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

**Senator Ben Hueso, Chair**

**2021 - 2022 Regular**

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<b>Bill No:</b>	AB 1471	<b>Hearing Date:</b>	6/28/2021
<b>Author:</b>	Villapudua		
<b>Version:</b>	4/26/2021 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Nidia Bautista		

**SUBJECT:** Public Utilities Commission

**DIGEST:** This bill states regional qualifications the governor and senate should consider when selecting a person to serve as a commissioner on the California Public Utilities Commission (CPUC), and authorizes the CPUC to consider locating its headquarters in a city other than San Francisco.

**ANALYSIS:**

Existing law:

- 1) Establishes the CPUC, with jurisdiction over all public utilities, subject to control by the Legislature. (Article XII of the California Constitution)
- 2) Provides that the CPUC commissioners consist of five members appointed by the governor and approved by the senate, a majority of the membership concurring, for staggered six-year terms. (Section 1 of Article XII of the California Constitution)
- 3) Requires that the office of the CPUC be in the City and County of San Francisco. Requires the CPUC to hold at least one session per calendar month and permits the CPUC to meet in other places as may be expedient and necessary for the proper performance of its duties. (Public Utilities Code §306)
- 4) Requires the CPUC to annually report a list of its public meetings held outside San Francisco both for the previous year and anticipated in the coming year. Additionally requires the CPUC to solicit input from customers from diverse regions of the state, process that input into CPUC decision-making, and report on the efforts to increase public participation. (Public Utilities Code §910)

This bill:

- 1) States that, beginning January 1, 2023, when selecting and confirming CPUC commissioners, the governor and senate should consider achieving regional diversity by selecting at least one candidate with a permanent residence in northern California, at least one candidate with a permanent residence in the central valley, and at least one candidate with a permanent residence in southern California, and directs that the governor and senate should consider a candidate pool that collectively represents each of those areas.
- 2) Authorizes the office of the CPUC to be located in the City and County of San Francisco and authorizes the CPUC to consider options to locate operations and staff outside of the CPUC's San Francisco headquarters, including in the City of Stockton.

## **Background**

*CPUC history.* The CPUC began as the California Railroad Commission in the late 1870s, following the completion of the transcontinental railroad. Public backlash against the influence of the railroad on lawmakers, especially the Southern Pacific Railroad, led to reforms of state government as part of the Progressive Movement in the early 1900s. Among the reforms, a reconfigured version of the California Railroad Commission was created in 1911, along with the passage of the Public Utilities Act in 1912, which brought for-profit transportation, water, electricity and gas, and telephone/telegraph service under the jurisdiction of the California Railroad Commission. In 1946, the agency was renamed the California Public Utilities Commission. Today, the CPUC is the largest state utility regulator in the nation. The CPUC regulates critical and essential services, including privately owned communications, electric, natural gas and water companies, as well as railroad safety, rail transit, and passenger for-hire transportation carriers (including ride-hailing companies such as Uber and Lyft). The core mission of the CPUC is to ensure Californians access to safe, reliable utility infrastructure and services at just and reasonable rates.

*CPUC commissioners.* Pursuant to Section 1 of Article XII of the California Constitution, the CPUC has five commissioners appointed by the governor, and confirmed by the senate, with each commissioner serving six-year staggered terms. Commissioners meet at monthly (often semi-monthly) business meetings to vote on pending items at the agency. Commissioners serve full-time and receive a salary as civil executive officers. The governor designates the president of the CPUC, pursuant to Public Utilities Code §305, among the five commissioners. The president presides at meetings and sessions of the CPUC and directs the

executive director, the attorney, and other staff of the CPUC. The president of the CPUC is also required to annually appear before the appropriate policy committees of the senate and assembly to present the annual report of the agency, required pursuant to Section 910 of the Public Utilities Code.

*CPUC offices.* For all its history, the CPUC has been headquartered in San Francisco. The then-Railroad Commission was located initially in San Francisco in order to promote independence from the influence of Southern Pacific Railroad dominating Sacramento. Over the century plus of its existence, the agency has expanded to include regional offices, with locations varying over the years depending on regulatory responsibilities. Today, the CPUC has offices in San Francisco (two – headquarters and a smaller office), Sacramento (three offices), and Los Angeles (one office). The majority of the over 1,000 agency staff work from the headquarter offices in San Francisco. However, a significant number also work in Sacramento and Los Angeles (300 plus positions), including many who are field staff for rail and energy safety. Some commissioners also work from regional offices, in recent years current commissioners work regularly from the downtown Sacramento office, and in previous years, a previous president of the agency who lived in Southern California regularly worked from the Los Angeles office.

*Calls for expanded state access.* In September 2010, eight residents were killed and a City of San Bruno neighborhood was decimated when a Pacific Gas & Electric natural gas pipeline exploded. In the aftermath of the explosion, there was increased scrutiny of the gas utility and of the CPUC, as its regulator. Numerous reforms were adopted via legislative and administrative actions to bolster safety, as well as, efforts to increase public access to CPUC processes. Some of the reforms focused on efforts to expand improved access across the state to the CPUC. Specifically, SB 512 (Hill, Chapter 808, Statutes of 2016) authorized the CPUC to hold its monthly business (voting) meetings outside of San Francisco headquarters and also requires the CPUC to report on the public meetings held outside San Francisco. AB 2903 (Gatto, 2016) attempted to require the CPUC to evaluate and report by March 31, 2017 options to locate its operations and staff outside of the CPUC's San Francisco headquarters. The bill stalled in the Legislature, but the report proposed in the bill was adopted in a budget trailer bill that year, SB 840 (Committee on Budget and Fiscal Review, Chapter 341, Statutes of 2016).

*SB 840 report.* The *Senate Bill 840 Report: Location Options for CPUC Operations* was published by the agency on March 31, 2017 and stated the report explored “options for staffing locations in areas of the state that would allow the CPUC to better collaborate with other state agencies, provide more training opportunities for staff, and promote public accessibility to the agency.” As part of its efforts to develop the report, the CPUC held three regional workshops to

discuss the options to relocate the CPUC headquarters outside San Francisco. The workshops were attended by staff members, representatives of Professional Engineers in California Government, Service Employees International Union, and California attorneys, administrative law judges, and Hearing Officers in State Employment unions, and others. The report largely raised questions for consideration, without promoting a specific outcome. The CPUC noted it had sufficient space for the existing staff needs but “the issue before the CPUC is what to do, or rather, how to grow beyond three-five years from now.”

## Comments

*AB 1471.* This bill proposes to require the governor and the senate to consider regional diversity for future CPUC commissioner appointments. This bill also authorizes the CPUC to consider relocating its headquarters in a city other than San Francisco.

*Regional diversity of commissioners.* With regards to requiring consideration of regional diversity for commissioners, the author states that such regional diversity is akin to requirements of other state agencies, including the California Air Resources Board, and would benefit the CPUC given its mission and the need to reflect the geographic diversity of the state. Supporters of this bill also note the desire to have commissioners live the utility experiences of other regions of the state, especially Southern California. The CPUC’s SB 840 Report noted such potential benefits for staff residing in different parts of the state, contending “there may well be considerable value in our staff being customers of the utilities, and being a part of the communities where the impacts of those utilities are felt.” In that regard, it would seem reasonable that such benefits could extend to commissioners. This bill appropriately only requires consideration of regional diversity for appointment of commissioners, so as not to hinder appointments that could be beneficial for the agency in other respects, including professional expertise or limit individuals who may have lived in a part of the state but moved to a different region.

*Regarding office relocation.* The CPUC headquarters, a 207,156 square-foot state-owned property that the CPUC rents from the Department of General Services for \$2.63 per square foot monthly, in a city where pre-pandemic average monthly cost of office space was between \$5 and \$7.50 per square foot. As noted above, the CPUC was required in 2016-17 to consider office relocation. The response from stakeholders expressed significant concerns about forcibly moving staff, closing, or reducing the number of staff at the San Francisco headquarters location. All of the unions emphasized a desire for the CPUC to maintain its headquarters in San Francisco. Since then, the CPUC expanded its regional office presence in

Sacramento, adding a new office in downtown Sacramento, while maintaining the San Francisco headquarters. In response to the COVID-19 pandemic, the majority of CPUC staff are working remotely at home and CPUC meetings are not accessible remotely. The CPUC has noted that public participation has noticeably increased. As the state begins to open, it is not clear how permanent the changes for remote work brought by the COVID-19 pandemic may become permanent.

*Why explicitly mention Stockton?* Given that the CPUC regulates privately owned utilities including electric, gas, water, telephone corporations, and also licenses transportation for-hire services, and ensures safety of railroad operations, its likely no one location is ideally suited for all these services as these activities are not restricted to a specific region. Nonetheless, a publicly accessible and appealing location for employee retention and recruitment are likely key criteria, among others, in any potential office relocation. In this regard, it is not clear that the City of Stockton is better suited than other cities in the state. Stakeholder input from the SB 840 Report noted a desire by some CPUC staff for a regional office in the San Joaquin Valley, but explicitly noting Bakersfield or Fresno as ideal locations. While this bill doesn't require the City of Stockton to be the only city to be considered, its explicit mention could be interpreted as a priority among other candidates.

### **Prior/Related Legislation**

SB 840 (Committee on Budget and Fiscal Review, Chapter 341, Statutes of 2016) required the CPUC to evaluate and report by March 31, 2017 options to locate its operations and staff outside of the CPUC's San Francisco headquarters.

SB 512 (Hill, Chapter 808, Statutes of 2016) permitted the CPUC to hold its monthly meetings outside its San Francisco headquarters, as well as requires the CPUC to annually report on the public meetings held outside San Francisco both for the previous year and anticipated in the coming year.

AB 2903 (Gatto, 2016) would have required the CPUC to evaluate and report by March 31, 2017 options to locate its operations and staff outside of the CPUC's San Francisco headquarters. The bill died on the Senate Floor.

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

### **SUPPORT:**

California State Association of Electrical Workers  
California State Pipe Trade Council

International Union of Elevator Constructors  
San Diego Gas & Electric  
Southern California Gas  
Western States Council of Sheet Metal Workers

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

Expanding the diversity of thought and experience within CPUC would greatly benefit the lives of all Californians who are impacted by the decisions they make every day. By ensuring the Commission has first-hand experience with all regions of California, we can further guarantee appropriate and sustainable investments for our energy infrastructure that meet the needs of every community across our state. Just as San Joaquin County is ecologically and socioeconomically different than San Francisco, so are energy needs. Given the decisions of CPUC affect every corner of the state, those making the decisions on energy needs should be deeply aware of the social and economic impacts they have on the state as a whole.

**-- END --**