



The Public
ADVOCATES
OFFICE

Annual Update to the Legislature: Addressing Affordability Challenges

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The Public
ADVOCATES
OFFICE

Mission

Obtain the lowest possible rates for customers consistent with safe, reliable service, and the state's energy and climate goals.

Advocate for customers of investor-owned utilities before the California Public Utilities Commission (CPUC) and in other forums.

Focus on issues affecting customers of electric, gas, water, and telecommunications services.

We are an independent organization at the CPUC.
(see *Public Utilities Code Sections 309.5 and 305*)



2025 Highlights

ENERGY

- Recommended nearly \$1 billion reduction in SCE's Proposed General Rate Case.
- Advocated for guardrails to protect against data center cost shifts.

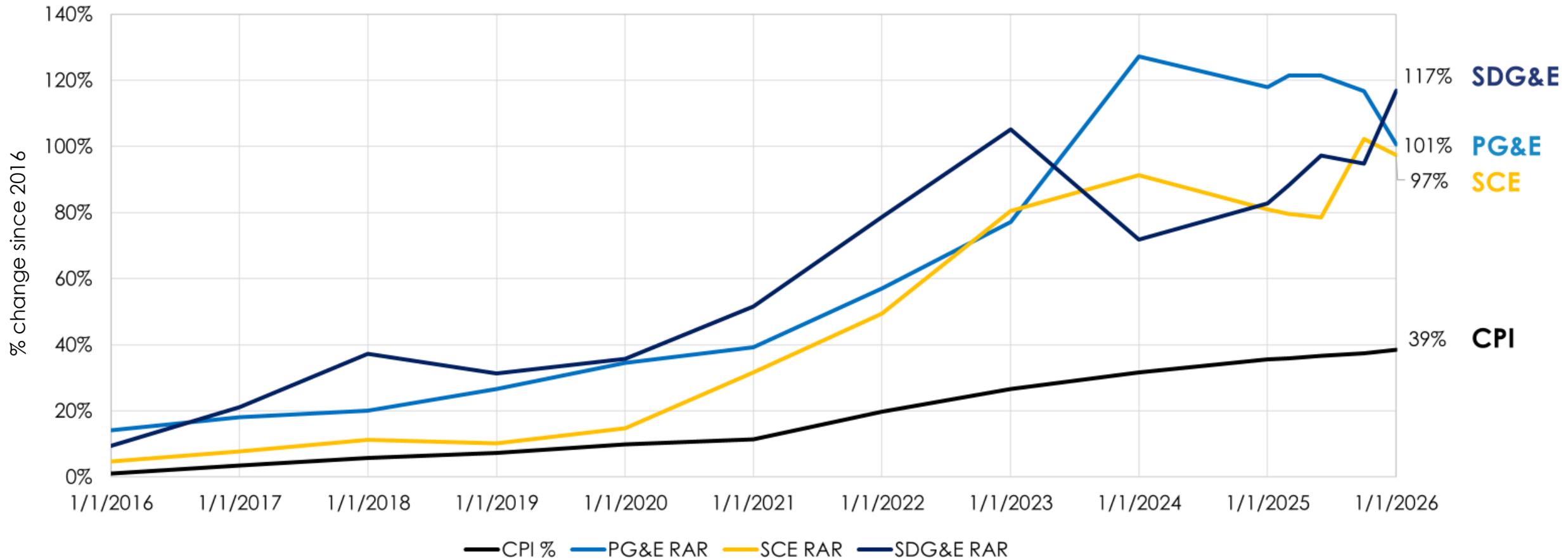
COMMUNICATIONS

- Negotiated major affordability and infrastructure commitments in the Verizon-Frontier merger.
- Defended access to universal communications access in the COLR Rulemaking and issued a Joint Proposal with AT&T.

WATER

- Advocated against automatic surcharges and unjustified costs in Golden State Water's General Rate Case (3-year budget).
- Opposed potential >1,000% bill increases and service abandonment in Keene.

Rates have increased substantially over the last decade, surpassing inflation



*Showing latest Bundled Residential Average Rates (RAR) and Consumer Price Index (CPI) for All Urban Consumers (CPI-U) found at <https://data.bls.gov/cgi-bin/dsrv?cu>, as of January 1, 2026.

Utility Wildfire-Related Costs

	Approved Costs Already in Rates (Bucket #1)	Costs Awaiting Approval (Bucket #2)	Costs Not Yet Requested for Recovery* (Bucket #3)
PG&E	\$6.23 billion	\$5.00 billion	\$1.05 billion
SCE	\$3.05 billion	\$132.99 million	\$919.48 million
SDG&E	\$80.65 million	\$2.17 billion	\$43.31 million
Total	\$9.36 billion	\$7.30 billion	\$2.01 billion

*Anticipated future cost recovery as of Oct. 2025 (SCE and SDG&E) and Feb. 2026 (PG&E). Includes Wildfire Expense (WEMA), Wildfire Mitigation Plan (WMPMA), and Catastrophic Event (CEMA) Memorandum Accounts. "Approved costs" and "costs awaiting approval" include CEMA and WMPMA, in addition to many other miscellaneous accounts requested in the WMCEs.

Key Questions for Evaluating Ratepayer Impacts

1. What is being addressed or solved by the proposal?
2. Does it reduce rates on a sustained basis for all ratepayers?
3. Does it require ratepayer funding that is commensurate with quantifiable ratepayer benefits?
 - If yes, when will those benefits be realized? In the near-term? Over many years? In later years?
4. How are risks addressed?
 - Are there safeguard if assumptions prove wrong?
 - Are there off-ramps if programs don't perform as intended?

Four Policy Levers to Stem Rate Increases and/or Reduce Rates

- 1 REDUCE UTILITY OPERATING AND CAPITAL EXPENSES**
- 2 LOWER FINANCING COSTS OF CAPITAL PROJECTS**
- 3 PHASE OUT RATEPAYER FUNDING OF PROGRAMS THAT ARE NOT COST EFFECTIVE**
- 4 REVISE SUBSIDIES AND RATE STRUCTURES**



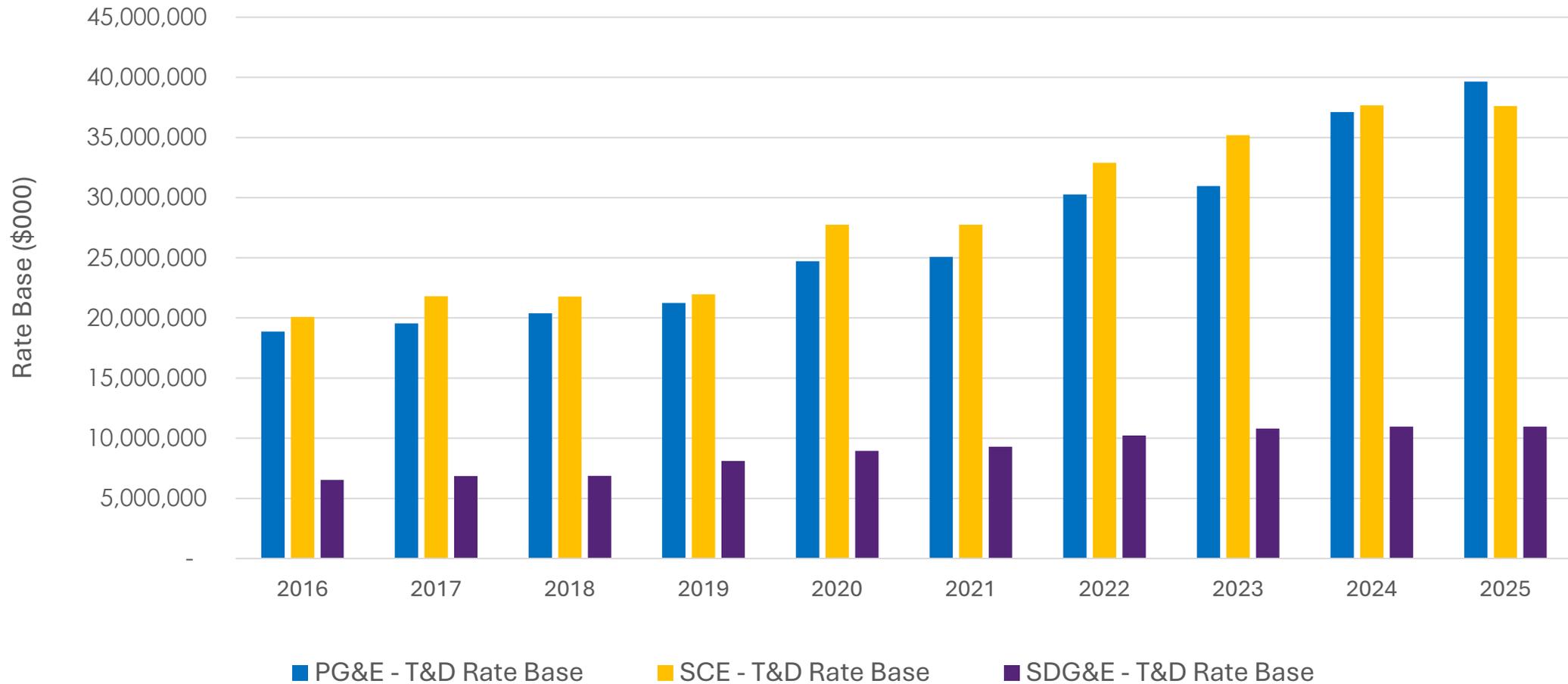
Utility Rate Base Increases Profitability

Rate Base is the value of a utility's physical assets over the life of the assets.

- includes wires, poles, wildfire mitigation, substations, transformers, meters, billing systems.

Utility Profit = Rate Base x Authorized Return on Equity

Utilities' rate base has almost doubled in the last decade.





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