

hundreds of thousands of dollars to millions of dollars, one time (Public Utilities Commission Utilities Reimbursement Account (PUCURA)).

For its part, the CPUC estimates these costs as “up to” \$10 million (PUCURA), which the CPUC breaks down, roughly, as \$6 million for an outside contractor to develop the online database, three limited-term information technology (IT) positions to manage the process over two years at a cost of approximately \$250,000 annually each, and two permanent IT positions to administer and maintain the database and manage site traffic, which the CPUC expects to be heavy.

The CPUC offers that the following changes to the bill will likely reduce implementation costs: delaying the date by which the CPUC must establish the advice letter database and requiring the database include only those advice letters submitted after the date the new database goes live.

- 2) The CPUC will also need to accept reports of any taxpayer funding a utility applied for or received, review and analyze any such report, report annually to the Legislature and, as necessary, pursue enforcement action. Costs will be significant and likely require several new positions at the CPUC, with costs likely in the hundreds of thousands of dollars (PUCURA).

The CPUC anticipates ongoing annual costs of around \$1 million for seven new positions to review, verify and evaluate utility reporting; enforce any utility noncompliance; and prepare annual legislative reports (PUCURA).

COMMENTS:

- 1) **Purpose.** According to the author, this bill “will ensure frequent and transparent reporting on the use of public funds by investor-owned utilities, so Californians can be confident their dollars are going towards lowering their energy bills.”
- 2) **Background. Advice Letters.** The state constitution and California law task the CPUC with approving the rates of service charged by the state’s public utilities, also referred to as investor-owned utilities, or IOUs. The main way the CPUC reviews rates proposed by an IOU is through the general rate case (GRC), which is a proceeding to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. A GRC involves thousands of pages of documents, invites adversarial multi-party input and concerns billions of dollars of revenue. Each of the state’s largest electrical IOUs—Pacific Gas and Electric (PG&E), Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E)—must file a GRC application with the CPUC once every four years. The CPUC maintains on its website a “docket card” that includes all documents related to a given GRC filed with the CPUC, as well as every CPUC ruling and decision regarding the GRC.

A GRC is not the only type of proceeding by which the CPUC may consider and approve costs to be recovered from IOU customers. According to the CPUC’s General Order 96-B General Rule 3.1, an advice letter is:

an informal request by a utility for Commission approval, authorization, or other relief, including an informal request for

approval to furnish service under rates, charges, terms or conditions other than those contained in the utility's tariffs then in effect.

The CPUC provides for advice letters of increasing scrutiny, depending on the nature of the request the CPUC will consider via the advice letters. A tier 1 advice letter is effective upon publication by the utility. A tier 2 advice letter must be approved by staff of the CPUC's Energy Division. A tier 3 advice letter must be approved by a vote of the CPUC commissioners. Statute requires the CPUC to maintain on its website a docket card that lists, by title and date of filing or issuance, all documents filed and all decisions or rulings issued in those proceedings, including the public versions of all prepared oral and written testimony and advice letter filings, protests and responses. In contrast, a quick review of the CPUC Energy Division's advice letter webpage shows a database with basic search features — a document type drop-down list and a keyword search box. This bill would require the CPUC maintain a much more comprehensive database of advice letters with features described in the bill summary, above.

Taxpayer Funding of Electrical and Gas Utilities. Recently, mainly through the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), large amounts of federal dollars have become available to California's IOUs. For example, the United States Department of Energy recently approved a loan of \$15 billion to PG&E to fund modernization of PG&E's power grid and expand clean energy infrastructure. While such funding, presumably, should reduce the cost of such capital projects to the recipient IOU's ratepayers, some express skepticism the IOUs will act forthrightly and to the benefit of their ratepayers. For example, The Utility Reform Network (TURN) writes in support of this bill:

Employing alternative financing methods to meet grid infrastructure and wildfire prevention priorities is a key recommendation from ratepayer advocates. However, current law does not require the necessary accounting and reporting necessary to ensure savings are properly passed through to ratepayers. CPUC reporting guidelines today are limited only to federal grants, and do not require IOUs to quantify and deliver ratepayer savings, nor report on alternative funds in future spending applications. Safeguards to prevent IOUs from double dipping into ratepayer and other funding sources for the same projects are lacking. AB 1715 will ensure that IOUs aren't absorbing the savings from alternative financing for the benefit of shareholders alone.

SDG&E and Southern California Gas—both subsidiaries of energy conglomerate Sempra—object, writing:

SDG&E & SoCalGas support appropriate tracking of taxpayer-funded projects, but AB 1715's quarterly reporting mandate is operationally complex and would require detailed early-stage project forecasts that cannot be generated accurately. Grant funding often evolves as agencies adjust scopes, deadlines, and cost-sharing expectations. Producing granular projections on a fixed timeline would divert resources from project execution and compel premature disclosure of

regulatory strategies. The bill also requires IOUs to “promptly” pass through benefits from taxpayer-funded programs, but these savings must first go through established regulatory processes, including public input and CPUC approval to ensure accuracy and protect customers. SDG&E & SoCalGas already return such benefits through established mechanisms, including federal investment tax credit savings validated through the ERRA Forecast proceeding.

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