

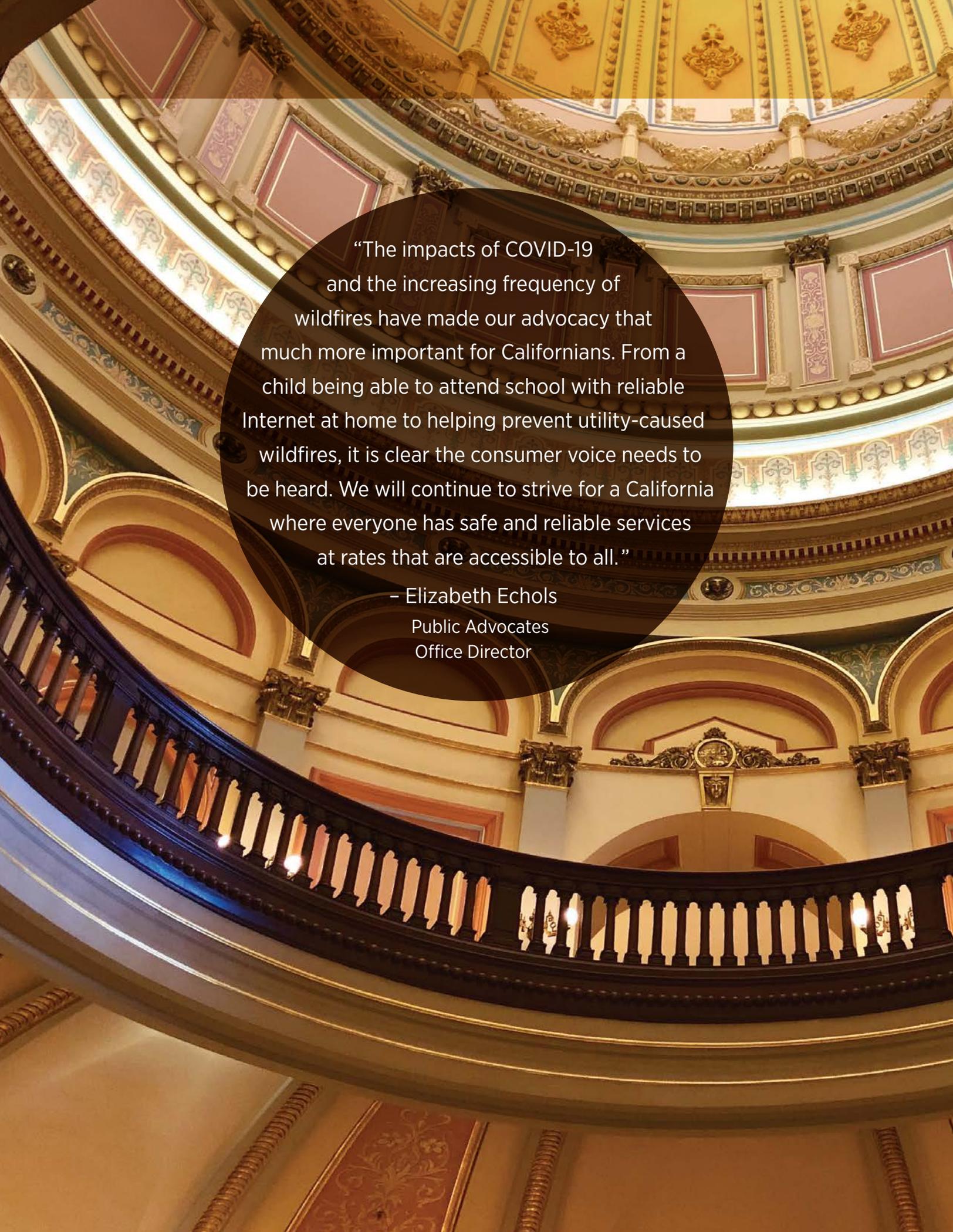


*The Public*  
ADVOCATES  
OFFICE

*The Voice of Consumers*  
*Making a Difference*



2020 ANNUAL REPORT



“The impacts of COVID-19 and the increasing frequency of wildfires have made our advocacy that much more important for Californians. From a child being able to attend school with reliable Internet at home to helping prevent utility-caused wildfires, it is clear the consumer voice needs to be heard. We will continue to strive for a California where everyone has safe and reliable services at rates that are accessible to all.”

- Elizabeth Echols  
Public Advocates  
Office Director

**I**t is my honor to present the Public Advocates Office's 2020 Annual Report. Our goal is to help ensure all Californians have affordable, safe, and reliable utility services while advancing the state's environmental goals. Year after year our team of experts strives to achieve the best value for consumers across the regulated industry sectors – energy, water, and communications. This report highlights the work we did in 2020 to help meet the needs of the customers we represent.



Last year showed us in new and unanticipated ways the importance of our office's advocacy work. The intensity and frequency of wildfires, power shutoffs, associated loss of telephone and Internet services, and the COVID pandemic makes our role even more essential in protecting California consumers.

The Public Advocates Office successfully saved customers more than \$3.3 billion in lower utility revenues and avoided rate increases last year. To avoid the serious impacts of unprecedented power shutoffs that left many consumers unable to call 911 services, we successfully advocated for requiring wireless companies to install 72-hour backup power. Our recommendation to stop inequitable surcharges on water bills was adopted, making water more affordable for millions of Californians. Our work also advanced fundamental changes to protect communities from the impacts of wildfires, including making recommendations to strengthen wildfire safety plans and holding utilities accountable for improving safety and transparency.

We are committed to supporting California's global leadership on climate action, including reducing our greenhouse gas emissions through energy efficiency initiatives and increased reliance on renewables. We are actively engaged in furthering ways to cost-effectively integrate distributed energy resources like solar, wind, and electrified transportation onto the grid. By achieving the state's climate goals in a cost-effective manner, we will benefit California consumers and help create a model that other states and entities can follow.

We look forward to working with Governor Newsom, the California State Legislature, the California Public Utilities Commission, the public, and other stakeholders to ensure no one is left behind. Together we can ensure that all Californians have access to affordable, safe, and reliable utility services while advancing the state's environmental goals.

– Elizabeth Echols, Public Advocates Office Director

# Our Mission

Obtain the lowest possible  
rate for service consistent with  
safety, reliability, and the state's  
environmental goals.



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# The Voice of Consumers Making a Difference

In 2020, the Public Advocates Office participated in nearly 200 proceedings and filed around 868 pleadings at the CPUC to advocate for the interests of California consumers.



Executive management zoom meeting.



Staff at microgrid inspection.



Staff visit at Cal-Am GRC.



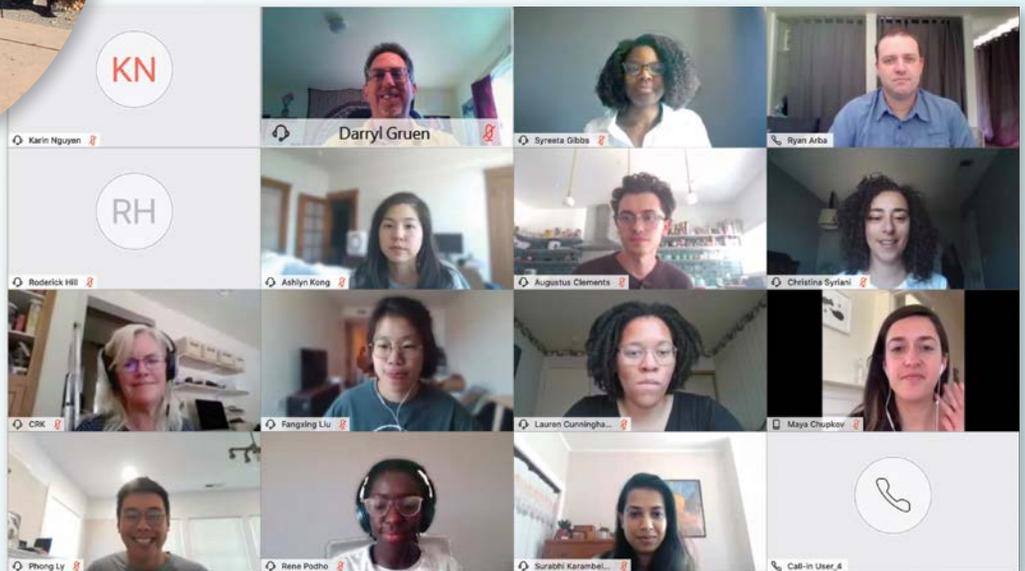
Staff visit at Cal-Am GRC.



Staff at microgrid inspection.



Staff at microgrid inspection.



New staff participating in a Cal Advocates 101 bootcamp.

# Our Office History



**2020** - Public Advocates Office received 14 new permanent wildfire safety positions to help implement SB 901 (Dodd, Chapter 626, Statutes of 2018). SB 901 is a bill which addresses wildfire prevention and utility safety issues.

**2018** - SB 854 changed our name from Office of Ratepayer Advocates (ORA) to the Public Advocates Office to make it more understandable to the people we serve and to better convey our public interest mission.

**2013** - SB 96 provided ORA more autonomy by making it an independent organization at the CPUC.

**2005** - SB 608 provided ORA autonomy over its budget, the staff, and appointment of the Chief Counsel.

**1996** - SB 960 made ORA independent from the CPUC for policy, consumer advocacy, and budget, and made the ORA Director an appointee of the Governor.

**1984** CPUC created ORA (formerly known as Public Staff Division).



"Ratepayers  
depend on the work  
from the Public Advocates  
Office. We thank you so  
much for all you do."

- Gabriel, Ratepayer

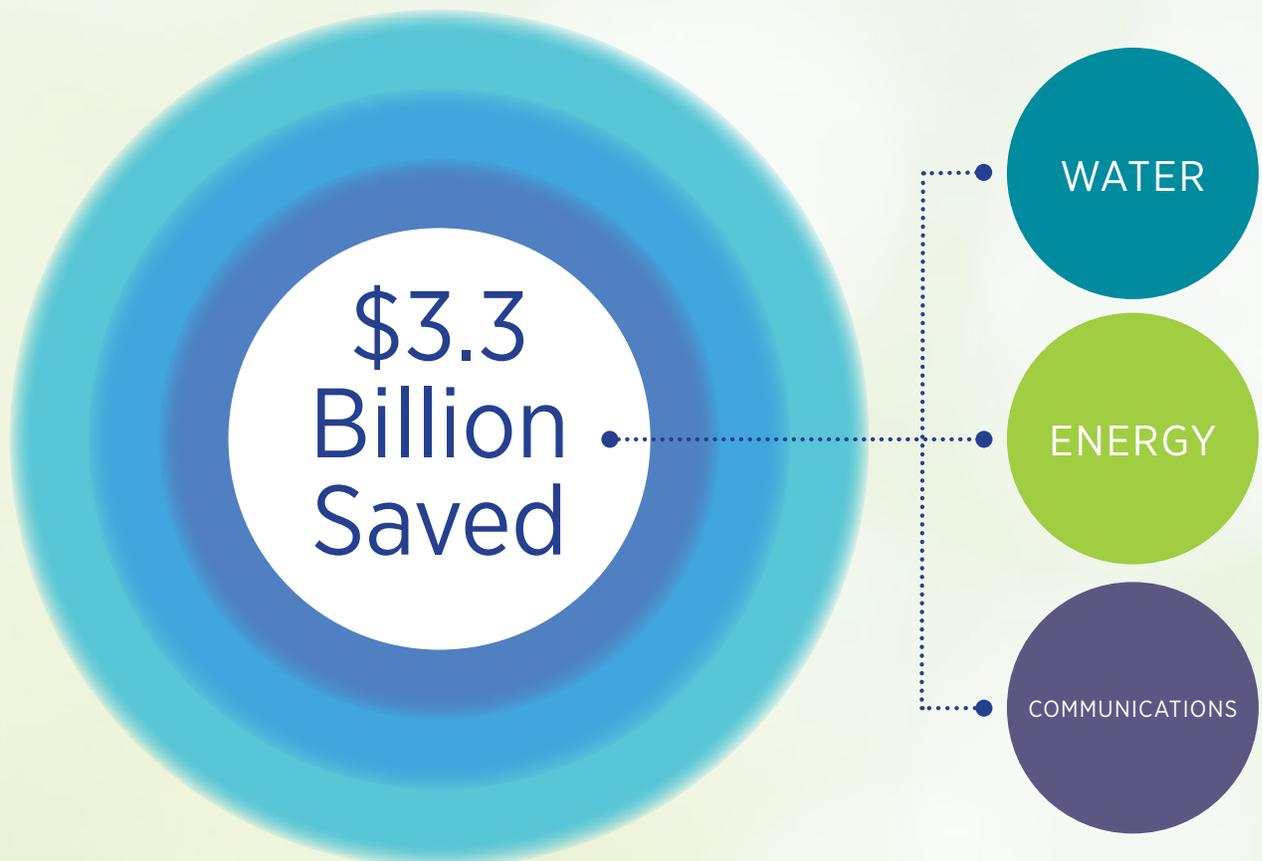


**Over the Last Decade The Public  
Advocates Saved Consumers Over:**

# \$44 Billion

# The Public Advocates Office 2020 Customer Savings

Total customer savings was over \$3.3 billion through reduced utility revenues and avoided rate increases.



# The Public Advocates Office Rates and Services



Staff setting up for GRC proceeding.

## OUR WORK ON GENERAL RATE CASES AND OTHER RATEMAKING PROCEEDINGS

### What is a General Rate Case proceeding?

When an investor-owned utility (IOU) requests an increase in its budget that results in a revenue increase impacting customer rates, it is required to submit a General Rate Case (GRC) application to the California Public Utilities Commission (CPUC) justifying the proposed budget. A GRC can include such things as a utility requesting to upgrade its computer systems or build new infrastructure like a pump station.

### How is the Public Advocates Office Involved?

Utilities typically submit GRC applications every three to four years. In these GRC applications, costs associated with the proposed overall budget may be passed on to customers in the form of increased rates. The Public Advocates Office (Cal Advocates) strives to achieve the lowest rates consistent with safety, reliability, and the state's environmental goals. The experts at Cal Advocates evaluate thousands of proposals in depth and recommend the CPUC approve or adjust the cost passed on to consumers. Our consumer advocacy in GRC proceedings is one way we accomplish our statutory mandate.



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# Energy General Rate Cases

The Public Advocates Office (Cal Advocates) represents approximately 80 percent of California's electric and natural gas consumers with an emphasis on residential and small business customers. We evaluate GRC applications submitted by investor-owned utility (IOU) companies in areas such as operations and maintenance expenses, investments in infrastructure, safety, and customer interface expenses. We closely examine utility proposals to determine if they are necessary, will keep rates affordable, support California's energy goals, and promote the safety and reliability of the state's energy infrastructure.

Cal Advocates participated in several energy utility GRC proceedings this year: Pacific Gas and Electric Company (PG&E), Liberty Utilities (Liberty), PacifiCorp, Southwest Gas Corporation (Southwest Gas), and Southern California Edison Company (SCE). We have highlighted a couple on the following page.



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### **PG&E GRC**

In December 2018, PG&E requested a cumulative revenue increase<sup>1</sup> of \$4.568 billion over three years (2020 to 2022). We recommended reducing the utility's request by \$2.134 billion to account for its overstated forecasts of expenses such as incentive compensation, corporate real estate, and vegetation management. In December 2019, PG&E and various parties, including Cal Advocates filed a proposed settlement agreement that reduces the revenue increase saving customers \$1.84 billion. In December 2020, the CPUC issued its decision in the proceeding adopting the settlement with minor modifications.

\$1.84  
Billion  
Saved

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### **Liberty GRC**

In December 2018, Liberty filed its energy GRC application, which it subsequently updated, requesting a cumulative revenue increase of \$37.3 million for 2019 to 2021. Based on our analysis, we recommended that Liberty's request be reduced by \$39.4 million to account for Liberty's overstated forecasts of expenses and investments. In August 2020, the CPUC approved a \$13.8 million revenue increase, saving customers \$23.5 million over the three-year period.

\$23.5  
Million  
Saved

<sup>1</sup> In a GRC, a utility requests the CPUC approve a revenue requirement, which is the budget the utility estimates it will need to operate its business over a three to four-year period. A revenue requirement is authorized by the CPUC for the first year in the GRC period, or "test year." For each successive year in the GRC period, revenue requirement is authorized in addition to the test year revenue requirement. A cumulative revenue requirement increase is the total increase over the GRC cycle.



## OTHER ENERGY RATEMAKING PROCEEDINGS

### **PG&E Bankruptcy Proceeding**

On January 29, 2019, PG&E filed for Chapter 11 bankruptcy protection. In September 2019, the CPUC opened an investigation to consider the implications for PG&E that will result from a reorganization plan. Once confirmed, the plan would resolve PG&E's voluntary bankruptcy.

Cal Advocates made several recommendations in PG&E's bankruptcy proceeding to help ensure the approved reorganization plan is neutral to ratepayers (consistent with the requirements of Assembly Bill (AB) 1054 (Holden, Chapter 79, Statutes of 2019)). The CPUC adopted our suggestion to clarify language that PG&E's securitization proposal be subject to the same standard as the reorganization plan. Similarly, in PG&E's securitization proceeding, we recommended that PG&E's proposed securitization level be reduced from \$7.5 billion to \$6 billion in order to improve the ratepayer neutrality of PG&E's proposal and increase the likelihood that the securitization charges will be fully offset with bill credits.

In PG&E's related safety culture investigation, Cal Advocates recommended a process to establish performance requirements to determine whether PG&E should keep its certificate to operate as the monopoly utility serving California. We were successful in having the CPUC expressly state that repeated or severe utility failures can ultimately result in the revocation of their license to operate.

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On June 20, 2020, PG&E obtained confirmation of its bankruptcy plan. Though AB 1054 requires PG&E's plan to be ratepayer neutral, even after confirmation of the plan, PG&E continues to litigate claims in the bankruptcy court. These claims seek substantial (non-wildfire victim) damages, fees, and amounts that PG&E may be required to pay and may then attempt to pass on to ratepayers pursuant to the bankruptcy plan. Cal Advocates continues to actively monitor these proceedings in order to ensure that costs aren't improperly passed on to ratepayers.

### **Recovery of Costs related to Catastrophic Events**

Cal Advocates comprehensively reviews utility costs associated with restoring service during and after catastrophic events (i.e., wildfires, droughts, and storms). A utility can record such costs in an account called the Catastrophic Event Memorandum Account (CEMA). To recover these costs from customers, the utility must demonstrate that it meets specific criteria. For example, the utility must show that its costs are associated with a declared disaster, are above and beyond costs that have already been authorized for recovery from customers, and are related to restoring services to customers. Utility CEMAs that we reviewed and audited in 2020 include:

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#### **PG&E's CEMA**

In September 2019, PG&E requested to charge its customers \$159.3 million for service restoration and other activities related to 13 declared disasters that occurred between 2017-18. In November 2020, the CPUC approved a proposed settlement we reached with the parties in the case, a recovery of \$136.7 million, which will result in a \$22.6 million cost savings to customers.

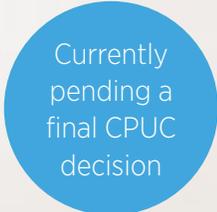


\$22.6  
Million  
Saved

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#### **SCE's CEMA**

In July 2019, SCE requested to charge its customers \$88.4 million for costs associated with service restoration for six declared disasters and drought-related expenses incurred between 2017-18. We recommended the CPUC approve recovery of \$36.4 million after an audit of SCE's records showed it already had sufficient funding to cover some of the costs. The matter is currently pending a final CPUC decision.



Currently  
pending a  
final CPUC  
decision



### **Securitization and the Recovery of Wildfire-related Costs**

Electric utilities can incur extraordinary costs related to wildfires or their efforts to reduce wildfires. In response to these high costs, the Legislature passed SB 901 (Dodd, Chapter 626, Statutes of 2018),<sup>2</sup> which allows electric utilities to securitize their costs through the issuance of bonds. A utility may seek securitization by requesting that the CPUC issue a financing order. In 2020, PG&E submitted an application to securitize 2017 wildfire claims costs in the amount of \$7.5 billion. Cal Advocates conducted a thorough review of PG&E's request and recommended that a more modest securitization of \$6.0 billion be authorized by the CPUC. A final decision in this matter is expected in 2021.

In July 2020, SCE filed an application seeking to finance \$337 million of wildfire mitigation costs under AB 1054 and PU Code 850.1. SCE also asked to expedite the process to finance future fire risk mitigation costs up to \$1.6 billion. Cal Advocates conducted a thorough review of SCE's application and wildfire costs and concluded that the proposed securitization would reduce consumer rates to the maximum extent possible as required by law. We proposed additional compliance measures, which were adopted by the CPUC decision approving a Financing Order for SCE's securitization.

<sup>2</sup> SB 901 was subsequently modified by AB 1054 (Holden, Chapter 79, Statutes of 2019).

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# Water General Rate Cases

The Public Advocates Office (Cal Advocates) strives to achieve the most affordable, safe, and reliable water programs for the 4.1 million water customers we represent (or 1.4 million service connections).<sup>3</sup> A GRC proceeding is one of our biggest venues for this work. Class A water utilities (those with 10,000 connections or more) file GRC applications while smaller utilities go through a less formal process. Some examples of what we advocate for include long-term water supplies, programs that provide cost-effective conservation, and affordable service to low-income customers.

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### San Gabriel Water GRC

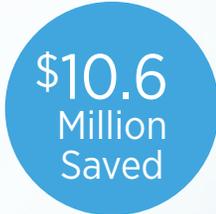
In January 2019, San Gabriel Water Company requested a cumulative rate increase of \$69.6 million over three years (2020 to 2022). We recommended reducing the utility’s request by \$39.6 million to adjust for unnecessary capital projects and overstated corporate allocations to regulated operations. The CPUC decision adopted the settlement we reached with the utility, which saved customers \$29.3 million over three years.



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### Liberty Utilities GRC

In January 2018, Liberty Utilities requested a cumulative rate increase of \$15.3 million over three years (2019 to 2021) in its water GRC. We recommended a rate decrease of \$23.1 million over the same period to adjust for operational savings and less corporate overhead. We reached a settlement with the utility on certain issues and litigated others. In September 2020, the CPUC adopted the settlement resulting in savings of \$10.6 million.



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### California Water Service GRC

In July 2018, California Water Service proposed a cumulative rate increase of \$247.9 million over three years (2020 to 2023). We recommended reducing the utility’s request by \$234.7 million over the same period to adjust for the utility’s inflated forecast of construction financing, executive compensation, and general office expenses. We also identified unsubstantiated capital projects for pipelines, advanced metering infrastructure, and water treatment. The CPUC issued a decision in December 2020 adopting a revenue increase of \$223.8 million, saving customers \$24.1 million or approximately \$49 per customer over the three-year period.



<sup>3</sup> Each connection represents a billed utility customer (residential or commercial). On average, a residential connection provides service to three people. Therefore, 1.4 million connections equates to a served population of approximately 4.1 million people.

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# Communications Ratemaking Proceedings

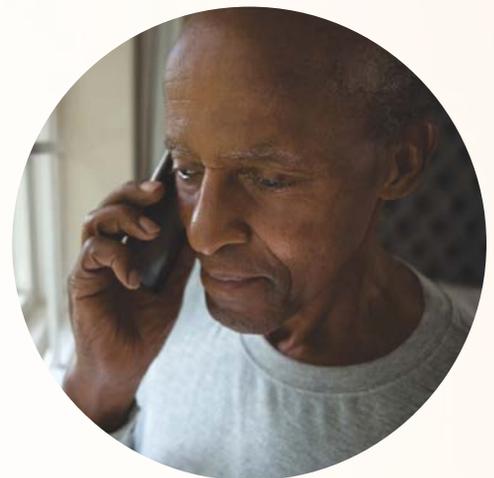
## CALIFORNIA HIGH COST FUND A PROGRAM

The California High Cost Fund A (CHCF-A) program provides subsidies to small rural telephone companies. Out of 13 small telephone companies, 10 participate in the CHCF-A program, serving more than 47,000 customers. In 2020, the participating companies received an average annual subsidy of \$1,137 per customer (\$760 from the CHCF-A program and \$377 from the federal government's Universal Service Fund High Cost Support).

The Public Advocates Office (Cal Advocates) works on CHCF-A General Rate Cases (GRCs) to help ensure the subsidy provided is not excessive and unduly burdensome for the customers who fund the program. While there were no CHCF-A GRCs in 2020, the CPUC did create a rulemaking to continue its efforts to reform the CHCF-A program.

In 2019, the CPUC issued a rulemaking in response to market, regulatory, and technological changes. We advanced measures to maintain the integrity of the CHCF-A program and ensure transparency while improving program efficiency. For example, we made the following recommendations:

- Count all revenues (including retail and wholesale broadband revenues) collected by a small rural telephone company in calculating the subsidy amount.
- Require small telephone companies to increase customer subscribership to their broadband services before the CPUC grants additional subsidies toward broadband infrastructure deployment.
- Require offering an affordable broadband plan to low-income customers.
- Create a pilot program to advance deployment, affordable access, and adoption of broadband and voice services in unserved and underserved tribal communities at speeds no less than 25 megabits per second (Mbps) download and 3 Mbps upload.

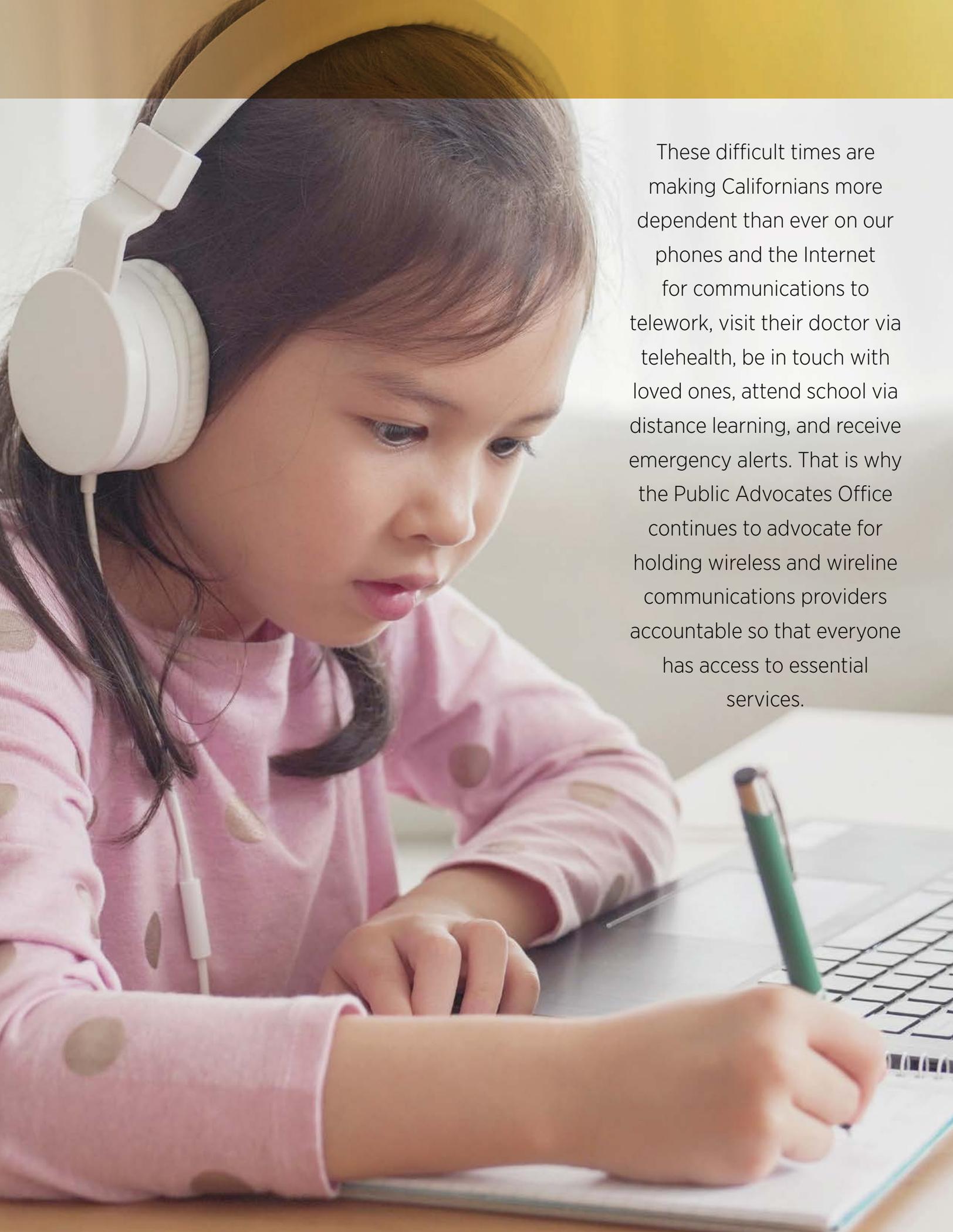




### **T-Mobile/Sprint Merger**

We participated in the CPUC's public interest review of the proposed merger between T-Mobile and Sprint from 2018 to 2020. We submitted testimony, briefs, and comments opposing the merger, arguing that it would reduce competition, raise prices, and negatively impact prepaid wireless customers. We advocated for strong monitoring and enforcement provisions to hold the combined company accountable for meeting additional service requirements if the merger was approved. The CPUC approved the merger in April 2020 with some conditions, but no additional enforcement provisions.

Approximately two months after receiving merger approval, T-Mobile/Sprint submitted a petition to modify the CPUC's decision. The petition sought to eliminate the utilities' commitment to add 1,000 new jobs in California and to delay its commitment to deliver 300 Mbps download speeds to at least 93 percent of Californians. We filed a response opposing the utilities' petition with The Utility Reform Network. In November 2020, the CPUC adopted a decision granting T-Mobile's request to extend compliance with its mobile speed and coverage commitments to year-end 2026 but denied T-Mobile's request to eliminate its commitment to add 1,000 new jobs in California.



These difficult times are making Californians more dependent than ever on our phones and the Internet for communications to telework, visit their doctor via telehealth, be in touch with loved ones, attend school via distance learning, and receive emergency alerts. That is why the Public Advocates Office continues to advocate for holding wireless and wireline communications providers accountable so that everyone has access to essential services.

# Our Office Policy Efforts

The Public Advocates Office (Cal Advocates) strives to achieve the best value for consumers across the regulated industry sectors (energy, water, and communications) and ensure that all communities have access to affordable utility services.

The CPUC's procedures are complex and the average consumer rarely has the time and the resources to navigate these processes on their own. Cal Advocates is committed to providing policy advocacy that keeps pace with California's commitment to safety, equity, and environmental policies. We dedicate significant resources, including analysts, engineers, lawyers, auditors, and financial experts to conduct thorough examinations of the benefits and costs of proposed programs and policies. We advocate for outcomes that are both consistent with state policy goals and in the best interests of the consumer.

We successfully represented the interests of California consumers in the following policy areas:

## **SAFETY AND RELIABILITY**

We advocate for safe and reliable utility services by examining the utilities' safety-related proposals, conducting risk analyses, and assessing utility costs. We also assess whether utility safety proposals are compliant with federal and state laws and regulations.

## **ACCESS AND AFFORDABILITY**

We are committed to advancing universal and affordable access to utility services, especially for those customers most in need. We participate in hundreds of proceedings at the CPUC and in forums at the California Air Resources Board, California Energy Commission, the California Independent System Operator, and the State Water Control Resources Board.

## **ENVIRONMENTAL GOALS**

Cal Advocates works to achieve California's ambitious environmental goals in a cost-effective manner. We work directly with the CPUC, stakeholders, and the public to help implement the state's goal of reducing greenhouse gas emissions. Among other things, we advocate for increased reliance on preferred resources such as renewables, energy efficiency, demand response, and other distributed energy resources such as energy storage and transportation electrification.

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# Safety and Reliability

## SAFETY ISSUES

Californians pay for and expect safe and reliable utility service. However, the last decade has shown us a litany of utility management failures. Utilities have not kept their side of the bargain. They have not provided safe and reliable service.

2020 marked the 10th anniversary of PG&E's natural gas pipeline explosion in San Bruno that killed eight people, injured 58, and destroyed or damaged 38 homes. It was also the year where California experienced record-breaking wildfires. Injuries and deaths due to utility-caused wildfires now number in the hundreds. These failures have also served to undermine our state's goal to reduce greenhouse gas (GHG) emissions, including the release of massive amounts of carbon emissions and toxic substances resulting from the wildfires. We cannot afford ongoing utility failures that put our health and safety at risk, especially as we struggle to deal with the COVID-19 pandemic.

The Public Advocates Office (Cal Advocates) has continued to advocate for safer and more reliable infrastructure. We advocate on the public's behalf to ensure that the utilities design, maintain, and operate their infrastructure safely. We work to shed light on and improve utility safety practices and to ensure that the utilities prioritize safety and reliability over profits. We fight to ensure the CPUC holds the utilities accountable when they fail to operate their systems safely and reliably.

This year we successfully advocated for the CPUC to exercise its authority over communications providers and direct them to maintain service during natural disasters and other emergencies. We were also successful in having the CPUC, for the first time, expressly state that repeated or severe utility failures can ultimately result in the revocation of their license to operate. In 2021, we will continue to advocate for stronger protections on behalf of Californians.

We successfully advocated for a 72-hour backup power requirement for wireless providers that will help maintain service during emergencies and power shutoffs.



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## WILDFIRE SAFETY AND EMERGENCY PREPAREDNESS

### Emergency Disaster Relief Program

The increasing frequency of wildfires, storms, and other natural disasters associated with climate change means having reliable communication services has never been more important. During emergency situations, Californians need to be able to call 9-1-1 for help, receive text message notifications and instructions, check the Internet for the latest developments, and communicate with loved ones. More than 81 percent of all calls to 9-1-1 are made from wireless phones, and the use of text-to-9-1-1 is growing as this capability is rolled out in more counties. Wireless communications services are particularly important during de-energization events.

In July 2020, the CPUC adopted our recommendation to require wireless service providers to ensure there is at least 72-hours of backup power to keep customers connected during power outages.

We are advocating for the same 72-hour backup power minimum requirement for wireline companies in the next phase of the CPUC's Emergency Disaster Proceeding. Wireline companies provide essential telephone and broadband services, especially to seniors. The COVID-19 pandemic has shown us how much customers and their families rely on both wireless and wireline communications services.

Wireless communications service providers continue to challenge the CPUC's authority and seek to overturn measures that protect customers and help ensure network resiliency. Cal Advocates remains vigilant in supporting these critical requirements.

### Public Safety Power Shutoffs

A Public Safety Power Shutoff (PSPS), or de-energization event, occurs when an electric utility cuts power to lines that may fail in certain weather conditions. Though the CPUC requires that a utility should only use a PSPS as a last resort to reduce the risk of wildfires caused by its infrastructure, the utilities have frequently resorted to shutting off power to hundreds of thousands of Californians. PG&E, SCE, and San Diego Gas & Electric Company (SDG&E) initiated 13 PSPS events in October and November 2019. In 2020, PG&E, SCE, SDG&E, and PacifiCorp combined initiated 17 PSPS events. These PSPS events impacted millions of Californians, including residents, businesses, and medically vulnerable populations, as well as medical facilities, schools, public transportation, railroads, and food and water supplies.



Californians  
will have more reliable  
telephone service during  
emergencies due to  
our efforts in the  
Legislature.

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“Public input is not easy, and I think it is important for ratepayers to weigh in on matters before the CPUC. I would have not known how to make my voice heard without the help of the Public Advocates Office.”

- Stan, Ratepayer

**In order to address these concerns, we are actively participating in three ongoing CPUC proceedings regarding PSPS events:**

**1. De-Energization Rulemaking**

In December 2018, the CPUC began an examination of the utilities’ de-energization processes and practices in response to SB 901.<sup>4</sup> The CPUC adopted and published the initial guidelines in May 2019 that address public outreach, and communication with the customers, the public, local governments, hospitals, and emergency services.

The CPUC initiated a rulemaking to consider additional de-energization guidelines in February 2020. Cal Advocates made four primary recommendations aimed at providing greater transparency, utility accountability, and improved communications:

- Utilities must report whether they complied with the requirement to restore power as soon as possible (and no longer than 24 hours) following a de-energization event.
- Utilities must explain why they were unable to restore power within the required 24-hour timeframe.
- Utilities must improve their maps so that customers can easily identify when they may be impacted by a de-energization event.
- CPUC should publish one easily accessible document that contains all the de-energization guidelines, which would make it easier to ensure compliance with the CPUC’s requirements.

The CPUC adopted many of our recommendations in May 2020.

<sup>4</sup> SB 901 (Dodd, Chapter 626, Statutes 2018) addresses many issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, wildfire mitigation plans by electric utilities, and cost recovery by electric corporations of wildfire-related damages.

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## 2. Investigation into the Utilities' De-Energization Practices

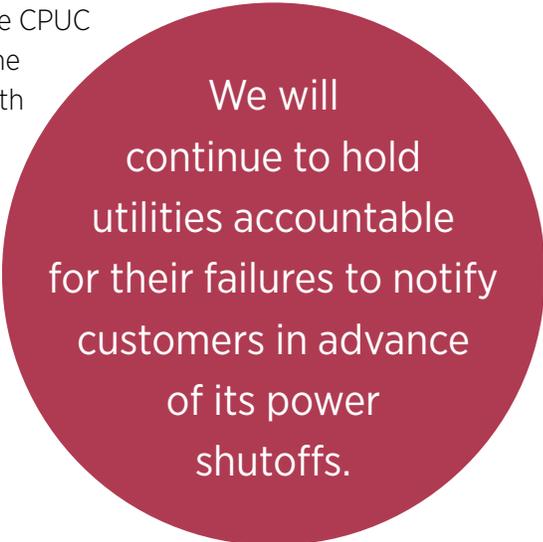
After PG&E, SCE, and SDG&E de-energized customers in October and November 2019, the CPUC opened an investigation to determine if the utilities prioritized safety and if they complied with the CPUC's regulations and guidelines. In response to the investigation, the CPUC's Safety and Enforcement Division (SED) issued a report describing how the utilities did not adhere to the CPUC's de-energization guidelines during the execution of these events.

A key finding of SED's report is that the utilities should use a common template to report important information regarding de-energization events. A common template would help utilities improve their execution of de-energization events, including better communications with customers. It would also help the CPUC identify inconsistent and incomplete post-event reports by the utilities. Cal Advocates developed and provided the CPUC with such a template in November 2019. We continue to advocate for the benefits of a common template and provided updated templates reflecting the most recent de-energization guidelines.

In October 2020, Cal Advocates identified severe and frequent failures in PG&E's and SCE's handling of the October and November 2019 de-energization events. For example, they provided inadequate or no advance notification to 5,000 public safety partners (such as fire stations, sewage treatment works, and hospitals) and 14,000 medical baseline customers who depend on power for life-saving medical needs.<sup>5</sup>

Residential, business, agricultural, and industrial customers were also greatly impacted by the utilities' failings. For multiple de-energization events, both SCE and PG&E neglected to provide the minimum 24 hours' notice to more than 20 percent of all affected customers.

Cal Advocates also recommended that the CPUC issue an Order to Show Cause (OSC) to require PG&E and SCE to explain why they should not be subject to fines and remedies for their failures during the 2019 de-energizations.<sup>6</sup>



We will continue to hold utilities accountable for their failures to notify customers in advance of its power shutoffs.

<sup>5</sup> These figures include repeat de-energizations. For example, if a customer was de-energized in two separate events, the customer counts twice towards these totals.

<sup>6</sup> PG&E is already subject to an OSC for three of its de-energization events in 2019. Our proposed OSC would include PG&E's other de-energization events, as well as SCE's de-energization events.

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### **3. Investigation into PG&E's October and November 2019 De-Energization Events**

In a 10-day period spanning from October to November 2019, PG&E initiated three back-to-back de-energization events that impacted 38 counties and over two million Californians. Many of PG&E's customers were without power for up to a week. This event exposed PG&E's failure to plan for the needs of and consequences to its customers and the public. The CPUC opened an investigation to examine what penalties or sanctions may be appropriate considering the risks PG&E posed to public safety.

In April 2020, Cal Advocates submitted testimony with recommendations for determining whether PG&E should be sanctioned. We recommended the CPUC consider:

- The failure to notify some critical facilities and industrial customers before a de-energization event (and the associated health and safety consequences of this failure).
- All complaints and claims against PG&E associated with PG&E's de-energization events.
- The frequency and duration of PG&E's de-energization events.
- Instances where PG&E repeatedly failed to notify the same customer in advance of more than one de-energization event.

In October 2020, Cal Advocates recommended the CPUC require PG&E to pay \$165.7 million in penalties and financial remedies. Our recommendations are based on PG&E's failure to give any advance notice to approximately 150 critical facilities and public safety partners, 1,500 medical baseline customers who rely on electricity for life-saving medical devices, and for 60,000 other customers.

The funds would go towards providing backup power equipment to critical facilities and medical baseline customers, sectionalization devices (which allow smaller and more targeted de-energizations by splitting a utility's electrical system into smaller sections), refunds for customers, and a \$16.5 million fine.

Our recommendations are designed to reduce the future impacts of PG&E's de-energization events, as well as to more fully compensate impacted customers who received no advanced notice.





## PG&E 2017-18 Wildfire Investigation

In June 2019, the CPUC opened an investigation into the 2017 wildfires that were caused by or occurred near PG&E's electrical infrastructure. Two fires were added to the investigation at the request of Cal Advocates (*the Lobo* and *McCourtney Fires*). The investigation examined a total of 19 fires. Eighteen of these fires occurred in 2017,<sup>7</sup> while the Camp Fire occurred in November 2018. Collectively, these fires caused the deaths of over 130 people, destroyed tens of thousands of homes and buildings, and burned hundreds of thousands of acres. In December 2019, PG&E, SED, and other parties submitted a proposed settlement.

Cal Advocates opposed the proposed settlement because the penalties were not commensurate with the harm PG&E caused and did not adequately deter future wrongdoing. The proposed settlement also failed to require a thorough examination of ways to improve safety in the future. We also identified legal violations and negligent management dating back to 1988 and calculated that the CPUC could impose more than \$2.4 billion in fines and remedies.

In February 2020, the CPUC's presiding judge issued a decision that increased the costs that cannot be charged to customers to \$1.8 billion and added a \$200 million fine. The decision also required PG&E to fund in-depth root cause analyses of the investigations' 17 fires where the California Department of Forestry and Fire Protection (CAL FIRE) concluded that the ignition involved PG&E facilities.<sup>8</sup> PG&E appealed the judge's decision, and the CPUC adopted an alternative decision that permanently waived payment of the \$200 million fine while adopting most other elements of the judge's decision.

<sup>7</sup> The 2017 wildfires in the scope of this investigation were the 37 Fire, Adobe Fire, Atlas Fire, Cascade Fire, Cherokee Fire, La Porte Fire, Lobo Fire, McCourtney Fire, Norrbom Fire, Nuns Fire, Oakmont/Pythian Fire, Patrick Fire, Pocket Fire, Point Fire, Potter/Redwood Fire, Sulphur Fire, Tubbs Fire, and Youngs Fire.

<sup>8</sup> The 37 Fire burned 1,660 acres and did not damage any buildings or public infrastructure. SED did not identify any violations during its field review of the incident area and did not prepare an incident investigation report for the 37 Fire. The root cause analyses exclude the Tubbs Fire, which CAL FIRE did not attribute to PG&E's equipment, and the 37 Fire that SED found not reportable.

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## Electric Utilities 2020 Wildfire Mitigation Plans

In February 2020, the electric utilities and transmission owners<sup>9</sup> filed their 2020 Wildfire Mitigation Plans, as required by AB 1054. The Plans must present programs and strategies to reduce the risk of catastrophic wildfires. Though the 2020 Plans were more detailed and data-intensive than the 2019 Plans, Cal Advocates identified numerous deficiencies and raised concerns, including unrealistic workload estimates and insufficient data to support the 2020 Plans. We reviewed the utilities' largest program areas, which include vegetation management such as tree trimming, and infrastructure hardening by way of insulated wires or undergrounding power lines. We also focused on plans for enhanced inspections of transmission and distribution infrastructure, which are intended to go above and beyond the required inspection schedule.

The CPUC's Wildfire Safety Division adopted several of our recommendations. For example, Cal Advocates showed that SDG&E is adopting expanded tree-trimming clearances without evidence to show that its approach is effective. We identified that PacifiCorp was not focusing its grid segmentation efforts in the most fire-prone areas. We also recommended that the Wildfire Safety Division require each utility to submit more detailed information about risk analysis and likely implementation challenges such as shortages of skilled personnel. The Wildfire Safety Division directed the utilities to submit supplemental information to correct these and other deficiencies in their 2020 Plans.



Our work on Wildfire Mitigation Plans helps ensure utilities improve their wildfire safety work, especially when it comes to transparency and accountability.

## Annual Safety Certifications

AB 1054 created the Wildfire Fund to pay eligible third-party claims arising from wildfires. To access these funds, utilities must hold a valid safety certification on the date of wildfire ignition. The purpose of the certification is to ensure electric utilities decrease their safety risks and demonstrate a commitment to safety. The CPUC's Wildfire Safety Division is responsible for issuing annual safety certifications based on the utilities satisfying AB 1054's requirements.

Cal Advocates has urged the Wildfire Safety Division to require the utilities to fix major deficiencies in their Wildfire Mitigation Plan before receiving annual safety certifications. We will continue to press the CPUC to issue safety certifications contingent on the implementation of a complete, approved, and deficiency-free Wildfire Mitigation Plan.

<sup>9</sup> Wildfire Mitigation Plans were filed by PG&E, SCE, SDG&E, Liberty Utilities, Bear Valley Electric Service, Pacific Power, Trans Bay Cable LLC, and Horizon West, LLC.

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“My rural community has repeatedly been impacted by utility power shutoffs. Because we live in an area with power-dependent communication services, we cannot afford inaction by decision-makers. It is important to know that there is someone out there that listens to us, and that is the Public Advocates Office. They have been instrumental in connecting us with other people experiencing the same issues. The thoughtful Public Advocates staff have provided an important portal to voice our concerns.”

- Joanne, Ratepayer

### **The Development and Commercialization of Microgrids**

In September 2019, the CPUC initiated a rulemaking pursuant to SB 1339 (Stern, Chapter 566, Statutes of 2018) to facilitate microgrid commercialization and develop additional resiliency strategies. Cal Advocates reviewed microgrid proposals from PG&E, SDG&E, and SCE with a focus on minimizing costs shifts to customers who do not benefit from microgrids and assisting communities most at-risk of de-energization.

This rulemaking has several tracks that focus on different aspects of microgrid commercialization. Track 1 focused on deploying microgrids prior to the 2020 fire season. Cal Advocates supported the use of temporary generators to help keep the lights on for communities subject to de-energization. The CPUC agreed with our approach and approved three proposals for PG&E to implement during a de-energization event: reserve temporary generators to provide back up energy at priority substations, upgrade substations to receive those generators, and incentivize the development of microgrids in communities located in High Fire-Threat Districts.

The CPUC also adopted our recommendation regarding PG&E and SDG&E microgrid projects. Now PG&E must track its expenditures in a designated account, which will be reviewed for reasonableness. For SDG&E’s microgrid proposal, we identified a significant lack of information regarding the number of electric vehicle (EV) customers served by its configured charging infrastructure. The CPUC agreed and declined to approve it. We will continue to monitor the progress of the utilities’ projects and eliminate unnecessary costs.

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Cal Advocates is participating in Tracks 2 and 3, which focus on resolving complex issues related to commercialization. We are advocating for policies that equitably distribute funding to disadvantaged communities and do not unfairly compensate microgrid developers. To accomplish our goal, we have proposed a methodology that would direct microgrid incentives toward communities with a high proportion of medical baseline and other vulnerable customers.

Another critical issue to be addressed is the need to transition from reliance on diesel fuel for temporary backup power to cleaner alternatives such as renewable energy, storage, hydrogen fuel, and fuel cells. This transition is important to ensuring that microgrids support the state's GHG reduction goals. We are analyzing several alternatives to diesel-powered microgrids that will align with these goals. A final decision on the Track 2 programs and on alternatives to diesel-powered generation used in microgrids is expected in 2021.



### **SCE's Proposed Grid Safety and Resiliency Program**

In September 2018, SCE filed an application to fund efforts to reduce the risk of wildfires. The proposal includes three types of activities in fire-prone areas: hardening infrastructure (such as installing covered conductors and remote-controlled automatic reclosers), enhancing vegetation management practices (such as tree trimming and removal), and installing weather stations and high-definition cameras to better understand local conditions. SCE, Cal Advocates, and other stakeholders reached a proposed settlement in July 2019. As part of the proposed settlement, SCE agreed with our recommendation to accelerate removing its utility infrastructure from trees (also known as tree attachments). In April 2020, the CPUC approved the settlement.

### **PG&E Mobile Application Proceeding**

In July 2019, PG&E filed a request seeking approval of a pilot program that would allow the public to submit pictures of utility infrastructure that looks unsafe. In September 2020, the CPUC adopted our request to expand the scope of the application to all High Fire-Threat Districts and provisionally recommended a 24-month pilot program.



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## **WATER SAFETY ISSUES**

Ensuring the safety of consumers is a key component in our review of general rate case proceedings. Among other things, we advocate for safe drinking water, investments to ensure safety and reliability, and improvements in utilities' emergency preparedness. Our office successfully promoted key safety outcomes in the proceedings completed this year.

### **Liberty Utilities**

In Liberty's GRC, the CPUC adopted our recommendation that the utility be required to spend \$24 million to replace aging pipelines throughout Liberty Utilities' Los Angeles and Apple Valley Water Systems. This investment, along with verification of Liberty's compliance with water quality standards and emergency response plans, will help ensure the continued safety and reliability of the utility's water service.

### **San Gabriel Water Company**

We reached a proposed settlement with San Gabriel in its GRC that provides a \$1.8 million budget for enhancing system security and \$31.6 million for pipeline replacement and the rehabilitation of bridge crossings. We also reviewed the utility's emergency response plans and its compliance with state and federal drinking water standards. The CPUC adopted the settlement in August 2020.

### **California Water Service**

We reached a partial settlement with California Water Service in its GRC that provides funding to remove Chromium VI water contamination in the Dixon and Willows districts. The partial settlement also included funding to replace high-risk pipelines and enhance the reliability of water supply. The CPUC adopted this settlement in December 2020.

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## OTHER SAFETY ISSUES

### **Aliso Canyon Investigation**

In October 2015, SoCalGas' Aliso Canyon Storage Facility suffered a critical failure causing the uncontrolled release of natural gas for nearly five months. This failure was one of the largest environmental disasters in U.S. history, resulting in the release of 109,000 metric tons of methane over 111 days and caused significant disruption and loss to the surrounding community of Porter Ranch, which had to relocate more than 8,000 households.

The CPUC opened a formal investigation in June 2019 to assess SoCalGas' maintenance of the Aliso Canyon Storage Facility. Cal Advocates conducted an extensive analysis of SoCalGas' storage practices and records, and found significant and repeated management failings. We found evidence that the gas company did not conduct the necessary analysis that could have uncovered corrosion in the well that failed. We also found that SoCalGas was missing safety records. In December 2019, we served our opening testimony demonstrating SoCalGas had violated its own standards and the California Geologic Energy Management Division requirements. SoCalGas failed to perform weekly surface pressure tests and did not undertake monthly inspections of the wells promptly. The CPUC's investigation will continue in 2021 and a decision is anticipated after evidentiary hearings and legal briefs. Cal Advocates will continue to advocate for the CPUC to hold SoCalGas accountable for its failures in maintaining its storage facility.

### **SoCalGas and SDG&E's Pipeline Safety and Enhancement Program**

In November 2018, SDG&E and SoCalGas requested approximately \$854 million for gas pipeline replacement projects and \$86.7 million for pressure testing and associated activities that would be completed by mid-2018. Cal Advocates, Indicated Shippers, SDG&E, and SoCalGas reached a proposed settlement in March 2020 that accomplishes this work and saves customers \$4 million. In August 2020, the CPUC adopted the settlement.



We will continue to advocate to hold SoCalGas accountable for its safety failures associated with the Aliso Canyon Gas Leak.

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## **PG&E Locate and Mark Investigation**

In December 2018, the CPUC opened an investigation into PG&E's practices for its Locate and Mark Program. This program sets forth standard protocols on how the utility will respond to excavators' requests to have the location of underground electric distribution and natural gas infrastructure marked before they begin to dig. Failing to accurately and timely mark underground utility infrastructure is extremely dangerous, has led to injuries, and can result in fatalities. CPUC staff and PG&E consultants identified about 130,000 instances between 2010 and 2017 where PG&E failed to timely respond to locate and mark requests (late tickets) and where PG&E failed to report to the CPUC the accurate number of late tickets. In addition to showing that PG&E practices were inconsistent with protocols, Cal Advocates found evidence that excavators were hitting unmarked or improperly marked PG&E infrastructure and that PG&E failed to assign staff with appropriate electrical experience to do locate and mark work. In October 2019, PG&E, SED, and the California Coalition of Utility Employees reach a proposed settlement, with a total fine of \$65 million.

Cal Advocates opposed the proposed settlement because it did not appropriately penalize PG&E for its many failures, including inadequately providing staffing and mismanaging the program. The proposed settlement also incorrectly gave PG&E credit for increasing staff that the utility had already hired before the proposed settlement. The CPUC adopted our recommendations and increased PG&E's fines to \$110 million.

## **Safety Culture Investigations: PG&E and SoCalGas**

A strong organizational safety culture is a core prerequisite to prevent utility caused catastrophes that can result in loss of lives, property, and disruptions to gas and electric services. The CPUC opened two investigations to assess the safety culture of PG&E and SoCalGas. The proceedings are ongoing. Cal Advocates is advocating for organizational and cultural improvements to ensure that Californians are provided safe and reliable utility service.

### **PG&E**

Cal Advocates is actively participating in the CPUC's investigation into how PG&E's organizational culture and governance relate to the utility's safety failures and poor performance record. To promote the safe and reliable operation of PG&E's gas and electric facilities, we made several recommendations, including:

- Require its Board of Directors to have additional safety experience.
- Increase the utility's accountability to the CPUC.
- Implement regional restructuring across California.
- Institute a review process of PG&E's authority to operate in the event it fails to run and maintain its facilities safely.

The CPUC adopted most of our recommendations as part of the related PG&E Bankruptcy Investigation proceeding, including keeping the PG&E Safety Culture Investigation open as a vehicle to monitor progress.

### SoCalGas/Sempra Energy

The CPUC initiated an investigation to evaluate the safety culture of SoCalGas and its parent company, Sempra Energy. The CPUC initiated this investigation to determine whether the companies prioritize safety and adequately direct resources to promote accountability and achieve safety performance goals, standards, and improvements. This investigation is the result of the catastrophic Aliso Canyon leak, the explosion at Line 235-2, and the prolonged outages of Lines 235 and 4000. These transmission lines bring gas into the northeast side of the LA Basin (See Figure 1).

Figure 1



### Utility Pole Database Proceeding

To promote transparency, enhance safety and remove barriers to competition, the CPUC initiated an investigation in June 2017 to develop a better way to access information about utility poles. Since then, we have successfully advocated for the creation of a database to track the locations of these poles by both electric and telecommunication industry pole owners. Companies need to be able to determine whether there is space available to attach their equipment on existing infrastructure.

We supported creating two parallel tracks in the proceeding. Track 1 is focused on design of the databases. Track 2 addresses issues related to competitive access to poles by third parties. In June 2020, we supported modifying utilities' work plans to require that the pole owners incorporate data glossaries, that the data in the database is exportable in a machine-readable format, and that poles be searchable by latitude/longitude, pole number, or address location within two years of the CPUC's decision. We also recommended that the database have a user view and download information for multiple poles simultaneously and that CPUC's staff have unrestricted access. The CPUC adopted all our recommendations in July 2020.

### T-Mobile/Sprint Merger

Based on our comprehensive review of the proposed merger of T-Mobile and Sprint, we identified potential threats to the protection of customer data, service quality, and public safety. For example, we identified gaps in T-Mobile's procedures for handling customer data. These gaps could have serious consequences for customers in the event of a data breach. We also argued that the merger would result in a loss of a viable competitive player in the wireless market, which raises significant risks to service quality and reliability, particularly for low-income customers. We argued that the proposed merger would result in using fewer cell towers, thereby decreasing network redundancy, network reliability, and public safety. The CPUC approved the proposed merger without fully addressing these concerns.



## RELIABLE ENERGY SERVICES

### **Ensuring Reliable Electric Service: Resource Adequacy**

Since the 2000-01 electricity crisis, a top priority for the state has been ensuring all Californians have reliable electricity service. The CPUC's Resource Adequacy (RA) program is a key part of this effort. It creates a framework for procurement and infrastructure investments by load serving entities (LSEs), including utilities, community choice aggregators, and direct access providers. RA requirements include owning or procuring enough capacity for peak demand. To ensure resources are available when needed, the CPUC leads an RA process that looks forward one to three years.

There are three types of RA obligations: 1) System RA ensures sufficient resources will be available to serve the CAISO's forecast of peak demand when needed, plus a planning reserve margin; 2) Local RA ensures sufficient resources are available for areas where there are transmission constraints, such as the San Francisco Bay Area, the Los Angeles Basin and San Diego; and 3) Flexible RA is where LSEs must have resources that can ramp up or down on short notice to meet variations in load and intermittent energy production.



The number of California LSEs has significantly increased since the RA program started. This is primarily due to the growth of community choice aggregation. Having more LSEs has resulted in the fracturing of the RA obligation into smaller portions covered by more LSEs. In January 2018, the CPUC began a proceeding to consider an alternative structure for ensuring Local RA. The Central Procurement Entity (CPE) framework was created in June 2020 with help from the CPUC, Cal Advocates, and other stakeholders. Under this new framework, entities acting as the CPE would be responsible for securing Local RA for all LSEs in their respective service territories. Starting in 2023, PG&E and SCE will function as the CPEs responsible for meeting Local RA requirements in their respective service territories.

Cal Advocates helped design and structure this framework and compared it to alternative approaches to assess efficiency and costs. We are working on refining the framework, developing reporting requirements, and figuring out how to consider preferred resources.

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## **Achieving California's GHG Reduction Goals through Integrated Resource Planning**

In the biennial Integrated Resource Planning (IRP) proceeding, the CPUC establishes electric procurement policies to ensure that California has a safe, reliable, and cost-effective electricity supply while achieving the state's aggressive GHG reduction goals. Cal Advocates is focused on ensuring future procurement plan requirements meet these goals. The following are highlights of our 2020 IRP work:

### **The LSEs' Integrated Resource Plans**

In March 2020, the CPUC directed LSEs to file individual integrated resource plans (IRPs), which are part of the Reference System Plan that sets the GHG emissions target for the electric sector at 46 million metric tons (MMT). The Reference System Plan aims to keep LSEs on track to meet the state's goal, which is to supply 100 percent of retail electricity sales with renewable and zero-carbon resources by 2045. We recommended the adoption of the 46 MMT target, which the CPUC selected. The LSEs also must present IRPs based on a more stringent 38 MMT target, which will allow the CPUC to consider opportunities to reach a more aggressive emissions reduction target.

In addition, Cal Advocates jointly filed a petition with certain environmental justice groups to modify the CPUC's June decision and prohibit any new projects that use fossil fuels from qualifying to meet the CPUC's procurement targets. The CPUC agreed with our recommendation and granted the petition.

Cal Advocates will continue to urge the IRP process to develop procurement solutions to meet medium- and long-term reliability needs in local capacity areas, while furthering the state's goal of prioritizing the reduction of emissions in disadvantaged communities.

### **PG&E's Proposed Energy Storage Contracts**

To address system reliability needs from the IRP process, in November 2019, the CPUC directed LSEs to procure 3,300 MWs in three phases, with required online dates ranging from 2021-23. Among the resources proposed for approval were PG&E's seven contracts for lithium ion battery storage projects totaling 423 MW. Large scale energy storage like the lithium ion projects, when paired with renewable resources, could improve system reliability while reducing GHG emissions and energy costs by storing lower-cost renewable energy until it is needed. However, energy storage could result in GHG emissions increases if charged by emission producing resources when emission-free resources are not producing energy. Cal Advocates recommended that the CPUC direct PG&E to provide estimates of the GHG emissions and air quality impacts for the proposed projects. We also recommended they provide sufficient information to determine if the contracts provide the best value to ratepayers. We continue to advocate on behalf of ratepayers so that California will realize all the potential benefits of energy storage.

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## ELECTRIC TRANSMISSION PLANNING AND PERMITTING

### Transmission Planning Process

Cal Advocates participates in the CAISO's annual Transmission Planning Process (TPP). Every year we provide input on the need for new transmission infrastructure and non-wire alternatives such as storage, distributed generation, demand response, and energy efficiency.

In the most recent TPP, we recommended the CAISO not approve PG&E's proposed Moraga 230 kilovolts (kV) Substation Bus Upgrade project (Moraga project), at an estimated cost of \$730 million. Neither PG&E nor the CAISO had demonstrated that the project was needed for reliability because there was no load forecast increase in that area. The CAISO also did not follow its own guidelines by conducting a comprehensive assessment on potential alternatives for part of the project. We also recommended the CAISO conduct studies on how to integrate 9,800 MW of energy storage and 600 MW of out-of-state wind on to the CAISO grid to achieve GHG reduction. Based on Cal Advocates' recommendations, the CAISO placed both the Northern Oakland Area Reinforcement Project (NOARP) and Moraga projects on hold to further evaluate load forecasts in future TPPs. In addition, the CAISO agreed with our recommendation to study the integration of the 9,800 MW of storage and the 600 MW of out-of-state wind in its 2020-21 TPP.

### Transmission Permitting

After transmission projects are approved through the TPP, transmission owners seek permits from the CPUC to construct the projects and recover the building costs from ratepayers. Cal Advocates actively participates in these proceedings to ensure that the projects are still needed, provide safe and reliable service, are cost-effective, best serve the public interest, and have minimal environmental impacts. For example, our advocacy on the SCE's Circle City Substation and Mira-Loma-Jefferson Sub-transmission Project saved customers \$139 million.

Cal Advocates determined there was no need for the project because an alternative approach could optimize the capability and reliability of the existing lines. The CPUC's November 2018 final environmental report identified a 69 kV battery storage project as a better environmental alternative than the proposed new substation. When SCE then requested a delay in the permitting process because its updated load forecast did not show a need for the projects, the CPUC suspended the proceeding. In March 2020, SCE asked to close the proceeding for the same reason.





The Public Advocates Office is here to represent consumers and to protect the safety of all Californians. Serving the public interest is why we exist. Our staff works hard every day to ensure consumers have a voice when it comes to affordable bills and having safe services they can rely on when they need it most.

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# Access and Affordability

## UTILITY SERVICE AFFORDABILITY

The CPUC initiated a rulemaking in July 2018 to establish a framework and process for assessing the relative affordability of electric, gas, water, and communications services. The CPUC's July 2020 decision adopted some of our key recommendations, including:

- Establishing a rate and bill tracking tool to monitor the cumulative impact of individual electric rate increases over time.
- Creating a flexible definition of essential quantities of utility service to account for local and regional usage variations.
- Determining that broadband Internet access is an essential utility service.

The July 2020 decision also initiated a Phase 2 of the proceeding to refine the metrics for calculating affordability. The Public Advocates Office (Cal Advocates) filed a motion urging the CPUC to include the development and establishment of a rate and bill tracking tool to monitor the cumulative impact of individual water rate increases over time. The CPUC granted our request.



Our advocacy helped give customers across California a credit on their utility bill when they needed it most.

## AFFORDABLE ELECTRICITY SERVICE

### Reducing Electricity Bills During COVID-19

With many Californians facing extraordinary financial hardship due to COVID-19, Cal Advocates requested the CPUC provide immediate relief to residential customers by modifying the distribution of the Climate Credit. The Climate Credit stems from AB 32 (Nunez, Chapter 488, Statutes of 2006), which caps California's GHG emissions at 1990 levels and establishes a 2020 target. As part of California's Cap-and Trade market, the California Air Resources Board (CARB) issues a specific number of emissions allowances to California's natural gas and electric utilities. The utilities receive these allowances on behalf of customers, sell them at auction, and distribute the proceeds directly to residential customers in the form of a semi-annual, on-bill Climate Credit.

Due to the impacts of COVID-19 on the states' economy, Cal Advocates recommended accelerating the distribution of the Climate Credit in 2020. This helps customers by mitigating the effects of increased residential electric bills due to the Governor's stay-at-home order. The CPUC adopted Cal Advocates' recommendation and ordered the utilities to distribute the Climate Credits between April and August.

We successfully advocated to provide debt forgiveness for many low-income families that were impacted financially by COVID-19.

### **Protecting Customers at Risk of Disconnection**

Cal Advocates is actively participating in a proceeding established by SB 598 (Hueso, Chapter 362, Statutes of 2017) to help ensure customers are protected from service disconnection, a critical issue during COVID-19. SB 598 is a bill requiring the CPUC to set rules to reduce California's statewide disconnection rates for natural gas and electricity service by January 1, 2024. The focus of the proceeding is to create methods to decrease residential service disconnections and improve the service reconnections process. In the last year and a half, from January 2019 to July 2020, the combined bill arrearages of all SDG&E, PG&E, SCE, and SoCalGas customers rose from \$435 million to \$665 million, about a 65 percent increase. Many more residential customers are struggling to pay for their utility bills because of COVID-19, underscoring the need for a debt forgiveness program for these essential services. The CPUC adopted Cal Advocates' proposal to establish an Arrearage Management Plan (AMP) for customers participating in the low-income assistance programs, including California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA). Under the AMP, these customers can commit to making multiple future on-time payments to earn forgiveness of their past utility debt after each on-time payment. The CPUC also approved Cal Advocates' recommendation to eliminate reconnection deposits for all residential customers.

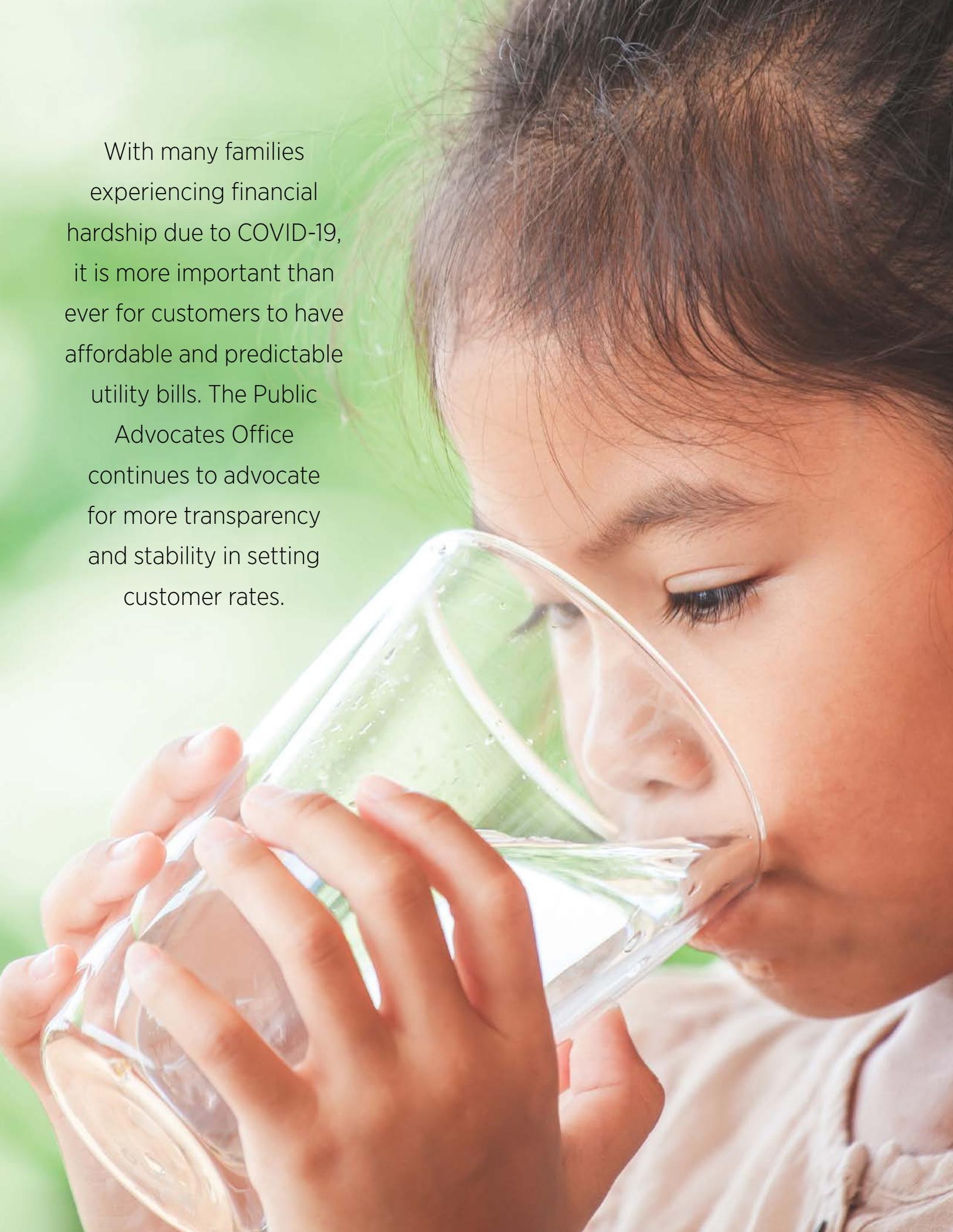
### **AFFORDABLE WATER SERVICE**

Cal Advocates advances affordable water service primarily through our work in water GRC proceedings. Like our work in energy proceedings, we seek to ensure rates remain affordable and that those costs that get passed onto customers are essential in providing safe and reliable service. In these proceedings, we often are the only non-utility party and the only entity representing utility customers.

#### **Water Action Plan and Water Rate Assistance Programs**

In response to the proliferation of water surcharges on customer bills, the CPUC initiated a rulemaking in June 2017 to evaluate the current Water Action Plan and low-income rate assistance programs. The surcharge account with the greatest impact on ratepayers is the Water Revenue Adjustment Mechanism and Modified Cost Balancing Account (WRAM/MCBA) used by five of the nine Class A water utilities. The WRAM/MCBA can increase customer bills by more than 20 percent.

With many families experiencing financial hardship due to COVID-19, it is more important than ever for customers to have affordable and predictable utility bills. The Public Advocates Office continues to advocate for more transparency and stability in setting customer rates.





Millions of Californians will see more affordable water bills after we tirelessly advocated to eliminate an outdated water program.

In August 2020, the CPUC adopted our recommendation to eliminate the WRAM/MCBA. In its decision, the CPUC ordered the five Class A water utilities to stop using the WRAM/MCBA in their next general rate case with the option to use the Conservation WRAM. This option requires water companies to more accurately forecast sales, while incentivizing customers to conserve water, and protects customers from paying for water they did not use. The decision retains all customer water conservation incentives currently in place, including conservation rate structures.

### **Water General Rate Making Proceedings**

In Liberty Utilities' GRC, the CPUC adopted our recommendation to increase funding for the utility's low-income rate assistance programs. Also, in addition to advocating for lower rates for all its customers, we supported a phase-in rate plan to moderate the necessary rate increases to customers in the utility's recently acquired Yermo service area.

In San Gabriel Water's GRC, the CPUC adopted our recommendation to support the funding increases of between 7 to 10 percent for the utility's low-income rate assistance programs.

### **Water Low-Income Assistance Programs**

In addition to advocating for lower rates for all Liberty ratepayers, we recommended increased funding for Liberty's low-income rate assistance programs. For San Gabriel Water, we supported funding increases of between 7 to 10 percent for the utility's low-income rate assistance programs. The CPUC adopted our recommendations for both proceedings.

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## AFFORDABLE COMMUNICATIONS SERVICE

The COVID-19 pandemic highlights the urgency of making sure every Californian can afford broadband and communications services, especially for our low-income customers and their families. From online learning at home, to meeting virtually with medical practitioners, to obtaining critical information during public safety emergencies, broadband is an essential service for all.

### Lifeline Program

While the Lifeline program has been instrumental in providing affordable home phone and cell phone services to low-income customers, we have recommended ways to strengthen the program. The first way is to include discounted wireline broadband service in the program. The second is to ensure the discounts provide eligible customers a choice of obtaining wireline broadband on a standalone basis or on a bundled basis with voice service. On October 8, 2020, the CPUC adopted changes to the California Lifeline program that allows wireline broadband service to be discounted as part of a bundled plan. The plan includes wireline voice or qualifying Voice over Internet Protocol services and wireline broadband that meets federal Lifeline service speeds and standards.



### California Advanced Services Fund

We participated in the CPUC's California Advanced Services Fund (CASF) proceedings and program reviews. CASF awards grants to increase broadband access across the state through several accounts, including one to build infrastructure in communities that do not have access to broadband service (Infrastructure Account) and another to increase publicly available broadband access (Adoption Account).

In response to the COVID-19 pandemic in March 2020, the CPUC requested suggestions for program rule changes. We urged the CPUC to make hotspots more available, increase funding for take-home devices, and require CASF grantees to temporarily increase broadband speeds to meet customer needs during the shelter-in-place order. We recommended that the CPUC increase the number of devices available to households in communities with low broadband adoption. We also urged the CPUC to require grantees, at no cost to customers, to increase Internet speeds by 50 Mbps over a customer's current broadband service plan and remove data caps while they shelter-in-place. In May 2020, the CPUC approved a resolution to allocate up to \$5 million in the Adoption Account for schools that need computing devices and hotspot devices for their students. Consistent with our suggestion, the CPUC also waived limits on devices and reimbursement caps to increase access and funding for these programs.



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# Environmental Goals

## **EFFECTIVE AND EQUITABLE ACCESS TO TRANSPORTATION ELECTRIFICATION PROGRAMS**

The Public Advocates Office (Cal Advocates) supports transportation electrification programs that help achieve the state's environmental goals while ensuring equitable access and affordability for all customers. California's transportation sector emits 40 percent of the state's GHG emissions, the largest emission source in the state. Shifting from fossil-fuel to zero-emission transportation is an essential part of achieving California's climate change goals. To date, the CPUC has authorized more than 15 transportation electrification-related programs, amounting to more than \$1 billion in ratepayer funding. Cal Advocates is monitoring the progress of these programs to identify lessons learned. We are also participating in the following transportation electrification proceedings:

### **SCE's Charge Ready 2 Program**

SCE proposed \$760 million be spent to scale up its current Charge Ready Pilot Program for light-duty vehicles, such as passenger vehicles and some trucks. This program would provide 48,000 EV chargers at workplaces, multi-unit dwellings, destination centers, and fleet garages. Cal Advocates has identified areas for significant cost savings and called for higher installation targets for disadvantaged communities and multi-unit dwellings. We also recommended reducing the share of program costs paid by residential and small business ratepayers. In August 2020, the CPUC adopted most of Cal Advocates' recommendations, resulting in a cost savings of \$324 million.

### **SDG&E's Power Your Drive Extension Program**

SDG&E proposes to continue its Power Your Drive Program at a cost to ratepayers of \$44 million. SDG&E wants to extend its current program to include 2,000 new EV chargers at workplaces and multi-unit dwellings. Based on our analysis, Cal Advocates recommended decreasing the cost of this program by \$6 million, targeting more installations in disadvantaged communities and multi-unit dwellings, and allocating fewer costs to residential and small business ratepayers. The CPUC is expected to issue a decision in early 2021.



### **Transportation Electrification Framework Rulemaking**

In December of 2018, the CPUC began developing a holistic framework that would guide all future transportation electrification investments. Cal Advocates is actively supporting policies that reduce EV-related distribution upgrade costs, facilitate vehicle-grid integration (VGI), and establish rates that will lower fuel costs to EV drivers. We are also urging the CPUC to develop programs that transition away from reliance on ratepayer funding as wider EV adoption occurs.

In addition, Cal Advocates took part in the VGI working group where we advocated for priorities that will reduce cost to ratepayers and enhance grid reliability and renewable integration.

We advocated for modifications to two proposed decisions, one regarding Low Carbon Fuel Standard (LCFS) revenue and another on VGI. For LCFS, we recommended additional implementation requirements for certain programs and to use the AB 841 (Ting, Chapter 372, Statutes of 2020) “underserved community” definition. For VGI issues, we advocated that the CPUC define concrete equity targets for environmental and social justice communities, require the development of GHG emission reduction metrics to track the impact of VGI on GHG emissions, and require the utilities to conduct an EV grid impact study to identify utility upgrade costs caused or deferred by EVs. In December 2020, the CPUC adopted most of our recommendations regarding LCFS and VGI.

### **SDG&E’s EV High Power Rate**

SDG&E proposed a rate for EV drivers that would provide fuel cost savings for commercial medium- and heavy-duty EVs, and direct current fast-charging (EV-HP). In June 2020, SDG&E, Cal Advocates, environmental organizations, the union representing utility employees, EV manufacturers, charging station operators, and other parties filed a proposed settlement. The proposed settlement includes many protections and greatly increases the likelihood that new EV-HP load will bring benefits at reduced costs to all ratepayers. In addition, the proposed settlement will incentivize EV-HP customers to charge during cheaper times of the day and during the times when GHG emissions are lower. The proposed settlement also provides a clear path for EV-HP rates over the next ten years. It includes a mid-period review every three years to assess rate impacts on customers and an opportunity to consider additional options such as the creation of a separate EV-HP customer class. The proposed settlement will encourage electrification of the commercial vehicle sector in SDG&E’s service territory and advance the state’s climate change goals. The CPUC adopted the settlement in December 2020 with some modifications.

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## **FACILITATING THE GROWTH OF DISTRIBUTED ENERGY RESOURCES**

Cal Advocates supports the state's goal of deploying Distributed Energy Resources (DERs) through improvements to the utilities' DERs procurement and infrastructure planning processes. DERs include rooftop solar, energy storage, energy efficiency, electric vehicles, and demand response. Below is some of our DER-related work:

### **Distribution Resource Planning**

Cal Advocates supports a transparent electric distribution planning process that effectively deploys DERs and ensures that the utilities' distribution infrastructure expenditures are cost-effective. We focus on maximizing the benefits that DERs can provide, such as reducing the need for costly infrastructure upgrades or enhancements, while minimizing costs to modernize the grid to accommodate DERs.

### **Interconnection Rules for DERs**

DERs need to connect to the utilities' distribution systems in a safe, efficient, and cost-effective manner. The interconnection process between DERs and a utility's distribution system is governed by the CPUC. Specifically, Tariff Rule 21 sets appropriate procedures for interconnection, helps determine if system upgrades are necessary to accommodate interconnections, and establishes responsibility for the costs associated with those upgrades.

In 2020, Cal Advocates participated in a new working group to streamline the interconnection of DERs by leveraging tools developed in the Distribution Resource Plan (DRP) proceeding related to smart inverter capabilities. With input from other working group members, Cal Advocates proposed accelerating the operationalization of smart inverters with the objectives of 1) maximizing DER growth using existing distribution grid equipment and 2) ensuring consistent statewide grid access for DERs. We also proposed providing fair compensation for grid services provided by DER providers.

We focus on improving the interconnection process by which EVs and related charging infrastructure connect to the distribution grid. Specifically, we are advocating to ensure that EV load is managed in a way that minimizes distribution system upgrades and improves grid sustainability through coordinated EV charging. Additionally, we support streamlining the interconnection process by which microgrids connect to the distribution grid.



## ADVOCATING FOR EFFECTIVE RESEARCH AND DEVELOPMENT IN CLEAN ENERGY TECHNOLOGIES

In October 2019, the CPUC opened a rulemaking to consider whether to modify and extend the Electric Program Investment Charge (EPIC) program. EPIC was created in 2012 to fund public investment in research and development and market facilitation of clean energy technologies for the benefit of all Californians. Cal Advocates has been an active participant in the EPIC program. We continue to successfully advocate for the rejection of wasteful and redundant investment proposals, ensure unused funds offset program costs allocated to ratepayers, and ensure program transparency and proper oversight.

In September 2020, the CPUC issued a decision extending the EPIC program for 10 years and limiting utility administration of some program funds. Cal Advocates supported the extension of the program. Our analysis helped lower costs to ratepayers and facilitated a process to streamline the EPIC program's structure. The second phase of the rulemaking will focus on administrative changes where Cal Advocates will help ensure that ratepayers benefit from their investments.

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## **ADVANCING RENEWABLE ENERGY POLICIES**

The Renewable Portfolio Standard (RPS) is one of California's key programs for advancing renewable energy. In 2020, Cal Advocates participated in the CPUC's broad review of the program assessing several policy and regulation modifications. The aim of the review process is to help advance California's efforts to require retail sellers to procure 60 percent of their electricity sales from eligible renewable energy resources. The state's goal is for 100 percent of all electricity retail sales to California customers be supplied with eligible renewable energy and zero-carbon resources by 2045. Cal Advocates is actively engaged in harmonizing the RPS objectives with this state goal. We support integrating the RPS procurement plans with the Integrated Resource Plans to facilitate the state's overall policy and reliability strategies. We look forward to further participating in the RPS program and helping to achieve California's ambitious energy goals.

## **ENSURING EFFECTIVE ENERGY STORAGE PROCUREMENT PLANS**

Every two years through 2020, the electric utilities have been required to file Energy Storage plans with the CPUC to update their progress towards meeting a target of 1,325 MW of energy storage procurement. The CPUC's storage target, adopted in response to AB 2514 (Skinner, Chapter 469, Statutes of 2010), requires that energy storage systems be cost-effective, and either reduce GHG emissions, reduce peak demand, defer investments in transmission or distribution, or improve the reliable operation of the grid. Cal Advocates reviewed the utilities' 2020 energy storage plans to ensure that they are on track to meet their targets. We sought to ensure resources procured are cost-effective and provide the intended benefits for California ratepayers.

## **CLIMATE ADAPTATION**

In July 2018, the CPUC opened a rulemaking to consider strategies and receive guidance to integrate climate adaptation planning in utility proceedings. Cal Advocates advocated for a strong conceptual foundation for utilities to consider climate change adaptation in planning efforts. Cal Advocates recommended structured procedures and clear definitions of climate adaptive terms based on well-established state and international guidelines. We also sought to ensure that the utilities' vulnerability assessments, climate adaptive plans, and revenue requests are thoroughly vetted and do not lead to excessive ratepayer costs. In September 2020, the CPUC adopted most of our recommendations.

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## **EVALUATING CLIMATE CREDITS**

The California Climate Credit is part of the state's efforts to fight climate change. In May 2020, the CPUC initiated a new rulemaking to identify whether Climate Credits comply with current statutes and regulations, improve the crediting process, and consider ways to address any non-compliance issues. The state provides these climate credits through the California Air Resources Board's (CARB) Cap-and-Trade Program, which are dispersed to electric investor-owned utilities. The credits are distributed to qualified residential, business, and industrial customers to partially offset the increased costs to customers associated with compliance with Cap-and-Trade. Cal Advocates brought up critical issues, including ratepayer benefits and protections, in our comments. As a result, the CPUC issued a decision that addressed threshold issues, such as the impacts of COVID-19 and the economic downturn on the current Climate Credit schedules.

The CPUC also opened a new Rulemaking to address the long-term issues raised by Cal Advocates, including identifying a mechanism to address compliance with current statutes and regulations. We are advocating to ensure that the credits are distributed equitably and reduce the adverse impacts on low-income households associated with the cost of the Cap-and-Trade program. We are also striving to achieve administrative simplicity and preserve the carbon price signal.

## **SDG&E AND SOCALGAS' RENEWABLE NATURAL GAS PROPOSAL**

In February 2019, SDG&E and SoCalGas requested authorization to offer a renewable natural gas (RNG) Tariff to their customers. The proposed program would allow customers an option to have some portion of their gas service be RNG. After providing testimony and actively engaging in settlement discussions, Cal Advocates joined in a proposed settlement which resulted in many safeguards for ratepayers. It includes a limited pilot to obtain information about the costs of RNG and whether an RNG Tariff will result in GHG reductions, and a requirement that the RNG used will have a smaller carbon footprint than traditional natural gas. The proposed settlement also includes stipulations for fact-based marketing and outreach materials that will make the pros and cons of RNG highly visible, and a review of the program after three years to determine if it has resulted in GHG reductions. The CPUC's final decision approves the majority of the settlement terms, as well as additional ratepayer protections recommended by Cal Advocates that ensure that utility shareholders, not ratepayers, are responsible for any unrecovered wind-down costs.



## MISUSE OF ENERGY EFFICIENCY FUNDS AND WASTEFUL SPENDING

Cal Advocates continues to push for energy efficiency programs that reduce customers' bills and that meet the state's aggressive GHG reduction goals in a cost-effective manner. California utilities collectively allocate about \$700 million per year of ratepayer money to energy efficiency. In 2019, Cal Advocates began to investigate certain utilities' expenditures related to the administration of their energy efficiency programs.

### Shareholder Incentives

In late 2019, Cal Advocates filed a motion proposing the CPUC consider eliminating the Efficiency Savings and Performance Incentive (ESPI) program. The ESPI program offers awards to utility shareholders when utilities meet or exceed specified energy efficiency goals. Though these incentives grow less relevant as the implementation of energy efficiency programs shifts away from the utilities to third parties, customers continue to pay tens of millions of dollars annually to utility shareholders under this program. In 2020, customers paid \$32 million in incentives to utility shareholders, yet there is no evidence that these incentives benefit customers.

In March 2020, the CPUC granted our motion for a review of the ESPI program. The CPUC concluded that there is no evidence to show that shareholder incentives for energy efficiency has led to improved outcomes, and in November 2020 voted unanimously to suspend the ESPI program.

We successfully advocated for the elimination of a shareholder incentive program that cost ratepayers tens of millions of dollars annually.

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## **SDG&E's and SCE's Improper Management of Upstream Lighting Programs**

Cal Advocates has played a critical role in holding SDG&E and SCE accountable for improperly managing energy efficiency programs which are designed to increase the use of efficient light bulbs in homes and businesses. A CPUC evaluation of the utilities' 2017 Upstream Lighting programs uncovered several troubling inconsistencies in the utilities' records and concluded that SDG&E and SCE could not account for approximately 15 million ratepayer-funded lightbulbs.

Our own review of the SDG&E and SCE upstream lighting programs indicates that the mismanagement may have extended into 2019. In December 2020, Cal Advocates reached a proposed settlement with SDG&E and other parties refunding \$51.6 million to ratepayers. The CPUC decision is pending. We are continuing to review SCE's upstream lighting program activities.

## **SoCalGas' Misuse of Ratepayer Funds to Undermine Energy Efficiency Policies**

In 2019, Cal Advocates presented evidence that SoCalGas actively pursued strategies to undermine improvements in energy efficiency codes and standards. SoCalGas subsequently defied a CPUC order prohibiting the company from participating in this type of advocacy. During our investigation, SoCalGas repeatedly violated CPUC rules by providing false and misleading statements about its activities. As a result, the CPUC opened two proceedings to examine what penalties or sanctions should be imposed to deter SoCalGas' efforts to undermine the state's energy efficiency goals and its misuse of ratepayer funds. Cal Advocates recommended approximately \$379 million dollars in fines against SoCalGas for their misappropriation of public money at the expense of its customers, the environment, and public health.

In March 2019, Californians for Balanced Energy Solutions (C4BES), a pro-natural gas/anti-electrification organization, sought to become a party in the CPUC's Building Decarbonization Rulemaking. In May 2019, Cal Advocates began investigating the extent to which SoCalGas used ratepayer money to fund and direct C4BES. Our investigation uncovered substantial evidence that SoCalGas has been inappropriately recording expenses for lobbying activities in accounts funded by ratepayers.<sup>10</sup> In addition to funding C4BES, these activities include other coordinated lobbying campaigns. SoCalGas' campaigns had a common theme – to promote natural gas use over electrification and lobby against local government efforts toward decarbonization, including opposing electrifying Los Angeles Metropolitan Transportation Authority buses, electrifying Ports of Long Beach and Los Angeles, and the adoption of reach codes and standards.

<sup>10</sup> For publicly-available information obtained by Cal Advocates through its investigation, please visit: <https://www.publicadvocates.cpuc.ca.gov/general.aspx?id=4294>



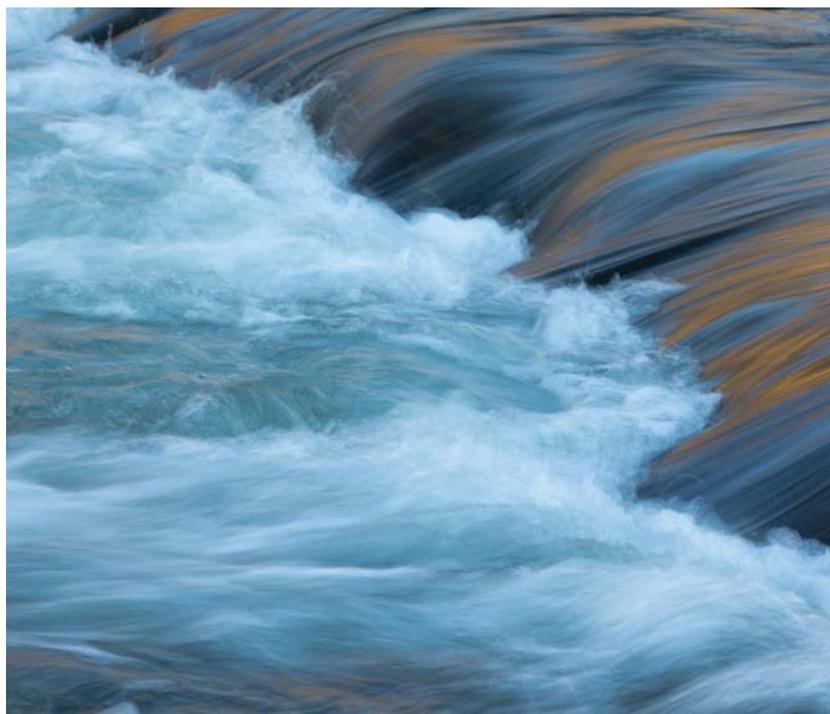
SoCalGas used ratepayer money to fund efforts to derail California's climate goals. We will continue our efforts to hold the utility accountable.

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Cal Advocates has persisted in gathering evidence of SoCalGas' dubious activities for over a year now, despite the utility's aggressive litigation tactics, which include submitting false or misleading data, refusing to comply with subpoenas, and filing motions to impede our investigation. Cal Advocates has repeatedly requested that the CPUC sanction SoCalGas for these activities.<sup>11</sup>

### **SCE-Bonneville Power Administration “Excess Energy Efficiency” Proposal**

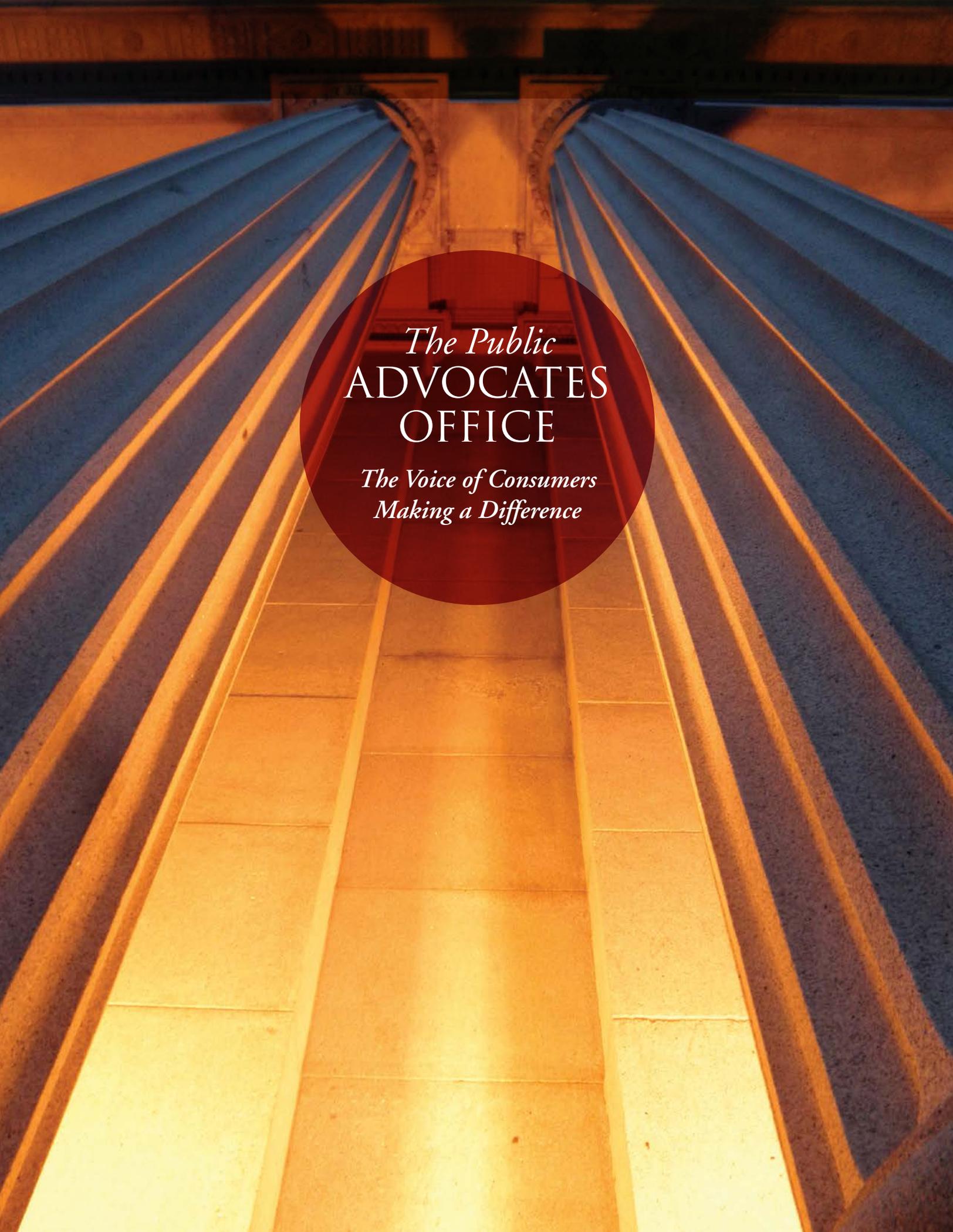
Cal Advocates successfully saved SCE customers over \$6 million in costs associated with an energy efficiency proposal filed by SCE and the Bonneville Power Administration (BPA). In the proposal, SCE would procure 5 MW of surplus hydropower from BPA. SCE and BPA touted the proposal as a “proof of concept” of an inter-regional energy efficiency transfer that would result in the transfer of carbon-free energy to help meet California's clean energy goals. Cal Advocates determined that the transaction involved no transfer of energy efficiency, that the energy involved had GHG emissions and was not carbon-free under California law, and that the proposal did not fulfill any reliability or capacity need. In September 2020, the CPUC issued a decision that agreed with our analysis and rejected the proposal. In addition, the CPUC agreed with Cal Advocates that the above-market contract costs intended to compensate BPA for energy efficiency were unreasonable. The CPUC also agreed it would result in a transfer of ratepayer funds out of the state to a federal agency, with no benefits accruing to California.



### **WATER CONSERVATION**

The CPUC adopted our recommendation to implement various conservation programs designed to meet California's environmental goals. We recommended that both Liberty Utilities and San Gabriel Water implement conservation programs (\$1.7 million for Liberty and \$2.9 million for San Gabriel Water). For Liberty, we supported the utility's proposal to install solar facilities in its Apple Valley service territory. For San Gabriel, we supported a budget that would allow it to conduct a study to evaluate the benefits and costs of constructing a solar facility in Fontana.

<sup>11</sup> See Cal Advocates' Motion for Contempt and Sanctions with Exhibits - 6-23-20, and Cal Advocates' Motion to Compel Confidential Decs & For Fines - 7-9-20: <https://www.publicadvocates.cpubc.ca.gov/general.aspx?id=4444>.



*The Public*  
ADVOCATES  
OFFICE

*The Voice of Consumers  
Making a Difference*

# Legislative Report

On or before January 10 of each year, the Public Advocates Office is required to provide to the Governor and the Legislature three pieces of information<sup>12</sup>:

## 1 **Staffing Levels Over 5 Years**

The number of personnel years utilized by the Public Advocates Office with a comparison of its staffing levels for a five-year period.

## 2 **Budget**

The total dollars expended by the Public Advocates Office in the prior year and the total dollars proposed for appropriation in the following budget year.

## 3 **Workload**

Standards and measures for the Public Advocates Office.

<sup>12</sup> This report is submitted in compliance with section 309.5 (f) and (g) of the Public Utilities Code.

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# Staff Levels

The Public Advocates Office is required to report each year on the number of its staff personnel years utilized with a comparison of its staffing levels for a 5-year period. The Public Advocates Office currently has 178 authorized positions.<sup>13</sup>

The Public Advocates Office Staffing Levels for a 5-year period:

<b>Fiscal Year</b>	<b>The Public Advocates Office Authorized Staff</b>
2017-2018	159
2018-2019	165
2019-2020	178
2020-2021	178
2021-2022	178

<sup>13</sup> This includes the Public Advocates Office's Chief Counsel position which was authorized by Senate Bill 608 (Escutia, Chapter 440, Statutes of 2005). The CPUC Legal Division provides attorneys, and support staff, upon the Public Advocates Office's request, to aid our office in litigation matters. These legal resources, including their overhead, salaries, and benefits are paid for out of the Public Advocates Office's Program Account 3089, but are not Public Advocates Office staff.

# Budget

Each year the Public Advocates Office reports the total dollars spent by the office in previous budget cycles, and the total dollars proposed for appropriation in the upcoming budget year. We strive to administer our budget prudently to achieve our mandate.

The Public Advocates Office develops its budget internally and works directly with the Department of Finance on its approval.<sup>14</sup> This includes the cost of shared resources with the CPUC, such as infrastructure, human resources, and information services.

Our budget is statutorily designated as a separate account into which funds are transferred each year via the annual Budget Act to be used exclusively by the Public Advocates Office in the performance of its duties.

The Public Advocates Office Budget:

Fiscal Year	Dollars Authorized <sup>15</sup>	Dollars Expended
2019-2020	\$44,992.000 <sup>16</sup>	\$44,992.000
2020-2021	\$45,376.000 <sup>17</sup>	*
2021-2022	\$50,709.000 <sup>18</sup>	**

\* Year-end expenditures will not be available until August 2021 for the fiscal year ending June 2021.

\*\*Year-end expenditures will not be available until August 2022 for the fiscal year ending June 2022.

<sup>14</sup> Public Utilities Code Section 309.5(c): The director shall develop a budget for the office that shall be subject to final approval of the Department of Finance. As authorized in the approved budget, the office shall employ personnel and resources, including attorneys and other legal support staff, at a level sufficient to ensure that customer and subscriber interests are effectively represented in all significant proceedings. The office may employ experts necessary to carry out its functions. The director may appoint a lead attorney who shall represent the office, and shall report to and serve at the pleasure of the director. The lead attorney for the office shall obtain adequate legal personnel for the work to be conducted by the office from the commission's attorney appointed pursuant to Section 307. The commission's attorney shall timely and appropriately fulfill all requests for legal personnel made by the lead attorney for the office, provided the office has sufficient moneys and positions in its budget for the services requested.

<sup>15</sup> The Public Advocates Office has additional budget authorization for reimbursable contracts. The Public Advocates Office is reimbursed for these costs by the relevant utilities. For FY2021/2022, the proposed amount for reimbursable contracts is \$3,000,000. Actual expenditures for reimbursable contracts occur only if there are proceedings that allow for reimbursable contracts. Examples include audits, mergers, and major resource additions, such as the construction of a transmission facility for which the Public Advocates Office may need to contract for expert consultant services to assist in analyzing the utility request or application.

<sup>16</sup> Reflects Governor's 2019/2020 budget prior to fiscal adjustments.

<sup>17</sup> Reflects Governor's 2020/2021 budget prior to fiscal adjustments.

<sup>18</sup> Reflects Governor's proposed 2021/2022 budget.

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# Workload

In 2020, the Public Advocates Office's efforts saved ratepayers over \$3.3 billion. These savings were realized in the form of reduced utility revenues and avoided rate increases.

## CONSUMER IMPACT ●

The amount of dollars consumers saved and the return on their investment in the Public Advocates Office.

## PROCEEDINGS ●

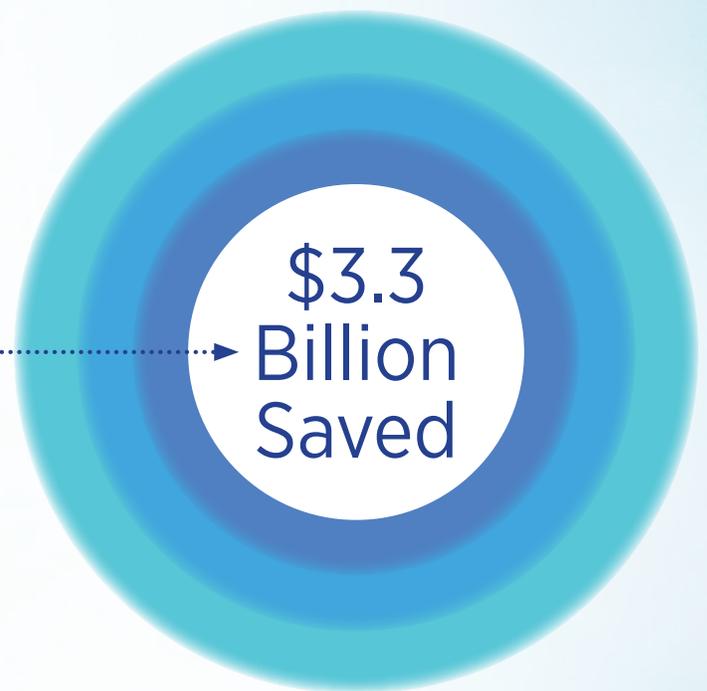
The Public Advocates Office advocates on behalf of consumers in hundreds of CPUC proceedings and in other forums.

## PLEADINGS ●

The Public Advocates Office participation in proceedings requires preparation and submission of testimony, formal comments, and legal briefs.

## OUTREACH ●

The Public Advocates Office enhances its effectiveness through outreach and education.





# Proceeding Work

In 2020, the Public Advocates Office participated in 196 formal CPUC proceedings. The Public Advocates Office is often the only voice representing customers' interests in a number of these proceedings. Since the CPUC relies upon a formal, evidentiary record in making its decisions, our participation is essential to ensure that this record reflects the interests of California's customers.

The following charts represent the total number of formal CPUC proceedings in which the Public Advocates Office participated in 2019 in comparison to 2020, by industry group. These numbers do not reflect the greater complexity of the issues being addressed by the Public Advocates Office in omnibus proceedings addressing greenhouse gas emissions, renewable resource development, procurement and transmission working groups, water conservation, and other major initiatives.

In addition, the Public Advocates Office filed many responses to utility advice letters in which the utilities often seek CPUC authority via a more informal process.<sup>19</sup> Beyond our participation in formal and informal CPUC proceedings, the Public Advocates Office is an active participant in proceedings at the California Energy Commission (CEC), the California Independent System Operator (CAISO), and the California Air Resources Board (CARB) where policymaking will impact ratepayers. The Public Advocates Office also provides consumer representation in other forums related to the CPUC's proceedings, such as meetings to review utility procurement decisions, the Low-Income Oversight Board (LIOB), communications public policy committees, industry committees of the National Association of State Utility Consumer Advocates (NASUCA), and the Pacific Forest and Watershed Stewardship Council.

<sup>19</sup> An advice letter is a filing by a utility seeking authority to spend ratepayer money or set/change policies which may have a significant impact on consumers. Utility requests via advice letters are typically authorized by CPUC decision adopted in a formal proceeding, which sets certain parameters for determining whether the advice letter request is valid and should be granted.

# Proceeding Work Continued

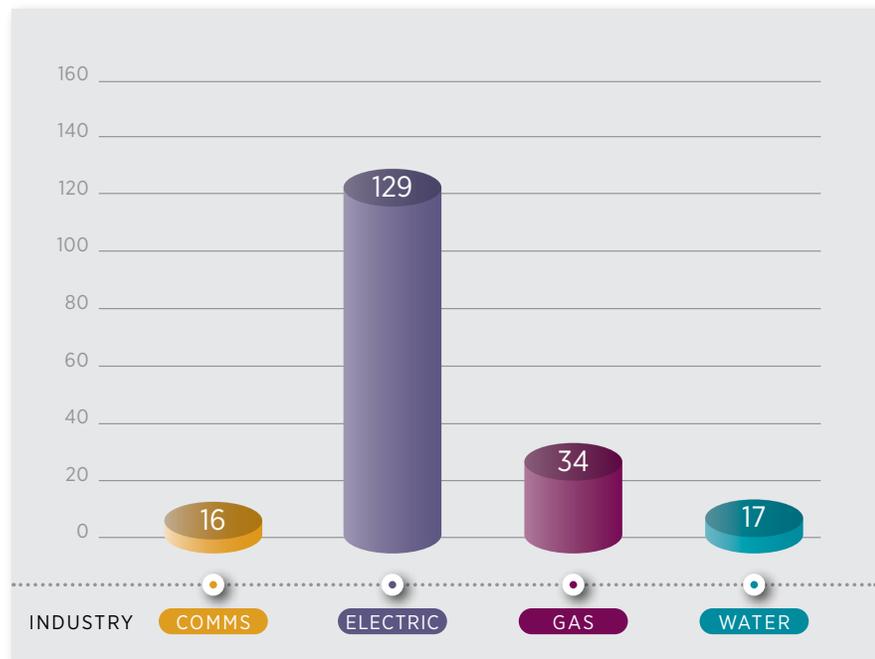
Participation  
2019 vs. 2020

196  
TOTAL

Number of Proceedings  
the Public Advocates Office  
Worked on in 2020



2020 Participation  
by Industry



# Pleading Work

In 2020, the Public Advocates Office filed 868 pleadings in formal CPUC proceedings. Our staff and attorneys file hundreds of pleadings annually on behalf of customers, covering issues related to electricity, natural gas, water, and communications. The following charts represent the comparison of the number of pleadings we filed in 2019 in comparison to 2020.

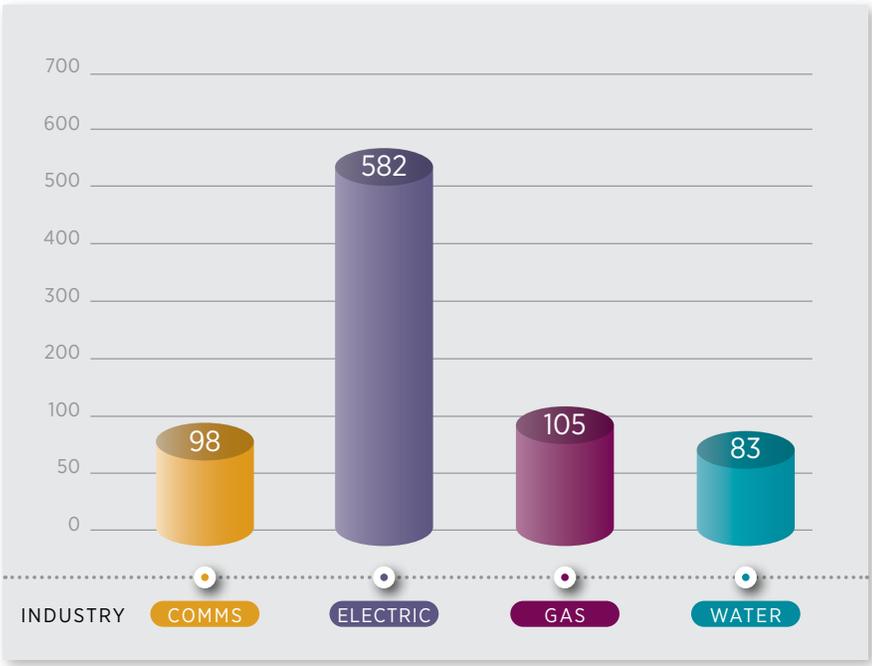
Participation  
2019 vs. 2020



Number of Pleadings  
the Public Advocates Office  
Worked on in 2020



2020 Participation  
by Industry



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# Outreach and Education

The Public Advocates Office constantly strives to improve the quality of its work product and increase the effectiveness of its advocacy efforts. To this end, we also measure our outreach efforts by tracking the number of contacts we have with CPUC commissioners and their advisors, the public, and the press.

The state's processes are very complex, and consumers may not have the time or resources to navigate these processes on their own. As the public's advocate, it is essential that we play an active role in CPUC Public Participation Hearings<sup>20</sup>, workshops<sup>21</sup>, public speaking engagements, conferences and other events. We strive to speak with consumers in plain language about how proposed changes to utility rates, practices, and policies impact them, and help ensure the public's voice is heard.

It is also equally important that the Public Advocates Office interact with and learn from the public regarding their specific needs and challenges. Consumer stories, perspectives, and problems are crucial for helping us craft and advocate for effective, long-term solutions. Another critical component of our advocacy efforts is our strategic communications work. The news media is a critical outlet for communicating issues important to consumers.

In 2020, Cal Advocates participated in over 1,000 public outreach activities, including public meetings and over 200 media engagements. We also worked with a wide variety of stakeholders, customers, small businesses, community and environmental groups, and other consumer-oriented organizations to advocate for customers before the CPUC and in other forums.

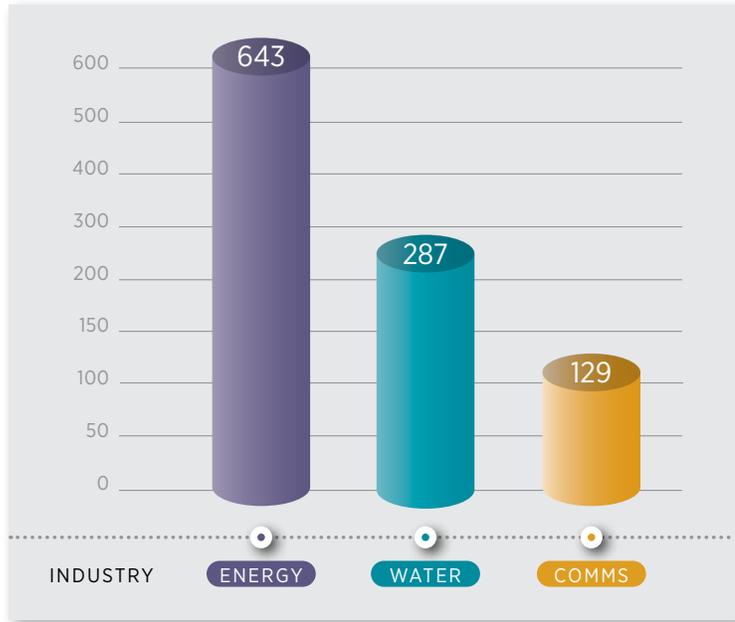
<sup>20</sup> Public Participation Hearings are forums held by the CPUC for the public to participate and learn about various proceedings underway at the CPUC.

<sup>21</sup> Workshops are forums held by the CPUC for stakeholders or outside parties to address specific issues related to a proceeding or matter before the CPUC.

Public Outreach Activities - 2020

1,059  
TOTAL

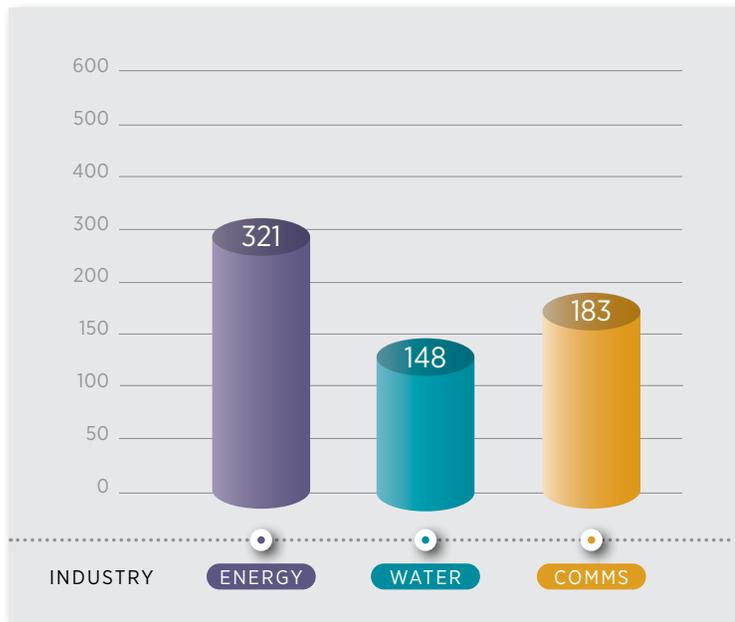
Number of Public Outreach Activities 2020



Public Outreach Activities - 2019

652  
TOTAL

Number of Public Outreach Activities 2019





# The Public Advocates Office in Sacramento

## GOAL

Advocate on behalf of the millions of utility customers throughout the state through our policy efforts at the state capitol.

## WHAT WE DO

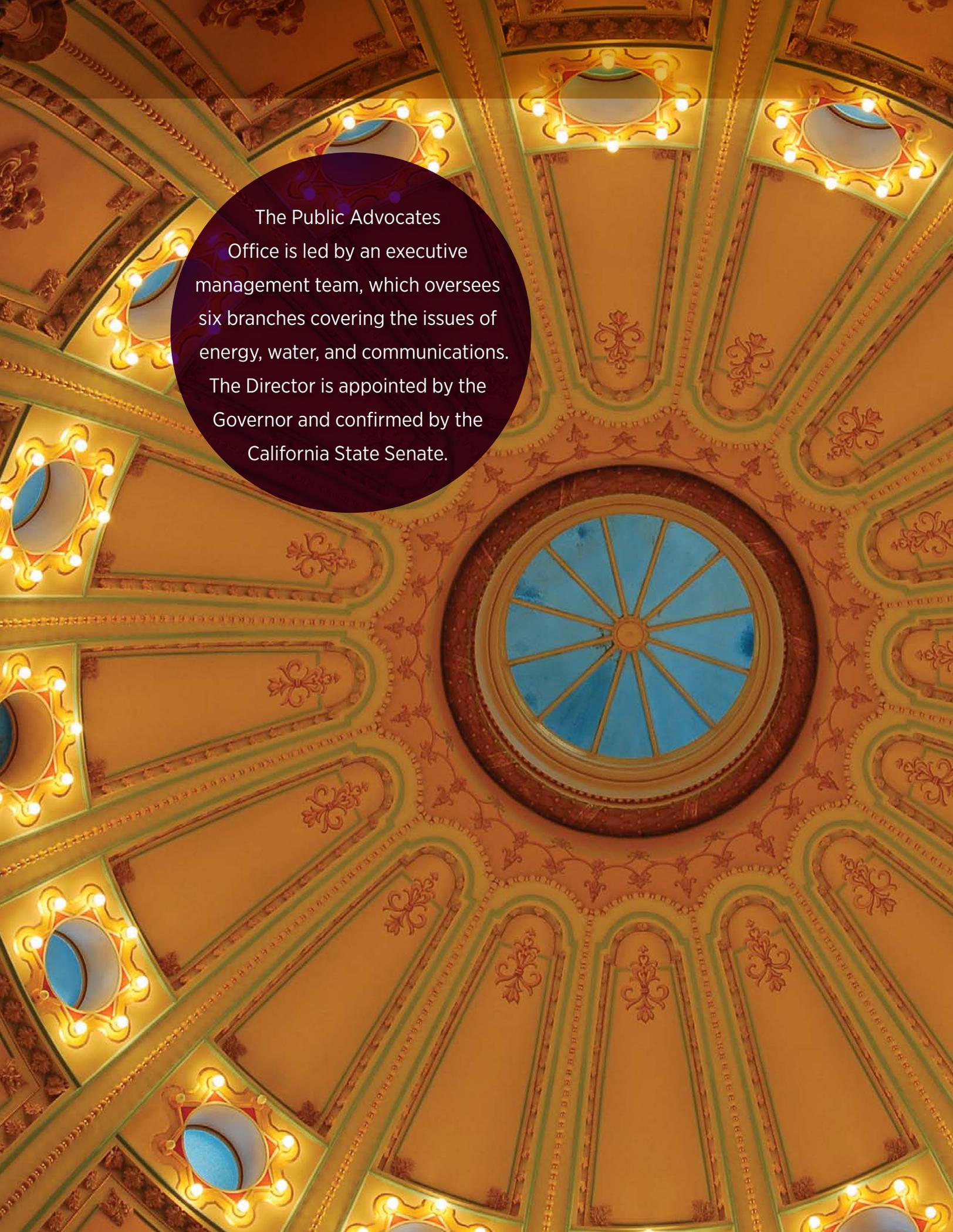
Serve the best interests of utility consumers by proactively providing recommendations and robust analyses to the Governor's Office, Legislature, Department of Finance, Legislative Analyst's Office, and others.

## HOW WE CAN HELP:

- Research complex utility issues and answer questions
- Provide expertise via our analysts and engineers on complex utility issues
- Write new legislation or bill amendments
- Take positions on legislative bills, present testimony, and answer questions
- Provide educational briefings on complex ratemaking, rate design, and other utility policy issues
- Convene and participate in stakeholder meetings to help resolve the most complex or contentious utility issues
- Assist with constituent issues
- Participate in district town hall meetings or other constituent gatherings
- Provide timely updates on CPUC and Public Advocate Office actions and activities

## OUR WORK ON THE BUDGET

The Public Advocates Office independently develops its budget subject to final approval of the Department of Finance. Our Annual Report outlines key activities and accomplishments consistent with our statutory mandate (Public Utilities Code Section 309.5).

The background image shows a highly ornate, vaulted ceiling. At the center is a large circular skylight with a radial pattern of gold-colored frames. The ceiling is divided into several large, pointed sections by green-painted moldings. Each section contains intricate gold-colored decorative patterns, including fleur-de-lis and scrollwork. Numerous smaller, circular light fixtures are embedded in the ceiling, each surrounded by a ring of warm-toned lights. The overall color palette is dominated by gold, green, and cream, with a bright blue sky visible through the central skylight.

The Public Advocates  
Office is led by an executive  
management team, which oversees  
six branches covering the issues of  
energy, water, and communications.  
The Director is appointed by the  
Governor and confirmed by the  
California State Senate.

# Our Executive Team

## **ELIZABETH ECHOLS**

*Director*

Elizabeth was appointed by Governor Jerry Brown as the Director of the Public Advocates Office in 2016, and her appointment was confirmed by the State Senate. She leads the Public Advocates Office in achieving its mission and directs the activities of 178 staff organized into four energy branches, the Water Branch, the Communications and Water Policy Branch, and the Administrative Branch.

## **CHRIS UNGSON**

*Deputy Director for Water and Communications*

Chris oversees the Public Advocates Office's work on water and communications policy, ratemaking and rate design, infrastructure projects and investments, safety, and reliability, as well as water conservation, universal access to voice and broadband services, and service quality.

## **MATTHEW MARCUS**

*Policy and Planning*

Matthew is responsible for the Public Advocates Office's activities in Sacramento and leads our legislative outreach, policy, and educational efforts, as well as responding to inquiries from the California State Legislature and the Office of the Governor.

## **MAYA CHUPKOV**

*Director of Strategic Communications and Outreach*

Maya oversees the strategic communications work and outreach efforts for the Public Advocates Office and is responsible for elevating the visibility and accessibility of our work in the areas of energy, water, and communications.

## **LINDA SERIZAWA**

*Deputy Director for Energy*

Linda oversees the Public Advocates Office's work on energy ratemaking and rate design, infrastructure projects and investments, and safety and reliability measures, as well as programs focusing on electric procurement, GHG reduction, low-income assistance, and demand-side management.

## **DARWIN E. FARRAR**

*Chief Counsel*

Darwin is responsible for overseeing all the Public Advocates Office legal issues and managing the work of the Public Advocates Office attorneys. In addition, as Chief Counsel he may serve as the lead attorney in settlement negotiations or supervise negotiation strategies, draft proposed rules, regulations, and legislation, as well as briefs, comments, settlement documents, and other written products.

## **TARA DIAS-ANDRESS**

*Legislative Advisor*

Tara serves in Sacramento's Governmental Affairs Office and is responsible for assisting with the Public Advocates Office's legislative outreach and advice on issues relevant to members and staff of the California State Legislature and the Office of the Governor.

THE PUBLIC ADVOCATES OFFICE  
California Public Utilities Commission

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