

California Public Utilities Commission

2023 Annual Report



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President's Message

Honorable Gavin Newsom, Governor of the State of California, and distinguished members of the California State Legislature:

I am pleased to present the 2023 Annual Report of the California Public Utilities Commission. This report offers a snapshot of actions we took in 2023 and offers a glimpse of where we intend to head in 2024.

Much of our work is driven by the fact that prolonged droughts, catastrophic wildfires, extreme heat waves, and torrential downpours are increasing in intensity. 2022 was the second driest year in the last 128 years in California. Early 2023 brought atmospheric rivers to communities throughout the state. We are constantly being called to adapt and change alongside our rapidly changing environment.

Thankfully, long-term ambitions and forecasts provide us with an essential roadmap that tells us where we need to go. By 2045, 100 percent of our electricity retail sales need to be clean; and we need to electrify cars, homes, and buildings. On top of this, we need to harden and expand our utilities' infrastructure, and build-out a massive array of new energy storage capabilities, all while continuing to provide affordable, safe, and reliable utility services in the face of ever-more turbulent extreme weather events.

Of course, this means that the road ahead will be extremely challenging, but my colleagues—both at the CPUC and its sister-agencies throughout California—bring a deep commitment and passion to their work every single day. We are aware of the enormous consequences and opportunities. We understand that this is an incredibly transformative moment, and we are embracing it.

Last year, we ordered load-serving entities to procure an additional 4,000 megawatts of Net Qualifying Capacity because we anticipate a substantial increase in demand for electricity and certain “long-lead time” resources needing even more time to be brought online over the coming years. We also recommended an electric resource portfolio for use in the California Independent System Operator’s (CAISO) Transmission Planning Process to facilitate transmission planning out to 2035. Additionally, in 2023 over 5,600 megawatts of new nameplate capacity were brought online within CAISO, including 2,529 megawatts of new storage and 2,482 megawatts of solar.

In addition to the challenges in the energy sector, Californians face a number of acute and present challenges related to other utility services—communications, water, transportation, and rail safety. For example, even in this digital age, many Californians still remain disconnected due to the lack of broadband infrastructure and affordable and accessible broadband services necessary to meaningfully navigate the internet. The annual report highlights the steps we took in 2023 to make California a better place; and it provides a near-term road map of the goals we intend to achieve in 2024.

It is my hope that you will find value in this report and gain a better sense of how the CPUC works to bring ambitious policies to life.

Sincerely,

President Alice Reynolds

California Public Utilities Commission

CPUC Commissioners in 2023



President
Alice Reynolds



Commissioner
Genevieve Shiroma



Commissioner
Darcie L. Houck



Commissioner
John Reynolds



Commissioner
Karen Douglas



Executive Director Rachel Peterson and the Executive Leadership Team touring the Port of Long Beach

Mission Statement

We empower California through access to safe, clean, and affordable utility services and infrastructure.



2023 Year in Review

The following Year in Review highlights selected work the CPUC performed in 2023.

Integrated Resource Planning

In 2023, the CPUC made significant strides in reducing greenhouse gas emissions and ensuring electricity reliability by ordering new procurement and connecting renewable resources, resulting in 5,665 MW of capacity being brought online.

The CPUC’s long-term electricity resource planning process, known as integrated resource planning (IRP), seeks to reduce the cost of achieving greenhouse gas (GHG) reductions and other policy goals by looking across individual load-serving entity (LSE) boundaries and resource types to identify solutions to reliability, cost, or other concerns that might not otherwise be identified.

In February 2023, the CPUC adopted Decision 23-02-040 (Rulemaking 20-05-003) ordering supplemental Mid-Term Reliability Procurement (2026-2027) and transmitting electric resource portfolios to the California Independent System Operator (CAISO) for the 2023-2024 Transmission Planning Process (TPP). This decision requires 4,000 MW of new reliability procurement in 2026 and 2027, in addition to the 11,500 MW ordered in Decision 21-06-035. This additional procurement is needed as electric demand is projected to increase, and the impacts of climate change are accelerating and creating new demands on our electricity resources. Additionally, the CPUC expects additional resource retirements and delays in the procurement of long lead-time resources. For the TPP, the CPUC transmitted a base case portfolio to CAISO comprising over 86,000 MW of new resources to allow them to identify and authorize transmission development needed by 2035. The portfolio considers increased demand associated with a higher electrification future. Through Decision 23-02-040 the CPUC also transmitted a sensitivity portfolio to allow CAISO to consider studying transmission infrastructure needs and costs to connect offshore wind.

In 2023, LSEs continued their progress procuring to meet the needs of the first procurement ordered by the CPUC in 2019, which required 3,300 MW of new reliability resources by summer of 2023. LSEs also began bringing their first projects online to meet the needs of Decision 21-06-035. Staff continue to monitor and track their progress.

As of December 2023, 80 new clean energy and storage projects totaling 5,665 MW nameplate capacity came online in 2023 in CAISO to serve electricity load.

Energy Source	MW	# of Projects
Biogas	3	1
Biomass	3	1
Hybrid Solar and Storage	470	6
Storage	2,529	34
Solar	2,482	36
Wind	178	2
Total	5,665	80



Ribbon cutting for PG&E's Pepperwood Preserve Remote Grid Project

Implementation Rules for the Microgrid Incentive Program

In 2023, the CPUC approved a \$200 million Microgrid Incentive Program, empowering Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison to construct resilient microgrids in disadvantaged communities, ensuring power reliability and equitably distributing the benefits of microgrid technology.

On April 6, 2023, the CPUC adopted Decision 23-04-034 (Rulemaking 19-09-009) approving program rules for the Microgrid Incentive Program (MIP). The MIP is a \$200 million program previously authorized by the CPUC to support the development of community microgrids in disadvantaged and vulnerable communities, as well as tribal communities, who have experienced and are likely to experience power outages. The decision allocates \$79.2 million for Pacific Gas and Electric Company (PG&E), \$83.3 million for Southern California Edison (SCE), and \$17.5 million for San Diego Gas & Electric Company (SDG&E) to build complex projects that can operate independently for extended periods and serve multiple customers in disadvantaged and vulnerable communities. Projects selected under the MIP can receive up to \$15 million in award funding. The decision aims to advance microgrid resiliency technology, distribute the benefits of microgrids equitably across these vulnerable communities, and provide insights for future actions that can enhance the resilience of the power system to benefit all customers.

The decision also directs PG&E, SCE, and SDG&E to conduct outreach and provide consultation to potential MIP applicants, including helping successful applicants develop their community microgrid. The decision requires the utilities to create and post a handbook to their websites that will guide applicants through the program and explain how potential projects will be evaluated. The utilities must also submit to the CPUC program and project status reports each quarter until the MIP funding is exhausted.

California Advanced Services Fund

In 2023, the CPUC took significant steps to expand affordable broadband access across California through the establishment and administration of the Broadband Loan Loss Reserve Fund.

Broadband Loan Loss Reserve Fund

The Broadband Loan Loss Reserve Fund was established in 2021 as a part of Senate Bill (SB) 156 (Committee on Budget and Fiscal Review, 2021), codified in Public Utilities Code section 281.2. On November 2, 2023, the CPUC approved Decision 23-11-045 (Rulemaking 20-08-021) adopting a revised staff proposal to establish and administer the Loan Loss Reserve Program. The program will provide bond insurance for municipal broadband bond offerings issued by local government agencies, non-profits, or tribes that plan to use the proceeds from these issuances to build public broadband infrastructure. The fund expands the ability of local governments, tribes, and non-profits to secure financing for building last-mile projects, with an emphasis on public broadband networks. The fund will provide collateral to enable more favorable borrowing rates and terms for bonds issued to deploy broadband infrastructure.

Broadband Public Housing Account

The California Advanced Services Fund Broadband Public Housing Account (Public Housing Account) provides grants and loans to build broadband networks offering free broadband service for residents of low-income communities. In 2023, the CPUC continued to implement the Public Housing Account changes set by Senate Bill 156 (Committee on Budget and Fiscal Review, 2021). Decision 22-05-029 (Rulemaking 20-08-021) directed the Communications Division to establish eligibility, verification of eligibility, and protections of tenants of non-publicly supported housing developments, including other housing developments and mobile home parks with low-income residents. On April 27, 2023, an Assigned Commissioner's Ruling invited parties to comment about the proposed staff proposal to modify the Public Housing Account rules and guidelines to expand eligibility and tenant protections of non-publicly supported housing developments. The CPUC intends to issue a proposed decision regarding Public Housing Account rules and guidelines in 2024.



Hoop Valley Public Utilities District General Manager Linnea Jackson, Commissioner Darcie Houck, and staff member Karen Eckersley celebrate the tribe's plans to construct 23 miles of fiber optic cable as part of California's Broadband for All Initiative

Santa Nella Investigation

In 2023, the CPUC ensured equitable access to energy services in Santa Nella by converting households to direct utility gas service, upgrading electric infrastructure, and offering the option to electrify homes at no cost.

On April 27, 2023, the CPUC adopted Decision 23-04-057 (Investigation 22-09-011), which directed Pacific Gas and Electric Company (PG&E) to provide energy services to a portion of the community of Santa Nella facing gas service shutoff from SNME, Inc., a master metered PG&E gas customer that provides gas service to households in the community and had noticed its intent to cease operations. The decision directed PG&E to convert the 280 lots in the Santa Nella subdivision currently served by SNME, Inc. to direct utility gas service and simultaneously upgrade the electric infrastructure, as well as offer households an electrification option (these customers already received direct electric service from PG&E).

For the option to electrify, households will first be provided energy and bill impact estimates and other information to allow customers the ability to compare the impacts of choosing gas and electric service versus electric-only service. After receiving this information, homeowners will be given the chance to choose to fully electrify their homes in lieu of receiving gas service. Homeowners who choose to electrify will instead receive new, all-electric appliances, and the in-home upgrades necessary to support those appliances at no direct cost to the homeowner.

General Order 131-D Update (Phase 1)

In 2023, the CPUC started updating General Order 131-D to streamline the approval process for electric infrastructure projects, allowing applicants to use a permit-to-construct process or claim an exemption.

CPUC General Order (GO) 131-D sets forth rules relating to the planning and construction of electric generation plants; transmission, power, or distribution lines; and substations located in California. Senate Bill (SB) 529 (Hertzberg, 2022) directs the CPUC to update GO 131-D by January 1, 2024, to

allow applicants to use the permit-to-construct (PTC) process or claim an exemption to seek approval to construct an extension, expansion, upgrade, or other modification to existing electric transmission facilities regardless of voltage. In May 2023, the CPUC issued an Order Instituting Rulemaking (OIR) which opened a proceeding, Rulemaking 23-05-018, to update and amend GO 131-D pursuant to SB 529 and to make other necessary changes. The proceeding has been divided into two phases. In Phase 1, which was completed in December 2023, the CPUC updated GO 131-D to comply with SB 529 and correct outdated references. In Phase 2, the CPUC will consider additional amendments to GO 131-D, eventually resulting in the adoption of a new “E” version of GO 131.

In June 2023, various parties including the three large investor-owned utilities (IOUs) submitted opening comments in response to the OIR. In July 2023, various parties submitted reply comments in response to the opening comments. In September 2023, parties led by the IOUs submitted a joint motion requesting CPUC adoption of a settlement agreement that proposed changes to GO 131-D to implement SB 529 requirements and more extensive changes beyond Phase 1 issues.

High-voltage electricity towers and power lines at a substation in Central California



Water Utility Acquisition Rulemaking

In 2023, the CPUC took steps to improve the framework for water utility acquisitions by conducting workshops and engaging with stakeholders, aiming to address concerns about valuation, ratepayer impacts, and policy goals of affordability and reliable water service.

Rulemaking 22-04-003 initiates the CPUC's review of the existing guiding framework set forth in Decision 99-10-064 (consistent with the Public Water System Investment and Consolidation Act of 1997) regarding acquisitions involving water utilities under the CPUC's jurisdiction.

The CPUC's current guiding framework for water utility acquisitions under Decision 99-10-064 primarily sought to achieve economies of scale by incentivizing the acquisition of smaller water systems by larger investor-owned utilities. This remains an important goal, and the CPUC approved dozens of acquisitions under this existing framework. However, there are issues for which the existing framework lacks specificity.

Many acquisitions also remain contentious, especially regarding the issues of the valuation of water systems and the effects of acquisitions on ratepayers. These ratepayers include the existing customers of the acquiring system and the new customers of the system being acquired. Overall, the aforementioned factors result in the need for more thorough reviews to be conducted in the decision-making process, preventing the CPUC from timely resolving some contentious acquisitions within the timeline prescribed by Decision 99-10-064, and raising policy questions regarding the CPUC's policy goals of affordability, and ensuring safe, clean, and reliable water service.

This current rulemaking will develop an updated framework that improves upon the current process and better guides the CPUC in reviewing water utility acquisitions.

In 2023, the CPUC conducted Workshops 2, 3, and 4 that facilitated discussions from parties to the proceeding and the public to inform the CPUC on how to revise the existing acquisition framework. The CPUC also issued three Workshop summary reports, covering topics from Workshops 1, 2, and 3, which considered options for failing and at-risk water systems, price and valuation, and ratepayer impacts. Lastly, the CPUC conducted Workshop 4 on December 5, 2023, which covered acquisitions involving municipal and mutual water systems and provided parties the opportunity to reiterate their positions from prior workshop discussion topics and to recommend revisions to the existing framework.

Los Angeles Light Rail Transit

In 2023, the CPUC made significant progress in improving transportation in Los Angeles County by approving the construction of two light rail tracks at four crossings, enhancing safety and access for commuters.

On February 28, 2023, the CPUC approved Decision 23-02-029 (Application 22-04-019) which authorized the Los Angeles County Metropolitan Transportation Authority East San Fernando Light Rail Transit to construct two light rail tracks at four at-grade crossings located at: Metro Orange Line/Calvert Street Station, Roscoe Station, Nordhoff Street at Van Nuys Boulevard, and Nordhoff Station South.

The project proposes to close several signalized intersections along Van Nuys Boulevard to reduce the number of crossings and increase safety. This application includes four at-grade crossings to access the light rail transit (LRT) stations and provide motorist access across the two LRT tracks. The street-running LRT trains will operate in the median of Van Nuys Boulevard to San Fernando Road. The project includes 11 street-running stations and a maintenance service facility.

Autonomous Vehicle Passenger Service

In 2023, the CPUC authorized Waymo and Cruise to expand fared driverless autonomous vehicle passenger services in San Francisco and later suspended Cruise's authorization concurrently with the DMV due to safety and transparency concerns.

On August 10, 2023, the CPUC approved Resolutions TL-19144 and TL-19145 to allow for expanded deployment of driverless autonomous vehicle (AV) passenger services in San Francisco. Resolution TL-19144 approved Waymo's application to provide fared driverless AV passenger service. Resolution TL-19145 approved Cruise's request to expand its existing fared driverless AV passenger service. Following these approvals, both Waymo and Cruise were authorized to transport passengers for fares throughout the City of San Francisco.

These resolutions expanded Waymo's and Cruise's existing authorizations; as of the timing of the vote, both carriers held authorizations to transport passengers in driverless AVs without collection of fares



Los Angeles light rail station

and authorizations to transport passengers in AVs with a safety driver present with collection of fares. As required by the regulations governing the AV programs, Waymo and Cruise will report data on AV passenger service operations and incidents to the CPUC. These data reports are submitted quarterly and are posted to the CPUC’s website.

In approving Waymo’s and Cruise’s requests, the resolutions also recognized several safety and data reporting issues raised by parties. The CPUC is currently considering these issues in Rulemaking 12-12-011.

On October 24, 2023, the California Department of Motor Vehicles suspended Cruise’s driverless testing and deployment permits, resulting in a suspension of their authority granted by the CPUC to carry

Waymo self-driving car performing tests in Silicon Valley



passengers, and Cruise has voluntarily ceased, temporarily, operations in all markets. On November 8, 2023, the CPUC voted to stay TL-19145, and voted to deny the rehearing request of TL-19144 and made revisions to the resolution; the application for rehearing regarding TL-19145 is pending.

Building Decarbonization

In 2023, the CPUC funded clean heating initiatives and further encouraged the construction of all-electric buildings by eliminating electric line extension subsidies for mixed-fuel new construction projects, reducing costs and promoting sustainability.

On February 2, 2023, the CPUC adopted Decision 23-02-005 (Rulemaking 19-01-011) authorizing the transfer of \$50 million to the Building Decarbonization Pilot Program Balancing Account to fund the continued implementation of the Technology and Equipment for Clean Heating Initiative. This new funding was made available from the legislature pursuant to Assembly Bill 179 (Ting, 2022). The decision allocates a minimum of 40 percent of program funds to activities serving equity customers and removes geographical restrictions previously put in place. Equity customers are defined as disadvantaged communities, customers on CARE/FERA rates, those living in hard-to-reach communities, and those residing in affordable housing units.

On July 26, 2023, an amended Assigned Commissioner’s Scoping Memo and Ruling requested party comment on a staff proposal recommending the removal of ratepayer subsidies that help cover the cost of extending electric service to a new building that plans to use, in addition to electricity, gas and/or propane.

The CPUC issued the Phase 3B decision on December 14, 2023. This decision requires electric investor-owned utilities (IOUs) to eliminate electric line extension allowances, and refundable and discount payment options for mixed-fuel new construction projects effective July 1, 2024. It requires builders to pay actual costs of an electric line extension instead of estimated costs, thereby reducing the cost burden on the ratepayers. It also requires IOUs to file and serve annual reports on the electric line extension expenditures. It adopts exemption criteria for nonresidential mixed-fuel construction projects if the project is exempted pursuant to Decision 22-09-026; and it also adopts exemption criteria for mixed-fuel new construction projects that are under development as of July 1, 2024.

Public Safety Power Shutoff Citation Program

In 2023, the CPUC established a citation program that swiftly fines investor-owned utilities up to \$8 million for violating Public Safety Power Shutoff guidelines, promoting compliance and discouraging violations.

On September 23, 2023, the CPUC approved Resolution WSEB-1 which established a citation program that gives staff the authority to fine investor-owned utilities (IOUs) for specific violations of the Public Safety Power Shutoff (PSPS) guidelines.

The CPUC has penalized IOUs for improperly implementing PSPS events by opening investigations, such as the notable Investigation 19-11-013, opened in late 2019.

This citation program is consistent with the current efforts which include the CPUC's Enforcement Policy, and the authority to review the reasonableness of a utility's decision to initiate a PSPS event to shut off power.

The goal of the PSPS Citation Program is to allow swift citation of a utility for lack of compliance with the PSPS guidelines via delegated authority to staff which should encourage complete and timely IOU compliance with the PSPS guidelines and deter violations. The citation program will also help to clarify expectations around enforcement with clear penalties for specific infractions. It does not change existing CPUC enforcement authority. Under the new program, each citation, which could constitute multiple offenses, may not exceed \$8 million.

Photos opposite, top row L-R: Consumer Affairs Branch staff member Maria Blaine; Public hearing in Seaside for California-American Water Company's general rate case; Consumer Protection and Enforcement Division and Energy Division staff attend the Transportation Research Board Conference in Washington, D.C.

Middle row L-R: Energy Division staff Tory Francisco and Chris Westling, Commissioner John Reynolds, and Bishop Paiute Tribal Council Chairwoman Meryl Picard at the ribbon cutting for the tribe's Solar on Multifamily Affordable Housing project; Staff Kenneth Bruno, Jeanette Lo, Terra Curtis, and Pat Tsen at a Consumer Protection and Enforcement Division Leadership Forum in San Diego; Executive Director Rachel Peterson, and staff Jack Chang and Karin Sung at the September Voting Meeting in Sacramento; Commissioner Genevieve Shiroma speaking at the World Woman Sustainability Agenda in San Diego.

Bottom photo: The Business and Community Outreach team and Rail Division tour a rail project in Bakersfield.





Informing and Engaging California Consumers

A public hearing for SDG&E's general rate case in San Diego

In 2023, the CPUC continued to focus on transparency and improving public input and engagement in the decision-making process.

Expanding Our Reach

While all meetings were virtual for the first half of 2023, the CPUC continued to increase public engagement through the monthly newsletter, multiple Public Participation Hearings (PPHs), and several workshops. In 2023, the CPUC held 32 PPHs, 18 Voting Meetings including 9 in-person, and multiple other events designed to provide a forum for the public. The in-person Voting Meetings were held in San Francisco, Sacramento, Lakeport, Stockton, and El Centro. Having these meetings throughout the state allows for diverse communities from all regions of California the opportunity to attend in person. Some of these public forums included workshops on *Creating a Low Carbon Future for California Communities*, *Funding Opportunities for Broadband Projects*, and *A Discussion of CPUC Rail Safety Oversight, Accident Investigations, Trespassing, and Public Safety*.

To enhance public participation, the CPUC introduced the Equity & Access Grant Program. Established in response to Assembly Bill 179 (Ting, 2022), this program allocates funds for capacity grants to tribes and community-based organizations (CBOs). Aimed at fostering inclusion in CPUC decision-making, the program features three grant accounts. The first two focus on broadening voices and ensuring meaningful participation, while the third aims to increase access to and adoption of clean energy programs. This initiative aligns with ongoing efforts to amplify the needs and voices of underserved and underrepresented communities in CPUC decision-making processes.

37 Public Participation Hearings
with **10,779** participants
and **1,026** speakers

18 Voting Meetings
with **18,120** participants
and **616** speakers



CPUC Commissioners at the November Voting Meeting
in Sacramento

Voting Meeting Calendar 2023 – 2024

2023 Voting Meetings

12-Jan	Remote	13-Jul	San Francisco
2-Feb	Remote	10-Aug	San Francisco
23-Feb	Remote	31-Aug	Lakeport
16-Mar	Remote	21-Sep	Sacramento
6-Apr	Remote	12-Oct	Stockton
27-Apr	Remote	2-Nov	Sacramento
18-May	Remote	16-Nov	El Centro
8-Jun	Remote	30-Nov	Sacramento
29-Jun	Remote	14-Dec	San Francisco

2024 Voting Meetings

11-Jan	San Francisco
25-Jan	Sacramento
15-Feb	*Travel Meeting
7-Mar	San Francisco
21-Mar	San Francisco
18-Apr	Sacramento
9-May	Sacramento
30-May	Sacramento
20-Jun	*Travel Meeting
11-Jul	San Francisco
1-Aug	San Francisco
22-Aug	San Francisco
12-Sep	Sacramento
26-Sep	San Francisco
17-Oct	Sacramento
7-Nov	*Travel Meeting
5-Dec	Sacramento
19-Dec	San Francisco

Public Advisor Allison Brown with staff Eric Sawyer and Claudia Sanchez at the September Voting Meeting in Sacramento



*Tentative locations subject to change.

Opportunities in 2024

Fostering meaningful public participation is an ongoing and rewarding challenge. The CPUC is constantly striving to find creative ways to bring new voices and perspectives to the table. In 2024, the CPUC will continue to improve virtual participation on proceedings and public forums while holding regional events.



Photos clockwise from top left: CPUC Staff Bridget Davis and Phillip Cohen at the National Disability Employment Awareness Month Career Fair in Sacramento; CPUC and CEC Commissioners with California Native American tribal leaders at a meeting at California State Polytechnic University, Humboldt; CPUC staff Love Asiedu-Akrofi (right) meets with a community-based organization that provides services to limited English proficient customers through CPUC TEAM & CHANGES programs; participants at the CPUC Small and Diverse Business Expo in Escondido.





Featured Work in 2024

The fully battery-powered Pacific Harbor Line engine

Communications

Rulemaking Considering Licensing Status and Obligations for Interconnected Voice Over Internet Protocol Service Providers

Rulemaking 22-08-008

The CPUC will consider the appropriate regulatory framework for telephone corporations providing voice over internet protocol (VoIP) service in California, consistent with applicable law and policy. Parties to the proceeding have contrasted the existing regulatory frameworks for local exchange service providers, interexchange service providers, and wireless service providers with a staff proposal for a VoIP service regulatory framework issued in the Order Instituting Rulemaking.

Telecommunications Surcharge Reform

Rulemaking 21-03-002, Phase 2

The CPUC will review the reasonableness of certain fees, also known as “junk fees,” telecommunications service providers impose on end users.

Small Independent Local Exchange Cost of Capital

Application 22-09-003

The CPUC will establish a reasonable rate of return for the 10 Small Independent Local Exchange Carriers. The rate of return will then be implemented as part of ratemaking determinations in each of the general rate cases.

General Rate Cases to Be Decided in January 2024:

- Foresthill Telephone Company (Application 22-11-001)
- Kerman Telephone Company (Application 22-11-002)
- Ponderosa Telephone Company (Application 22-10-004)

General Rate Cases to Begin in 2024:

- Cal-Ore Telephone Company (Application 23-10-007)
- Ducor Telephone Company (Application 23-10-008)
- Pinnacles Telephone Company (Application 23-11-010)
- Calaveras Telephone Company (Application 23-11-011)

In these proceedings, the CPUC will determine what level of revenue requirement is necessary to provide each Small Independent Local Exchange Carrier with revenues and earnings sufficient to allow it to operate in a manner that allows it to deliver safe, reliable, high-quality voice communication services, which comply with Public Utilities Code section 451 and General Order 133-D.

Transfer of Control of Ducor Telephone Company and Varcomm Broadband, Inc.

Application 23-08-016

The CPUC will determine whether V. Squared Holdings, Inc. and the Eric N. Votaw Separate Property Trust will be allowed to acquire indirect control of Ducor Telephone Company (U 1007 C) and Varcomm Broadband, Inc. (U 7385 C). CPUC authorization is required for the proposed transfer of indirect ownership of Ducor (U1007C) and Varcomm Broadband (U7385C) to V. Squared and the Votaw 2023 Trust. If approved, the net effect of the proposed transfer of Eric N. Votaw’s individual ownership interest in Varcomm Holdings, Inc. to V. Squared is that V. Squared and the Votaw 2023 Trust would gain indirect control of both Ducor (U1007C) and Varcomm Broadband (U7385C). A proposed decision is expected in the first quarter of 2024.

Calaveras Telephone Company Rural Utility Service USDA Loan Application 23-09-010

The CPUC will determine whether to grant Calaveras Telephone Company the authority to enter into a loan agreement with the United States Department of Agriculture, Rural Utilities Service.

Rulemaking to Update the California Universal Telephone Service (California LifeLine) Program

Rulemaking 20-02-008

The CPUC will determine rules and processes to allow foster youth to transition to a permanent part of the California LifeLine program. The CPUC also will update the minimum service standard and specific support amount provided by California LifeLine to address the growing communication needs of low-income Californians.

Rulemaking for Broadband Equity, Access, and Deployment Program

Rulemaking 23-02-016

The CPUC will continue its rulemaking implementing the federal broadband grant program (BEAD) by adopting two decisions establishing grant program rules based on staff proposals. Prior to adoption by the CPUC, these rules were submitted to the National Telecommunications and Information Administration (NTIA) in late December 2023. Approval by NTIA is anticipated in the first quarter of 2024. The BEAD program will provide up to \$1.86 billion in grants to build infrastructure necessary to provide all unserved Californians with affordable broadband.

Rulemaking to Consider Amendments to General Order 133

Rulemaking 22-03-016

The CPUC will consider changes to current telephone service quality rules in General Order 133, and whether to adopt new service quality rules for

voice over internet protocol and wireless telephone service. In Phase 2 of the proceeding, the CPUC will consider whether and how to apply service quality standards to internet service.

Rulemaking for the California Advanced Services Fund Broadband Grant Programs

Rulemaking 20-08-021

The CPUC will issue resolutions to award Loan Loss Reserve Funds to support public entity, tribal, and non-profit bonds (and other eligible debt) for broadband infrastructure, as well as resolutions to award Broadband Infrastructure Grant Account funding to applicants for projects submitted in the June 2023 application cycle. The CPUC will also issue a proposed decision to update rules and guidelines for the Broadband Public Housing Account and Line Extension Pilot Programs.

Rulemaking to Consider Changes to Requirements on Video Franchisees Under the Digital Infrastructure and Video Competition Act

Rulemaking 23-04-006

The CPUC will continue implementing changes to the Digital Infrastructure and Video Competition Act based on recent statutory changes that will incorporate new customer service requirements into General Order 169, further expanding the requirements that state video franchise holders are required to follow. The rulemaking will also define an enforcement process for the new customer service rules and a process for adjudicating customer complaints.

Citation Appeal of Frontier

Citation Appeal 23-06-021

On June 30, 2023, Frontier California Inc. (U1002C), Citizens Telecommunications Company of California Inc. (U1024C), Frontier



Tribal Advisor Kenneth Holbrook, California Department of Technology Engagement and Operations Manager Anh Nguyen, Commissioner Genevieve Shiroma, and Administrative Law Judge Valerie Kao at the celebration of California Native American Day at the state capital

Communications of The Southwest Inc. (U1026c), Frontier Communications of America Inc. (U5429C), and Frontier Communications Online and Long-Distance Inc. (U7167C) (collectively known as Frontier) filed a citation appeal related to a citation issued pursuant to the enforcement program established in Resolution T-17734. Frontier failed to timely comply with their reporting obligation pursuant to Decision 21-04-008, and Resolution T-17734 assessed a specific penalty amount for untimely filing of reports. Evidentiary hearings are scheduled for this citation appeal in April 2024.

Energy

General Order 131-D Update

Rulemaking 23-05-018, Phase 2

The CPUC is considering more extensive amendments to General Order (GO) 131-D to streamline and clarify the application and permitting process for electrical transmission projects, building on the changes that were adopted in the Phase 1 decision on December 14, 2023. A staff proposal for a Phase 2 version of GO 131 is expected to be circulated in the second quarter of 2024. The proceeding is expected to be resolved by January 31, 2025, with the adoption of GO 131-E.

Integrated Resources Planning

Rulemaking 20-05-003

Assembly Bill (AB) 1373 (Garcia, Becker, Ting, 2023) authorizes the CPUC to request the Department of Water Resources (DWR) to exercise its centralized procurement function to establish contracts for power generated by certain long lead-time resources. The CPUC will determine the need and timing for the procurement of these resource types by September 2024, as required by AB 1373, and regularly thereafter as part of the ongoing integrated resources planning process. By March 2025 the CPUC is authorized to request DWR to procure the first set of determined resources.

The CPUC and DWR will coordinate policies and procedures for the central procurement process, when needed. The CPUC also will review the reasonableness of any contracts established by DWR that require costs to be allocated among load-serving entities on a non-bypassable basis.

Transportation Electrification

Rulemaking 18-12-006

On December 14, 2023, the CPUC opened a new rulemaking on transportation electrification. The rulemaking continues the CPUC's oversight of the development of infrastructure to support the acceleration of transportation electrification. The growth of zero-emission vehicles and the deployment of new charging infrastructure to support the growing pace of vehicle adoption will have varying impacts on local distribution systems and will require significant grid upgrades. Given this challenge, the preliminary scope of this proceeding will focus on addressing grid planning and challenges for transportation electrification, vehicle grid integration, deployment of behind-the-meter charging infrastructure to support statewide charging goals, and other transportation electrification related policy issues.

Rate Reform

Rulemaking 22-07-005

The goal of Track A of the Demand Flexibility Rulemaking is to establish flat-rate billing in residential electric rates, in compliance with Assembly Bill (AB) 205 (Committee on Budget, 2022). This revenue neutral restructuring of residential rates will recover a portion of utility revenue requirements associated with public purpose programs and fixed grid costs through a monthly charge, thereby allowing for a reduction of usage-based electric rates for all customers. The flat-rate billing will be collected in a progressive manner to ensure that bills do not increase for low-income households. The CPUC has gathered input from parties on issues related to the implementation of the AB 205 requirements and is planning to issue a proposed decision in the first half of 2024.



Energy Division staff conduct a site visit at the Vaca-Dixon Substation

Renewables Portfolio Standard

Rulemaking 18-07-003

California's Renewables Portfolio Standard (RPS) program was established in 2002 by statute, and currently has a requirement of 60% by 2030 and a goal that 100% of the state's retail electricity sales are met with renewable and carbon-free resources by 2045. CPUC will continue in 2024 to require electricity retail sellers to meet RPS program requirements and the state's overall greenhouse gas reduction goals via a new proceeding. The new proceeding will address RPS procurement and planning as well as refinements to the RPS program. Additional activities will include enforcing penalties, bioenergy program management, and program implementation. In 2024, release of a new comprehensive RPS database accessible to the public and used by regulated entities for compliance purposes with streamlined accessibility is expected to go live.

Implementing Senate Bill 846 (Dodd, 2022) Concerning Potential Extension of Diablo Canyon Power Plant Operations

Rulemaking 23-01-007

Phase 2 of this proceeding will consider whether Pacific Gas and Electric Company should provide upfront reasonable manager showings for CPUC review and approval, continue refining the process and true-up to actual costs and market revenues for the prior year, and establish the process for submittal and review of an annual compensation report and spending plan. Phase 2 will not commence until Phase 1 concludes in early 2024.

SoCalGas and SDG&E General Rate Case

Application 22-05-015/016 (Consolidated)

On May 16, 2022, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) filed their 2024 general rate case applications. SoCalGas and SDG&E are requesting \$4.43 billion and \$3.007 billion, respectively, as their revenue requirement for 2024. SoCalGas's request results in a monthly bill increase of \$11.62 for typical residential non-CARE customers using 36 therms of gas per month. This represents a 16.8 percent increase from the current 2023 rates, to be implemented in 2024. SDG&E's electric residential customers using 400 kWh of electricity per month will see a 6.4 percent bill increase of \$11.09 compared to 2023 rates. SDG&E residential gas customers using 24 therms of gas per month will see a 21.8 percent increase, equivalent to a monthly bill increase of \$12.49 in 2024. A proposed decision is expected in 2024.

Clean Energy Financing

Rulemaking 20-08-022

The Clean Energy Financing proceeding has launched a technical working group to finalize proposals by May 2024 for Tariffed On-Bill (TOB) programs for the state that will enable customers to afford clean energy

technologies through modified tariffs on their energy meters without taking on personal debt. The TOB proposals are building upon development conducted earlier in the proceeding, including a decision issued in 2023, with a focus on equity and customer protections. After the TOB proposals are submitted in this proceeding for review, the CPUC will consider the proposals submitted by Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison, and Southern California Gas Company.

Resource Adequacy

Rulemaking 21-10-002

In 2024, the CPUC will continue ensuring that generation sources are developed to support an electricity market that provides reliable, clean, and affordable electricity for customers, and continue considering the restructure of the Resource Adequacy program.

Distribution Planning

Rulemaking 21-06-017

The high distributed energy resource proceeding opened in November 2021 to advance improvements in utility distribution planning to both prepare the electric grid for ambitious transportation and building electrification. Most deliverables for this proceeding are due by September 2024.

Arrears Case Management Pilot Proposal

Rulemaking 18-07-005

The CPUC will issue a proposed decision in January 2024 to address the Community-Based Organization (CBO) Arrears Case Management Pilot Proposal (ACMP) jointly filed by Pacific Gas and Electric Company and the CBO Working Group. The CBO ACMP is intended to serve customers in targeted zip codes who continue to face difficulty in resolving their utility bill debt. Contracted CBOs will provide case management services, defined as

repeated interventions over time, to customers and develop a concrete plan to eliminate their arrearages. In addition, the CPUC will consider the extension of the disconnection rate caps, which are currently set to sunset in the end of 2024, and evaluate other ongoing disconnection-related issues as well.

Provider of Last Resort

Rulemaking 21-03-011

The CPUC opened this rulemaking to implement the Provider of Last Resort requirements and framework directed by Senate Bill 520 (Hertzberg, 2019). The Scoping Memo and Ruling divided the procedural schedule into three phases. By Scoping Memo and Ruling, the statutory deadline in this proceeding has been extended until March 31, 2024.

City and County of San Francisco Eminent Domain Proceedings

Petition 21-07-012

In 2024, the CPUC will continue to work with interested parties and consultants to determine the amount of just compensation that San Francisco should pay to acquire the assets of Pacific Gas and Electric Company that are used to provide electric service to San Francisco customers, the list of assets that should be acquired, and the valuation method that should be used to determine the amount of just compensation and additional costs, if any, that the city should pay other than asset costs.

Market Price Benchmarks

Rulemaking 17-06-026

The Power Charge Indifference Adjustment calculation was established in Decision 11-12-018 and the most recent decision that made changes was Decision 23-06-006. Data requests and market price benchmark calculations are expected to take place in 2024. The CPUC is directed to calculate and distribute these values by the first business day in October of each year.

Power Charge Indifference Adjustment – Petition for Modification

Rulemaking 17-06-026

This Power Charge Indifference Adjustment (PCIA) rulemaking may be re-opened to consider a Petition for Modification (PFM) of Decision 23-06-006 filed by Southern California Edison on September 11, 2023. The PFM requests that the CPUC modify Decision 23-06-006 to clarify that the direction in Decision 19-10-001 regarding the treatment of banked Renewable Energy Credits (RECs) continues to govern RECs generated and banked on and after January 1, 2019. For RECs generated and banked prior to 2019, the investor-owned electric utilities' bundled service customers were required to, and did, purchase those RECs at the CPUC's Renewables Portfolio Standard Market Price Benchmark determined under the PCIA methodology in place for many years prior to the issuance of Decision 19-10-001 and its companion decision, Decision 18-10-019, which together updated the PCIA methodology.

Transmission Project Review Process and Ratepayer Advocacy at FERC

Resolution E-5252

The Federal Energy Regulatory Commission (FERC) Cost Recovery section begins the Transmission Project Review (TPR) process in January 2024, providing robust semi-annual data and discovery on recent, current, and forecasted transmission projects. Semi-annual TPR process cycles will also include convening technical meetings for the CPUC and stakeholders to understand transmission project planning, prioritization, and implementation. The TPR process is a profound step forward in FERC Cost Recovery's ongoing ratepayer advocacy work, will further California's energy policy goals, support the CPUC's risk and safety assessment requirements, and facilitate engagement by stakeholders with the utilities around their transmission projects and interconnection-related network upgrades.

Aliso Canyon Investigation

Investigation 17-02-02

The CPUC issued an Aliso Canyon assessment analyzing required inventory levels in Aliso Canyon natural gas storage facilities that is composed of a feasibility assessment and hydraulic modeling. In November 2023, the CPUC ordered that the statutory deadline for completion of this proceeding be extended until September 2024.

Long-Term Gas Planning Rulemaking

Rulemaking 20-01-007

The goal of the Long-Term Gas Planning Rulemaking is to keep the gas system affordable, reliable, and safe throughout the transition to cleaner energy. An updated Scoping Memo for Phase 3 of this rulemaking is expected by March 31, 2024.

High Gas and Electric Prices Investigation

Investigation 23-03-008

The High Prices Investigation is examining the causes and impacts of the high gas and electric prices in winter 2022-23, the potential for future price spikes, and mitigations that can reduce the likelihood and/or impact of future gas and electric price spikes. The Procurement Review Group was consulted by various utilities and has submitted its request one year in advance of May 1, 2024, which is consistent with the procedures put forth in Decision 21-12-035 for electing to not exercise step-down rights. The purpose of the step-down provision is to save costs associated with gas transportation that is no longer needed for electricity generation delivery.

Ventura Compressor Modernization Project

Application 23-08-019

In this application, Southern California Gas Company (SoCalGas) seeks a Certificate of Public Convenience and Necessity and authorization of the

funds needed to modernize the Ventura Compressor Station. A consultant is under contract and has been in contact with SoCalGas regarding their Proponent Environmental Assessment (PEA). During pre-filing consultation, the CPUC advised SoCalGas to include a safety study as California Environmental Quality Act requires for the evaluation of project safety. Currently, the PEA has not been deemed complete as the CPUC is waiting for SoCalGas to provide details on the safety study.

Energy Efficiency

Rulemaking 13-11-005 | Application 22-02-005 et al.

2024 will be the first year to oversee and monitor the \$4.3 billion energy efficiency portfolio over the 2024-2027 period, adopted in Decision 23-06-055. Solicitations will continue through 2024, targeting equity, market support, and resource programs. The first half of 2024 will see the release of dozens of evaluation studies that will assess the results of the portfolio, and updates will be made to energy savings inputs. Towards the end of the year, the landmark Market Transformation initiative will result in an application for new programs to save energy.

Senate Bill 319 Transmission Projects Report

Senate Bill 319 (McGuire, 2023) requires the Energy Commission, CPUC, and Independent System Operator to keep their workplan and December 23, 2022, Memorandum of Understanding (MOU) updated to coordinate on the timely development of resources, resource interconnections, and needed transmission infrastructure to meet the state's energy goals on an ongoing basis. The bill requires the CPUC to submit to the legislature on or before December 1, 2024, and biennially thereafter, a report on the status and cost of electrical transmission project applications (Transmission Projects Report).



The Rail Safety Division visiting the LA Metro rail yard

Community Solar Proceeding

Application 22-05-022

In this proceeding, the CPUC is considering stakeholder proposals for modifications to its existing customer renewable subscription programs (sometimes referred to as “community solar”). The proceeding is also considering proposals for new customer renewable subscription programs, in conformance with the requirements of Assembly Bill 2316 (Ward, 2022). A decision is currently pending in the proceeding, which is scheduled to close in the second quarter of 2024.

Rail

Rulemaking to Revise General Order 143-B

In 2024, the CPUC plans to initiate a rulemaking proceeding to revise General Order 143-B, titled “Safety Rules and Regulations Governing Light-Rail Transit.” The staff proposal includes broadening the applicability to other fixed guideway modes in addition to light rail and making changes to clarify existing or add new requirements to improve safety.

Risk-Based Inspection Program for Rail Transit Safety Branch

In 2024, the CPUC will modify its existing rail transit inspection program to develop a more risk-based inspection program as required by the Federal Transit Administration’s (FTA) Special Directive 22-25, issued on October 21, 2022, and submit the response to the FTA Special Directive.

Senate Bill 506 (Laird, 2023) Colored Pavements Marking Project

To the extent permitted by federal law or regulation, the CPUC will develop and implement a pilot project with colored pavement markings, at one or more at-grade highway-railroad crossings, to improve safety. The pilot project requires approval by the Federal Highway Administration (FHWA). In 2024, the CPUC plans on filing the request to the FHWA.

Autonomous Vehicles

In 2024, the CPUC anticipates supporting and providing rail crossing safety input to the California Manual on Uniform Traffic Control Devices, Department of Motor Vehicles, and California Department of Transportation for regulations, licensure, and safety policies for autonomous vehicles.

Brightline West High-Speed Rail

In 2024, the CPUC will continue to work on the Brightline West High-

Speed Passenger Train Project, including review of the proposed designs for the remaining 70+ crossings that require authorization and will prepare draft resolutions for approval to authorize new crossings as appropriate.

High-Speed Rail Project

In 2024, the CPUC will continue to work with the California High-Speed Rail Authority, review crossing applications in rail crossing proceedings, provide guidance on the filing of applications, and file application responses in CPUC proceedings.

Transportation

Transportation Common Carrier Applications

In 2024, the CPUC will continue to receive and process applications from transportation common carriers (passenger stage corporations and vessel common carriers) on matters including requests to obtain authority to operate, to change rates, and to change service areas.

Transportation Network Company Oversight and Autonomous Vehicle Programs

Rulemaking 12-12-011

In 2024, the CPUC will continue collecting and analyzing extensive data on transportation network company (TNC) operations to aid in refining rules pertaining to the oversight of the safe operations of these companies. A proposed decision on data reporting requirements for autonomous vehicle programs is pending. The CPUC will also continue to oversee its autonomous vehicle programs while enhancing safety data reporting requirements and its safety assurance functions, including analyzing safety-related data and continually improving its enforcement program.



Transportation Enforcement Branch conduct a joint operation with the California Highway Patrol in Otay Mesa to enforce safety regulations with passenger carriers

Transportation Network Company Access for All Wheelchair Accessibility Program

Rulemaking 19-02-012

In 2023, the CPUC provided a report to the legislature in summarizing progress to date in the Access for All Wheelchair Accessibility Program and provided recommendations for improvements to the program. In 2024, the CPUC will issue a request for proposals for a Statewide Access Fund Administrator to expand the program offerings in underserved areas.

Clean Miles Standard

Rulemaking 21-11-014

The CPUC anticipates a Phase 1 decision in the first quarter of 2024 that establishes programs to ensure certain regulated transportation carriers comply with the Clean Miles Standard and greenhouse gas emission targets set by the California Air Resources Board and to support transportation

network company drivers as they transition to zero-emission vehicles. The Phase 1 decision will identify remaining issues to address in Phase 2 of the proceeding.

Transportation Network Company Rulemaking / Adopting the Settlement Agreement

Rulemaking 12-12.011 / Decision 21-12-003

The CPUC continues to implement the Settlement Agreement between Consumer Protection and Enforcement Division (CPED), Uber Technologies, Inc., and the Rape, Abuse & Incest National Network, Inc. The CPUC will select a consultant to lead the evaluation of the California transportation network company industry's existing protocols and practices for classifying and reporting violence, including sexual violence, and the development and recommendation of industry-wide best practices for receiving, reporting, and responding to complaints of violence, including sexual violence. The CPUC expects the selected consultant to commence work no later than January 2024.

Uber Technologies, Inc., and Uber Black Sub-Carriers

Investigation 21-12-001

On December 2, 2021, the CPUC opened an Order Instituting Investigation to determine whether Uber Technologies, Inc. violated the Public Utilities Code, General Orders, state laws, and other rules or requirements for the provision of charter-party carrier transportation services. Enforcement staff alleged that Uber violated General Order 157-E and Public Utilities Code section 5413 by allowing numerous carriers to operate without authority while using the Uber Black platform. On August 21, 2023, the statutory deadline for this proceeding was extended to September 30, 2024, and the Presiding Officer's Decision is now expected to be issued in 2024.

Water

California-American Water Company's Monterey Water Supply Project Application

Application 21-11-024

Phase 1 of California-American Water Company's application is to obtain approval of the amended and restated water purchase agreement for the Pure Water Monterey Groundwater Replenishment Project. The decision resolving final issues of Phase 1 is expected in the first half of 2024.

Phase 2 of California-American Water Company's application is to update the water supply and demand estimates for the Monterey Water Supply Project. This decision is expected in the second half of 2024.

2023 California Water Service Company's General Rate Case Application

Application 21-07-002

Expected in the first half of 2024, the proposed decision will address the pending motion for partial settlement agreement, filed December 16, 2022, and resolve numerous outstanding issues, including all operating expenses, maintenance and repair, compensation for employees, and capital additions necessary to serve California Water Service Company customers. Additionally, the proposed decision addresses revenue adjustment mechanisms, balancing and memorandum accounts, and taxes. It will also consider safety and environmental and social justice issues.

San Gabriel Valley Water Company's General Rate Case Application

Application 22-01-003

The decision on San Gabriel Valley Water Company's general rate case application for rates to be effective January 1, 2024, is expected in the first half of 2024.

California-American Water Company's General Rate Case Application

Application 22-07-001

The decision on California-American Water Company's general rate case application for rates to be effective January 1, 2024, is expected in the first half of 2024.

Suburban Water Systems' General Rate Case Application

Application 23-01-001

The decision on Suburban Water Systems' general rate case application for rates to be effective January 1, 2024, is expected in the first half of 2024.

Golden State Water Company's General Rate Case Application

Application 23-08-010

The decision on Golden State Water Company's general rate case application for rates to be effective January 1, 2025, is expected in late 2024.

Acquisition Rulemaking

Rulemaking 22-04-003

The acquisition rulemaking will consider updates to the CPUC's policies on water and sewer utility acquisitions and consolidations. The decision is expected in the second half of 2024.

Application to Authorize a Cost of Capital for the Four Small Class A Water Utilities

Applications 23-05-001/2/3/4

This consolidated proceeding includes applications by the four small Class A water utilities for an authorized cost of capital. The decision is expected in the first half of 2024.

San Jose Water Company's General Rate Case Application

The decision on San Jose Water Company's general rate case application for rates to be effective January 1, 2025, is expected in late 2024.

Liberty Utilities' General Rate Case Application

Liberty Utilities' general rate case application for its Park Water and Apple Valley Ranchos water systems will have rates effective July 1, 2025. The application will be processed during 2024.

Application to Increase Four Class A Water Utilities' Authorized Rate of Return

This proceeding includes applications by the four large Class A water utilities to authorize their rate of return. The applications will be processed over the second half of 2024.

2026 California Water Service Company's General Rate Case Application

California Water Service Company's general rate case application is for rates to be effective January 1, 2026. The application will be processed over the second half of 2024.

Great Oaks Water Company's General Rate Case Application

Great Oaks Water Company's general rate case application is for rates to be effective July 1, 2025. The application will be processed over the second half of 2024.



Executive Director's Report for 2023



A message from the Executive Director:

The California Public Utilities Commission is a mission-driven agency regulating the utility services that are essential to modern life and I am honored to serve as the Executive Director.

As California faces increasingly complex challenges, driven significantly by climate change, the CPUC’s regulatory role directing the quality, accessibility, and affordability of these services—electricity, gas, telecommunications, broadband, rail transportation, passenger transportation, and water—becomes all the more vital.


Each year, the Executive Director’s Annual Report highlights the CPUC’s accomplishments that are critical to ensuring that the CPUC operates effectively. The CPUC’s achievements and improvements in regulating utility services and infrastructure are discussed in detail throughout this report, and the Executive Director’s report focuses on achievements in organizational effectiveness.

Sincerely,

A handwritten signature in black ink that reads "Rachel Peterson". The signature is written in a cursive, flowing style.

Rachel Peterson, Executive Director
California Public Utilities Commission





Pursuant to Public Utilities Code section 910(a)(2), the CPUC assesses the performance of the Executive Director and the CPUC based on “criteria established in the prior year’s Work Plan.” This chapter assesses the Executive Director’s performance against the criteria set out in the 2022 Work Plan and the overall performance of the CPUC.

1. Success in executing and continual progress toward the regulatory policy and administrative goals set out in the CPUC’s adopted Strategic Directives.

Enhanced Data Analytics and GIS Support:

The CPUC Information Technology Services Division implemented Phase 1 of this project to install the infrastructure to support centralized GIS and data analytics systems and licensed the ESRI, Tableau, and Snowflake platforms. The CPUC is deploying these platforms across numerous regulatory areas to improve transparency, efficiency, and effectiveness, including energy, telecommunications and broadband, emergency response, and safety enforcement.

Information Security:

The CPUC has been building the Information Security Office with resources recently approved by the California Legislature. The CPUC’s information security posture has improved as a result, instituting full review and update of information security plans, policies and procedures, and an improved focus on information security monitoring tools and processes to investigate and remediate security incidents.

Enforcement Policy:

In 2023, staff continued to use two new enforcement instruments created by the CPUC’s adopted Enforcement Policy to uphold critical safety and consumer protection standards. Staff used Administrative Enforcement Orders and Administrative Consent Orders to address safety matters such as wildfires associated with electrical equipment, gas company service deposit collection practices, and telecommunications company consumer notification practices. Since 2019, CPUC enforcement actions have resulted in over \$3.1 billion of penalties paid by the shareholders of entities regulated by the CPUC.

Supplier Diversity:

The CPUC's Supplier Diversity Program continues to drive utility spending with diverse businesses upward. In 2023, energy, telecommunications, and water utilities and related entities reported \$14.3 billion spent with diverse businesses, or 30.6% percent of their total. This procurement activity is an economic opportunity for California communities, with approximately 42 percent of this utility spending occurring within communities facing environmental and social justice challenges.

ESJ Action Plan Implementation:

The CPUC's Environmental and Social Justice (ESJ) Action Plan serves as both a commitment to furthering principles of ESJ, as well as an operating framework to integrate ESJ considerations throughout the agency's work. The CPUC has made steady progress implementing action items in 2023, such as:

- Created tools to increase outreach to ESJ communities for participation and engagement in rail safety proceedings.
- Developed a white paper on Advancing California's Workforce for a Clean Energy Future. The paper summarizes current CPUC and California Workforce Development Board policies supporting workforce development with a focus on disadvantaged communities and proposes potential areas for future policy focus.

2. Continual improvement in compliance with state rules through the implementation of effective business systems and innovation in core operations.

Audits and Compliance:

In a demonstration of the CPUC's commitment to compliance, the CPUC successfully closed 25 audit recommendations by implementing new risk mitigation controls across numerous divisions and teams, including accounting, contracts, human resources, and information technology. In addition, CPUC's Utility Audits Branch completed 45 external audits of utility companies,





encompassing energy, energy procurement, communications, balancing accounts, and water and sewer industries to ensure utilities comply with applicable laws and regulations.

Workforce Investment in the Hybrid Workplace:

The CPUC has continued to invest in its workforce within the hybrid workplace, adapting the agency's approach to employee mentorship, upward mobility, workforce training, and employee growth opportunities. Programs such as Ergonomic Assessment and Heat Illness and Prevention are now permanently available virtually to all staff. The CPUC is committed to an effective hybrid work model that meets the Statewide Telework Policy goals related to the state's overall office space, retention and recruitment, productivity, environmental impacts, and customer service.

Building Staff Skills:

The CPUC is building staff's analytical skills, interpersonal communication, leadership, and project management through training in tools such as Microsoft Excel, Project, Tableau, and GIS.

3. Progress toward developing a safety culture at the CPUC.

Situational Awareness and Emergency Response:

The CPUC developed and held a series of tabletop exercises to ensure the Senior Activation Team was prepared to rapidly address electricity reliability, wildfire, Public Safety Power Shutoff, and related responses leading into the 2023 wildfire and extreme heat season. These exercises reconfirmed primary and secondary call-down rosters, clarified roles and responsibilities, and ensured critical leaders across the CPUC stood ready to support coordination and response efforts to emerging events. To ensure broad situational awareness and to identify emerging safety concerns, especially with compounding climate change-driven risks, CPUC senior management and staff monitored weather and fire activities daily in collaboration with the California Governor's Office of Emergency Services (CalOES) and other state partners. Grounded in these forward-leaning efforts, the CPUC was able to support multiple activations of Emergency Support Function 12 to the State Operations Center, addressing wildfire activity, electricity reliability concerns, and responding to events such as Tropical Storm Hilary and earthquake response.



4. Progress towards creating an inclusive environment through investing in the CPUC workforce.

Upward Mobility Program:

The CPUC’s Talent Acquisition Unit, partnering with the Equal Employment Opportunity Officer, reauthored and relaunched the Upward Mobility Program in 2023. The program has a renewed sense of focus and modern-day, effective strategies to provide employees in low-paying entry level classifications, as classified by California Department of Human Resources (CalHR), with career advancement opportunities. The Upward Mobility Program has 11 active participants in various stages of the program.


Expanding Workplace Trainings:

The CPUC continues to make staff development training through CalHR and platforms such as LinkedIn Learning available to all staff. As of October 2023, 70% of CPUC staff have active LinkedIn Learning accounts and have accessed over 4,600 hours of learning content. The CPUC also provides workplace trainings that exceed the state’s Harassment Prevention training requirements by including additional modules such as Unconscious Bias in the Workplace, Diversity & Inclusion Essentials, Microaggressions, and Cultural Competency. In addition, the CPUC continues to require that all interview panelists take Diversity Recruiting training through LinkedIn Learning. To date, 498 management and staff have completed this training.

5. Continued progress toward public and legislative confidence in the CPUC through effective communication.

Office of Governmental Affairs:

Each year, the Office of Governmental Affairs (OGA) engages with the California Legislature in the legislative and budget processes on behalf of the CPUC. This engagement helps shape proposed policies and budget appropriations contained in legislation so that they are designed as the most effective solutions to present and emerging issues in the industries the CPUC regulates. OGA organized and led four formal legislative staff informational briefings in 2023 on electric and



gas customer rates, implementation of California's clean energy policies, electric supply reliability, and progress in deploying Broadband for All.

Supporting the CPUC Tribal Advisor:

Throughout 2023, the CPUC's Tribal Advisor, Kenneth Holbrook, has directed and participated in numerous workshops and Tribal Consultation events related to offshore wind planning and the CPUC's Broadband Equity, Access, and Deployment (BEAD) application. The Tribal Advisor gave a keynote address at the 2nd Annual Tribal Leaders' Clean Energy Summit, and supported CPUC's involvement at the 2023 Tribal Water Summit. The Tribal Advisor was instrumental to planning for the inter-agency Tribal En Banc hearing held by all CPUC and California Energy Commission Commissioners in March at the Native American Forum at California State Polytechnic University, Humboldt.

The Tribal Advisor also supported the CPUC's active rulemaking to consider the effectiveness of its Tribal Land Transfer Policy (TLTP) Implementation Guidelines (Rulemaking 22-02-002). The TLTP Guidelines established a CPUC preference for the transfer of real property to tribes when an investor-owned utility plans to dispose of real property within a tribe's ancestral territory. The ongoing TLTP proceeding seeks to examine and consult with tribes about performance of the existing TLTP policy guidelines, as well as the CPUC's Tribal Consultation Policy.

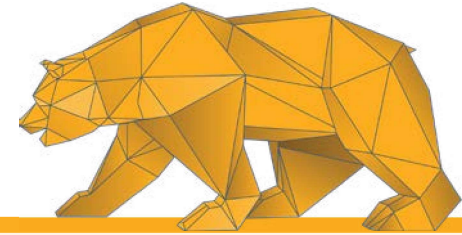
The Tribal Advisor also serves as a resource for CPUC staff, designing and conducting staff trainings on consultation best practices, cultural and historical awareness, and Indian law discussions. The CPUC prioritizes its role in supporting California's tribes in their efforts to drive clean energy adoption, electrification of transportation, deployment of reliable and affordable broadband services, and adaptation to the impacts of climate change.

Communications Campaigns:

The CPUC is continuing to build awareness with the public about the agency's role as a regulator of the utility services that are essential to modern life. In 2023, the CPUC launched several communications campaigns focused on key regulatory decisions and milestones. Impressions and followers rose across the year on social media platforms, such as LinkedIn, where the CPUC's followers increased 30 percent.

Summary Evaluation of Executive Director Performance:

Based on the criteria set forth, the Executive Director has met the performance criteria established in the 2022 Annual Report.



Performance Criteria for 2024

In 2024, the criteria against which the Executive Director will be assessed will include:

- Success in executing and continual progress toward the CPUC’s regulatory policy and administrative goals.
- Continual improvement in compliance with state rules through the implementation of effective business systems and innovation in core operations.
- Progress toward developing a safety culture at the CPUC.
- Progress towards creating an inclusive environment through investing in the CPUC workforce.
- Continued progress toward public and legislative confidence in the CPUC through effective communication.



California Public Utilities Commission

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