

CONCURRENCE IN SENATE AMENDMENTS

AB 1167 (Berman and Addis)

As Amended August 29, 2025

Majority vote

SUMMARY

Prohibits certain political influence activities and advertising expenses by electrical and gas corporations from being recovered from ratepayers. Authorizes the California Public Utilities Commission (CPUC) to assess penalties for violations related to the bill's provisions.

Senate Amendments

- 1) Modifies definitions, including:
 - a) "Political influence activity" to also exclude activities that respond to request by legislative committees, the CPUC, or a government agency for technical information; or activities required by applicable federal or state statute or by order of a regulatory authority.
 - b) "Promotional advertising" to also exclude communication that is required by the CPUC or communication related to energy conservation, rates, and utility programs and services approved by the CPUC, and which do not primarily build the public image of the utility.
- 2) Aligns new requirements in the bill with existing utility reporting and guidance, including rules and regulations related to candidate disclosure for utility public messages, General Order 77-M for utility reporting of business expenses, and Public Utilities Code Section 583 for public disclosure and confidential treatment of utility reports on their covered business units.
- 3) Moves the date of the initial, annual utility report on covered business units from April 30 to May 31, 2026.
- 4) Excludes from utility reporting of covered business units employees represented by a labor organization, as specified.
- 5) Lowers the threshold for violations for which the CPUC must assess civil penalties, striking the requirement that the utility must "willfully" violate the provisions of the bill to instead be any violation of the bill.
- 6) Strikes the penalty amount of \$1,000 to \$10,000 per violation to instead be at the discretion of the CPUC, based upon the severity of the violation.
- 7) Makes other minor, clarifying changes.

COMMENTS

There are laws against an electrical corporation collecting from its ratepayers the costs of certain types of communication. For example, federal law does not allow an electrical corporation to collect from its ratepayers costs for political advertising, which federal law defines as advertising

having the purpose of influencing public opinion with respect to legislative, administrative or electoral matters, or with respect to any controversial issue of public importance.

Similarly, state law prohibits an electrical corporation from collecting from ratepayers any advertising or literature designed or intended to (a) to promote the passage or defeat of a measure appearing on the ballot at an election, (b) promote or defeat of a candidate to any public office, (c) promote or defeat the appointment of any person to any administrative or executive positions in government or (d) promote or defeat any change in legislation or regulations. What's more, state law prohibits the CPUC from allowing an electrical corporation to collect from ratepayers costs for advertising that encourages increased consumption of the services or commodities the electrical corporation provides.

Still, sometimes an electrical corporation tries to cover with ratepayer funds advertising that is political. In some cases, determining whether an electrical corporation advertisement is political requires discretion; in others, electrical corporation communications are unambiguously meant to influence public opinion. For example, parties to a recent CPUC proceeding charged that Southern California Gas (SoCalGas) attempted to classify as ratepayer expenses costs associated with efforts to influence local ordinances and regulations. The CPUC found that, "historically," SoCal Gas "misclassified Political Activities costs to ratepayer accounts" and, in response the CPUC disqualified certain SoCalGas costs from being rate recoverable and ordered SoCalGas to engage in more reporting, among other things. In its ruling on SoCalGas's misclassification of costs, the CPUC recognized "the complex and resource-intensive nature of uncovering improperly classified non-operating expenses associated with Political Activities."

According to the Author

According to the author, "In recent years, energy bills in California have skyrocketed, deepening the cost of living crisis and leaving nearly one in five Californians behind on their utility bills. The California Ratepayer Protection Act, by helping lower utility bills, will take an important step toward providing relief for hardworking Californians. This bill is a common sense proposal to hold investor-owned and profit-driven utilities accountable when they attempt to fleece customers for expenses that utility shareholders should be paying for, such as political lobbying, promotional marketing, or shareholder-related expenses like travel on private jets. At a time when these utilities are reaping record profits, and Californians are paying record high utility bills, it is not right to force ratepayers to pay for activities that only serve to benefit shareholders."

Arguments in Support

This bill is supported by a broad coalition of ratepayer, environmental, environmental justice, and clean energy organizations. The bill is sponsored by Earth Justice and The Utility Reform Network (TURN) which assert this bill "protects ratepayers against for-profit utility abuses of customer funds by first, providing clear definitions of the lobbying, promotional, and other activities for which utilities are prohibited from making customers pay. Second, by ensuring compliance through strong transparency measures and penalties when a utility still attempts to pass these costs onto customers."

Arguments in Opposition

The bill is opposed by the state's large electrical corporations and the California Chamber of Commerce. The Chamber argues the bill "is the wrong approach" and "unnecessary given

existing law, unworkably burdensome in practice, and laden with far-reaching negative implications for California's utilities and businesses."

FISCAL COMMENTS

According to the Senate Committee on Appropriations, unknown ongoing costs, possibly around \$1 million annually to the CPUC to assess specified civil penalties and otherwise implement the provisions of this bill. When in the Assembly, the CPUC estimated the bill would cost approximately \$516,000 annually to implement.

VOTES:

ASM UTILITIES AND ENERGY: 13-0-5

YES: Petrie-Norris, Boerner, Calderon, Fong, Mark González, Harabedian, Hart, Irwin, Papan, Rogers, Schiavo, Solache, Zbur

ABS, ABST OR NV: Patterson, Chen, Davies, Ta, Wallis

ASM APPROPRIATIONS: 10-0-5

YES: Wicks, Arambula, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

ABS, ABST OR NV: Sanchez, Calderon, Dixon, Ta, Tangipa

ASSEMBLY FLOOR: 52-1-26

YES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Celeste Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Stefani, Ward, Wicks, Zbur, Rivas

NO: DeMaio

ABS, ABST OR NV: Alanis, Calderon, Castillo, Chen, Davies, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Macedo, Pacheco, Patterson, Ramos, Michelle Rodriguez, Blanca Rubio, Sanchez, Soria, Ta, Tangipa, Valencia, Wallis, Wilson

UPDATED

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