SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 353 (Boerner) - Public Utilities Commission: Inspector General

Version: August 3, 2026	**Policy Vote:** E., U. & C. 15 - 2
Urgency: No	**Mandate:** No
Hearing Date: August 10, 2026	**Consultant:** Ashley Ames

Bill Summary: This bill would require the Governor to appoint an Inspector General, subject to Senate confirmation, to serve a six-year term and oversee the CPUC's (CPUC’s) existing internal audit unit, as specified.

Fiscal Impact:
- Ongoing costs of about $2.5 million annually for the California Public Utilities Commission (CPUC) to implement the provisions of this bill. CPUC workload could include needing to support the Inspector General's audits and investigations of the CPUC's financial, management, operational, and information technology functions, respond to data requests and document production across its divisions, and post the Inspector General's annual summaries on its internet website (ratepayer funds).

Background: The CPUC maintains an internal audit function established in statute, staffed within the agency and funded through the same ratepayer-derived account that supports the CPUC's operations generally.

The internal audit unit. SB 19 (Hill, 2017) codified the position of chief internal auditor, appointed by the CPUC and holding office at its pleasure, responsible for oversight of the internal audit unit and for planning, initiating, and performing audits of key financial, management, operational, and information technology functions within the CPUC. The chief internal auditor reports to the commissioners through the CPUC's Audit Committee, under the general direction of the president. The unit — the Office of Internal Audit Services — provides assurance services (financial, operational, compliance, and information technology risk-based audits), advisory services (including special management reviews and investigations of alleged noncompliance), and risk assessment, and develops the CPUC's internal audit plan. The office is composed of six employees, and according to the CPUC completed nearly 30 audits of CPUC operations over a five-year timeframe. The internal auditor also receives notice of whistleblower complaints submitted to the CPUC's internal compliance unit and is informed of investigation results and management's handling of corrective actions. Internal audit reports are intended for the CPUC's internal use and are not posted publicly, but they are public records and not exempt from disclosure.

PUCURA. The CPUC's energy work is supported by the Public Utilities Commission Utilities Reimbursement Account (PUCURA), funded by fees paid by regulated utilities and ultimately borne by ratepayers. The internal audit function, as part of the CPUC's administrative operations, is supported by the same account structure.

Audit and oversight structures in state government. Existing law establishes requirements for internal auditors in state government, including a framework for auditor independence and a reporting structure allowing disclosure to external parties such as the Governor's office or the State Auditor, and separately establishes the State Auditor's Office, independent of executive and legislative control, to examine and report on the state's financial statements and perform statutorily mandated performance audits. California state government also includes a small number of Inspectors General — for the High-Speed Rail Authority, the California Highway Patrol, and the Department of Transportation under Government Code Section 14461, among a handful of others. Inspectors General are a more common function in the federal government, where, under the Inspector General Act of 1978, they prevent and detect waste, fraud, and abuse relating to their agencies' programs and conduct audits and investigations independently from within their agencies; roughly half are appointed by the President subject to Senate confirmation, and roughly half by the agency head.

Proposed Law: This bill would:

1. Delete the requirement that the CPUC appoint a chief internal auditor who holds office at the pleasure of the CPUC, and instead require the Governor to appoint an Inspector General, subject to Senate confirmation, who would serve a six-year term and could not be removed during that term except for good cause. Any basis for removal would be stated in writing, sent to the Secretary of the Senate and the Chief Clerk of the Assembly at the time of the removal, and deemed a public document.

2. Delete the requirement that the chief internal auditor report all audit findings and recommendations made under the chief internal auditor's jurisdiction directly to an audit subcommittee of the CPUC.

3. Require the Inspector General to be responsible for the oversight of the internal audit unit and to plan, initiate, and perform audits of key financial, management, operational, and information technology functions within the CPUC to improve accountability and transparency to executive and state management, and, in addition, to ensure all of the following:

    a. The CPUC administers funds under its control, including ratepayer funds, efficiently, effectively, economically, and in compliance with applicable state and federal requirements.

    b. The CPUC's programs function consistent with applicable accounting standards and practices and are administered effectively, efficiently, and economically.

    c. The CPUC fulfills mandated requirements, develops an annual audit plan, administers an effective enterprise risk management program, and makes efficient, effective, and financially responsible decisions.

    d. The president of the CPUC, the Legislature, and the Governor are fully informed concerning fraud, improper activities, and other serious abuses or deficiencies relating to the expenditure of ratepayer funds or the administration of CPUC programs and operations.

   e. The CPUC monitors compliance for reports prepared by the CPUC that are required to be submitted to the Governor and Legislature.

4. Vest the Inspector General with the full authority to exercise all responsibility for maintaining a full scope, independent, and objective audit and investigation program.

5. Require the Inspector General to have access to, and authority to examine, all records, files, documents, accounts, reports, correspondence, or other property of the CPUC, public utilities, and other entities regulated by the CPUC. Authorize an authorized representative of the Inspector General to enter any public office or institution in this state, during regular business hours, and access, examine, and reproduce all records, files, documents, accounts, reports, vouchers, correspondence files, and all other records for any audit or investigation. Require an officer or employee of an agency or entity that has records or property in their possession or under their control, or that otherwise has access to records, to permit access to, and examination and reproduction of, the records or property upon request.

6. Require the Inspector General to report all audit findings and recommendations made under the Inspector General's jurisdiction to the Governor and the Legislature on an ongoing and current basis.

7. Require the Inspector General to report to the Governor and the Legislature at least annually, and upon request, with a summary of the Inspector General's investigation and audit findings and recommendations. Require the summary to be posted on the CPUC's internet website and otherwise made available to the public upon its release to the Governor, the CPUC, and the Legislature, and to include, but not be limited to, significant problems discovered by the Inspector General and whether the Inspector General's recommendations relative to audits and investigations have been implemented by the affected units and programs of the CPUC or affected external entities.

8. Require the Inspector General to comply with the state's internal auditor requirements under Part 3.5 of Division 3 of Title 2 of the Government Code.

9. Provide that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution.

Related Legislation:

ACA 9 (Boerner, 2026) would have placed a ballot measure before voters to expand the membership of the CPUC from five to nine commissioners, including two appointed by the Speaker of the Assembly and two by the Senate Rules Committee; delete telephone and telegraph service from the constitutional definition of a utility service; specify that the Legislature may set the CPUC's duties related to telecommunications services, including assigning those duties to another state agency; and require the CPUC to consider affordability when setting rates. The measure was held by the author in the Senate Energy, Utilities and Communications Committee.

AB 705 (Boerner, 2025) would have enacted provisions nearly identical to a prior version of this bill. The bill died in this committee.

SB 19 (Hill, 2017), among its provisions, established a chief internal auditor at the CPUC responsible for the oversight of the internal audit unit.

AB 2903 (Gatto, 2016) would have provided a suite of reforms of the operations of the CPUC, including clarifying the responsibilities and oversight of various positions, improvements to ethics practices, reports related to telecommunications services and CPUC staffing, and stating the intent of the Legislature to transfer most non-rail, for-hire transportation services to the State Transportation Agency, among others. The bill was never heard in its amended form.

ACA 11 (Gatto, 2016) would have placed a measure on the ballot to authorize the Legislature to reallocate or reassign all or a portion of the functions of the CPUC to other state agencies, departments, boards, or other entities, consistent with specified purposes, and would have repealed the provisions of the California Constitution pertaining to the CPUC effective January 1, 2019. The measure was never heard in the Senate Energy, Utilities and Communications Committee.

SB 215 (Leno-Hueso, 2016) enacted a suite of reforms of the rules, operations, and procedures of the CPUC pertaining to the laws and rules related to ex parte communications and the criteria and process for disqualification of commissioners to a proceeding.

SB 512 (Hill, 2016) enacted a suite of reforms of the operations and governance of the CPUC, including allowing intervenor compensation for certain local governments, requiring that specified information be available to the public, requiring specified reporting by the CPUC regarding the timeliness of proceedings, and applying the Code of Ethics from the Administrative Procedure Act to administrative law judges, among others.

SB 1017 (Hill, 2016) would have modified statutes that limit public access to utility-supplied documents at the CPUC, including specifying that an action arising from the California Public Records Act may be brought before the superior court instead of the Supreme Court. The bill died on the Assembly Floor.

AB 825 (Rendon, 2015) would have proposed a suite of reforms of the CPUC largely directed at increased transparency of the activities of the agency, including requiring the California State Auditor's Office to appoint an Inspector General within its office for the CPUC, expanding the roles and responsibilities of the CPUC public advisor, specifying additional requirements of commissioners, and increasing transparency of electric utilities' procurement, among others. The bill was vetoed.

SB 48 (Hill, 2015) would have proposed a suite of reforms of the governance and operations of the CPUC, including requiring sessions in Sacramento, applying the Code of Ethics from the Administrative Procedure Act to administrative law judges, and clarifying and augmenting the information the CPUC must provide the Legislature in its annual report, among others. The bill was vetoed.

SB 660 (Leno-Hueso, 2015) would have proposed a suite of reforms of the governance, rules, operations, and procedures of the CPUC, including reform of laws and rules related to ex parte communications, criteria and process for disqualification of commissioners to a proceeding, and authorizing the CPUC to appoint the chief administrative law judge. The bill was vetoed.

SB 1452 (Speier, 2006) established a process for the Legislature to be informed when auditor recommendations are not being implemented by state agencies.

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