

June 16, 2021

The Honorable Mike McGuire
Chair, Senate Committee on Governance and Finance
State Capitol, Room 408
Sacramento, California 95814

Re: Support for AB 758 (Nazarian) from the City of Palo Alto Utilities Department

Dear Senator McGuire,

On behalf of the City of Palo Alto Utilities Department, I write to express our support for AB 758. This bill will enable community-based, publicly owned electric utilities to use a low-cost financing tool already available to water and wastewater agencies and to privately-owned electric utilities. It will reduce our borrowing costs when we make important reliability and safety investments to our infrastructure. By avoiding costs in the same manner that others do so already, we will be better positioned to meet the state's climate goals, mitigate wildfires, and address accumulated debt due to some customers' inability to pay their utility bills during the pandemic.

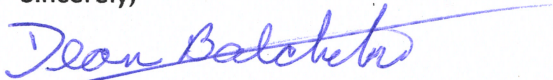
Specific to Palo Alto, we are planning to invest in a second electric transmission line to serve our community. This line will create new reliability for our customers and is expected to cost up to \$10 million. We also are planning a fire mitigation project that entails rebuilding about 11 miles of electric lines in order to better minimize the risk of line-ignited wildfires. This project is estimated to cost about \$15 million.

Additionally, to help the State and our City achieve their climate goals, we have launched a program to help electrify single family homes. The cost of upgrading our distribution system grid to effectuate the transition from gas to electricity is up to \$75 million. The ability to utilize rate reduction bonds would certainly help in containing the costs associated with each of our reliability, fire mitigation, and climate change efforts.

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Maintaining affordable electric rates is critically important and doing so has become more challenging as we increase our efforts to address climate change, wildfire mitigation, and the financial impacts of COVID-19. While there are many factors that impact affordability, the City of Palo Alto Utilities Department believes AB 758 will provide publicly owned utilities with an important financing tool that can help keep our rates affordable while maintaining safety and reliability. As such, we are happy to support this bill and look forward to seeing it continue to move in the Senate.

Sincerely,



Dean Batchelor
Director, Palo Alto Utilities Department

Cc:

Ed Shikada, Palo Alto City Manager
Senator Josh Becker
Assemblyman Marc Berman
California Municipal Utilities Association
Northern California Power Agency