



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

April 11, 2023

The Honorable Dave Min
Member, California State Senate
1021 O Street, Room 6710
Sacramento, CA 95814

**RE: Senate Bill 527 – Oppose
As Amended March 22, 2023**

Dear Senator Min:

On behalf of the Rural County Representatives of California (RCRC), we regretfully oppose your Senate Bill 527, 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 of those member counties.

Senate Bill 527 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.

First and foremost, we object to the complete lack of input from local governments in the process of selecting areas or neighborhoods in which gas companies may seek to discontinue service. As currently drafted, the selection process is solely at the discretion of the individual gas corporation and public utilities commission. We strongly urge that the Neighborhood Decarbonization Program only apply to areas concurred in by the applicable local government.

Second, we are concerned that SB 527 will shift costs from gas utilities and onto the backs of customers, including those who are least able to bear cost increases. Abandoning gas lines under SB 527 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. Furthermore, electrification of buildings does not merely involve swapping gas for electric appliances, but also necessitates very expensive panel and electrical upgrades that can cost several thousand dollars for each home. All of these

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costs must be factored into the overarching cost-effectiveness determinations before allowing a gas company to abandon service. Those costs must not be externalized to residents, but should be fully borne by the gas company that is seeking to discontinue service. This is complicated by the fact that the gas company abandoning the service line is not always the same company that will provide power to the new electric appliances.

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, in a timely manner, that will result from abandoning the gas line. We already have experience with too many communities being told it will take far too long to provide service to new (or increase service load to existing) customers. SB 527 cannot exacerbate those problems.

Finally, it is not sufficient that SB 527 requires the commission to ensure that rates for substitution of service for low-income customers are just, adequate, and reasonable, especially as customers have no say in the transition. Instead, SB 527 must ensure that the Neighborhood Decarbonization Program will result in lower overall costs for all customers, including costs of equipment replacement.

For these reasons, we must regretfully oppose your SB 527. If you should have any questions, please do not hesitate to contact me at jkennedy@rcrcnet.org.

Sincerely,



JOHN KENNEDY
Policy Advocate

cc: The Honorable Steven Bradford, Chair, Senate Energy, Utilities, and
Communications Committee
Members of the Senate Energy, Utilities, and Communications Committee
Nidia Bautista, Consultant, Senate Energy, Utilities, and Communications
Committee
Kerry Yoshida, Consultant, Senate Republican Caucus