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

Senator Ben Hueso, Chair

2021 - 2022 Regular

Bill No:	AB 1960	Hearing Date:	5/31/2022
Author:	Villapudua		
Version:	2/10/2022	Introduced	
Urgency:	No	Fiscal:	No
Consultant:	Nidia Bautista		

SUBJECT: Public Utilities Commission

DIGEST: This bill states the governor and Senate should consider regional qualifications, beginning January 1, 2024, when selecting a person to serve as a commissioner on the California Public Utilities Commission (CPUC).

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 consists of five members appointed by the governor and approved by the Senate, a majority of the membership concurring. (Section 1 of Article XII of the California Constitution)
- 3) 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 states that, beginning January 1, 2024, when selecting and confirming CPUC commissioners, the governor and Senate should consider achieving regional diversity by selecting:

- 1) at least one candidate with a permanent residence in northern California,
- 2) at least one candidate with a permanent residence in the central valley, and
- 3) at least one candidate with a permanent residence in southern California, and
- 4) should consider a candidate pool that collectively represents each of those areas.

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 licensing for ride-hailing companies such as Uber and Lyft). These electric, gas, telephone, and water utilities and transportation and other telecommunications companies have varying service territories throughout the state, which combined, encompass every part of the California. 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 among the five commissioners, pursuant to Public Utilities Code §305. 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 the Sacramento Capitol. 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.

Expanding public access across the state. In the aftermath of the September 2010 Pacific Gas & Electric natural gas pipeline explosion that killed eight residents, 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. 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). The COVID-19 pandemic has also expanded access to many governmental bodies, including the Legislature and CPUC, which now allow for remote participation of the public via phone calls to public comment from any location. Thereby, no longer limiting public access to strictly those attending meetings/hearings in person. In the case of the CPUC, that has allowed residents from throughout California to call into the CPUC voting meetings which may be held in San Francisco or other locations in the state.

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.”

Regional representation in other state bodies. Some state boards include regional requirements for their appointees. Of the 16 appointments to the California Air Resources Board, the governor and Senate must base qualifications for six of the candidates on memberships to various regional air districts throughout the state, including the Bay Area Air Quality Management District, San Diego Air Pollution Control District, South Coast Air Quality Management District, an air district from among the five in the greater-Sacramento region, and a member of any air district. For the five appointments to the State Water Resources Control Board, the governor and Senate must ensure the board “to the extent possible, be composed of members from different regions of the state.”

Comments

AB 1960. This bill proposes to require the governor and the Senate to consider regional diversity for future CPUC commissioner appointments, with specific consideration for candidates with permanent residences in northern California, the central valley, southern California, and a candidate pool that collectively represents each of those areas.

Regional diversity of 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. The specific considerations noted in this bill are broad regions of the state, including southern California, northern California, and the central valley (generally identified as from Bakersfield to Redding, and encompassing both the San Joaquin and Sacramento Valleys). The CPUC’s *Senate Bill 840 Report: Location Options for CPUC Operations* published on March 31, 2017 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 aspects, including professional expertise or prevent individuals who may have lived in a part of the state but moved to a different region.

Prior/Related Legislation

AB 1471 (Villapudua, 2021) would have stated regional qualifications the governor and Senate should consider when selecting a person to serve as a commissioner on the CPUC, and authorizes the CPUC to consider locating its headquarters in a city other than San Francisco. The bill was held in the Senate Committee on Appropriations.

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.: No Local: No

SUPPORT:

East Bay Community Energy

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

Achieving regional representation will provide diversity of thought, a more expansive lived experience of communications, energy, transportation and water issues, and bring to bear how decisions affects the lived experiences of Californians across the state. This bill 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 help to ensure appropriate, sustainable, and affordable investments for our utility, transportation and communications infrastructure that meets 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, water, transportation and broadband needs should be deeply aware of the social and economic impacts they have on the state as a whole.

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