



The Public
ADVOCATES
OFFICE

The Consumer Advocate at the
California Public Utilities Commission



California State Animal:
The California Grizzly Bear
(*Ursus Californicus*)

2022
ANNUAL REPORT

“We fight for affordable, safe and reliable utility services. Our solutions and alternatives help decision-makers address utility customers’ needs cost-effectively while advancing California’s climate goals.”

**Matt Baker, Director
Public Advocates Office**

MESSAGE FROM THE DIRECTOR



I am pleased to present you with our 2022 Annual Report. It highlights many of our efforts from the last year to fight for affordable, safe, and reliable utility services at the lowest possible cost while advancing California's climate goals. To read more about our work on behalf of utility customers and the environment, please visit our website at publicadvocates.cpuc.ca.gov.

I am honored to have served as Director for the past year. Over this time, we helped decision-makers address many challenges including rising monthly utility bills, record heat waves, reliability issues, and wildfire prevention. We did this mainly by recommending solutions and alternatives with an eye on cost effectiveness and equity for decision-makers to consider when making policy and investment decisions.

Last year presented California with many unique hurdles. It was my office's top priority to (i) present creative ways to lower utility bills, (ii) help transition to a clean energy future at the lowest possible cost, (iii) identify new ways to achieve grid reliability, (iv) ensure that utilities are doing all they can to harden their systems and (v) assist with prioritizing access and affordability, especially in underserved or unserved areas, to essential broadband and water services.

I am proud to say that my team of dedicated and passionate analysts, engineers, auditors, and lawyers worked hard to put affordability and equity at the forefront of our advocacy efforts. A few highlights from last year in our priority areas of water, communications, and energy are as follows:

- We supported the CPUC with making important changes to the net energy metering program to continue its success while addressing key fairness issues for all ratepayers.
- We identified key alternative financing recommendations for electrification and generation.
- We proposed a plan to ensure (Class A) water utilities do not profit more than necessary to lower their customers' monthly bills.
- We developed a series of maps and supporting analysis highlighting where telecommunications companies are not serving low-income and disadvantaged communities with essential broadband services.
- We have meticulously reviewed utility wildfire safety plans, prevented utilities from charging customers more than necessary, and helped to hold utilities accountable.

My priorities for the upcoming year are centered around ensuring that affordability and reliability concerns are addressed for all utility customers. In the next year, we plan to focus on the following:

- Finding new ways to address the main drivers of monthly utility bill increases.
- Helping advance our climate goals including decarbonizing the electricity sector and moving away from our reliance on natural gas in a cost-effective way.
- Proposing creative ways to protect those most in need by prioritizing access, affordability, and equity.
- Building upon our advocacy efforts, presence, and nimbleness to ensure decision-makers have the information they need to make well-informed decisions.
- Addressing organizational challenges including recruiting and retaining staff, and building stronger relationships with decision-makers and other state agencies to make our climate planning most efficient and effective.

There is no denying that California still faces many challenges ahead. My office will continue to be a resource to help achieve our goals with the greatest customer and climate benefits at the lowest possible cost.

– Matt Baker, Director, Public Advocates Office



OUR STATUTORY MANDATE - PUBLIC UTILITIES CODE 309.5

- (a) There is within the commission an independent Public Advocate's Office of the Public Utilities Commission to represent and advocate on behalf of the interests of public utility customers and subscribers within the jurisdiction of the commission. The goal of the office shall be to obtain the lowest possible rate for service consistent with reliable and safe service levels. For revenue allocation and rate design matters, the office shall primarily consider the interests of residential and small commercial customers.
- (b) The director of the office shall be appointed by, and serve at the pleasure of, the Governor, subject to confirmation by the Senate.
- The director shall annually appear before the appropriate policy committees of the Assembly and the Senate to report on the activities of the office.
- (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.
- (d) The commission shall develop appropriate procedures to ensure that the existence of the office does not create a conflict of roles for any employee. The procedures shall include, but shall not be limited to, the development of a code of conduct and procedures for ensuring that advocates and their representatives on a particular case or proceeding are not advising decisionmakers on the same case or proceeding.
- (e) The office may compel the production or disclosure of any information it deems necessary to perform its duties from any entity regulated by the commission, provided that any objections to any request for information shall be decided in writing by the assigned commissioner or by the president of the commission, if there is no assigned commissioner.
- (f) There is hereby created the Public Utilities Commission Public Advocate's Office Account in the General Fund. Moneys from the Public Utilities Commission Utilities Reimbursement Account in the General Fund shall be transferred in the annual Budget Act to the Public Utilities Commission Public Advocate's Office Account. The funds in the Public Utilities Commission Public Advocate's Office Account shall be a budgetary program fund administered and utilized exclusively by the office in the performance of its duties as determined by the director. The director shall annually submit a staffing report containing a comparison of the staffing levels for each five-year period.
- (g) On or before January 10 of each year, the office shall provide to the chairperson of the fiscal committee of each house of the Legislature and to the Joint Legislative Budget Committee all of the following information:
- (1) The number of personnel years utilized during the prior year by the office.
 - (2) The total dollars expended by the office in the prior year, the estimated total dollars expended in the current year, and the total dollars proposed for appropriation in the following budget year.
 - (3) Workload standards and measures for the office.
- (h) The office shall meet and confer in an informal setting with a regulated entity prior to issuing a report or pleading to the commission regarding alleged misconduct, or a violation of a law or a commission rule or order, raised by the office in a complaint. The meet and confer process shall be utilized in good faith to reach agreement on issues raised by the office regarding any regulated entity in the complaint proceeding.

TABLE OF CONTENTS

MESSAGE FROM DIRECTOR	
OVERVIEW	
Year in Review	1
ENERGY ISSUES	2
WATER UTILITIES ISSUES	7
COMMUNICATIONS ISSUES	10
OUR WORK IN SACRAMENTO	13
LEGISLATIVE REPORT	15

OVERVIEW



California State Bird:
The California Quail
(*Lophortyx Californica*)

YEAR IN REVIEW

In 2022, the Public Advocates Office participated in nearly 254 proceedings and filed around 754 pleadings at the California Public Utilities Commission to advocate for the interests of California consumers.



Tour of Yolo County Central Landfill.



Tour of Moss Landing Power Plant.



Tour of Moss Landing Power Plant.



Tour of California American Water System in Sacramento.

ENERGY ISSUES



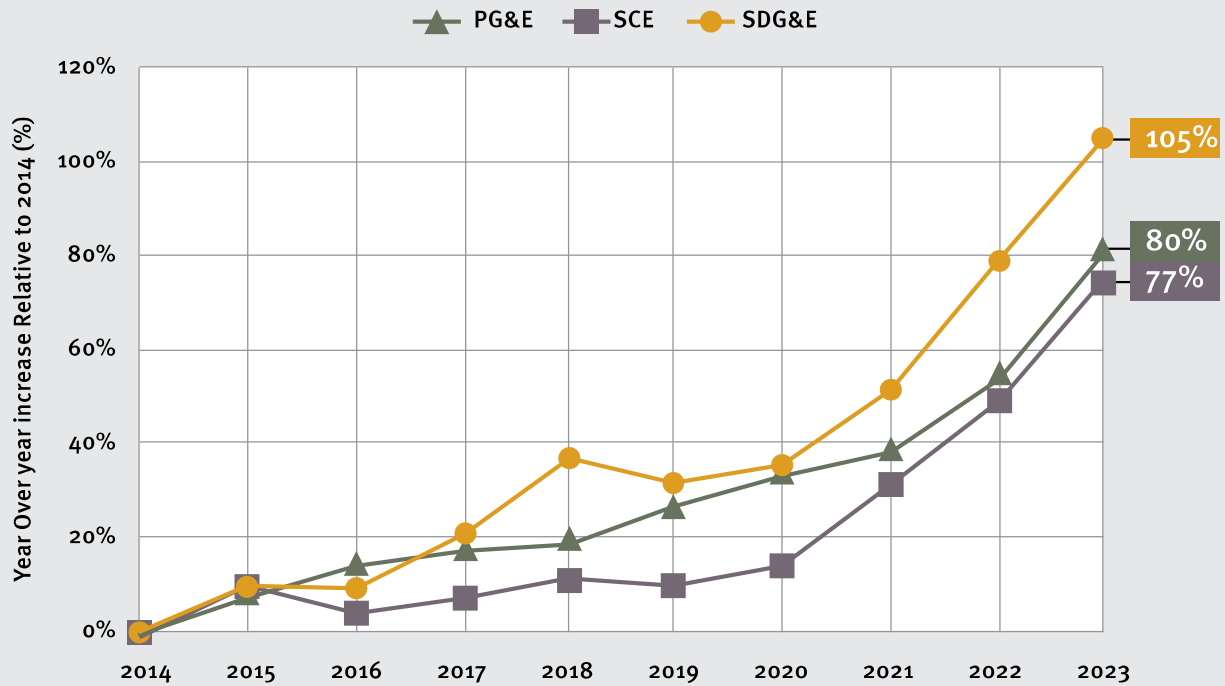
HIGHLIGHTS ON ENERGY PROCEEDINGS AT THE CPUC

The Public Advocates Office represents about 80 percent of California's electric and natural gas customers. In addition to our evaluations on general rate cases (GRCs) submitted by investor-owned utility (IOU) companies, we focus on many other energy-related proceedings before the California Public Utilities Commission (CPUC).

In 2022, the Public Advocates Office analyzed data and developed recommendations in multiple areas, including the following topics: (i) the state's net energy metering (NEM) program, (ii) the IOUs' cost of capital, (iii) energy efficiency programs and (iv) utility wildfire safety plans.

For more information on our energy work, please visit our website at: publicadvocates.cpuc.ca.gov

AVERAGE ELECTRIC RESIDENTIAL RATE INCREASES BY UTILITY



Source: Public Advocates Office analysis

Our work to minimize rate increases in support of multiple state priorities include the following areas:

- **Affordability.** Electricity rates for the three largest IOUs have increased 5-10% each year since 2013. California's electric rates are the highest in the continental United States and continue to outpace inflation.
- **Climate.** Reducing greenhouse gas emissions through electrification becomes increasingly difficult and less economic with higher electric rates.
- **Equity.** Higher rates and bills impact low-income households with less disposable income the hardest.

Modernizing Rooftop Solar Subsidies

In December 2022, the CPUC issued a decision that revised the Net Energy Metering Program (NEM), a successful program that has encouraged the adoption of about 1.5 million rooftop solar systems. The CPUC enacted needed reforms that compensate new rooftop solar customers for the value of the electricity their systems produce and export to the grid. For existing rooftop solar customers, the

program pays an incentive that is up to five times the value of solar power. This incentive is covered by other customers that do not have rooftop solar, which resulted in 10 to 20% bill increases for these customers to support the NEM program.

The 2022 decision created incentives to pair rooftop solar with storage which will provide more valuable grid services. This will be critical in achieving our decarbonization and electrification goals.

The CPUC's decision is an important step in the right direction. The CPUC adopted a number of key policy recommendations made by our office that continue to support rooftop solar while providing for more equitable treatment of all ratepayers.

While the CPUC's NEM ruling only addresses new systems, it signals the CPUC's intent to address inequities creating by existing solar NEM customers in future proceedings. This will help ensure all customers pay their fair share of the costs for maintaining the utility systems and reducing wildfire risks.

We look forward to continuing to work with the CPUC and other stakeholders in future NEM proceedings.

Cost of Capital

In April 2022, the four largest energy utilities - Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) - filed their cost of capital applications for 2023-2025. In this proceeding, the CPUC authorizes the utilities a return on their equity (ROE), capital structure, and cost of debt.

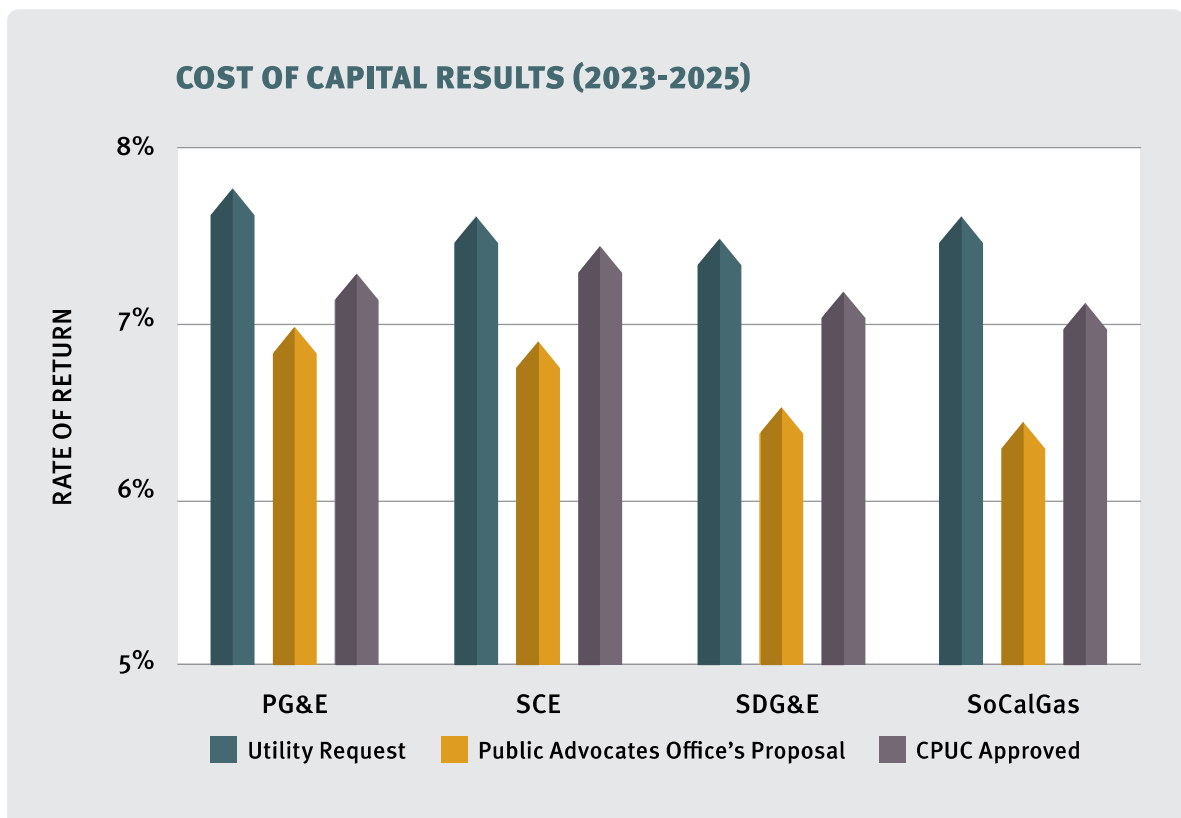
This proceeding establishes the authorized profit utilities can earn through the sale of electricity and gas. It is an important component of the rates utilities charge customers. For utility investments, it is akin to the interest rate you pay on your mortgage.

Our role is to recommend a reasonable return to utility investors through the ROE and capital structure that is in customers' best interest. The chart below highlights the results of our advocacy in the cost of capital proceeding.

Advocating for Cost-Effective Energy Efficiency Programs

Energy efficiency measures can be an effective way to help customers lower their bills, enhance grid reliability, and help California achieve its clean energy future. Ratepayers invest roughly one billion dollars a year in energy efficiency programs. Unfortunately, most of these programs are not cost-effective. Some of these programs have also been mismanaged by utilities including using ratepayer funds to lobby against increases in the codes and standards for energy efficiency and electrification. Codes and standards are the best, lowest cost way to implement energy efficiency.

For the efficiency programs that are not designed for low-income customers, we support moving investments from underperforming energy efficiency programs to cost-effective programs. This would increase the impact of energy efficiency and could put downward pressure on rates. We also monitor all energy efficiency programs to ensure they are adequately administered.





1MW battery storage facility on Catalina Island.

Based on our monitoring, in 2022, we provided the CPUC with key testimony that showed how energy efficiency programs were being improperly managed by SoCalGas and SCE. Taken together, the utilities were assessed penalties of over \$83 million in refunds to their customers, and more than \$20 million in fines for violating CPUC regulations.

Evaluating the Electric Utilities' 2022 Wildfire Mitigation Planning

In early 2022, the IOUs filed their 2022 Wildfire Mitigation Plan (WMP) Updates. These plans describe each utility's strategies to reduce the risk that their power lines will ignite catastrophic wildfires. Some examples in their plans included: trimming trees, performing more thorough equipment inspections, and "hardening" the grid by installing wires with protective plastic coating or burying power lines.

We reviewed the IOUs' plans and identified many key deficiencies for the Office of Energy Infrastructure to consider (OEIS), especially in the areas of grid hardening, equipment inspections, and wildfire risk analysis. Our work here is important because wildfire mitigation is one of the primary drivers of recent bill increases. OEIS adopted several of our recommendations.

De-Energization of Power to Customers

A utility de-energization event, or Public Safety Power Shutoff (PSPS), occurs when an electric utility decides to stop providing electricity over power lines that it believes may fail or ignite a wildfire during certain weather conditions. The CPUC requires that a utility should only use a de-energization event as a last resort to reduce the risk of wildfires caused by its infrastructure.

In 2022, some electric utilities continued to shut off power to its customers. Our analysis showed the electric utilities failed to properly forecast hazardous weather conditions which led to missed customer notifications including those to medically vulnerable customers and critical infrastructure such as hospitals and cell towers. Given that de-energization has impacted millions of Californians, we recommended utilities assess customer harms such as costs associated with replacing spoiled food and medicine, and lost wages and revenue due to shutting down businesses.



California State Freshwater Fish:
The Golden Trout
(Oncorhynchus Aguabonita)

WATER ISSUES

HIGHLIGHTS ON WATER GENERAL RATE CASES & PROCEEDINGS AT THE CPUC

The Public Advocates Office strives to ensure affordable, safe, and reliable water service for more than 6 million water customers (or about 1.7 million service connections). More than 95% of these ratepayers are served by the nine Class-A Water Utilities that each serve more than 10,000 connections.

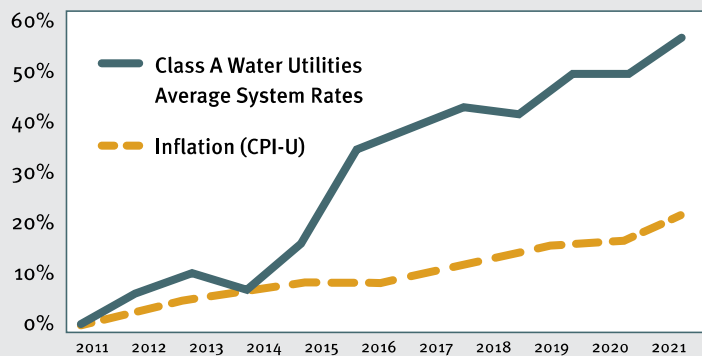
In 2022, we took several steps to ensure water service is affordable, reliable and safe. They include (i) performing a robust analysis of water rate increases and recommending cost-effective solutions, (ii) reviewing utility requests for customer money to operate their businesses to ensure they are in their customers' best interests, and (iii) by participating in multiple CPUC proceedings to ensure water customer needs and challenges are addressed at the lowest cost.

Rate Trends

As shown in the graph on this page, average system rates of the Class-A Water Utilities have significantly climbed over the past ten years.¹ The cumulative percentage increase in water rates was nearly triple that of inflation over the same period.

Major drivers of recent water rate increases include the loss of revenue to cover fixed costs² as customer demand decreases, and the higher cost of water treatment to meet increasingly stringent water quality regulations. However, increases in customers' bills also reflect a water utility's ability to exceed authorized return on equity (shareholder profit percentage) through use of alternative ratemaking mechanisms.³ We advocate

Average rate increase in Class A Water Utilities (2011 to 2021)



for limiting the use of these mechanisms, including memorandum and balancing accounts,⁴ especially in cases where utilities are exceeding their CPUC-authorized shareholder profit percentage.

Another way we protect ratepayers is by preventing utilities from charging customers twice for items they have not received initial benefits from once. In California, customer rates are established on the assumption that utility projects will be completed and provide service. When a utility fails to complete previously funded projects, the utility will often propose to continue ratepayer funding under the renewed assumption that the project will be completed. In these situations, we recommend that recovery of costs be deferred until the project is complete and providing actual ratepayer benefit.

For more information on our water work, please visit our website at: publicadvocates.cpuc.ca.gov

¹ Measured as revenue per unit of water sold.

² Costs that do not vary with consumption (i.e., payroll, rent, etc.)

³ For example, memorandum and balancing accounts that allow surcharges to be added to customer bills for costs that had not been included in a utility's authorized budget.

⁴ Memorandum and Balancing Accounts allow a utility to track and recover from ratepayers previously unbudgeted costs from prior periods even when the utility has exceeded its authorized investor profit in the same prior period.



San Jose Water Company

In January 2021, the San Jose Water Company (SJWC) requested approval to increase customer rates to collect an additional \$200 million over a three-year period from 2022 to 2024. Following our review of its request, we entered a settlement with SJWC that reduced the rate increase by \$83 million. Consistent with our ratemaking policies, this settlement removed from customer rates the cost of assets that were not providing service to customers, as well as discontinuing ten separate memorandum and balancing accounts that added surcharges to customer bills for unbudgeted costs. The CPUC approved the settlement in October 2022.

Low-Income Water Affordability Rulemaking

The COVID-19 pandemic caused many water customers to accumulate debt on their water bills. We advocated for customer protections specifically to protect customers from unnecessary economic hardship by recommending that Class-A Water Utilities fully utilize all available COVID-19 state and federal funding programs to offset customer unpaid balances. Reducing customers' bills through federal and state funding benefits both customers with unpaid balances by lowering their bills, and all ratepayers if utilities were to seek recovery of these unpaid balances by increasing surcharges on all customer bills. In 2022, we recommended the CPUC require Class-A Water Utilities to report detailed information for each state/federal award for which they applied and from which they received funding. No requirement has yet been established.

Californians are facing a water affordability crisis. On a cumulative basis, Class-A Water Utilities' rates have outpaced inflation by a nearly threefold increase over ten years. Customer bills include high surcharges, as much as 53% of the total bill for some customers. That is why on September 30, 2022, we asked the CPUC to address water affordability concerns by adopting a Fair Recovery Policy that would permit Class-A Water Utilities to recover amounts in their memorandum and balancing accounts only when their actual shareholder profit percentage (Return on Equity or ROE) is less than what the CPUC authorized. In 2020, the year the COVID-19 pandemic started, most Class-A Water Utilities exceeded their CPUC-authorized ROE. If adopted, a Fair Recovery Policy will advance affordability, improve customer bill transparency, and help prevent unnecessary increases in customer bills. A CPUC ruling on our request is pending.



Water Acquisitions Rulemaking

In April 2022, the CPUC opened a rulemaking to examine the regulatory framework for water utility acquisitions. In comments, we showed that despite a trend in increasing acquisition prices, less than 1% of all acquisition spending by Class-A Water Utilities had been to acquire troubled or at-risk systems. We also developed tools to show that 92% of all of California’s failing water systems⁵ are within 50 miles of existing Class-A Water Utilities’ service territories. To ensure adequate resources are available to address California’s failing water systems when Class-A Water Utilities propose acquisitions of non-troubled systems, we recommend Class-A Water Utilities complete feasibility studies and address best-efforts to acquire failing systems located within 5 miles of existing service territories when other acquisitions are proposed. Those failing systems within 5 miles comprise 27% or eighty-seven of all of California’s failing water systems. Additionally, to increase the transparency of the impacts on customer rates of acquisitions and to mitigate the existing incentive for utilities to accept unreasonably high acquisition prices, we recommended a revised regulatory framework supported by four primary pillars.

First, the CPUC should allow standard valuation methodologies and not rely solely on the price offered by a Class-A Water Utility as the fair value of the acquisition. Second, customer rate impacts should be identified and approved in the acquisition application to provide full transparency. Third, investor-owned water utilities that sell a system for an amount greater than their actual investment in the system should be required to share profits from the sale with ratepayers consistent with the CPUC’s established rules for energy utilities. Fourth, any increase in rates resulting solely from a change in utility ownership should be borne by the acquired system’s ratepayers. To achieve economies of scale, increases in rates resulting from investment in infrastructure and actual system improvements should be recovered across the combined systems’ ratepayers. A decision in the rulemaking is anticipated in 2024.

⁵ Identified by the State Water Resources Control Board as the Human Right to Water List.

COMMUNICATIONS ISSUES

HIGHLIGHTS ON COMMUNICATIONS: GENERAL RATE CASES & PROCEEDINGS AT THE CPUC

The Public Advocates Office represents all of California's communications customers. We fight to ensure they have access to affordable and reliable services at the CPUC and in other forums. This is important because these services, like other utility services, are essential for Californians to live their lives, especially during emergencies. In 2022, we performed in-depth analyses and provided decisionmakers with solutions to consider in several areas including (i) improving service quality, (ii) advancing the state's access and affordability broadband goals and (iii) participating in multiple CPUC proceedings to advocate for customer's needs and challenges.

ACCESS, SAFETY AND RELIABILITY

Minimum Service Quality Standards for All Communications Services

In late September 2021, we filed a petition requesting that the CPUC require minimum service-quality standards and enforcement mechanisms for wireless, Voice over Internet Protocol (VoIP), and broadband services. Californians rely on these essential services to access healthcare, education, work, and public safety. There are approximately 45 million wireless subscribers, eight million VoIP subscribers, and 12.5 million broadband subscribers, and these numbers continue to rise.

With approximately 85% of calls to 911 (over 23 million calls) coming from mobile phones in 2021, our petition also highlighted the need to consider minimum service quality standards. In March 2022, the CPUC responded to our petition and initiated a proceeding to assess service quality standards for VoIP, wireless and broadband services. The proceeding has two phases: the first

will address traditional voice service (plain-old telephone service), VoIP, wireless, and enforcement mechanisms; the second will address broadband service quality standards. We also recommended that the CPUC address broadband service quality under the same timeline as the other services.

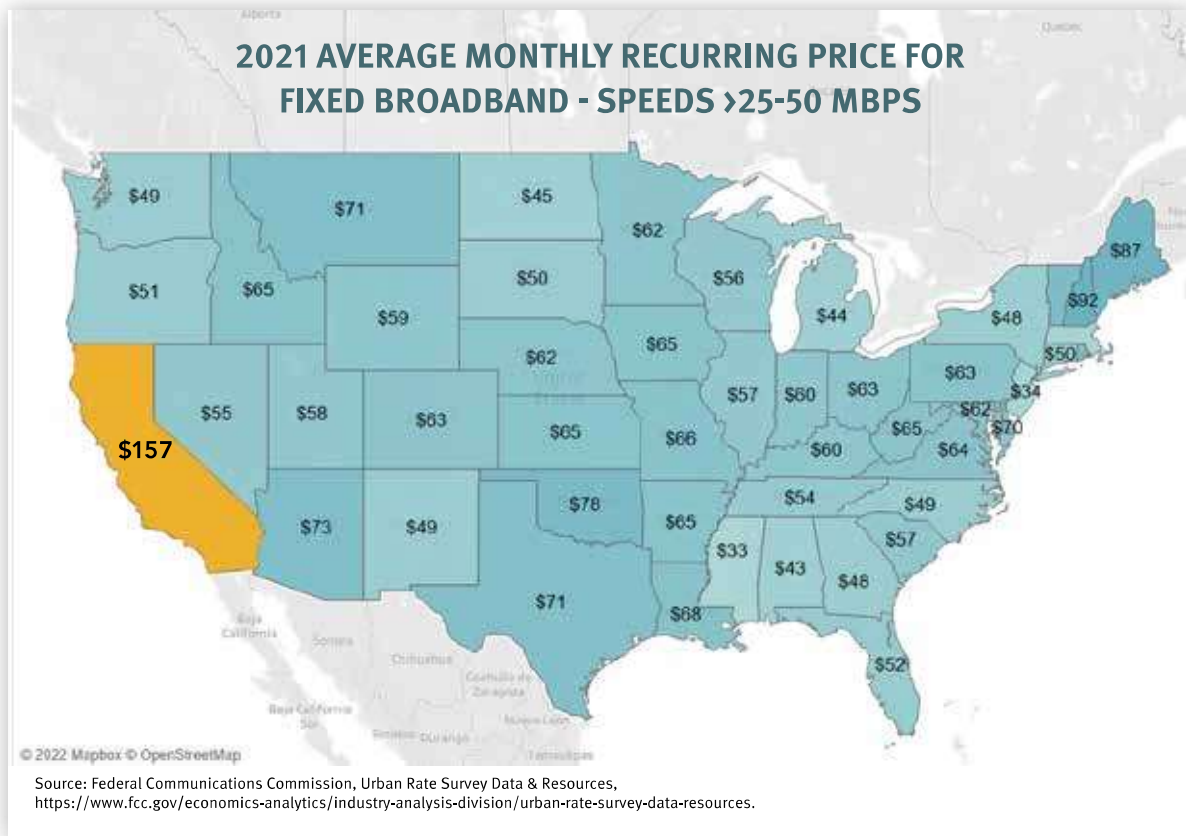
Broadband Infrastructure Deployment and Affordability

Californians should have access to affordable broadband service no matter where they live. We have been an active participant in the CPUC's Broadband for all proceedings which would establish \$2 billion in grant funding to broadband providers through the California Advanced Services Fund (CASF) Federal Funding Account (FFA).

We recommended that the CPUC prioritize broadband investment in communities with no access to broadband and those with access to only very slow broadband speeds. Furthermore, in August 2022, we filed a Petition for Modification asking the CPUC to update its CASF FFA funding rules and require grantees to offer a high-speed, low-income broadband plan for eligible customers. As Federal law states, "...a project cannot be considered a necessary investment in broadband infrastructure if it is not affordable to the population the project would serve."⁶ It is critical that broadband be affordable to guarantee that all Californians have access to essential services, especially those living in unserved and underserved communities. A CPUC ruling on the request is pending.

For more information on our communication work, please visit our website at:
publicadvocates.cpuc.ca.gov

⁶ Department of Treasury, Final Rule, "Coronavirus State and Local Fiscal Recovery Funds," 87 Fed. Reg. 4338-4454.



In revising the rules for the CASF Broadband Infrastructure Grant Account (Infrastructure Account), the CPUC’s decision in November 2022 adopts our recommendation to require all grant recipients to offer a high-speed, low-income broadband plan. The CPUC also adopts our recommendation to redefine low-income customers as households with incomes at or below 80 percent of the statewide median income. For a family of four, the annual income threshold increased to \$81,280 from \$55,500. This change is an important step for deploying broadband in areas that have been left behind and expanding eligibility for households to sign-up for low-income broadband service plans. The CPUC’s decision does not adopt our recommendation to set the maximum monthly price for the low-income broadband plan at \$15. However, it provides grant applicants incentives to do so, such as additional funding and an expedited grant review process.

Broadband Pricing

We analyzed broadband pricing trends in California and found that broadband is not affordable to many customers. California has some of the highest monthly prices in the nation for broadband service plans, with an average of \$157 per month for broadband speeds of 25 Mbps to 50 Mbps in 2021.

Since the start of the COVID-19 pandemic, the price of some broadband plans has markedly increased. It is critical to consider broadband pricing when assessing whether billions of dollars in broadband infrastructure investment will benefit the population it is meant to serve. Simply put, broadband pricing information is critical to safeguard consumer interests and ensure that the historic investment of public funds is spent prudently and effectively to achieve the state’s goal of universal access to affordable broadband.



California State Flower:
The California poppy
(*Eschscholzia Californica*)

OUR WORK IN SACRAMENTO

MISSION:

We advocate before the California State Legislature on behalf of the millions of utility customers throughout the state with our policy efforts at the state capitol.

WHAT WE DO:

We strive to serve the best interests of utility customers by proactively providing recommendations and thorough analyses to the Governor's Office, Legislature, Department of Finance, Legislative Analyst's Office, and others.

OUR WORK ON THE BUDGET:

The Public Advocates Office develops its budget subject to the final approval of the Department of Finance. Our annual report to the California State Legislature outlines our key activities and accomplishments pursuant to our statutory mandate (Section 309.5 of the Public Utilities Code).

HOW WE CAN HELP:

- Research complex utility issues and provide answers to questions
- Provide expertise via our analysts and engineers on complicated utility issues
- Provide educational briefings on utility ratemaking, rate design, and other utility policy issues
- Write and assist the crafting of new legislation and/or provide bill amendments
- Take positions on legislative bills, present testimony, and answer questions
- 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 updates on the CPUC and the Public Advocates Office's actions and activities



California State Capitol:
The Neoclassical structure,
designed by Reuben S. Clark was
completed between 1861-1874

LEGISLATIVE REPORT

2022 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 information⁷:

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.

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.

Workload

Standards and measures for the Public Advocates Office.

⁷ This report is submitted in compliance with section 309.5 (f) and (g) of the Public Utilities Code.

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 five-year period. The Public Advocates Office currently has 178 authorized positions.⁸

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

Fiscal Year	The Public Advocates Office Authorized Staff
2019-2020	178
2020-2021	178
2021-2022	178
2022-2023	178
2023-2024	178

⁸ 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.

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 develops its budget internally and works directly with the Department of Finance on its approval.⁹ This includes the cost of shared resources with the CPUC, such as infrastructure, human resources, and information services.

The Public Advocates Office Budget:

Fiscal Year	Dollars Authorized ¹⁰	Dollars Expended
2021-2022	\$48,028,000 ¹¹	\$44,864,000
2022-2023	\$50,406,000 ¹²	*
2023-2024	**	***

* Year-end expenditures will not be available until August 2023 for the fiscal year ending June 2023.

** Pending Governor’s proposed 2023/2024 budget.

*** Year-end expenditures will not be available until August 2024 for the fiscal year ending June 2024.

⁹ 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.

¹⁰ 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 FY2023/2024, 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.

¹¹ Reflects Governor’s 2021/2022 budget prior to fiscal adjustments.

¹² Reflects Governor’s 2022/2023 budget prior to fiscal adjustments.

PROCEEDING WORK



In 2022, the Public Advocates Office participated in 254 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 2022 in comparison to 2021, 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.¹³ Beyond our participation in formal and informal CPUC proceedings, the Public Advocates Office is an active participant in proceedings at the CEC, CAISO, and 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, communications public policy committees, industry committees of the National Association of State Utility Consumer Advocates, and the Pacific Forest and Watershed Stewardship Council.

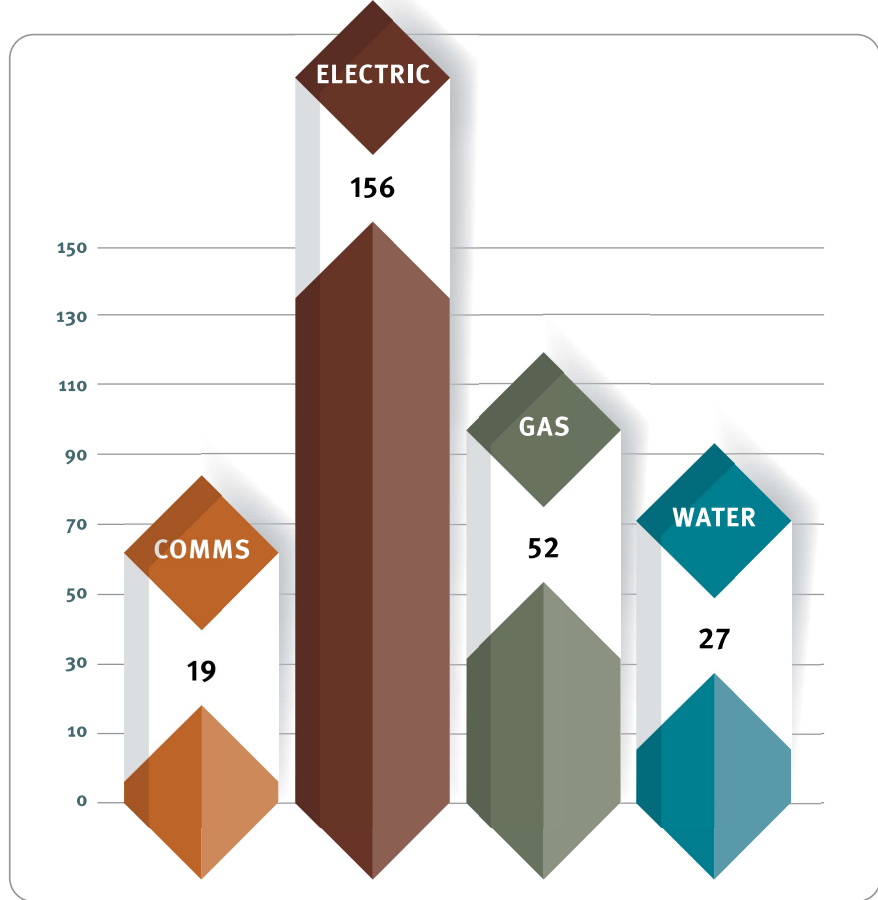
¹³ An advice letter is a filing by a utility seeking authority to spend ratepayer money or set/change policies which may have a significant impact on consumers. Utility requests via advice letters are typically authorized by CPUC decision adopted in a formal proceeding, which sets certain parameters for determining whether the advice letter request is valid and should be granted.

PROCEEDING WORK Continued

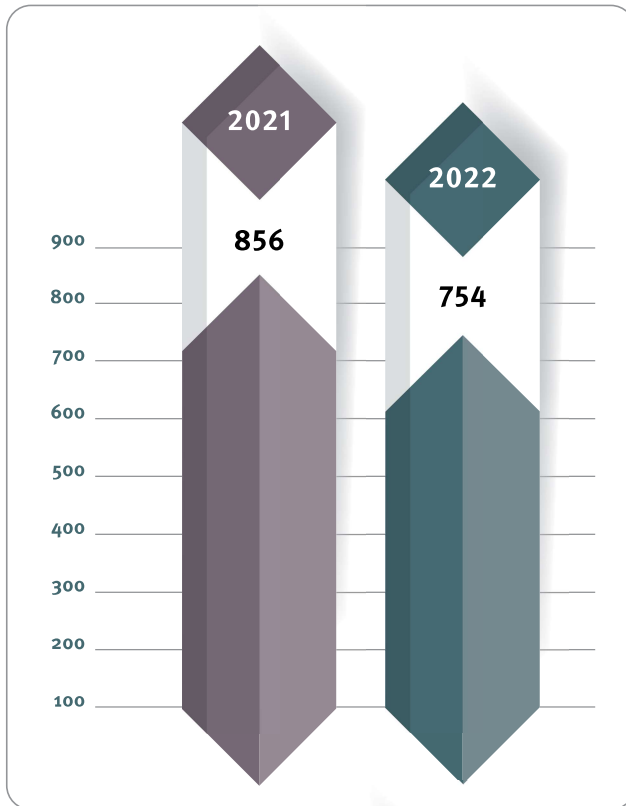
254
TOTAL NUMBER
OF PROCEEDINGS
IN 2022



**PARTICIPATION
BY INDUSTRY
IN 2022**

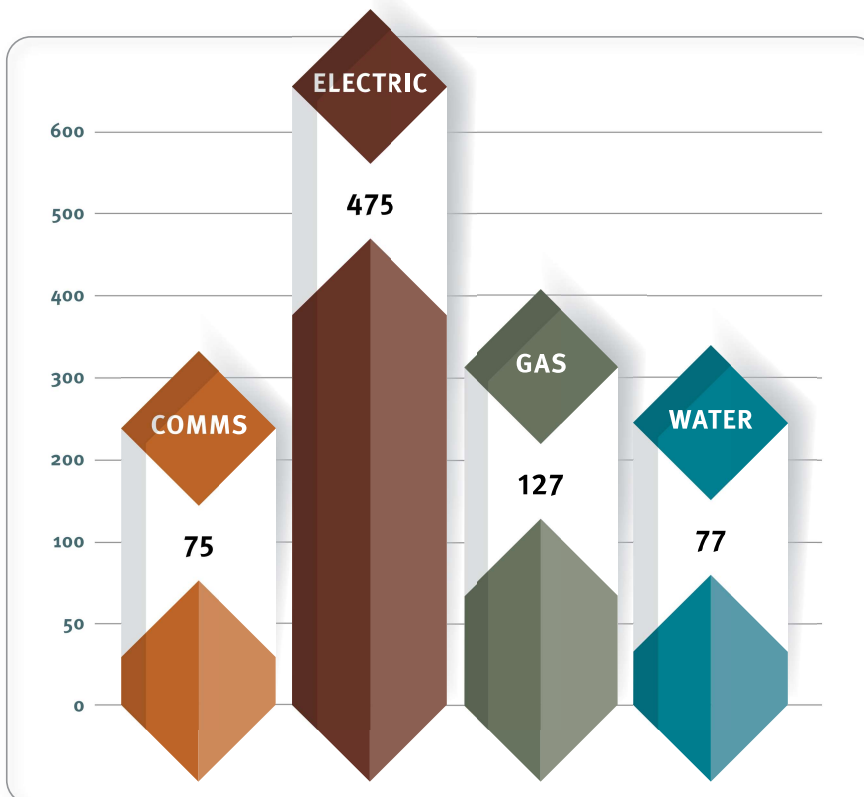


PLEADING PARTICIPATION



754
TOTAL NUMBER
OF PLEADINGS
IN 2022

In 2022, the Public Advocates Office filed 754 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 2022 in comparison to 2021.



**PARTICIPATION
BY INDUSTRY
IN 2022**

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 Hearings¹⁴, workshops¹⁵, 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 2022, the Public Advocates Office participated in over 1,100 public outreach activities. 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.

¹⁴ Public Participation Hearings are forums held by the CPUC for the public to participate and learn about various proceedings underway at the CPUC.

¹⁵ 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.



The Public
ADVOCATES
OFFICE

505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
publicadvocates.cpuc.ca.gov

For more information contact:
Mary Flannelly
mary.flannelly@cpuc.ca.gov

