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

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

Bill No:	AB 1020	Hearing Date:	7/15/2025
Author:	Schiavo		
Version:	6/24/2025 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Public utilities: energy: taxpayer funding: reporting

DIGEST: This bill requires specified quarterly and annual reporting by electrical and natural gas corporations regarding federal funding received from federal legislation adopted under the Biden administration.

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) Authorizes the CPUC to fix the rates and charges for public utilities and requires those rates and charges to be just and reasonable. (Public Utilities Code §451)
- 3) Requires electrical corporations and gas corporations to submit various information to the CPUC, and requires the CPUC to annually report to the Legislature on, among other things, all sources and amounts of funding and actual and proposed expenditures, including any costs to ratepayers, related to entities or programs established by the CPUC, as specified.
- 4) Authorizes the CPUC to inspect the accounts, books, papers, and documents of any public utility, or any affiliate, subsidiary, or holding corporation of that utility; and to examine under oath any officer, agent, or employee of such a utility in relation to its business and affairs. (Public Utilities Code §314)
- 5) Requires the CPUC to track an investor-owned utility's (IOU's) actual rate of return relative to its forecasted rate of return, and requires the IOUs to identify the cost categories where projected costs differed from actual costs. (Public Utilities Code §451.8)

- 6) Requires every public utility to furnish to the CPUC all information the CPUC requests, including tabulations, computations, maps, reports, books, and records. (Public Utilities Code §§581-582, 585)
- 7) Establishes information provided by utilities to the CPUC is confidential and not open to public inspection unless ordered by the CPUC. Makes unauthorized disclosure by CPUC personnel a misdemeanor. (Public Utilities Code §583)
- 8) Mandates the CPUC to require electrical or gas corporations to annually notify the CPUC of each time that capital or expense revenue authorized by the CPUC for maintenance, safety, or reliability was redirected by the electrical or gas corporation to other purposes. (Public Utilities Code §591)
- 9) Authorizes the CPUC to require a public utility to correct any rates, practices, equipment or behavior that is unjust, unreasonable, unsafe, improper, inadequate, or insufficient. (Public Utilities Code §761)
- 10) Prohibits the CPUC from prescribing a system of accounts and form of accounts, records, and memoranda for corporations subject to the regulatory authority of the United States that is inconsistent with that established and updated by or under the authority of the United States. (Public Utilities Code §793)
- 11) Requires the CPUC to prepare a report on the costs of programs and activities conducted by the major electric and gas IOUs. (Public Utilities Code § 913)
- 12) Requires the CPUC to prepare a report with recommendations for actions that can be undertaken during the succeeding 12 months, and those that may take longer, to limit utility cost and rate increases. (Public Utilities Code § 913.1)

This bill:

- 1) Requires each utility, defined as an investor-owned electrical corporation or gas corporation, to report certain information for any taxpayer funding, as defined, greater than or equal to \$1 million that the utility has applied for or received.
- 2) Defines “taxpayer funding” to mean any funds received from public entities in the form of grants, loans, or bonds that were appropriated by the U.S. Congress and provided under specified federal laws.

- 3) Requires each utility to include specified information in the quarterly reports required by CPUC Resolution E-5254.
- 4) Requires the CPUC, for each application in which a utility is seeking ratepayer funding, to require the utility to report all relevant taxpayer funding greater than or equal to \$1 million that the utility is pursuing or has secured.
- 5) Authorizes the CPUC to impose a penalty against the utility if the CPUC determines that a utility is not in compliance with the reporting requirements.
- 6) Requires the CPUC to require each utility to promptly deliver to ratepayers the financial benefits of taxpayer funding received, including all value to or savings expected to benefit ratepayers.
- 7) Requires the CPUC to provide an annual report to the Legislature with a summary of the information on taxpayer funding reported by each utility, including the number of grants or loans, the source of those grants or loans, the dollar amount received, the projects funded by the grants or loans, and the demonstrated ratepayer savings.
- 8) Repeals the provisions of this bill on January 1, 2036.

Background

Resolution E-5254. In April 2023, the CPUC adopted Resolution E-5254, *Adopts Procedural Mechanisms for Review and Approval of Electric and Gas Investor-Owned Utility Cost Recovery Requests for Infrastructure Investment and Jobs Act and Other Federal Grant Programs*, which formalized tracking of electric and natural gas IOU federal funding opportunities. Resolution E-5254 establishes procedural mechanisms for California's electric and gas IOUs to seek cost recovery for expenses (i.e., matching funds and tax liabilities) associated with federal grant programs, including the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS).

In response to Governor Newsom's Executive Order N-5-24 concerning addressing utility bill affordability, the CPUC summarized the various federal funding opportunities California's IOUs have secured and reported as part of Resolution E-5254, as shown below.

Summary of Federal Funding Secured by Electric IOUs (Source: CPUC, February 2025)			
Applicant	Project	Award Amount	Description
PG&E, SCE, CEC, CPUC, CAISO, UC Berkeley	CHARGE-2T (California Harnessing Advanced Reliable Grid Enhancing Technologies for Transmission)	\$600 million federal share/ \$901 million ratepayer share	Reconductor 100+ miles of transmission lines to increase transmission capacity.
PG&E, Redwood Coast Energy Authority, Schatz Energy Research Center at Cal Poly Humboldt	Tribal Energy Resilience and Sovereignty (TERAS) Project	\$88 million federal share/ \$89 million ratepayer share	Implement nested microgrids serving Hoopa Valley, Yurok, Karuk, and Blue Lake Rancheria tribal lands to reduce outage durations.
Liberty Utilities	Project Leapfrog	\$13 million federal share/ \$13 million ratepayer share	Upgrade distribution system for real-time information gathering and faster outage management.
CPUC, CEC, CA Infrastructure Economic Development Bank, CA Labor & Workforce Development Agency	Solar for All (EPA Award)	\$249.8 million	Deliver residential solar for low-income and disadvantaged communities across the state.
PG&E	Maintaining & Enhancing Hydroelectricity Section 247 (US DOE Award)	\$34.5 million for 39 projects	Maintain and improve hydropower facilities.
PG&E	Project Polaris	\$15 billion loan	Expand hydropower generation and battery storage, upgrade transmission capacity through reconductoring and grid enhancing technologies, and enable virtual powerplants.

Pacific Gas & Electric's \$15 Billion Loan. The largest of these federal funding amounts is a \$15 billion loan from the Department of Energy (DOE) to Pacific Gas & Electric (PG&E). Announced in December 2024, the \$15 billion loan is to modernize PG&E's power grid and expand clean energy infrastructure across Northern and Central California. This initiative, known as Project Polaris, is part of the DOE's Energy Infrastructure Reinvestment program under the IRA. The loan's key objectives include refurbishing PG&E's 61 hydroelectric powerhouses, supporting the expansion of battery energy storage systems, upgrading transmission lines through reconductoring and grid-enhancements, and deploying virtual power plants. The loan is expected to support ongoing job creation and community investment, as well as generate an estimated \$1 billion in customer savings, according to PG&E, over the life of the loan.

Comments

Need for this bill. The author states:

Californians are suffering under high electricity rates that are only expected to grow in the coming years to pay for wildfire safety measures and needed grid infrastructure and resiliency projects. Alternative financing structures, such as the \$15 billion Department of Energy loan to Pacific Gas and Electric, are key strategies to reducing the growth of customer energy bills. Lower financing costs projected from taxpayer funded loans or grants are savings that should be passed on to ratepayers. Assembly Bill 1020 will ensure frequent and transparent reporting on the use of public funds by investor-owned utilities, so Californians can be confident their dollars are going towards lowering their energy bills.

Concerns about ratepayer impacts. PG&E securing a \$15 billion loan from the DOE has the potential to reduce costs for customers. Public financing, with lower interest rates compared to traditional lending, and direct grants offer potential savings for ratepayers. The sponsors of this bill, The Utility Reform Network, and others, acknowledge the potential benefits of the funding. However, they are also concerned that PG&E may not pass the savings on to customers as promised. They seek to codify many of the requirements in the CPUC Resolution requiring specified reporting of any federal funding secured from IRA, IIJA, and CHIPS. This bill also expands on those provisions.

Prior/Related Legislation

AB 2666 (Boerner, Chapter 413, Statutes of 2024) required the CPUC to review forecasted costs by electric and gas utilities on a more frequent basis after the approval of each general rate case (GRC), and to adjust the authorized revenue requirement in the subsequent GRC, as appropriate, based on actual past cost.

AB 3256 (Irwin) of 2024, required the CPUC to annually determine if accounts of public utilities have achieved their intended purpose; and if not, to deny ratepayer recovery of the costs recorded therein and to limit the public utility in using such accounts. Additionally required the CPUC to include the status of utilities' accounts as part of an existing report. The bill was held in the Senate Appropriations Committee.

AB 3264 (Petrie-Norris, Chapter 762, Statutes of 2024) included a suite of proposals to help address energy costs; these included requiring large electrical corporations, as defined, and large gas corporations, as defined, by January 1,

2026, and each year thereafter, to publish on their internet websites and provide to the CPUC a visual representation of certain cost categories included in residential electric or gas rates for the succeeding calendar year.

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

SUPPORT:

The Utility Reform Network (Sponsor)

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: The Utility Reform Network states:

AB 1020 prevents for-profit, investor-owned utilities (IOUs) from being paid twice for the same projects by requiring strict reporting to the CPUC of taxpayer funding, such as public grants or loans. For every secured funding agreement over \$1 million, IOUs will be required to submit spending plans and quantify the savings expected to benefit ratepayers. Second, IOUs must disclose potential grants and loans in all related applications for ratepayer funding. Finally, the CPUC will ensure IOUs deliver realized savings to ratepayers and report back to the legislature.

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