, Chief Consultant, Assembly Utilities and Energy Committee
Gino Folchi, Consultant, Assembly Republican Caucus Office of Policy and Budget