

Date of Hearing: May 14, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1173 (Patterson) – As Amended May 5, 2025

Policy Committee: Utilities and Energy

Vote: 18 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill (1) prohibits a staff member employed by the California Public Utilities Commission (CPUC) from working on a proceeding at the CPUC for which the staff member, before their employment by the CPUC, was listed on a formal filing for the proceeding or sponsored testimony within the proceeding, and (2) requires the CPUC, on or before July 1, 2026, to establish an online portal or email address to report ethics concerns to the CPUC.

FISCAL EFFECT:

The main direct cost of this bill to the CPUC is the creation of an online portal or email address ethics concerns to the CPUC. The CPUC provides an unusually wide range of potential costs to implement this requirement. On the low end, the CPUC estimates costs to establish a dedicated email address to be minor and absorbable. Conversely, and more in keeping, it seems, with the author's intent, the CPUC would need to develop a secure online portal at a cost, the CPUC estimates, of \$4 million one time and several hundred thousands of dollars annually for maintenance (Public Utilities Commission Utilities Reimbursement Account).

COMMENTS:

- 1) **Purpose.** The author intends this bill to prevent what the author views as conflicts of interest among those working for the CPUC on CPUC proceedings, in the interest of increasing public trust in the CPUC. According to the author:

The legislature established the Public Advocate's Office to serve as an independent consumer advocate within the California Public Utilities Commission (CPUC), representing the interests of utility customers. While the Public Advocate's Office is physically located within CPUC offices, they operate independently from the Commissioners and their staff. However, allowing former Advocate's Office staff to work on cases they handled before joining the Commission creates a significant conflict of interest. There is no forum to address these conflicts of interest, which worsens this issue. AB 1173 addresses these concerns by prohibiting former Advocate's Office employees at the CPUC from overseeing cases they previously worked on. It also establishes a process for the public to communicate their ethical concerns to the CPUC. These common-sense reforms will strengthen public trust in

government and ensure the CPUC is more responsive to the needs and concerns of Californians.

- 2) **Background.** The CPUC regulates the rates charged by the state's IOUs for each unit of electricity the investor-owned utilities (IOUs) sell to their customers.

Known over the years by various names, the Public Advocate's Office, as required by law, works towards the goal of obtaining the lowest possible rate for service consistent with reliable and safe service levels and, in revenue allocation and rate design matters, primarily considering the interests of residential and small commercial customers. To do so, the Public Advocate participates in proceedings of the CPUC—including ratesetting proceedings—as well the proceedings of other state and federal regulatory agencies.

The Public Advocate is at once part of the CPUC and independent of it. The Public Advocate's budget is not under the control of the CPUC, and statute directs the CPUC to develop appropriate procedures to ensure that the existence of the Public Advocate's Office does not create a conflict of roles for any employee.

Still, the Public Advocate shares office space with the CPUC. Much or most of the Public Advocate's staff comes from the CPUC, and many return to work at the CPUC. Arguably, this cross-pollination is beneficial—Public Advocate staff that advocate on behalf of ratepayers before the CPUC have first-hand knowledge of the CPUC and its regulation of IOUs.

It is unclear to what extent other parties accept this argument of beneficial cross-pollination, as the committee has received neither expressions of support for nor arguments against this bill.

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