

SENATE THIRD READING
SB 327 (McNerney and Wahab)
As Amended August 17, 2026
Majority vote

SUMMARY

Explicitly grants the Public Advocates Office (Cal Advocates) the same authority to discover information and review public utility accounts as the California Public Utilities Commission (CPUC), and adds municipalization opposition to the existing list of political influence activities that investor-owned utilities (IOUs) may not recover from ratepayers.

Major Provisions

- 1) Authorizes Cal Advocates to compel the production or disclosure of any information it deems necessary to perform its duties, or to support the CPUC's duties, from any entity regulated by the CPUC, and specifies that Cal Advocates has the same authority as the CPUC to discover information and review the accounts of any entity regulated by the CPUC.
- 2) Expands the list of "political influence activities" which IOUs are prohibited from recovering costs from ratepayers to include activities related to opposing the municipalization of electrical or gas utility service, including, but not limited to lobbying, engaging in city or county proceedings, such as city council meetings or county board of supervisor meetings, to oppose efforts to municipalize electrical or gas utility service, or other political influence activities intended to prevent the establishment of a publicly owned municipal utility.
- 3) Moves Cal Advocates' annual legislative reporting requirement from January 1 to February 1 of each year.

COMMENTS

This bill amends two sections of the Public Utilities Code to address utility accountability and ratepayer protections.

First, it explicitly grants Cal Advocates the same authority to discover information and review public utility accounts as the CPUC. Existing law grants the CPUC broad authority to inspect the accounts, books, papers, and documents of any public utility at any time, extending to each commissioner and each officer and person employed by the CPUC. The text of the statute governing Cal Advocates, by contrast, authorizes it to compel the production or disclosure of information only as necessary to perform its duties – language that the California Court of Appeal, Second Appellate District, construed in *Southern California Gas Co. v. Public Utilities Com.*, 87 Cal.App.5th 324 (2023), to limit Cal Advocates' discovery authority to information relating to rates for service. The CPUC, however, has historically interpreted Cal Advocates' authority far more broadly, treating Cal Advocates as Commission staff with access to the Commission's investigatory tools. The *SoCalGas* decision brought this tension between the statutory text as construed by the Court of Appeal and the CPUC's longstanding administrative practice to a head, and this bill responds by codifying the broader interpretation in statute.

Second, it adds municipalization opposition to the existing list of political influence activities that IOUs may not recover from ratepayers. Specifically, this new clause prohibits cost recovery for activities opposing the municipalization of electrical or gas utility service, including

lobbying, participation in city council or county board of supervisors proceedings to oppose municipalization efforts, and other political influence activities intended to prevent the establishment of a publicly-owned municipal utility. There are currently active efforts across the state to municipalize electric utility service, including the City of San Diego and South San Joaquin Irrigation District, as well as recent efforts by the City of San Jose, and ongoing active exploration by the City of San Francisco. Current law already prohibits ratepayer funding of IOU ballot measure activity; this bill extends that prohibition to a broader range of anti-municipalization activities.

The provisions in this bill are substantively identical to those in SB 24 (McNerney, 2025), which was vetoed due to a clerical error introducing a contradictory definition of "political influence activity." That error is not at issue in this bill.

According to the Author

"Utility bills are soaring, and California is becoming increasingly unaffordable as IOUs pocket billions in record profits. That's particularly appalling when those same utilities are using their customers' money to finance expensive lobbying and political campaigns and battle efforts by cities and counties to create their own municipal utilities. Additionally, this bill will ensure the Public Advocates Office has the authority to review utility information available to the CPUC."

Arguments in Support

Supporters argue that the *SoCalGas* decision mischaracterizes Cal Advocates' historical role and the administrative practice under which it has long operated as CPUC staff.

Supporters argue that California law needs to be strengthened to better define the expenses that IOUs must charge their shareholders and are not recoverable from their customers. They argue that high IOU bills have led many cities to consider establishing publicly-owned utilities. Supporters state that IOUs have spent millions historically to oppose these initiatives, including efforts by the City of Davis and, more recently, the City of San Diego. They argue that this bill is needed to protect against IOUs spending ratepayer funds to oppose efforts to municipalize electric utility service.

Arguments in Opposition

Opponents argue that this bill represents a meaningful expansion of Cal Advocates' powers rather than a codification of existing practice, conflicts with the 2023 appellate court ruling in *SoCalGas*, and could open the door to fishing expeditions into information unrelated to Cal Advocates' core ratepayer advocacy duties.

Opponents argue that the activities in this bill related to efforts to oppose municipalization are already prohibited under AB 1167 (Berman, Chapter 634, Statutes of 2025), which broadly bars the use of ratepayer funds for political influence activities, making this bill redundant at best and legally contradictory at worst. They further contend that the bill fails to account for circumstances where utilities are legally compelled – not acting voluntarily – to participate in municipalization proceedings, such as providing detailed information regarding the location, valuation, and function of utility assets, responding to discovery, and presenting testimony before courts or the CPUC.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, costs to the CPUC should be minor and absorbable as this bill specifies requirements of existing law but does not make new requirements of the CPUC.

VOTES**SENATE FLOOR: 31-9-0**

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland

ASM UTILITIES AND ENERGY: 12-2-4

YES: Petrie-Norris, Boerner, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Zbur

NO: Chen, Davies

ABS, ABST OR NV: Patterson, Calderon, Ta, Wallis

ASM APPROPRIATIONS: 11-3-1

YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Hoover, Dixon, Tangipa

ABS, ABST OR NV: Ta

SENATE FLOOR: 40-0-0

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

SENATE FLOOR: 30-10-0

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

UPDATED

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