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

**Senator Josh Becker, Chair
2025 - 2026 Regular**

Bill No:	SB 332	Hearing Date:	4/21/2025
Author:	Wahab		
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Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Investor-Owned Utilities Accountability Act

DIGEST: This bill contains various provisions intended to provide accountability of investor-owned utilities (IOUs), including a transition feasibility study to transition the large gas and electric IOUs' operations to a successor entity; requirements regarding the auditing and replacement of electrical infrastructure; and protections from disconnections due to nonpayment for households with specified individuals, including someone who is pregnant; among other provisions.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations and gas corporations. (Article XII of the California Constitution)
- 2) Establishes and vests the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)) with various responsibilities for developing and implementing the state's energy policies. (Public Resources Code §25000 *et seq.*)
- 3) Establishes the Office of Energy Infrastructure Safety (OEIS) within the Natural Resources Agency, as established by the California Energy Infrastructure Safety Act, and provides that, on and after July 1, 2021, the OEIS is the successor to, and is vested with, all of the duties, powers, and responsibilities of the Wildfire Safety Division of the CPUC. (Government Code §§15470 *et seq.* and 15475.6, Public Utilities Code §§326 and 8385)
- 4) Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Public Utilities Code §451)

- 5) Authorizes the CPUC to supervise and regulate every public utility in the state and to do all things necessary and convenient in the exercise of such power and jurisdiction. (Public Utilities Code §701)
- 6) Requires each electrical corporation to construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. (Public Utilities Code §8386)
- 7) Requires the CPUC to establish an expedited utility distribution infrastructure undergrounding program and provides that only large electrical corporations may participate in the program. (Public Utilities Code §8388.5)
- 8) Prohibits an electrical corporation, gas corporation, or water corporation from terminating a customer's residential service for nonpayment of a delinquent account in certain circumstances, including, among other circumstances, unless the corporation first gives notice to the customer of the delinquency and impending termination, during the pendency of an investigation by the corporation of the customer's dispute or complaint, or when the customer has been granted an extension of the period for payment of a bill. (Public Utilities Code §779.1)
- 9) Prohibits an electrical corporation from recovering from ratepayers an annual salary, bonus, benefit, or other consideration of any value paid to an officer of the electrical corporation, and requires that compensation to instead be funded solely by shareholders of the electrical corporation. (Public Utilities Code §706)
- 10) Establishes the Wildfire Fund to pay eligible claims arising from a covered wildfire, as provided. Requires the CPUC to initiate a rulemaking proceeding to consider using its existing authority to require certain electrical corporations to collect a nonbypassable charge from its ratepayers to support the Wildfire Fund, and requires the CPUC to direct those electrical corporations to collect that charge if the CPUC determines that the imposition of the charge is just and reasonable and that it is an appropriate exercise of its authority. (Public Utilities Code §§3289 and 3291)
- 11) Establishes procedures under which electrical corporations are required to reimburse the Wildfire Fund for amounts disallowed by the CPUC for recovery from ratepayers. Requires an electrical corporation to reimburse the fund for the full amount of costs and expenses the CPUC determined were disallowed, except as provided. Provides that those exceptions do not apply if the administrator of the Wildfire Fund determines that the electrical corporation's

actions or inactions that resulted in the covered wildfire constituted conscious or willful disregard of the rights and safety of others. (Public Utilities Code §3292)

This bill:

Relevant to the study on the transitioning the IOU model to a successor entity

- 1) Makes numerous findings and declarations concerning the electric IOU model, the increase in electricity rates, utility record profits wildfires caused by utility infrastructure, concerns that electric IOUs prioritize profits over the safety and well-being of the ratepayers and residents of California.
- 2) Requires the CEC, in coordination with the public advisor and the CPUC, on or before March 31, 2026, to issue a request for proposals for a team to develop a study. Requires the study to:
 - a) conduct a historical energy justice assessment of the IOU operations and impacts;
 - b) complete a comparative analysis of the benefits and challenges of transitioning the IOUs to a successor entity in order to identify a recommended model; and
 - c) if the study finds that it is in the best long-term interests of the people and ecologies of California to transition away from an IOU model, create a justice-centered implementation plan for managing the transition.
- 3) Requires the CEC, on or before June 30, 2026, to select the study team that is awarded the contract.
- 4) Requires the CEC to hold a public proceeding and submit a report of the study team's findings and recommendations to the Legislature no later than 24 months after selecting the study team for the feasibility portion of the study, and no later than 36 months after selecting the study team for the implementation plan portion of the study.
- 5) Requires the CEC to require the study team to select and convene an advisory council by December 31, 2026, to participate in the study of the vision for a new energy system, as provided. Requires, upon completion of the first two study components, the study team, in consultation with the advisory council, to provide a recommendation for a particular successor entity type to the CEC.
- 6) Requires the CEC to vote to approve the study and recommended successor entity on or before September 30, 2028.

- 7) Requires, upon approval by the CEC, the study team to begin work to create a justice-centered implementation plan. Requires the CEC to vote to approve the implementation plan no later than October 31, 2029.

Relevant to utility disconnections due to nonpayment

- 8) Makes several findings and declarations regarding access to electricity and heating services as a human right, and essential to the health, safety, and welfare of the people of this state.
- 9) Prohibits a utility, including an electrical corporation, local publicly owned electric utility, gas corporation, and local publicly owned gas utility, from disconnecting a customer's residential service for nonpayment if the customer has a household income at or below 200% of the federal poverty line.
- 10) Prohibits a utility from disconnecting a customer's residential service for nonpayment if the customer's household is the residence of certain persons, including a person who is pregnant or 0 to 12 weeks postpartum, a person who is 65 years or older, a person with a disability, and others.
- 11) Requires, on or after January 1, 2026, each electrical corporation and gas corporation to automatically reconnect all households that are eligible for protection under the provisions of this bill noted above in (9) and (10).
- 12) Requires the CPUC to establish a citation program to impose a penalty on an electrical corporation or gas corporation that violates the above prohibitions on disconnections and requirements to reconnect service.
- 13) Authorizes the CPUC, a customer, or a member of the customer's household to bring an action in state court for equitable relief regarding a utility's or community choice aggregator's (CCAs) use of any method, act, or practice inconsistent with the above-described provisions.
- 14) Requires a utility to offer a residential customer who meets the income or specified household members, noted in (10), a payment plan for the customer's electrical and gas service that includes a percentage of income payment plan.
- 15) Requires each utility providing electrical service or gas service, or both, to residential customers to collect and submit to the CPUC monthly data on electrical and gas service terminations, reconnections, bill assistance and payment agreements, arrears, and created and broken payment plans.

Relevant to electric IOU executive compensation

- 16) Requires each electrical corporation, on or before April 1, 2026, to submit a proposed executive compensation structure to the CPUC that is structured to promote safety as a priority and to ensure public safety through performance metrics.

Relevant to proposed rate increases by electrical corporations

- 17) Prohibits, for proposed rate increases subject to CPUC approval and a finding that the new rate is just and reasonable, an electrical corporation from proposing a compounded annual rate increase on residential customers above the increase in the Consumer Price Index (CPI).
- 18) Prohibits, for proposed rate increases not subject to CPUC approval and a finding that the new rate is just and reasonable, an electrical corporation from proposing more than one rate increase per year and prohibits the rate increase from applying to customers enrolled in the California Alternate Rates for Energy (CARE) and the Family Electric Rate Assistance (FERA).

Relevant to the Wildfire Fund

- 19) Requires the CPUC to revise the CPUC decision related to the Wildfire Fund nonbypassable charge in order to reduce the charge imposed on ratepayers to an amount equal to five percent of the costs to support the Wildfire Fund, and requires each electrical corporation to contribute the remaining 95% of the costs to support the fund.
- 20) Provides that, for purposes related to reimbursing the Wildfire Fund, evidence that an electrical corporation's action were prudent includes common sense best practices such as conducting annual audits and replacing equipment that has outlived its usable life, and deenergizing the electrical grid under threatening conditions.

Relevant to auditing and replacement of electrical corporation infrastructure

- 21) Requires each electrical corporation to triennially contract with an independent and reputable third party to audit all of the electrical corporation's equipment and electrical lines and identify any equipment or electrical lines that have reached their end of life. Requires the audit to be completed in alignment with the wildfire mitigation plan cycle, as specified. Requires an electrical

corporation to replace any equipment or electrical lines identified by the third-party auditor that are located in a high fire-threat district within 5 years, as provided. Requires the CPUC to assess fines on an electrical corporation that fails to comply with these provisions, as specified.

- 22) Requires the OEIS to develop a best value procurement model for all electrical corporation infrastructure projects, as specified. Requires each electrical corporation, for all infrastructure projects, to demonstrate to the CPUC that the selected contractor is the best value contractor, as specified.
- 23) Requires, after an emergency or disaster in which an electrical corporation's electrical infrastructure was destroyed, if the electrical corporation rebuilds the destroyed electrical infrastructure, the electrical corporation to use the most cost-effective wildfire mitigation strategies that conform to state and industry safety standards for electrical equipment and that minimize the risk of catastrophic wildfire as quickly as possible, including consideration of undergrounding and covered conductor methods, to the extent applicable.
- 24) Prohibits the cost of undergrounding, installing covered conductors, or other cost-effective wildfire mitigation strategies for the electrical infrastructure from being recovered from ratepayers.

Background

IOU model and the regulatory compact. In its early days, only a small fraction of the country (roughly eight percent in 1907) received electricity service. At the time, numerous companies with different electric systems in the same city provided service to those who could afford it. Many residents and businesses relied on other less expensive energy forms (such as steam, natural gas, and oil) to power lamps, motors, and manufacturing facilities. Competition was fierce and multiple electric lines strung across urban areas. Thomas Edison's former secretary, Samuel Insull, pushed the idea of a natural monopoly for electricity service with government economic regulation – the regulatory compact. The natural monopoly model afforded vertically integrated utilities, both public and private, to prosper and expand (along with federal actions to expand hydroelectricity and rural electrification), the IOU model generally supported universal access, economies of scale, and steady financing. Over the past hundred years, the model has shifted with some aspects of competition, particularly in California with the 1990s restructuring of the vertically integrated IOU model, pursuant to CPUC orders and legislation, IOUs divested of significant portions of their generation. Ultimately, the state experienced an energy crisis, due to manipulation by nefarious actors (including

Enron), and a restructured market that lacked some of the safeguards to protect customers.

Since the energy crisis of 2000-01, the electricity landscape has changed significantly, with the growth of CCAs, the limits of electric service providers, Federal Energy Regulatory Commission orders for open access of transmission lines, requirements for resource adequacy to ensure sufficient supply, and policies to diversify resources, including renewable and zero-carbon energy. In California, as in much of the country, both IOU and publicly owned utility (POU) utility models exist (as well as, rural cooperatives). Frustrations regarding profit-making by shareholders within the IOU model have often been a source of anger and frustration, particularly so at times when customers' electricity utility bills run high. In California, the combination of high electricity bills, recent catastrophic wildfires caused by electrical infrastructure (Camp Fire, Dixie Fire, Thomas Fire to name a few), and the proactive power shutoffs employed by the IOUs to prevent catastrophic fires have further raised the ire of their customers.

Inverse condemnation and Wildfire Fund. After those recent wildfires, the IOU model was further shaken due to the combination of claims from those fires as the California Constitution provides the basis for recovery against government entities and public utilities via the theory of inverse condemnation. Section 19 of Article 12, requires that just compensation be paid when private property is taken for public use. This is commonly understood as eminent domain. In the case where a property is damaged by a public improvement project, the application is known as inverse condemnation, unlike in cases of negligence, the responsible entity is held strictly liable where a public improvement causes property damage. The California Supreme Court and appellate courts have held that inverse condemnation is applicable to IOUs (*Gay Law Students Association v. Pacific Telephone & Telegraph Co.* (1979) 23 Cal.3d 458, 469), and (*Barham v. Southern California Edison Company* (1999) 74 Cal. App 4th 744).

Pacific Gas & Electric (PG&E) filed for bankruptcy due to their credit ratings being downgraded by the credit ratings agencies to a point characterized as "junk status." The credit ratings downgrade occurred following information that the CPUC was investigating PG&E concerning gas safety reporting violations, on the heels of the Camp Fire which was speculated (and since found to have been) caused by PG&E electric infrastructure, and in the midst of a criminal probation stemming from the San Bruno gas pipeline explosion. Nearly a week after the downgrade, PG&E notified its workforce (and the public) that it intended to file for Chapter 11 bankruptcy protection on or around January 29, 2019. Subsequently, the Legislature and Governor established a process to allow for claims paying capacity from covered wildfires via a Wildfire Fund that would be capitalized up to \$21 billion,

with half paid by shareholders and the other half from ratepayers. The fund has received nearly \$15 billion including annual contributions (as required by the statute) from shareholders for electrical corporations that chose to participate and from a nonbypassable charge on electric IOU customers of roughly \$0.0056 per kilowatt hour of electricity.

Addressing safety risks from energy utility operations. The CPUC oversees the development of the risk framework each IOU uses as basis for analyzing their risks. The risk framework includes a Risk Assessment Mitigation Phase (RAMP) whereby CPUC staff scrutinize energy IOU safety-risk threat assessments along with associated proposed mitigation plans and estimated costs and spending requests. The risk reports are submitted to the CPUC on a four-year cycle basis to inform applications and approval of system-wide IOU operating and capital spending. In addition to the RAMP filings, the Safety Model Assessment Proceeding (S-MAP) is a parallel rulemaking track at the CPUC to continually refine and improve the RAMP and its associated mandates. The S-MAP continuously updates utility risk-related requirements and provides interpretations to support California utilities' capacity building to respond to new and growing risks and makes use of the latest risk-modeling science. RAMP and S-MAP efforts inform each energy IOUs' general rate case (GRC) and help the CPUC (and stakeholders) assess whether the utilities are properly directing resources to wildfire and safety risks.

Wildfire mitigation plans (WMPs). In addition to the RAMP and S-MAP processes, the state has created a separate entity, the OEIS, and a special process to review wildfire-related risks via electric IOU WMPs. Electric IOUs are required to annually file WMP updates and a comprehensive WMP every three years with guidance by OEIS, which reviews and determines whether to approve these plans and ensures compliance with guidance and statute. Under this framework, the OEIS is responsible for reviewing, approving or denying and overseeing compliance with WMPs, while the CPUC evaluates the reasonableness of costs associated with implementation of the WMPs for purposes of cost recovery and has enforcement authority with regard to electric IOUs' performance of their WMPs and utility-caused wildfire. Further, SB 884 (McGuire, Chapter 819, Statutes of 2022) required the CPUC to establish a program for expediting the undergrounding of large electric IOUs distribution infrastructure. Electric IOUs with 250,000 or more customer accounts may participate in the program. Electric IOUs wishing to participate in the program must first submit their 10-year plan to OEIS for review who must approve or deny the plan within nine months. If OEIS approves the plan, the electric IOU submits an application to the CPUC for conditional approval of the plan's costs.

Wildfire mitigation as significant driver of costs in electric utility bills. The CPUC in its most recent SB 695 Utility Cost Report has noted that wildfire-related costs

are a key driver putting upward pressure on customers' electric rates. The CPUC has stated that over the next several years, wildfire risk mitigation costs are projected to continue their upward trend. In a recent study by the Energy Institute at Haas "Risk-Cost Tradeoffs in Power Sector Wildfire Prevention", the authors note that in 2023 WMPs, California electric IOUs proposed investing over \$9 billion annually to reduce wildfire ignition risk. PG&E's recent GRC included authorization to underground up to 1200 miles of electric distribution lines. This contributed to the overall rate increases that customers are experiencing this year, roughly \$35 per month more for the average utility bill, with another rate increase approved for a portion of the utility's wildfire-related expenses, and the expectation that more are on the horizon. PG&E is also pursuing efforts to underground 10,000 miles of electric distribution lines in areas with high-fire risk with the intent to reduce wildfire ignition risk by approximately 99% as the best long-term solution for keeping customers and communities safe. In the case of Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E), their wildfire mitigation costs may be on a downward trend in the mid- to long-term, as much of their mitigation has been or will be completed, though they had less reliance on undergrounding lines as a primary strategy. Additionally, recent wildfires in Southern California may affect this trajectory.

Process for disconnecting electric and gas utility service. The process of disconnecting service due to nonpayment by an electrical or gas corporation is governed by existing statutory minimum timeline requirements, the practices that were adopted in CPUC Rulemaking 10-02-005, and reflected in Tariff Rule 11 for electric utilities and Rule 9 for gas utilities. In general, the rules require a utility to mail a 15-day written notice to the customer for disconnection due to non-payment. The second step requires a 48-hour written notice mailed to the customer, including an in-person visit for customers on life support or other life-threatening medical condition. Lastly, the utility makes an outbound call on the day of the scheduled disconnection, but before disconnecting service, in order to offer a payment plan option.

Utility bill assistance. There are several programs that provide eligible utility ratepayers with utility bill assistance. They include:

- *CARE program* – The CARE program provides a discount of up to 35% reduction in utility bills to low-income ratepayers whose income falls below 200% of the federal poverty guidelines.
- *FERA program* – For household incomes that slightly exceeds the CARE program eligibility, the program provides an 18% line-item discount on

electric bills for households whose income falls between 200% and 250% of federal poverty guidelines.

- *Medical baseline allowance* – Per statute, utilities are required to provide additional baseline allowance of electric or gas service for customers facing life-threatening conditions or on life support. Electric and gas corporations currently administer medical baseline, and, as such, have existing processes for identifying these customers, including requiring physicians and other medical personnel to certify as to the medical condition. Customers on medical baseline are also provided the opportunity to amortize their bill payment, for a period up to 12 months, in order to avoid disconnection of service.
- *Payment plan options* – In addition to rate assistance programs, utilities provide ratepayers payment plan options that can spread the costs of their bills over a limited time period, generally three months to twelve months, depending on the utility and circumstances.
- *Low Income Home Energy Assistance program (LIHEAP)* – Federal energy assistance program that helps low-income customers heat their homes. In addition to weatherization services, the program provides one-time assistance funds for ratepayers facing a utility disconnection. The U.S. Congress appropriates funding for LIHEAP, including over \$4 billion for 2025, most of which has been sent to states to administer the program. However, recent Trump administration actions, including the recent firing of LIHEAP staff, raise concerns about the ability of the program to provide this critical safety net in future years.
- *Energy Savings Assistance (ESA) program* – Additionally, there are assistance programs to help reduce energy costs through weatherization improvements and appliance rebates for customers on CARE and FERA.

SB 598 (Hueso, Chapter 362, Statutes of 2017). Prior to the COVID-19 pandemic, the number of utility disconnections due to nonpayment had been trending upwards among the four largest utilities—(PG&E, SDG&E, SCE, and Southern California Gas Company (SoCalGas)). In response to the rise of electric and gas utility disconnections due to nonpayment, the Legislature passed SB 598. The bill prohibited electrical and gas corporations from disconnecting service due to nonpayment from customers facing life-threatening medical conditions when the customer is financially unable to pay for service within the normal payment period and is willing to enter into an amortization agreement. The bill also required the CPUC to adopt rules, policies and regulations with the goal of reducing the

statewide level of gas and electric utility service disconnections for nonpayment by residential customers. Additionally, SB 598 required consideration of utility disconnections in utility GRCs and required the CPUC to submit a report to the Legislature on residential gas and electric service disconnections.

CPUC Rulemaking 18-07-005. In response to SB 598, in July 2018, the CPUC opened a rulemaking proceeding (R. 18-07-005), Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs. The proceeding has been very active and robust, with many stakeholders participating, including ratepayer organizations, utilities, CCAs, and organizations representing particular stakeholders. The primary goal of the proceeding is to reduce residential disconnections and improve reconnection processes. Within the proceeding there have been several CPUC decisions to require new policies and new pilot programs to address electric and gas residential utility disconnections. Overlapping the timing of these decisions are related policies to address the COVID-19 pandemic. Various CPUC decisions have further authorized payment plans, percent of income payment plan pilots, arrearage management plans and others.

Comments

Need for this bill. The author states:

Californians who are customers of investor-owned utilities are being financially crushed by the constant rate increases and devastated by wildfires caused by poorly maintained infrastructure. As policymakers, it is our responsibility to address these issues and ensure there is greater accountability to the public, better safety and stability of our infrastructure, and increased affordability for ratepayers. Investor-owned utilities are legal monopolies that must operate within the statutory and regulatory framework we establish. While they are permitted to profit, they are not entitled to financially gouge Californians. According to the January 7th report from the Legislative Analyst's Office, rates are nearly double the rest of the nation and these high rates are driven by the three largest investor-owned utilities. They also state that the rates of investor-owned utilities are more than 50 percent higher than rates charged by publicly-owned utilities. The CPUC is not required to render decisions that prioritize safety and cost effectiveness for ratepayers. Additionally, the CPUC has not denied a rate increase in over 20 years. We must take action to rein in the investor-owned utilities and ensure they are serving the best interests of Californians.

Study of IOU model. The first several sections of this bill would require the CEC to work with the Disadvantaged Communities Advisory Group, the CPUC and the CEC Public Advisor, to contract a third-party consultant to examine historical energy justice assessment of the IOU model. The criteria would largely tip the scale towards a review that finds the IOU model not in the best long term interests of the people and ecologies of California. Numerous provisions of the language in this bill related to the study reflect a strong desire to transition away from the IOU model.

Costs to underground electric utility infrastructure. While the electric utilities incorporate undergrounding efforts in their WMPs, it is a strategy that had been utilized for very few of their electric circuit lines, largely due to costs in comparison to other mitigation options, and the long-lead time for undergrounding projects. According to data gathered from electric IOUs, and analyzed by the CPUC, converting overhead distribution infrastructure to underground can be 10 times more expensive than installing new distribution overhead lines and undergrounding of electric distribution lines can be eight times more expensive than insulating (covering) the conductors (wires) to prevent them from igniting when contacting vegetation and other foreign objects. Per the data collected from PG&E, SCE and SDG&E, the costs for undergrounding existing overhead distribution infrastructure can range between \$1.85 million to \$6.072 million per mile. Costs to underground electric transmission lines can be exponentially more.

Costs of other mitigation measures. Generally, electric utilities are incorporating other wildfire mitigation measures that can be more cost-effective, including covered conductor, sectionalizing circuit lines, vegetation management, and operational controls such as fast-trips and public safety power shutoffs. Per the data collected by the CPUC, installing new overhead distribution infrastructure is much less expensive. On average, the costs to install new overhead distribution infrastructure is between \$634,000-\$760,000 per mile, according to the electric utilities' Rule 21 interconnection unit cost guides. PG&E has shared that their undergrounding efforts are averaging under \$3 million per mile and overhead upgrades are averaging just over \$1 million. The Energy Institute at Hass report on wildfire mitigation prevention measures notes that undergrounding powerlines, despite the higher investment cost, is more cost effective than pruning and removing vegetation. However, new operational controls, especially the use of "fast-trip" settings is significantly more cost effective than other strategies.

Tradeoffs abound! The OEIS has proposed some level of review on interim measures that may be needed when mitigation measures can not be implemented within a year. Additionally, OEIS reports an intention to incorporate cost-effectiveness criteria, in line with the CPUC's updated cost-benefit approach within the RAMP and S-MAP processes.

Ratepayer impacts, shareholder costs? As noted above, efforts to underground electrical infrastructure can be costly. However, the risk of utility equipment igniting fires can also pose significant costs on utility customers given the associated liability and potential impacts of the borrowing costs to the utility. With the growing risks of fires and the expenses associated with other strategies, including the costs of ongoing vegetation management, electric utilities are reassessing these costs and calculations. In the case of PG&E, the utility contends that undergrounding 10,000 miles of electric distribution utility lines will help to better mitigate the risks for the long-term. SCE has been working with affected communities in southern California for their rebuild in an attempt to also underground electric lines. This bill attempts to allay concerns about ratepayer costs by requiring shareholders to fund many of the activities related to rebuilding infrastructure after a natural disaster or to address wildfire risk. It is likely this language could result in concerns about Constitutional takings issues. As this bill moves forward, the author may wish to review this approach as it could also result in diminished financing opportunities for utility operations that could also increase costs for customers.

Need for amendments. Amendments are needed to address many of the concerns about some of the far-reaching aspects proposed in this bill, including the wide range of protections against utility disconnections from nonpayment, limiting rate increases to the CPI which could result in unintended consequences, changes to the Wildfire Fund that could limit recovery for claims by wildfire survivors, and others.

The author and committee may wish to consider the following amendments:

- *As it relates to the IOU study, delete provisions that require development or adoption of an implementation plan.*
- *As it relates to best value procurement model, ensure it is developed by the CPUC, instead of OEIS, and ensure it is consistent with existing labor contracts and protections and remove any language requiring its implementation.*
- *Delete provisions related to changes to the Wildfire Fund.*
- *Delete provisions related to capping rate increases to a consumer price index.*
- *Delete provisions related to protections for disconnections due to nonpayment and replace with quarterly reporting by utilities (on their respective websites) of specified disconnections data.*

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

Prior/Related Legislation

SB 636 (Menjivar) of the current legislative session, prohibits an electrical or gas corporation from disconnecting service of a customer for three months, if the customer is participating in specified low-income assistance programs and is experiencing specified hardships. The bill is pending in the Senate Appropriations Committee.

SB 24 (McNerney) of the current legislative session, among its provisions, prohibits electrical or gas corporations from terminating residential or commercial service for nonpayment on days (and three days after) when the air quality index is unhealthy for sensitive groups. The bill also prohibits executive compensation of electrical and gas corporations from being recovered from ratepayers. The bill is pending in this committee.

SB 1142 (Menjivar, Chapter 600, Statutes of 2024) proposed policies related to disconnection of electric and gas utility service, including requiring the CPUC, on or before July 1, 2025, to determine whether to direct electrical and gas corporations to take into account a customer's ability to pay before terminating or reconnecting services.

SB 1003 (Dodd) of 2024, makes numerous changes to the processes for addressing wildfire mitigation by electrical corporations, and other electric utilities, including clarifying the roles of relevant state agencies in addressing wildfire risk; and requires electrical corporations to take into account both the amount of wildfire risk reduction for the cost-effectiveness and time value of the proposed mitigation measure within the utility's wildfire mitigation plan. The bill was held on the Assembly Floor.

SB 884 (McGuire, Chapter 819, Statutes of 2022) required the CPUC to establish an expedited electric utility distribution infrastructure undergrounding program for large electrical corporations. Requires the OEIS to approve or deny the plan within nine months and requires additional actions and reports.

AB 1054 (Holden, Chapter 79, Statutes of 2019) included numerous provisions related to addressing wildfires caused by electric utility infrastructure, including: bolstering safety oversight and processes, such as required updates to each electric corporation's WMPs, recasting recovery of costs from damages to third-parties, including the authorization for an electrical corporation and ratepayer jointly funded Wildfire Fund to address future damages, and changes to provisions concerning the workforce of a change of ownership of a full or portion of an electrical or gas corporation.

SB 901 (Dodd, Chapter 626, Statutes of 2018) addressed numerous issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, WMPs by electric utilities, and cost recovery by electric corporations of wildfire-related damages.

SB 1028 (Hill, Chapter 598, Statutes of 2016) required electric CPUC-regulated utilities to file annual wildfire mitigation plans and requires the CPUC to review and comment on those plans.

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

SUPPORT:

Center for Biological Diversity (Co-Sponsor)

Reclaim Our Power: Utility Justice Campaign (Co-Sponsor)

Councilmember Cecilia Lunaparra, City of Berkeley, District 7

Councilmember Claudia Jimenez, City of Richmond, District 6

Councilmember Igor Tregub, City of Berkeley, District 4

Councilmember Soheila Bana, City of Richmond, District 4

350 Bay Area Action

350 Humboldt

350 Southland Legislative Alliance

Ban SUP (single Use Plastic)

Bay Area System Change Not Climate Change

Biofuelwatch

California Alliance for Community Energy

California Climate Voters

California Environmental Justice Alliance Action

California Environmental Justice Coalition

California Green New Deal Coalition

California Interfaith Power and Light

California Solar & Storage Association

Catholic Charities of Stockton

Center for Community Action and Environmental Justice

Center for Community Energy

Central Valley Partnership

Climate Action California

Climate Action Campaign

Climate Equity Policy Center

Climate Health Now

Coalition for Economic Equity and Economics

Collective Resilience
Communities for a Better Environment
Consumer Watchdog
Courage California
Democratic Socialists of America, Sacramento
Democrats of Rossmoor
Disability Justice Culture Club
Doing Good Works
Environmental Working Group
Feed Black Futures
Friends of the Public Bank East Bay
Frontline Catalysts
HODG
Human Impact Partners
Indigenous Environmental Network
Indigenous Justice
Indivisible CA Statestrong
Institute for Local Self-reliance
Local Clean Energy Alliance
Long Beach Alliance for Clean Energy
Los Angeles County Democratic Party
Media Alliance
Mineral Baths Community Gardens
National Association of Climate Resilience Planners
North American Climate, Conservation and Environment
Oil & Gas Action Network
Parable of the Sower Intentional Community Cooperative
Partners for Collaborative Change
Party for Socialism and Liberation
People's Climate Innovation Center
PODER
Public Power San Diego
Regenerating Paradise
Resources for Community Development
Sacramento Environmental Justice Coalition
Saginaw CAP
San Diego DSA
San Diego350
Santa Cruz Climate Action Network
Solar United Neighbors Action
Solidarity, Bay Area
Stop PG&E

Sunflower Alliance
Sustainable Rossmoor
Sustainable Systems Research Foundation
Synergistic Solutions
The Climate Center
Third ACT
Third ACT Bay Area
Third ACT SoCal
Urban Ecology Project
Urban Tilth
Vote Solar
Wellbeing Economy Alliance California
West Berkeley Alliance for Clean Air and Safe Jobs
Youth vs. Apocalypse
Several Individuals

OPPOSITION:

California State Association of Electrical Workers
Coalition of California Utility Employees
North American Wood Pole Council
Pacific Gas and Electric Company
San Diego Gas & Electric
Southern California Edison
Southern California Gas Company
Treated Wood Council
Western Wood Preservers Institute
Several Individuals

ARGUMENTS IN SUPPORT: The Center for Biological Diversity and Reclaim Our Power: Utility Justice Campaign, co-sponsors of this bill states:

Over the past years, catastrophic wildfires have grown in frequency and severity, caused or accelerated by our reliance on an antiquated and dangerous IOU business model that prioritizes profits over public health. Over the past three years, the IOUs have recorded record profits, while ratepayers' bills have gone up on average over 50%. Now, Californians face an affordability crisis that has over 6 million people behind on their bills, some so severely that record numbers of families are facing potentially life-threatening disconnections.

SB 332 would go a long way to address these systemic problems. In particular, the bill would fund a feasibility study to determine what form of utility best

serves ratepayers. SB 332 is a critical bill to help us achieve our decarbonization and climate targets, by assessing and remedying the broken—and monopoly—utility system, ensuring the safety of our electrical infrastructure, addressing the significant energy burdens faced by California households, and providing protections for the State’s most vulnerable populations.

ARGUMENTS IN OPPOSITION: Pacific Gas & Electric states:

While we share the goals of improving safety, affordability, and accountability, we believe that SB 332 presents a flawed and incomplete view of the challenges faced by IOUs and fails to account for the significant regulatory oversight already in place.

PG&E urges the author and sponsors “to reconsider the provisions of this bill and work with stakeholders to develop a more balanced and effective approach to addressing the complex issues facing California’s energy system.”

The Coalition of California Utility Employees and the California State Association of Electrical Workers states:

While the bill attempts to address important issues – energy affordability and safety – most of the bill’s provisions fail to offer cogent, effective measures to tackle these issues. Instead, it is an “everything but the kitchen sink” spattering of ill-conceived ideas that would do nothing to help energy affordability or safety. Some of the provisions would increase electricity bills and hinder safety.

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