



Auditor vindicates PUC Intervenor Compensation Program

The Intervenor Compensation Program is intended to ensure that utility ratepayers have effective representation in proceedings of the California Public Utilities Commission. Qualified intervenors that participate in commission proceedings may request reimbursement for their costs associated with participating.

The California State Auditor released a report that reviewed five years of intervenor compensation that was awarded to the top ten advocacy groups participating, including CFC – and whether that program is properly managed by the CPUC.

The audit, ordered by the Joint Legislative Audit Committee at the request of Assemblyman Henry Perea, found the program has a “robust process” to determine whether intervenor costs and expenses are reasonable, and has a process to evaluate whether intervenors represent the interests of utility ratepayers before it awards compensation.

AT&T, Verizon, PG&E and other big utilities had great hopes that the audit would help strangle a program that has saved California consumers billions of dollars by scaling back outlandish rate

hike proposals. Instead the audit found that the program is well managed.

Last year, AT&T and Verizon endorsed Assemblyman Perea’s call for the audit, and PG&E lobbyists worked behind the scenes to win its passage by the Joint Legislative Audit Committee.

The program helps to level the playing field for California’s hard-working utility ratepayers. Individual consumers typically lack the financial ability to hire experts and lawyers to argue against utility companies, but utility companies have seemingly limitless resources to bring lawyers, economists, geologists, and other professional experts to make their case to the CPUC. Nonprofit organizations intervene on behalf of consumers, our health, safety, privacy, the environment, and the voiceless – such as immigrants, the poor, and the disabled – when a profit-hungry utility company brings a rate case or rule-making to the CPUC. The results of the intervenor program are typically lower rates, saving consumers hundreds of millions of dollars every single year.

For example, CFC and other nonprofit organizations that represent the inter-



2013 LEGISLATIVE SUMMARY

The following is a brief legislation update on key consumer rights bills (partial list):

CFC supported Senate bills (active)

SB 52 (Leno, Hill) strengthens transparency provisions relating to campaign disclosure requirements for contributions and advertisements.

SB 448 (Leno) proposes office to investigate possible gas price fixing and illegal activity; recommends ways to reduce volatility of gas prices in California.

SB 556 (Corbett), co-sponsored by CFC, creates accountability for government agencies when they use subcontractors appearing to be employees.

CFC supported Senate bills (not active)

SB 383 (Jackson), sponsored by CFC, restores consumer privacy for online purchases; it is now a 2-year bill and is being held for a Senate Floor vote in January 2014.

CFC opposed Senate bill (not active)

SB 661 (Hill) permits a product to be offered for sale in California bearing a Made in USA label if 90% of the cost of the content is domestic; it is now a 2-year bill.

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CFC supported Assembly bills (active)

AB 25 (Campos) provides social media privacy rights for public-sector employees; prohibits employers from requiring applicants or employees to give their email or social media passwords.

AB 127 (Skinner) reduces the use of toxic flame retardant chemicals in building insulation while maintaining fire safety and encouraging healthy building practices.

AB 658 (Calderon) protects privacy for people using mobile medical apps; does not permit vendors providing personal health record services to share confidential medical information.

CFC supported Assembly bills (not active)

AB 462 (Stone), co-sponsored by CFC, requires residential care facilities for dependent adults and the elderly to install fire sprinkler systems; unfortunately, the bill failed passage.

AB 553 (Medina), co-sponsored by CFC, ensures that seniors understand a reverse mortgage before signing a contract; it is now a 2-year bill.

AB 1291 (Lowenthal), co-sponsored by CFC, requires companies to give users access to personal data the company has collected about them, and a list of companies with whom the users' personal data was shared; it is now a 2-year bill.

CFC opposed Assembly bills (not active)

AB 844 (Dickinson), originally a privacy bill, amended to give merchants the ability violate consumer privacy; the bill was pulled by the author for improvements and is now a 2-year bill.

AB 890 (Jones), transforms California's labeling standard to the less-stringent federal definition; it is now a 2-year bill.

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ests of residential ratepayers successfully opposed an application by PG&E, SoCal Gas and San Diego Gas & Electric to raise natural gas fees charged to residential ratepayers by \$90 million a year. Over a 10-year period, the cost to consumers would have been \$900 million. For CFC's work, the CPUC ordered PG&E, SDG&E and SoCal Gas to pay an award of \$218,216.20, which cost about two-one hundredths of a penny

(0.00024) for every dollar that was saved for residential customers.

Instead of casting aspersions against a law that has given consumers an effective voice in standing up against the arrogance and greed of the gigantic utility corporations, the audit's appraisal of the program was favorable.

The State Auditor's report is available at <http://www.bsa.ca.gov/pdfs/reports/2012-118.pdf>



California's "Made in USA" Label Stays Strong

When most of us see a Made in USA label, we assume the product is actually made domestically. But what Californians might not realize is that the weakening of the Made in USA standard has been up for debate in our state – this year with AB 890 and SB 661.

Introduced by Assemblymember Brian Jones, AB 890 attempts to transform California's no-exception labeling standard to the less-stringent federal definition, which would have turned existing California law on its head. California's standard of determining the legitimacy of a Made in USA claim is more defined than the Federal Trade Commission's (FTC) standard, which allows products to carry the label if they are "all or virtually all" manufactured in the U.S. The FTC does not clarify the amount of foreign content that can pass its "all or virtually all" test. For example, the FTC is turning a blind eye to a major shoe manufacturer that puts a Made in USA label on shoes containing 30% imported content.

SB 661, introduced by Senator Jerry Hill, would permit a product to be offered for sale in California bearing a Made in USA label if only 90% of the cost of the content is domestic. Current California law prohibits companies from making Made in USA product claims unless each part comes from the United States.

CFC agrees with the 2011 ruling of the California Supreme Court, which upholds this important truth-in-advertising law. The Court found that a consumer suffers economic harm if deceived into making a purchase relying on the accuracy of the Made in USA label, and affirmed, "Simply stated: labels matter. The marketing industry is based on the premise that labels matter, that consumers will choose one product over another similar product based on its label and various tangible and intangible qualities they may come to associate with a particular source... For each consumer who relies on the

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truth and accuracy of a label and is deceived by misrepresentations into making a purchase, the economic harm is the same: the consumer has purchased a product that he or she paid more for than he or she otherwise might have been willing to pay if the product had been labeled accurately.”

Businesses that actually provide 100% American-made products rely on accurate labeling when they undertake campaigns to encourage consumers to buy their products. Without adequate enforcement of the Made in USA stan-

dard, some companies could mislead consumers without fear of liability.

Attempts have been made in the past to dilute California’s Made in USA standard. Just last year, Assemblymember Jones introduced a similar bill that CFC and other consumer groups also opposed – and it was rejected.

AB 890 was rejected by the Senate and SB 661 was held by the author, making it a 2-year bill. CFC will continue the fight in 2014 to protect this truth in labeling law.



Apple: Enemy of Consumer Privacy

Since 1991, the Song-Beverly Credit Card Act has prohibited businesses from requesting personal identification information such as a cardholder’s address and telephone number in a purchase using a credit card. But this February, in a case alleging that Apple violated the privacy of consumers purchasing iTunes downloads, the California Supreme Court ruled that the Act does not apply to transactions relating to the multibillion-dollar online commerce world.

In a narrow 4-3 decision, the Court majority stated that the remote nature of the transaction creates a heightened risk of fraud that was not contemplated when the privacy provisions were enacted. The Court reasoned that fraud prevention required online merchants to gather personal information from their customers. But instead of carving out a narrow fraud prevention exception, the Court voided credit card privacy rights in their entirety for online businesses.

As a result, these merchants are free to require customers to divulge all kinds of personal information, and they may use that information for any purpose, including marketing or sale to strangers.

As technology enables marketers to collect and aggregate data on our every move online, the speed of selling information is accelerating. The simple act of surrendering a telephone number can set in motion a cascade of events, as that data is acquired, analyzed, categorized, stored and sold with other personal data over and over again. Online databases are also highly vulnerable to hacking by crooks. Numerous reports allege that iTunes and other Apple databases are a favorite for identity thieves, making the gathering of personally identifiable information alongside credit card numbers an irresponsible practice for this giant corporation to champion.

CFC sponsored SB 383 (Jackson) to restore privacy protections, permit-



CFC’S NEW WEBSITE

CFC is pleased to announce the release of our new and improved website, designed with a fresh look, user-friendly navigation, a consumer complaint form, and updated with the latest information. We will continually expand our content to bring you important consumer news, so we encourage you to bookmark it, check back often, and connect with us on Facebook and Twitter. If you haven’t already done so, please sign up for our email updates. Visit our new site at www.consumercal.org today.



ting online businesses to collect only a customer’s zip code and other limited information necessary to combat fraud or identity theft. The information would then be destroyed when the crime prevention purpose is concluded. Apple is leading the opposition to SB 383. Several industry lobbying organizations have lined up against the bill. Senator Jackson plans to take up SB 383 for a Senate Floor vote in January 2014.

Another credit card privacy bill, AB 844 (Dickinson), would have protected personal information for online credit card purchases with limited new exceptions for fraud prevention. Assembly leadership referred AB 844 to the Assembly Appropriations Committee, where it was hijacked by retail industry lobbyists. The Committee Chair forced hostile amendments that turned AB 844 into a vehicle to eliminate privacy protections for credit card transactions at brick-and-mortar businesses. CFC and other consumer groups oppose the amended version of AB 844.

Assembly member Dickinson has held AB 844 in the Senate until 2014, and has reaffirmed his commitment to work with us to restore it as a privacy bill.

CFC continues to be vigilant about privacy rights because companies like Apple will increasingly look for ways to market our personal information for profit.

ABOUT US

The Consumer Federation of California (CFC) is a non-profit advocacy organization. Since 1960, CFC has been a powerful voice for consumer rights, campaigning for state and federal laws that place consumer protection ahead of corporate profit. Each year, CFC testifies before the California legislature on dozens of bills that affect millions of our state's consumers and appears before state agencies in support of consumer regulations.

Contributions are not tax deductible.



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CFC Honors 2013 Consumer Champions

CFC held its seventh annual Legislative Reception at the State Capitol in April, providing us with the opportunity to honor the work of some of our state's most influential consumer rights champions. State lawmakers, CFC members and representatives from public interest advocacy organizations attended the festivities. Those honored include:

Legislator of the Year

- Senator Noreen Evans scored 100% for consumers on CFC's Legislative Scorecard, and as Senate Judiciary Committee Chair, has been a key defender of consumer rights

Albin Gruhn Consumer Warrior Award

- Arlene Blum, PhD, biochemist, has contributed greatly to the regulation of cancer-causing flame retardants

Consumer Champion Awards to leaders in the 2012 No on Prop 33 campaign

- California Alliance for Retired Americans
- California Bicycle Coalition
- California Church IMPACT
- California Nurses Association
- Consumer Watchdog
- NOW California
- Dolores Huerta
- Barry Broad
- Joe Ridout



*Senator Noreen Evans with CFC
Executive Director Richard Holober*



Arlene Blum, PhD