SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Josh Becker, Chair
2025 - 2026 Regular

Bill No:	AB 1017	**Hearing Date:**	6/17/2025
Author:	Boerner		
Version:	4/3/2025 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Energy: electrical and gas corporations: general rate cases

DIGEST: This bill requires specified data and information as part of an energy utility's general rate case (GRC) application filing.

ANALYSIS:

Existing law:

1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical and gas corporations. (Article XII of the California Constitution)

2) Authorizes the CPUC to fix the rates and charges for public utilities, including electrical corporations and gas corporations, and requires the rates and charges to be just and reasonable. (Public Utilities Code §451)

3) Requires the CPUC, following the approval of a GRC of an electrical corporation or gas corporation, to review which costs, if any, differed from the GRC forecasts and to adjust the revenue requirements in the subsequent GRC based on the actual past costs in the corporation records. (Public Utilities Code §451.8)

This bill:

1) Requires an electrical corporation or gas corporation, as a part of its GRC, to provide to the CPUC certain information, including, among other things:

    a) The corporation's authorized and actual rate of return and return on equity for the past 10 years.
    b) For any asset repair, installation, or replacement work, the number of units installed, repaired, or replaced during the past 10 years.

c) Projects related to the corporation's distribution capacity that include the forecast submitted in the prior GRC of the corporation, which projects have been conducted or will be started, canceled, or indefinitely delayed, and which projects that are included in the prior general rate case forecast are included in the forecast for the pending GRC.

Background

General Rate Case. The CPUC addresses the costs of operating and maintaining investor-owned utility systems through GRC proceedings. The CPUC evaluates detailed cost data from both past expenses and utility forecasts of likely future costs, and establishes how much money the utilities are allowed to collect for the first year – called a test year. They then prescribe how to adjust the test year budget for inflation and other factors that may affect costs, such as additional capital projects, for the following three years, summing to a total of four years that each GRC cycle encompasses.

2023 State Auditor's Report. A 2023 report by the State Auditor investigated causes of increasing electricity and natural gas rates, and recommended options for limiting rate increases. The State Auditor concluded that, while some of the elements contributing to electricity and natural gas rate increases are outside of the control of the CPUC – due to needed upgrades to the electrical system, wildfire mitigation efforts, and weather conditions – the CPUC can better protect customers by implementing improvements to its oversight. These recommendations included, among others: (1) promoting transparency by instituting a process that requires utilities to periodically publish actual rate of return calculations; and (2) require energy utilities to identify major costs categories savings were achieved when the projected costs exceeded actual costs, and publish and analyze this information. This bill seeks to institute those recommendations at the CPUC.

Distribution capacity work is a growing need and contributes to increasing energy utility bills. According to the CPUC's most recent SB 695 Cost Report (July 2024), the distribution revenue requirement has significantly grown over time, with a substantial increase occurring between January 1, 2023 and January 1, 2024. This increase in distribution revenue requirement from January 1, 2023 to January 1, 2024 is mainly due to Pacific Gas & Electric's (PG&E's) distribution revenue requirement increasing by about 78%. By comparison, Southern California Edison's (SCE's) distribution revenue requirement over this time period increased by about 17%, and San Diego Gas & Electric's (SDG&E's) distribution revenue requirement decreased by about one percent. Roughly three-quarters of this increase in PG&E's distribution revenue requirement is attributed to costs approved in PG&E's 2023 GRC. These types of costs include power lines, poles, transformers, repair crews and emergency services, as well as certain wildfire mitigation costs related to grid reliability and safety, including liability insurance. The other approximately one-quarter of this increase is primarily due to wildfire mitigation and catastrophic event costs approved in several PG&E applications filed outside of the GRC proceeding process. These costs were incurred over several years, beginning in 2017, but not recovered in rates until 2024. Additionally, the demands for energization projects to support electricity service for new or expanded load, especially new housing, hospitals, and other demands, often necessitates upgrades to distribution capacity.

Comments

Need for this bill. Proponents of this bill contend that securing specific data from the regulated gas and electric corporations to help parties engage in the GRC proceeding can take a lot of time, contributing to delaying the CPUC decisions on these cases, and also can be difficult to get from the corporations. While GRCs afford the parties opportunities for discovery, it takes much time and back-and-forth between the corporation and the parties in the proceeding. Other efforts, including the Public Advocates Office (PAO) development of the Master Data Request to obtain initial data in GRCs, is helpful in assisting parties in securing data to evaluate the corporation's rate case application. However, the Master Data Request does not encompass all elements of the data requested by this bill. The Utility Reform Network (TURN) contends this bill will provide increased transparency and promote efficiency in the review and processing of a utility's GRC.

They argue that the provisions of this bill would address at least three problems that "presently hamper a complete and efficient review of utility requests for rate increases." These include: (1) utilities are not required to provide the data that is necessary to evaluate the reasonableness of utility requests; (2) utilities provide historical cost data but not how much work was completed; and (3) the need and impact of spending on distribution capacity work is extremely opaque and difficult to review. TURN states: "The requirements of AB 1017 provide more data on specific projects included in rate case forecasts, and projects deferred or canceled from the last rate case, would allow more expeditious and meaningful review of utility forecasts of spending in this critical category."

Concerns? While not taking a position on this bill, SCE and PG&E have raised concerns that requiring 10 years of data, as proposed by this bill, would provide data that does not account for the changing risks and conditions. They also have concerns that the 10 years does not align well with the GRC cycles, which generally cover four years (previously three). The PAO, though not taking a position on this bill, has expressed that some of the data required by this bill does overlap with data already secured in the GRC and the new data requirements would be beneficial, including the 10 years of data on the authorized and actual rate of return and return on equity. In this regard, this bill is largely attempting to provide greater transparency and help make the GRCs proceeding more efficient.

Prior/Related Legislation

AB 2666 (Boerner, Chapter 413, Statutes of 2024) made explicit the need for the CPUC to improve its frequency and review of forecasted costs by electric and gas utilities to better protect customers from increasing utility bills.

AB 2847 (Addis, Chapter 578, Statutes of 2024) required electrical and gas corporations in their request for capital expenditures to provide their best estimation of the impact of the proposed expenditures on the utility's authorized revenue for each year of the life of the capital asset.

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

SUPPORT:

California Solar + Storage Association
The Utility Reform Network

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: The California Solar and Storage Association states:

> Utilities have tripled spending on the electric grid over the past 15 years, despite peak load staying flat over that period. Under the current general rate case process, it is difficult to see where the utilities have spent the money they have been authorized to spend. The most important step in reducing rates in California is checking the runaway utility spending that has caused those high rates. By requiring utilities to clearly report the actual recorded amounts for each work category for the past 10 years, AB 1017 brings increased accounting that California needs. Additionally, by requiring the utilities to clearly outline programs where proposed capital spending exceeds previously authorized levels, AB 1017 makes it easier to highlight runaway utility spending.

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