
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Benjamin Allen, Chair
2025 - 2026 Regular**

Bill No:	SB 1196	Hearing Date:	4/13/2026
Author:	McNerney		
Version:	3/23/2026 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Accessory dwelling units and junior accessory dwelling units: utility service connections

DIGEST: This bill requires specified timelines by when utilities must respond to requests to connect service for accessory dwelling units (ADUs) and junior ADUs (JADU).

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations, gas corporations, sewer system corporations, and water corporations. While publicly owned utilities, are under the direction of their governing boards, including: municipal utility districts, public utility districts, and irrigation districts. (Article 12 of the California Constitution)
- 2) Defines an “electrical corporation” to include every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others. (Public Utilities Code §218)
- 3) Defines a “gas corporation” to include every corporation or person owning, controlling, operating, or managing any gas plant for compensation within this state, except where gas is made or produced on and distributed by the maker or producer through private property alone solely for his own use or the use of his tenants and not for sale to others. (Public Utilities Code §222)
- 4) Defines “sewer system corporation” to include every corporation or person owning, controlling, operating, or managing any sewer system for compensation within the state. (Public Utilities Code §230.6)

- 5) Defines “municipal utility district” as a district formed under the Municipal Utility District Act. (Public Utilities Code §11503)
- 6) Defines a “public utility district” as a district formed under the Public Utilities District Act. (Public Utilities Code §15501 et seq.)
- 7) Requires, for a new housing construction, those utilities to publicly post on their internet websites a schedule of estimated fees for typical service connections for each housing development type and the estimated timeframes for completing typical service connections needed for each housing type. (Public Utilities Code §8400)
- 8) Requires a local agency when increasing or imposing a fee as a condition of approval of a development project, on or after January 1, 1989, to take specified actions, including identifying the purpose of the fee. (Government Code §66000 et seq.)
- 9) Requires independent special districts to maintain an internet website, unless a majority of the governing board adopts a resolution determining a hardship exists in their ability to establish or maintain a website (such as lack of broadband service). (Government Code §53087.8)

This bill:

- 1) Requires each of the “utilities” to post on its internet website a comprehensive checklist of items that an applicant is required to submit to the utility for an application for obtaining a service connection to an ADU or JADU to be deemed complete, to provide an option for the applicant to engage with staff for preapplication project review, and to provide upfront estimated costs for the applicant’s planning purposes.
- 2) Establishes a process by which utilities are required to review the submission of an application to determine whether the application is deemed complete:
 - a) Requires, for an electrical service connection, the utility providing electrical service, within 15 business days of determining an application is complete, to make a load assessment for the ADU or JADU and to inform the applicant whether a new electrical panel or electrical meter is required to provide the service connection, as specified, and would require the utility, within 10 business days of a notification that the new electrical panel or electrical meter has been installed, to verify that the installation is completed.

- b) Requires a utility, within 30 days of a notification that the construction of the ADU or JADU is complete, to complete the service connection to the dwelling unit, as specified.
- 3) Authorizes an applicant to submit, in writing, a complaint to the CPUC if the utility has violated the requirements of this bill and requires the CPUC to assess civil penalties of \$10,000 per day of violation and \$1 million annually, as provided.
- 4) Requires a local agency to post on its internet website or distribute in written form to an applicant a comprehensive list of requirements for utility service connections that may be required for an ADU or JADU and contact information for each of the utilities that provide service in the jurisdiction.

Background

Connecting to the electric and gas distribution grid. Rules governing the ability of new buildings and generation and storage resources to connect to the electric and gas distribution grid are generally determined by statute, CPUC rules, and tariffs, (i.e., document that specify rates, charges, rules, and conditions under which an electrical corporation will provide services to the public) for each of the electrical corporations. New service connections refers to extending an electricity or expanding distribution infrastructure to service new or expanded customer load, known as “energization.” Electric Tariff Rules 15 and 16 establish the guidelines for design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions. The ability to connect to the larger electrical system can take months (if not, years, in some cases) as the process can entail the need for designs, assessments on cost allocations associated with improvements on the electric distribution system to allow for the connection, and other issues. In the case of new building developments, depending on the size of the development, the need for electric service extensions may be needed in phases over months, or years.

Water utilities. California residents are served by an estimated 2,800 water providers of various types of water utilities or water systems, including publicly owned utilities (POUs), investor-owned utilities (IOUs), and small community water systems. Nearly half of these systems (roughly 1,100 water providers) provide water to fewer than 200 customer service connections. The majority of California’s residential water customers are served by cities, special districts, and mutual water companies. These utilities are not subject to economic regulation by the CPUC, but are instead governed by the city council, or other local governing body, which set their own water rates. As established by Proposition 218 (1996),

the majority of these utilities are subject to state constitutional and statutory requirements that ensure water rates are restricted to cost-of-service. As a result, these entities have limitations, not imposed on the CPUC-regulated utilities that may hinder their ability to increase rates to fund programs or provide rate relief to customers. The CPUC has regulatory oversight over water companies that provide water service to about 16% of California's residents with annual water and wastewater revenues totaling about \$1.4 billion. Approximately 95% of those residents are served by nine large water utilities, each serving more than 10,000 customer service connections (approximately 1.175 million customers). However, the majority of the CPUC-regulated water utilities (92) have 2,000 or less customer service connections, and 87 of those have service connections of 500 or less. As with other IOUs, the CPUC regulates rates of the water utilities under its jurisdiction to ensure costs are just and reasonable. As with electric utilities, water utilities have similar service connection and capacity upgrade tariffs, in this case Water Service Tariff Rule 15.

Proposition 218 and Proposition 26. POUs are subject to differing constraints on their ability to collect rates for rate relief from one customer to another. Both Proposition 218 and Proposition 26 limit the ability of the local agencies to collect costs from a customer to fund activity by another customer, with specified limitations. Article XIID of the California Constitution, added by Proposition 218 in 1996, required, among other things, that the revenues derived from property related fees and charges not exceed the funds required to provide the property related service. Proposition 218 also requires that property related fees and charges not exceed the proportional cost of service attributable to the property. In addition, the service for which a fee or charge is imposed must be immediately available to the property owner, rather than for future or potential use. The systems bear the burden of proving compliance with these cost-of-service requirements. These substantive restrictions on ratemaking by publicly owned water systems prevent subsidization of one customer's water rates by another... [Source: SB 401 (Dodd, Chapter 662, Statutes of 2015) report on funding low-income water assistance programs.]

Mitigation Fee Act. The Mitigation Fee Act generally applies a broad "reasonable relationship" standard to fees and exactions, meaning that fee amounts must be arguably reasonable relative to the impacts of the project. This component of the Mitigation Fee Act makes up the basis for each city's "nexus study," which cities must commission to determine the type and amount of AB 1600 (Cortese, Chapter 927, Statutes of 1987) fees charged on new development. Other fees include public good fees, such as art or affordable housing.

Comments

Need for this bill. The author states:

California homeowners and ADU builders are increasingly frustrated by long delays – up to a year – to obtain utility service connections. The problem is, there are no clear rules for when a utility must hook up an ADU – and no consequences for delays. SB 1196 would make sure that when a homeowner adds an ADU, they'll be able to get it hooked up without waiting months on end.

Potential conflicts with existing CPUC rules for electrical corporations. The author's office has shared their primary concerns is the pace of connections within the service territory of the IOUs. The backlog for energization has been an issue this legislature has taken action to address with the passage of SB 410 (Becker, 2023) and AB 50 (Wood, 2023) among others. The CPUC initiated Rulemaking R.24-01-018 to define utility-controlled steps, adopt average and maximum timelines, and implement standardized reporting and enforcement mechanisms. In its opposition, Pacific Gas and Electric notes that imposing separate, statutory timelines specific to JADUs/ADUs would undermine the framework from SB 410. Under CPUC Rulemaking 24-01-018, utilities must provide written approval or rejection of applications within an average of 10 business days (15 calendar days) and no more than 45 business days (66 calendar days). SB 1196 adds duplicative and potentially conflicting requirements that could create administrative confusion and delay rather than improve outcomes. They also note that the preferred approach to ADU service is the existing customer could be multimeter panels.

Need for amendments. In order to prioritize the area of primary focus for the author and sponsors, and to remain consistent CPUC's existing efforts concerning energization requests, the author and committee may wish to recast this bill and require the CPUC to include within a new or existing proceeding consideration of the various elements of this bill concerning service for ADUs and JADUs for electrical corporations, including a requirement to assess penalties as determined by the CPUC. The author has also noted the desire to remove the provisions requiring posting the comprehensive checklist, as well as the inclusion of the other utilities.

Dual Referral. Should this bill be approved by this committee, it will be re-referred to the Senate Local Government Committee.

Prior/Related Legislation

SB 1210 (Skinner, Chapter 728, Statutes of 2024) required electrical, gas, sewer, and water service utilities, with exceptions, to post estimated fees and timeframes for new service connections needed to connect new housing construction projects.

AB 50 (Wood, Chapter 317, Statutes of 2023) required the CPUC, by July 1, 2025, to determine the criteria for customers to receive timely electricity service when requesting new service connections or upgraded service, known as “energization.”

SB 410 (Becker, Chapter 394, Statutes of 2023) required the CPUC to establish by September 30, 2024, reasonable average and maximum target energization time periods in order to connect new customers and upgrade the service of existing customers to the electrical grid.

AB 602 (Grayson, Chapter 347, Statutes of 2021) required, among its provisions, a city, county, or special district that has an internet website to post and update on their websites specified information, including a current schedule of housing development project costs, zoning ordinances and development standards, annual impact fee reports, and an archive of specified impact fee nexus studies.

AB 1026 (Wood, Chapter 446, Statutes of 2019) required an electrical or gas corporation to apply only those construction and design specifications, standards, terms, and conditions that are applicable to a new extension of service project for the 18 months following the date the application for a new extension of service project is approved.

AB 1600 (Cortese, Chapter 927, Statutes of 1987) required a local agency when increasing or imposing a fee as a condition of approval of a development project, on or after January 1, 1989, to take specified actions, including identifying the purpose of the fee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

California Solar & Storage Association
California Yimby
Casita Coalition
Housing Action Coalition

OPPOSITION:

Pacific Gas and Electric Company

ARGUMENTS IN SUPPORT: According to California YIMBY:

California has enacted numerous laws to accelerate the creation of ADUs, and today, ADUs comprise the fastest-growing sector of the housing market. However, homeowners and ADU builders are increasingly frustrated by long delays in obtaining utility service connections. In some cases, applicants have been forced to wait up to a year, placing an undue financial burden on property owners and SB 1196 will streamline ADU construction by creating clear timelines for utility service connections; allowing applicants to submit a request for a utility hookup at the same time they request a building permit; barring utilities from canceling a service for utilities that fail to provide timely hookups.

ARGUMENTS IN OPPOSITION: According to Pacific Gas & Electric:

... SB 1196 ...would impose new conflicting and duplicative statutory requirements on utilities regarding service connection timelines for Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs). While the bill aims to improve customer experience, several provisions conflict with existing law, established regulatory frameworks, and practical implementation realities. As drafted, SB 1196 risks creating confusion, inequitable treatment, and unintended delays for customers, while likely increasing customer costs in the process.

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