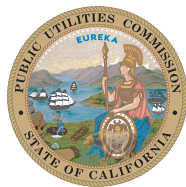




CALIFORNIA PUBLIC UTILITIES COMMISSION



# 2022 ANNUAL REPORT



CALIFORNIA PUBLIC UTILITIES COMMISSION

# *MISSION STATEMENT*

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





# 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 to you the 2022 Annual Report of the California Public Utilities Commission. This report outlines major activities of the CPUC from the past year and a work plan for the year ahead.

Since I took office over a year ago, I have been struck by the dedication of our staff and my fellow Commissioners at the California Public Utilities Commission. As each new opportunity, responsibility, or challenge arises, they have been willing and ready to work towards solutions that will benefit the people of the State of California. This report is a testament to the accomplishments of a broad spectrum of bright minds—from analysts to engineers, lawyers to investigators, and many other dedicated professionals.

Year after year, the CPUC has continued to enhance and refine its work to provide Californians with access to safe, clean, reliable, and affordable utility services. In 2022, we continued our ongoing work to establish policies that support California's ambitious climate and clean energy goals, bridge the digital divide, and improve the safety and reliability of utility services while also adapting to the worsening impacts of climate change and centering our efforts on equity and social justice.

The CPUC took major steps in 2022 toward achieving the state's Broadband For All objectives through adoption of broadband grant program rules; performing in-depth analysis of the state's infrastructure needs; and awarding planning, infrastructure, and digital equity grants throughout the state.



This past year the CPUC continued to move the needle on clean energy and climate by adopting a new portfolio of clean energy resources to meet strict greenhouse gas targets, approving dozens of new hybrid storage and renewable projects so they can swiftly come online, adopting new incentives for widespread heat pump water heater uptake, and eliminating natural gas line subsidies for new natural gas hookups, to name just a few examples.

The CPUC also took several significant safety actions to better balance our growing reliability concerns against the increasing risks associated with extreme heat, drought, catastrophic wildfires, and other climate-driven events. For example, the CPUC created new programs to enhance summer reliability during extreme heat events, enhanced its oversight of Public Safety Power Shutoff events, and initiated and concluded numerous wildfire investigations.

Each of the updates in this report speaks to the important mission of the CPUC as well as its values and vision. Regulatory work is an ongoing process, and this report shows a snapshot of what we have done in 2022, what we plan to accomplish in 2023, and includes additional information about the CPUC that you may find helpful.

Sincerely,

**President Alice Reynolds**

California Public Utilities Commission

# Who We Are

The California Public Utilities Commission (CPUC) is the largest state utility regulator in the nation, with five Commissioners appointed by the Governor to six-year, staggered terms, subject to confirmation by the state Senate. With its headquarters in San Francisco and offices located in Sacramento and Los Angeles, the CPUC regulates a variety of critical and essential services. Those include investor-owned communications, electric, natural gas, and water companies, as well as railroad safety, rail transit, passenger transportation carriers, transportation network companies, and autonomous vehicle passenger services. As the only unit of state government charged with protecting investor-owned utility customers, core missions for the CPUC include safeguarding the environment and assuring Californians' access to safe and reliable utility infrastructure and services.





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# CPUC Commissioners, Role, and Organization

## CPUC COMMISSIONERS IN 2022



*ALICE REYNOLDS, PRESIDENT*

Alice Reynolds was appointed to the California Public Utilities Commission (CPUC) as President by Governor Gavin Newsom on November 22, 2021, effective December 31, 2021. She was confirmed as a CPUC Commissioner by the state Senate on August 17, 2022.

Prior to her appointment, President Reynolds served for three years as Governor Gavin Newsom’s senior advisor for energy. From 2011 to January 2019, she served in the administration of Governor Edmund G. Brown Jr., most recently as the governor’s senior advisor for climate, the environment and energy, and previously as chief counsel and deputy secretary for law enforcement at the California Environmental Protection Agency (CalEPA). During her time at CalEPA, she coordinated statewide multi-agency environmental enforcement actions and led the creation of the agency’s environmental justice task force and refinery safety task force. President Reynolds began her public service career in 2002, serving approximately 10 years as a deputy attorney general in the California Attorney General’s Office, where she litigated cases involving protection of public trust lands, coastal resources and public access, and other environmental issues. Prior to entering public service, President Reynolds was a lawyer in private practice in San Francisco.

President Reynolds holds a bachelor’s degree from Stanford University and a juris doctor degree from Santa Clara University School of Law where she graduated magna cum laude.



*CLIFFORD RECHTSCHAFFEN*

Clifford Rechtschaffen was appointed to the California Public Utilities Commission (CPUC) by Governor Edmund G. Brown Jr. in January 2017. At the CPUC his key areas of interest include decarbonization, safety, environmental justice, enforcement, and improving the accessibility of CPUC proceedings. Commissioner Rechtschaffen



September 3, 2022. President Alice Reynolds joins state officials at the California Office of Emergency Services State Operations Center to provide an update on the state's response to the September heat event. Also pictured are Mark Ghilarducci, former Director of the California Office of Emergency Services, and Chris Anthony, Chief Deputy Director, CalFire.

is the assigned Commissioner on the integrated resource planning, transportation electrification, building electrification, Renewables Portfolio Standard, long-term gas planning, biomethane and hydrogen, self-generation incentive program, supplier diversity, and several risk assessment and safety proceedings. Commissioner Rechtschaffen was a member of the Federal State Task Force on Transmission from 2021-22, serves as one of two Commissioners on the Senate Bill 350 (de León, Leno, 2015) Disadvantaged Communities Advisory Group, is a member of the Western Energy Imbalance Market Body of State Regulators, and is on advisory boards of the California Stationary Fuel Cell Collaborative and the Financial Research Institute.

Prior to joining the CPUC, Commissioner Rechtschaffen served as a senior advisor to Governor Brown from 2011 to 2017, where he worked on climate, energy, and environmental issues. In 2011 he also served as acting Director of the California Department of Conservation. Commissioner Rechtschaffen served as a special assistant attorney general in the California Attorney General's Office from 2007 to 2010. From 1993 to 2007 he taught environmental law, directed the environmental law program, and co-founded the Environmental Law and Justice Clinic at Golden Gate University School of Law. In 2005 he was a Fulbright Scholar at the University of Ljubljana in Slovenia. He is the author of several books and numerous articles on environmental law and policy. He was a deputy attorney general in the Environment Section of the California Attorney General's Office from 1986 to 1993, a Reginald Heber Smith Community Lawyer Fellow

at the Marin County Legal Aid Foundation from 1985 to 1986, and a law clerk for the Honorable Thelton Henderson, U.S. District Court, Northern District of California, from 1984 to 1985. He is a graduate of Yale Law School and Princeton University. He lives in Oakland and is a diehard Golden State Warriors fan.



### *GENEVIEVE SHIROMA*

Genevieve Shiroma was appointed to the California Public Utilities Commission (CPUC) by Governor Gavin Newsom on January 22, 2019. Prior to joining the CPUC, Commissioner Shiroma served as a member of the Agricultural Labor Relations Board from 1999 to 2019, serving as chair from 1999 to 2006, 2011 to 2014, and 2017 to 2019. Previously, she was chief of the Air Quality Branch at the California Air Resources Board from 1990 to 1999, an air quality supervisor from 1984 to 1990, and an air quality engineer from 1978 to 1984. For five terms, from 1999 to 2018, Commissioner Shiroma was the elected Director of Ward 4 of the Sacramento Municipal Utility District (SMUD).

Commissioner Shiroma is presently the lead Commissioner for approximately 90 formal proceedings spanning the regulated electricity, gas, telecommunications, transportation, and water industries. She leads the Microgrids and Resiliency proceeding established pursuant to Senate Bill 1339 (Stern, 2018), the rulemakings over transportation network companies, including Wheel Chair Accessible Vehicles and the Clean Miles Standard, the LifeLine discount phone and broadband program, the California Alternate Rates for Energy, the Family Electric Rate Assistance, and Energy Savings Assistance Program, the customer energy investment financing rulemaking, the Energy Efficiency rulemaking, Electric Program Investment Charge (EPIC) research and development program, Water Consolidation and Acquisition rulemaking, and major general rate cases and rate design proceedings for Pacific Gas and Electric Company, Southern California Edison, San Diego Gas & Electric Company, California American Water Company, among others.

Commissioner Shiroma serves as the Commission's representative on the Low-Income Oversight Board, and is Co-Chair of the Commission's Emerging Trends, Finance & Administration, and Internal Audits committees. In 2022, Commissioner Shiroma became the President of the Western Conference of Public Service Commissioners (WCPSC) of the National Association of Regulatory Utility Commissioners (NARUC). She also serves on the NARUC Water Committee, the NARUC Emergency Preparedness, Recovery and Resiliency Task Force, and Subcommittees on State and National Responses to COVID-19 and Black Sky Response.

Commissioner Shiroma resides in Sacramento and holds a Bachelor of Science degree in Materials Science and Engineering from University of California, Davis. She was born and raised as a farm worker's daughter in the Acampo-Lodi area of San Joaquin County.



### *DARCIE L. HOUCK*

Commissioner Darcie L. Houck was appointed to the California Public Utilities Commission (CPUC) by Governor Gavin Newsom on February 9, 2021. At the CPUC, Commissioner Houck is lead Commissioner for 57 proceedings and her portfolio includes the following major proceedings: California Advanced Service Fund, Affordability, Disconnection, Integrated Distributed Energy Resource Planning, Distributed Energy Resources, Climate Adaptation, and Provider of Last Resort. Commissioner Houck also serves as the CPUC President's delegee to the California Broadband Council and is a member of the Electricity Committee, Nuclear Waste Subcommittee, and Critical Infrastructure Committee of the National Association of Regulatory Utility Commissioners.

Commissioner Houck formerly served as chief counsel for the California Energy Commission since 2019. She was an administrative law judge at the CPUC from 2016 to 2019, a partner at Fredericks Peebles & Morgan from 2005 to 2016, and staff counsel and policy advisor at the California Energy Commission from 2000 to 2005.

Commissioner Houck has expertise in matters concerning environmental equity, nuclear energy regulation, and safety policy. She has an extensive background representing Native American tribes throughout the country on matters involving energy, natural resources, land claims, and water rights, among others.

Commissioner Houck is a member of the California Indian Law Association, California Lawyers Association, Schwartz-Levi Inn of Court, Women Lead, and the Association of Women in Water, Energy, and Environment. She earned a law degree from the University of California, Davis, where she also earned a Master of Science in Community Development.



### *JOHN REYNOLDS*

Commissioner John Reynolds was appointed to the CPUC by Governor Gavin Newsom on December 23, 2021.

Commissioner Reynolds had previously served as Managing Counsel at Cruise LLC since 2019. Prior to that, he held multiple positions at the California Public Utilities Commission (CPUC), including Interim Chief of Staff to Commissioner Genevieve Shiroma in 2018, Advisor to former Commissioner Carla J. Peterman from 2015 to 2018, and Public Utilities Counsel from 2013 to 2015. He was Associate at De la Peña & Holiday LLP in 2012. Commissioner Reynolds holds a juris doctor degree from the University of California, Hastings College of Law.





# CITY of CLOVIS

CALIFORNIA



## CPUC ROLE AND ACTIVITIES

The CPUC holds Voting Meetings at least monthly to discuss and vote on issues that require a formal decision by the CPUC's Commissioners. These meetings are typically held in San Francisco and Sacramento, and during various times of the year in other locations throughout the state. In 2022, due to the ongoing COVID-19 pandemic, most of the meetings were held completely virtually. A smaller number of in-person meetings took place in San Francisco, Sacramento, Diamond Bar, Clovis and Chico. Issues come before the CPUC according to a set of procedures that are accessible to regulated entities, intervenors, and members of the public. The types of proceedings are summarized below, and procedures are explained in the CPUC's Rules of Practice and Procedure and General Order 96-B.

*Commissioners at the CPUC Voting Meeting in Clovis on September 15, 2022.*

## TYPES OF PROCEEDINGS

The CPUC exercises its regulatory authority through a variety of different proceedings and actions:

**Advice Letters and Resolutions:** An advice letter is a written request made by a regulated California entity, filed with the CPUC. Typically, an advice letter implements a CPUC formal decision, or makes a request or proposal on the entity's own initiative to change services or a pricing structure, which is known as a tariff.

These requests can be approved either through a disposition letter issued by the director of the relevant industry division or through a resolution that is approved by a vote of the CPUC's Commissioners. Industry divisions review and approve advice letters in accordance with the CPUC's General Orders.

**Application:** An application is initiated by a regulated entity to request the use or modification of ratepayer funds or assets or to otherwise meet legal requirements imposed on the entity (e.g., an application for a certain rate structure ordered by the CPUC, or an application for a certificate of public convenience and necessity to provide telecommunication services).

**Complaint:** A complaint may be initiated by a person, business, or governmental entity alleging that a regulated entity has violated the Public Utilities Code or failed to adhere to a CPUC decision or regulation.

**Order Instituting Investigation:** An order instituting investigation (OII) may be initiated by the CPUC to examine specific issues to determine whether further action by the CPUC is appropriate. This may lead to new or changed programs, policies, or rates. An OII may also serve as the prosecution phase of an investigation, following a staff investigation initiated immediately after an action or event.

**Order Instituting Rulemaking:** An order instituting rulemaking (OIR) may be initiated by the CPUC to establish new rules and regulations, or to set up new programs and rate structures. In all formal proceedings, at least one Commissioner and an administrative law judge (ALJ) are assigned to establish the scope for the proceeding and guide it through the regulatory process.

Generally, the ALJ conducts the hearings, meets with the assigned Commissioner to discuss developments, and prepares and issues a proposed decision. Any Commissioner may choose to prepare an alternate proposed decision. The CPUC then votes to adopt a decision. Most types of proceedings, with certain exceptions, must be completed within 18 months. After the final decision is issued and the proceeding is closed, the CPUC can modify a decision on its own initiative or in response to a petition for modification, which is a pleading citing new or changed circumstances rather than legal error.

**Citation Appeals:** Appeals are initiated by a regulated entity to contest a citation from the CPUC alleging that a regulated entity has violated the Public Utilities Code or failed to adhere to a General Order, CPUC decision, or regulation. The introduction of a specific citation-appeal form of proceeding began in 2014.

**Review of CPUC Decisions:** CPUC decisions are subject to administrative and judicial review upon a party's filing of an application for rehearing based on an allegation of legal error. If the CPUC denies the rehearing application, the party may seek judicial review by the California Supreme Court or California Court of Appeal through the filing of a petition for a writ of review.



## CPUC ORGANIZATION AND FUNCTIONS

### *OFFICE OF THE COMMISSION*

Office of the Commission provides dedicated support to the Commissioners, as a body, for the overall coordination of CPUC schedules, meetings, agendas, and associated documentation to ensure the governing body is well prepared to discharge its duties. The office designs, maintains, and continuously enhances the information management processes relative to all Commissioner communication and monitors compliance with the CPUC governance framework. The office reports to the CPUC president and works with other CPUC staff to ensure timely and accurate communication, coordination, and documentation of CPUC matters. The office is led by Deputy Executive Director Kristin Stauffacher ([kristin.stauffacher@cpuc.ca.gov](mailto:kristin.stauffacher@cpuc.ca.gov)).



**Office of Governmental Affairs** facilitates the CPUC’s interaction with the California State Legislature, provides expert policy advice to Commissioner offices, management and staff, informs and lends technical assistance to legislative staff, as well as engages in the legislative process to ensure that the organization’s perspective is represented in policy discussions and legislation. The office is available to assist California utility customers and state and federal legislative offices with issues pertaining to the industries under the regulatory jurisdiction of the CPUC. The office is led by Director Grant Mack ([grant.mack@cpuc.ca.gov](mailto:grant.mack@cpuc.ca.gov)).

**Office of Internal Audit Services** performs audits of the CPUC’s internal controls and operational management functions and provides consulting services as requested to assist CPUC operations and improve accountability and transparency. Internal Audit reports directly to the Commissioners. The office is led by Chief Internal Auditor Julie Munekawa ([julie.munekawa@cpuc.ca.gov](mailto:julie.munekawa@cpuc.ca.gov)).

### *EXECUTIVE DIVISION, INTERNAL OPERATIONS, AND UTILITY AUDITS*

**Executive Division** assures implementation of the CPUC’s decisions and policies. The executive director manages the Executive Division and the operations of the CPUC while working closely with the Commissioners. The Executive Director and a team of Deputies and Directors work closely with other state agencies, the state Legislature, Governor’s Office, and external stakeholders to anticipate regulatory and agency needs, and to develop and implement appropriate strategies to meet those needs. The Executive Division is led by Executive Director Rachel Peterson ([rachel.peterson@cpuc.ca.gov](mailto:rachel.peterson@cpuc.ca.gov)).

**Internal Operations** is comprised of the Administrative Services Division, Human Resources Division, and Information Technology Services Division. It is led by Deputy Executive Director Ryan Dulin ([ryan.dulin@cpuc.ca.gov](mailto:ryan.dulin@cpuc.ca.gov)).

**Administrative Services Division** is responsible for the CPUC budget, accounting, contracts, procurement, business services, facilities, and fleet functions. In addition, this division assists the CPUC in achieving its environmental and sustainability goals. It is led by Director Michelle Morales ([michelle.morales@cpuc.ca.gov](mailto:michelle.morales@cpuc.ca.gov)).

**Human Resources Division** provides professional human resources expertise and guidance to advance the CPUC’s diverse workforce. It is led by Acting Director Liza Dougherty ([liza.dougherty@cpuc.ca.gov](mailto:liza.dougherty@cpuc.ca.gov)).

**Information Technology Services Division** focuses on using technological innovations to support the CPUC’s work more effectively. It is currently led by Deputy Executive Director Ryan Dulin ([ryan.dulin@cpuc.ca.gov](mailto:ryan.dulin@cpuc.ca.gov)).

**Utility Audits, Risk and Compliance Division** encompasses two branches: the Utility Audits Branch (UAB) and the Risk and Compliance Branch (RCB). The UAB performs



audits of regulated utilities to ensure utilities implement ratepayer-funded programs in compliance with applicable laws, regulations, and CPUC directives. The RCB oversees the enterprise risk management system by identifying, measuring, reporting, and monitoring risks that may affect CPUC's ability to achieve its mission, and ensuring CPUC's compliance with state and federal mandates and other control agency recommendations. The division is led by Director Angie Williams ([angie.williams@cpuc.ca.gov](mailto:angie.williams@cpuc.ca.gov)).

## *CONSUMER PROTECTION, ENFORCEMENT, REGULATED INDUSTRY, AND SAFETY DIVISIONS*

**Communications Division** assists the CPUC in developing and implementing policies to promote competition in all communications markets and to address regulatory changes required by state and federal legislation. The division manages six public purpose programs that are required by statute and are designed to ensure fair, affordable, access to necessary services: California High-Cost Funds-A and B, LifeLine, Deaf and Disabled Telecommunications Program, California Teleconnect Fund, California Advanced Services Fund, and is charged with implementing the state's last-mile broadband programs. The division is led by Director Robert Osborn ([robert.osborn@cpuc.ca.gov](mailto:robert.osborn@cpuc.ca.gov)).

**Consumer Protection and Enforcement Division** investigates allegations of utility waste, fraud, and abuse. It implements and enforces rules and regulations for transportation carriers, and issues permits and certificates for transportation companies. The division advises the CPUC on approaches to regulating the constantly evolving transportation industry including increasing disability access to transportation services, coordinating with other state agencies to implement laws that advance operation of autonomous vehicles in California, and engaging in proactive compliance inspections at high-frequency passenger transportation locations, such as airports, entertainment venues, border locations, and special events. The Division is led by Deputy Executive Director Pat Tsen ([s.pat.tsen@cpuc.ca.gov](mailto:s.pat.tsen@cpuc.ca.gov)).

**Energy Division** assists the CPUC in its regulation of electric load-serving entities, as well as natural gas, steam, and petroleum pipeline companies. The division provides technical support to the Commissioners and administrative law judges in proceedings and other formal matters. The division also processes, approves, and oversees ministerial requests for changes to utility tariffs through advice letters and prepares resolutions for Commissioner consideration on complex requests from utilities. Additionally, the division represents the CPUC in Federal Energy Regulatory Commission and court proceedings. The division is led by Deputy Executive Director Leuwam Tesfai ([leuwam.tesfai@cpuc.ca.gov](mailto:leuwam.tesfai@cpuc.ca.gov)).

**Rail Safety Division** protects the public, rail workers, and the environment by enforcing state and federal laws, regulations, orders, and directives on commuter rail, freight rail, and rail transit agencies and companies. The division is comprised of the Railroad Operations

and Safety Branch, Rail Crossings and Engineering Branch, and Rail Transit Safety Branch. The division is led by Deputy Executive Director Pat Tsen ([s.pat.tsen@cpuc.ca.gov](mailto:s.pat.tsen@cpuc.ca.gov)) and Director Roger Clugston ([roger.clugston@cpuc.ca.gov](mailto:roger.clugston@cpuc.ca.gov)).

*August 29. Pala, California. CPUC Commissioners Houck, Rechtschaffen, Shiroma, CEC Commissioner Patty Monahan, and CARB delegate Shannon Dilley. Southern California Regional Meeting and Tribal Consultations, attended by eighteen California tribes and numerous agency staff, where government to government consultation resulted in valuable input from tribal officials for the CPUC's Tribal rulemaking proceeding (R.22-02-002) and CARB's 2022 Scoping Plan.*

**Safety and Enforcement Division** promotes utility safety by performing gas, electric, and telecommunication infrastructure safety audits, conducting incident investigations, and investigating utility wildfires and Public Safety Power Shutoff events. The division experts provide leadership and technical expertise related to major threats to utility safety, such as wildfires, natural gas pipeline risks, and gas storage leaks. It is also advancing safety by developing robust risk management measures, collaborating with local, state, and federal agencies, and leading efforts to improve utility safety oversight. The division is led by Deputy Executive Director Forest Kaser ([forest.kaser@cpuc.ca.gov](mailto:forest.kaser@cpuc.ca.gov)) and Director Lee Palmer ([leslie.palmer@cpuc.ca.gov](mailto:leslie.palmer@cpuc.ca.gov)).

**Safety Policy Division** develops policy and advises the CPUC on regulated industries' safety cultures, governance, wildfire and climate adaptation, risk assessment, physical and cyber security, emergency response, Public Safety Power Shutoffs, and other safety issues. In addition to advising on these individual risks, it is advancing quantitative and qualitative techniques for proactively addressing and mitigating investor-owned utility risks. This safety policy function complements the Safety and Enforcement Division's advocacy role. The division is led by Deputy Executive Director Forest Kaser ([forest.kaser@cpuc.ca.gov](mailto:forest.kaser@cpuc.ca.gov)) and Director Danjel Bout ([danjel.bout@cpuc.ca.gov](mailto:danjel.bout@cpuc.ca.gov)).



**Water Division** is responsible for ensuring California investor-owned water utilities deliver clean, safe, and reliable water and sewer service to their customers at reasonable rates. There are 90 investor-owned water utilities and 12 investor-owned sewer utilities under the CPUC's jurisdiction, providing service to about 16 percent of California's residents. The division is led by Director Terence Shia ([terence.shia@cpuc.ca.gov](mailto:terence.shia@cpuc.ca.gov)).

## *NEWS AND OUTREACH*

**News and Outreach Office** assists customers with utility complaints, provides information and assistance to the media, consumers, local governments, community organizations, and other stakeholders. The office is led by Director Terrie Prosper ([terrie.prosper@cpuc.ca.gov](mailto:terrie.prosper@cpuc.ca.gov)) and consists of four branches:

- **News and Graphic Design** conducts media relations, social media, and provides graphic services and oversees the CPUC's websites. It is led by Director Terrie Prosper.
- **Public Advisor's Office** provides procedural information and advice to individuals and groups who want to participate in formal CPUC proceedings. It keeps the CPUC informed of barriers that prevent effective public participation, assists the public at CPUC business meetings and other events, arranges for special accommodations such as American Sign Language interpreters, and works with the utilities and community choice aggregators to review, edit, and approve customer bill notices.
- **Business and Community Outreach Branch** focuses on outreach to local government and community stakeholders and leads the Utility Supplier Diversity Program and the Small Business Program. The team helps raise awareness of the CPUC's many programs and policies and encourages participation in proceedings.
- **Consumer Affairs Branch** assists consumers of natural gas, electric, water, and communications services with billing and service matters. It answers questions, processes informal complaints, and helps resolve application denials for the LifeLine Program.

## *ADMINISTRATIVE LAW JUDGE AND LEGAL DIVISIONS*

**Administrative Law Judge Division** provides an independent forum that ensures fair, unbiased, reasoned, and efficient disposition of proceedings. Administrative law judges process formal filings, preside over adjudicatory proceedings, facilitate alternative dispute resolution, conduct hearings, develop an adequate administrative record, prepare timely proposals for CPUC consideration, and prepare and coordinate CPUC meeting agendas. The division administers the CPUC's Alternative Dispute Resolution Program and the Intervenor Compensation Program. The division is led by Acting Chief Administrative Law Judge Michelle Cooke ([michelle.cooke@cpuc.ca.gov](mailto:michelle.cooke@cpuc.ca.gov)).

**Legal Division** is led by the general counsel who is the CPUC’s lead attorney. The general counsel, working with the legal staff, represents the people of the state of California and the CPUC in all actions and proceedings involving any questions under the Public Utilities Code or any order or act of the CPUC. The division provides legal advice and counsel to the commission and the various divisions of the CPUC and handles Public Records Act requests and subpoenas. The division is led by General Counsel Christine Jun Hammond ([christine.hammond@cpuc.ca.gov](mailto:christine.hammond@cpuc.ca.gov)).

### ADVOCATES FOR THE PUBLIC

The **Public Advocates Office**, formerly known as the Office of Ratepayer Advocates, is the independent consumer advocate within the CPUC. Its mission is to advocate for the lowest possible rates for customers of California’s regulated utilities consistent with safety, reliability, and the state’s environmental goals. Their annual reports, which highlight their yearly key actions and accomplishments, can be found at [www.publicadvocates.cpuc.ca.gov](http://www.publicadvocates.cpuc.ca.gov). The office is led by Matt Baker ([matt.baker@cpuc.ca.gov](mailto:matt.baker@cpuc.ca.gov)).

## BUDGET

The CPUC has 1,534 authorized positions and approximately \$577 million appropriated for state operations for fiscal year 2022-23. This funding supports staff salaries, benefits, and operational expenses including contracts, travel, and facilities.

The CPUC is also appropriated approximately \$1.038 billion in local assistance funding for Universal Service Telecommunications programs, low-income energy assistance, and energy efficiency programs.

### CPUC 2022-23 Budget

Program Administration	Appropriation
Regulation of Utilities*	\$931,841,000
Universal Service Telecommunications Programs**	\$893,980,000
Regulation of Transportation	\$102,504,000
Administration	\$97,737,000
Administration—Distributed	\$(97,737,000)
Total	\$1,928,325,000



## DEFINITIONS

- *Regulation of Utilities:* energy, water, sewer, and communications (other than Universal Service Telecommunications Programs) and federal funds for pipeline inspectors.
- *Universal Service Telecommunications Programs:* California High-Cost Funds-A and B, LifeLine, Deaf and Disabled Telecommunications Program, California Teleconnect Fund, and California Advanced Services Fund.
- *Regulation of Transportation:* Transportation Licensing and Enforcement, Freight Safety, Rail Crossing Safety, Rail Transit Safety, and federal funds.
- *Administration:* available budget for internal operational divisions and units, Executive Division, and certain costs for Legal Division and Administrative Law Judge Division which provide benefits to all divisions in the CPUC.
- *Administration–Distributed:* allocation of costs to various program and funding sources that support the administration budget.
- As part of Governor Newsom’s plan, Senate Bill 156 (Committee on Budget and Fiscal Review, 2021) made a multi-year investment of \$6 billion to expand broadband infrastructure and affordability to unserved and underserved Californians. For fiscal year 2021-22, approximately \$1 billion was appropriated to the CPUC for last-mile, technical assistance, loan loss reserve, and capital projects. And in fiscal year 2022-2023, a further \$250 million was appropriated. Senate Bill 156 allocated \$3.25 billion to the California Department of Technology for the middle-mile infrastructure build out.
- Additionally, \$80 million in one-time General Fund budget was appropriated in Assembly Bill 179 (Ting, 2022).
  - » \$30 million for capacity grants to community-based organizations that conduct outreach and obtain technical assistance for participation in CPUC decision making processes and supporting activities and that support ongoing equity initiatives and provide clean energy access opportunities to tribes, as defined pursuant to Section 21073 of the Public Resources Code, and other underrepresented communities.
  - » \$50 million to expand the Technology and Equipment for Clean Heating (TECH) program created pursuant to Section 922 of the Public Utilities Code to benefit all California residents, regardless of whether they reside within the territory of a CPUC jurisdictional gas corporation.

\* This figure includes resources allocated for the regulation of utilities including local assistance funding for low-income energy assistance and energy efficiency programs.

\*\* This figure refers to the resources allocated to administer the public purpose programs including local assistance such as California LifeLine subsidies.

## NOTE

Budget appropriations are provided for statutorily designated purposes. In addition, the budget appropriations might vary from amounts reflected in other published reports due to different reporting and reconciliation timeframes.



*Public Advisor's Office staff Sadrud-Din Muhammad (left) and Eric Sawyer (right) at the CPUC Voting Meeting in Clovis, on September 15, 2022.*

## READ ON

The following pages include key statistics and accomplishments that paint a numerical picture of the work CPUC performed in 2022.

## KEY STATISTICS AND ACCOMPLISHMENTS IN 2022

### Safety and Enforcement Division

#### *Investigations and Inspections*

Electrical Incidents Reported	122
Electrical Incidents Closed	128
Gas Incidents Reported	151
Gas Incidents Closed	103
Large Gas Operator Inspections Conducted	51
Small Gas Operator Inspections Conducted	650
Wildfire Investigations Reported	9
Wildfire Investigations Closed	6

#### *Other Enforcement Actions*

Notices of Violation Issued to Electric Utilities and Communication Infrastructure Providers	30
Notices of Probable Violation Issued to Gas Companies / Operators	14

#### *Fines and Penalties*

Electric Safety Fines and Penalties Issued	\$1,148,000
Gas Safety Fines and Penalties Issued	\$1,270,000

### Consumer Protection and Enforcement Division, Utility and Transportation Enforcement Branches

#### *Investigations and Inspections*

Transportation Carrier Investigations Completed	162
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#### *Other Enforcement Actions*

Transportation Carrier Citations	40
Transportation Carrier Citation Appeals	4
Transportation Carrier Cease and Desist Orders	153
Transportation Carrier Warning Notices	29
Transportation Carrier Phone Disconnects	0
Transportation Carrier Fines Assessed	\$175,000
Transportation Carrier Fines Paid	\$118,675

Public Utilities Commission Transportation Reimbursement Account Fee Underpayments Recovered	\$11,872
Communications Utility Consumer Protection Fines and Other Payments	\$2,961,363
Energy Utility Consumer Protection Fines and Other Payments	\$14,102,140

## Rail Safety

### *Investigations and Inspections*

Railroad (Freight/Commuter) Incidents Investigated	86
Rail Transit Incidents Investigated	369
Rail Transit Inspections	547

### Administrative Law Judge Division Statistics

Proceedings Initiated / Closed	236 / 219
Decisions Adopted	556
Resolutions Adopted	36
Oral Arguments	4
Proceedings With Evidentiary Hearings	27
Days of Evidentiary Hearings	61
Prehearing Conferences	148
Public Participation Hearings	37
Intervenor Compensation Claims Filed	117
Intervenor Compensation Claims Resolved	147
Expedited Complaint Proceedings Closed	20
Citation Appeals Closed	15
Mediations (through 11/23/22)	22



## Communications Division

Universal Service Programs Funding – Communications	\$638,698,793
Advice Letters Processed	1,438 (From 1/1/22 – 12/30/22)
Advice Letters Closed	1,331 (From 1/1/22 – 12/30/22)
Communications Division Staff Citations	57 (From 1/1/22 – 12/30/22)
Communications Division Staff Citation Penalty Amount	\$120,800 (From 1/1/22 – 12/30/22)

## Energy

Low-Income Assistance Funding: California Alternate Rates for Energy	\$1,455,167,545* (Q1-3)
Low-Income Assistance Funding:	Energy Savings Assistance \$360,167,100
	California Alternate Rates for Energy (CARE) \$1,393,898,454
	FERA (Family Electric Rate Assistance) \$49,268,956
GHG-Free Capacity Added	Approximately 2,300 MW of “nameplate capacity” during critical reliability hours of the year.
Energy Efficiency Savings: Electric	2,827 GWh; 2,277 Thousand Metric Tons CO2 (2022 Q1-Q3)*
Energy Efficiency Savings: Gas	60 MM Therms; 512 Thousand Metric Tons CO2 (2022 Q1-Q3)*
Demand Response Participation	1,130 MW (without Distribution Loss Factor adjustment)
Customer-Sited Photovoltaic Added	San Diego Gas & Electric Company: 15,409* kWh (Q1-3)
	Southern California Edison: 42,765* kWh (Q1-3)
	Pacific Gas and Electric Company: 59,495* kWh (Q1-3)
	Total (all utilities): 117,669* kWh (Q1-3)

\*Q4 data not available prior to publication.

Transportation Electrification	From 2016 to 2022, the CPUC authorized \$1.549 billion for a minimum of 60,000 electric vehicle and equipment charging infrastructure (commonly known as ports). Another \$38.7 million for Vehicle Grid Integration pilots and \$240 million for Transportation Electrification Framework near-term priorities programs was authorized and projects are in development. Additionally, investor-owned utilities were authorized to spend funds from Low-Carbon Fuel Standard credit revenue on electric vehicle programs to support under-served communities and resiliency.
Advice Letters Processed	1,579
Resolutions Adopted	72
Renewable Energy Generation Added	2,679 MW (Nameplate Capacity); 3,736 Thousand Metric Tons CO2e (FY Estimate)

## Consumer Protection and Enforcement Division, Transportation Licensing and Analysis Branch

Transportation Network Company Accessibility Program (Senate Bill 1376 (Hill, 2018))	Staff Reports	1
	Access Funding Awarded to Local Access Fund Administrators	\$5,575,576
	Approved Local Access Fund Administrators	10
	Workshops Conducted	2
	Advice Letters Filed by Transportation Network Companies	29
	Working Group Meetings	7
Regulation of Transportation Network Companies (TNC), Autonomous Vehicles (AVs)	Rulemaking 12-12-011 Decisions Adopted	3
	TNC Annual Reports Received	11
	Advice Letters Received (Tier 1)	3
	New Permits Issued for AV Pilot Participation	3
	Total Number of AV Pilot Permits	8
	New Permits Issued for AV Deployment Program	3
	Total Number of AV Deployment Permits	3
	Number of Miles Driven by AVs in the Pilot Program	\$1.8 Million
	Number of Passenger Trips in AV Pilot Program	13,247
	Pilot Data Reports Submitted (Quarterly)	18
	Number of Passenger Miles Driven by AVs in the Deployment Program	43,234
	Number of Passenger Trips in AV Deployment Program	14,433
	Deployment Data Reports Submitted (Quarterly)	3
Clean Miles Standard Implementation (Senate Bill 1014 (Skinner, 2018))	Party Comments Received	28
	Workshops Conducted	1
	TNC Driver Focus Groups	2

Transportation Licensing Program	Number of Carriers With Active or Suspended Operating Authorities	5,872
	Total Certificates & Permits Issued	6,011
	Average Number of Days From Submittal of Application to Issuance of Operating Authority	27 Days
	Vehicle Update Requests Approved	4,462
	Average Number of Days from Submittal of Vehicle Update Request to Approval	3 Days

### Water Division

Advice Letters Processed	323 (277 Closed / 46 Pending)
Resolutions Adopted	7
Workshops Held	4
Water Conserved by Water Companies	7.2 % compared to 2020





# 2022 – The Year in Review

## COMMUNICATIONS

### *CALIFORNIA ADVANCED SERVICES FUND*

Public Utilities Code section 281 provides funds for the CPUC to enable broadband access to 98 percent of California households in each consortia region. In 2022, the CPUC worked toward this goal through the following activities:

Issued Decision 22-05-029, which expands California Advanced Services Fund (CASF) eligibility as required by Senate Bill 156 (Committee on Budget and Fiscal Review, 2021) for the Broadband Public Housing Account Grant and modifies the Broadband Adoption Account and Broadband Urban and Rural Consortia Account Grants program. The decision also adopts the CASF program budget and subaccount budget allocation for fiscal year 2022-2023.

Held a new application solicitation in July 2022 for the Broadband Public Housing Account Grant and received 19 applications for a total of \$1,398,593. In July 2022, CASF held application solicitations for the Broadband Adoption Account and received 99 applications requesting a total of \$28,557,954 in funding. In July 2022, CASF held a new application solicitation for the Broadband Urban and Rural Consortia Account Grant Account and received 15 applications.

Facilitated consultation with regional consortia, stakeholders, local governments, existing facility-based broadband providers, and consumers relating to unserved areas and cost-effective strategies to achieve the broadband access goal.

Issued Decision 22-11-023 on November 17, 2022, which modifies the Broadband Infrastructure Grant Account program rules to implement recent legislation regarding project eligibility and performance criteria.

Completed 11 CASF infrastructure projects. \$66,278,185 in funding will provide service to up to 11,305 households throughout California in 8 counties (Santa Clara, San Bernardino, Imperial, Plumas, Placer, Lassen, Nevada, and Kern). A line extension project was completed totaling \$292,548 and serves high-speed internet to 64 households in a low-income farmworkers' cooperative in Monterey County.

## *CALIFORNIA HIGH-COST FUNDS A & B*

Public Utilities Code section 275.6 requires the CPUC to minimize telephone rate disparities between rural and metropolitan areas to maintain affordable rates in locations with lower population densities. The California High-Cost Fund-A (CHCF-A) supports 10 of the 13 eligible Small Independent Local Exchange Carriers (Small ILECs) that draw from the fund to allow rural residents to stay connected to essential services in the effort to maintain public safety and public health standards.

The California High-Cost Fund-B provides subsidies to carriers of last resort for basic local telephone service to residential customers in high-cost areas that are currently served by AT&T and Frontier Communications.

On September 28, 2022, the Governor signed Senate Bill 857 (Hueso, 2022), extending both programs until January 1, 2028.

## *CALIFORNIA LIFELINE PROGRAM*

The California LifeLine Program was adopted to ensure that high-quality basic communications services remain affordable for low-income Californians. The CPUC continues to develop this program in Rulemaking 20-02-008 by incorporating new technologies, innovative pilot programs, and addressing the changing federal policy landscape.

On October 6, 2022, the CPUC issued a ruling requesting comments on a proposed extension of the pilot through July 31, 2024, to ensure that service for foster youth continues while the Commission continues to consider how to integrate foster youth into the general program.

On March 21, 2022, the CPUC issued a ruling requesting comments on whether to allow stacking of the California LifeLine monthly subsidy with the federal Affordable Connectivity Program discount. In October 2022, the CPUC issued a ruling to request comments on a potential pilot that would allow combining a California LifeLine monthly subsidy amount with the federal Affordable Connectivity Program discount to provide low-income participants with a service plan that includes voice service and sufficient wireline or wireless broadband service to meet household needs.

On May 20, 2022, the CPUC issued a ruling to request comments on the California LifeLine Program Assessment conducted by an external evaluator. Staff are in the process of implementing recommendations made in the assessment.

## *CALIFORNIA TELECONNECT FUND*

California Teleconnect Fund (CTF) continued its commitment to provide discounted rates for a host of communications services for schools, libraries, government-owned health

care providers, and qualifying Community-Based Organizations (CBOs).

In its ongoing efforts to bridge the Digital Divide for schools in California, the CPUC adopted Resolution T-17770, The Digital Divide Grant Program. The program provides four grants of up to \$250,000 each in 2022 and 2023 to help fund projects to beneficiary schools located in an urban or rural low-income small school district. Eligible schools must have a free lunch participation rate of at least 50 percent. Projects must provide a holistic solution including, but not limited to, providing a student home broadband connection, hardware (e.g., laptop, notebook, and/or hotspots), a student curriculum focused on the use of technology, software to enable distance learning for student and teacher, and training for teachers in the use of technology for distance learning. Grant recipients must be a non-profit CBO with a demonstrated record of work to address the digital divide. The CBO will work with a partner public school or district to deploy the project, with the public school or district being the beneficiary of the project.



After a hiatus in 2021 due to the COVID-19 pandemic, CTF continued the recertification of CBOs. Notices were sent to seven groups for a total of 417 CBOs with instructions on how to apply and the deadlines to apply. Notices were also sent to all CTF service providers informing them of all recertification efforts, including which participants are required to recertify, schedules, and results. To ensure CTF program compliance and avoid interruption of discounts, carriers were encouraged to work with their customers to meet recertification deadlines.

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### *AREA CODES AND TELEPHONE NUMBERING*

In 2022, the CPUC issued Decision 22-05-018 and approved a new overlay area code that will provide additional numbering resources for the 209-area code geographic region. The new 350-area code went into effect in November 2022. In 2022, the CPUC also issued Decision 22-06-031 to approve a new overlay area-code that will provide additional numbering resources for the 707-area code geographic region. The new 369-area code will go into effect in February 2023.



In 2022, the CPUC also began the process to introduce a new area code to the 213/323 overlay area codes and the 530-area code, as the 213/323 overlay area codes and the 530-area code are projected to be depleted of numbering resources in three years.

### *DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM*

During the COVID-19 pandemic, the Deaf and Disabled Telecommunications Program (DDTP) shifted its outreach methods from in-person to primarily virtual presentations statewide. This approach enabled the DDTP to continue to provide communications devices and services to deaf, hard of hearing, and individuals with disabilities despite the presence of shelter-in-place orders. Additionally, the 13 service centers continued to be operational but operated on an appointment basis that emphasized social distancing. Customer home visits were limited to outdoor deliveries, with technical assistance provided through communications outreach.

As the pandemic continues to subside, the DDTP has increased in-person outreach on a gradual basis. Trainings, such as the Bring Your Own Device pilot training, have also started to move from virtual to in-person.

On January 11, 2017, the DDTP initiated a pilot program, Voice Options, to explore alternative equipment for speech-disabled persons who cannot or will not receive the services of a speech language pathologist and would rather choose a telecommunications assistive device for themselves.

CPUC entered into an interagency agreement with the California Department of Rehabilitation (DOR) to administer testing for Voice Options, and on June 15, 2020, DOR began distributing iPads under the pilot. During the fiscal year 2020/21, DOR distributed 200 long-term loan iPads to Voice Options participants. Since then, there has been a surge in Voice Options participation. Over 700 long-term loans were completed resulting in more than a three-fold increase in fiscal year 2021/22. In total, nearly 1,000 persons with speech disabilities have benefited from the pilot program.

In 2022, the DDTP launched two new pilot programs, Remote Conference Captioning, providing realtime and customizable captioning during video conference calls and a pilot for specialized phones for low vision and blind individuals with customizable user interface and navigation features.

### *SERVICE QUALITY*

In 2022, the CPUC adopted Resolution T-17768, which penalized two telephone corporations a combined total of \$177,750 for their failure to meet the General Order 133-D minimum service quality standards. The penalties went to Frontier California (98 percent, \$173,850) and Happy Valley (2 percent, \$3,900).

In March 2022, the CPUC opened Rulemaking 22-03-016 to consider amendments to General Order (GO) 133. The rulemaking intends to assess whether existing GO 133-D service quality standards and measures meet the goals of the CPUC and remain relevant to the current regulatory environment and market. The CPUC's goal is to establish an adequate and sustainable level of service quality in essential communications services to ensure public safety and emergency services access, public health, and full participation in society for all Californians.

### *VIDEO FRANCHISING PROGRAM*

The Digital Infrastructure and Video Competition Act (DIVCA) was signed into law in 2006, transferring responsibility for issuing cable television franchises from cities and counties to the CPUC. DIVCA contains dual state policy goals: the promotion of video competition and the deployment of more and better broadband services.

In 2022, the CPUC's Video Franchising Program renewed one state video franchise for 10 more years, adopted six amendments to existing state video franchises, and transferred one franchise to a company that acquired the existing holder of a state video franchise. The CPUC collects an annual fee from each franchise holder and publishes an Annual DIVCA Video Franchising and Employment Report. The CPUC also collects video and broadband data from all franchise holders. The CPUC's [California Interactive Broadband Map](#) includes all franchise holders' broadband data.

Senate Bill 28 (Caballero, 2021) took effect in 2022, which amended DIVCA by enabling the collection of granular location data for a more meaningful analysis of how, where, and to whom franchise holders deploy video services. Senate Bill 28 also directs the CPUC to adopt customer service rules and adjudicate customer complaints.

### *AT&T MIGRATION OF RESALE LINES TO FRONTIER*

In Application 21-05-007, AT&T Corp. (AT&T) applied to discontinue residential telephone service they resold in Frontier's California service territory, which would impact approximately 2,700 residential customers. In Decision 22-08-006, the CPUC approved AT&T's application after all its residential customers in Frontier service territory were transferred to Frontier or other services providers at the customers' request.

### *FRONTIER TRANSFER OF CONTROL DECISION AND ENFORCEMENT*

In May 2020, Frontier Communications Corporation and its California local exchange and long-distance subsidiaries filed an application to transfer the control of these companies (Frontier), along with a proposed reorganization of its corporate structure through a Chapter 11 bankruptcy. Decision 21-04-008, issued on April 15, 2021, approved the

application and imposed requirements on Frontier regarding capital expenditures, service performance, workforce commitments, broadband deployment, customer price stability, financial reporting, and benefits to local and tribal communities, including a right of first offer to tribes and local governments to purchase property that Frontier proposes to sell. On May 10, 2022, the CPUC selected an independent compliance monitor to review, evaluate, and report on Frontier’s adherence to the terms, requirements, and conditions of Decision 21-04-008.

### *UTILITY POLE PROCEEDINGS*

Rulemaking 17-06-028 is an ongoing proceeding involving multiple utility pole safety and attachment issues separated into multiple tracks. In October 2022, the CPUC adopted Decision 22-10-025, which makes the first substantial changes since 1998 to the CPUC’s Right-of-Way (“ROW”) Rules addressing utility pole attachment applications evaluations, timelines, make ready work, and contractor qualifications. Decision 22-10-025 enables the CPUC to implement a transparent and efficient pole attachment process that gives new attachers more options and places them in control of the work necessary to attach their equipment to utility poles. Allowing nondiscriminatory access to incumbent utilities’ poles and rights of way is an essential element to expanding competition consistent with California’s goal of providing broadband access to no less than 98% of California households. Decision 22-10-025 incorporates the Federal Communications Commission’s One-Touch-Make-Ready pole attachment processes into the ROW Rules Sections II, III, and IV.

Investigation 17-06-027 addresses the creation of and access to data portals for the five major utility pole owners: Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), San Diego Gas & Electric Company (SDG&E), Frontier Communications of California, and AT&T (AT&T is the collective reference for Pacific Bell Telephone Company d/b/a AT&T California, AT&T Corp., and AT&T Mobility). In 2020, Decision 20-07-004 required four of these five utility pole owners to provide initial electronic access to newly expanded and/or created data portals containing 10 specific utility pole data items for each of the utilities’ poles. By requiring the inclusion of standardized attachment data to each major utility pole owner’s database, the CPUC took a major step forward in providing clearer insight into each pole’s safety, capacity, and available physical space for access. In July 2021, PG&E, SCE, SDG&E, and AT&T demonstrated compliance. However, in September 2022, Frontier Communications of California, which already had a two-year extension to comply with Decision 20-07-004, filed a request to further delay its compliance to December 31, 2022, under Rule 16.6.

In 2021, Decision 21-10-019 required pole owners and attachers to add 20 additional data points to the pole owners’ data portals, in two phases. Phase 1 required the utility pole owners to include “Data Points 1-5 and 18-20” within 12 months of the CPUC



accepting each pole owner's Tier 2 Advice Letter. In October 2022, the CPUC accepted PG&E's, SCE's, SDG&E's, AT&T's, and Frontier Communications of California's Advice Letters detailing work plans for meeting the Phase 2 requirements.

### *TELECOMMUNICATIONS CUSTOMER SURCHARGE REFORM*

In Rulemaking 21-03-002, the CPUC approved Decision 22-10-021, which adopted a new surcharge mechanism to fund California's Universal Service Public Purpose Programs (PPP). The new mechanism assesses surcharges based on the number of active access lines that a telephone corporation operates in California. Instead of the current system of an individual surcharge line item for each of the six PPPs, a customer's bill will now show a single consolidated surcharge amount for the six PPPs. LifeLine customers and incarcerated persons are exempt from paying the surcharges. The decision does not change the current mechanism to collect and report the CPUC's user fee. The proceeding remains open.

### *T-MOBILE/SPRINT MERGER*

The DISH Network Corporation Petition for Modification was denied and the Order to Show Cause for T-Mobile was issued in the first quarter of 2022. After a hearing, the CPUC determined that T-Mobile should be fined for a Rule 1 violation. The CPUC issued Decision 22-11-005 on November 7, 2022, which found that T-Mobile USA falsely represented that there would be a three-year customer migration period (2020-2023) for all former Sprint Communications Company L.P. (Sprint) customers (i.e., both the former Sprint customers who would become T-Mobile customers on the new T-Mobile 5G network, and the customers of the former Sprint subsidiary, Boost Mobile, who would become customers on the new DISH Network). The CPUC found that T-Mobile's conduct was continuous in nature in accordance with Public Utilities Code section 2107 and 2108, but adjusted the penalty imposed on T-Mobile USA from \$5,325,000 to \$3,585,000.

### *MORATORIUM ON DISCONNECTIONS ENDS*

CPUC imposed Resolution M-4857, declaring a state of emergency and issued executive orders to ease the economic impacts due to the COVID-19 pandemic. The moratorium on disconnections for non-payment and fees for late payment for telephone service ended on February 15, 2022.

### *LAST MILE AND MIDDLE MILE BROADBAND PROGRAMS*

As part of the \$6 billion statewide plan to expand broadband infrastructure, increase affordability, and enhance access to broadband for all Californians enacted by Senate

Bill 156 (Committee on Budget and Fiscal Review, 2021), the CPUC, in collaboration with the California Advanced Services Fund and other existing broadband programs: (1) published statewide locations for the \$3.25 billion middle-mile broadband initiative incorporating formal and informal public feedback, (2) adopted rules for the \$2 billion Last Mile Initiative Federal Funding Account in Decision 22-04-055, (3) implemented the \$50 million broadband technical assistance grant program for California tribes and local agencies in Decision 22-02-026, and (4) formulated rules for the \$750 million Loan Loss Reserve Program in Rulemaking 20-08-021.

### *CALSPEED*

CalSPEED measures the quality and performance of mobile broadband connections. The CPUC's [California Interactive Broadband Map](#) includes CalSPEED's results. The CPUC partners with the California State University, Monterey Bay, and California State University, Chico, to operate the CalSPEED program.

Between July and August 2022, the CPUC conducted a statewide field survey at 4,000 locations that represent urban, rural, and tribal areas. The survey measured and analyzed six mobile networks: T-Mobile and Sprint LTE networks and the 5G networks of AT&T, FirstNet, Verizon, and T-Mobile. For the first time, the CPUC used both CalSPEED's Surveyor software and the Federal Communications Commission's Speed Test App to take measurements and compare the results at each location.

### *REGULATING TELECOMMUNICATIONS SERVICES USED BY INCARCERATED PEOPLE*

In Rulemaking 20-10-002, the CPUC addressed two applications for rehearing of Decision 21-08-037, denying the applications in Decision 22-04-038 issued on April 11, 2022. The CPUC collected party briefs regarding the question of whether the CPUC has jurisdiction over video calling services and/or other communication services such as texting and/or email. The CPUC also developed the factual record on the provision of video calling services to incarcerated persons through party submittal of testimony.

In Rulemaking 20-10-002 Phase 2, the CPUC will consider expansion of the definition of incarcerated persons' calling services used in Decision 21-08-037 to include video calling services and/or other communication services such as texting and/or email. In 2023, the CPUC continues to work on developing permanent rates for incarcerated persons' calling services, as well as determine jurisdictional issues related to video calling services.

In October 2022, the Governor signed Senate Bill 1008 (Becker, 2022), which required state prisons or youth residential placement or detention centers to provide accessible, functional voice communications at no charge. The bill further requires the CPUC to establish service quality standards for incarcerated persons calling services (IPCS). The

CPUC will consider service quality standards and metrics, as well as enforcement measures for providers of IPCS during 2023.

### *RULEMAKING FOR INTERCONNECTED VOICE OVER INTERNET PROTOCOL*

On August 25, 2022, the CPUC voted to open Rulemaking 22-08-008 to consider new regulatory requirements for interconnected Voice over Internet Protocol (VoIP) providers in California. The rulemaking includes a staff proposal that incorporates changes to licensing and compliance of interconnected VoIP carriers in California.

### *TELECOMMUNICATION SERVICES OUTAGES*

The CPUC worked with the California Office of Emergency Services (Cal OES) and developed a public webpage to adhere to the Senate Bill 341 (McGuire, 2021) statute requirements for the public outage maps provided by the telecommunications service providers. The [public webpage](#) provides a snapshot of 24 hours of active and restored outages. The CPUC also published a link to this page on its website under Communications Network Resiliency.

## **CONSUMER PROTECTION AND ENFORCEMENT DIVISION**

### *TRANSPORTATION ENFORCEMENT*

In 2022, Consumer Protection and Enforcement Division's Transportation Enforcement Branch (TEB) engaged in proactive safety assurance activities focused on ensuring compliance by regulated entities with all relevant rules and regulations. Enforcement staff monitored passenger transportation at airport locations and high-volume transportation services at tourist areas, border areas, and entertainment venues. TEB also conducted numerous safety promotion activities including training law enforcement partners, attending conferences, and engaging with the regulated industry. Finally, TEB deployed a new data collection software application to collect and analyze field data from TEB operations.

In addition, TEB staff provided transportation enforcement expertise to support issues related to emerging transportation models, non-adjudicatory proceedings, and transportation carrier applications. For example, TEB provided enforcement expertise on the autonomous vehicle pilot and deployment programs and provided input into the development of the staff proposal for the Clean Miles Standard.

The branch also continues to improve its internal operations through the completion of standard operating procedures and implementation of its risk management program. Staff performed risk assessments of regulated passenger transportation industries to support



the prioritization and deployment of state resources through a risk-informed approach. TEB used data compiled during enforcement operations to assess, analyze, understand, and mitigate risks as part of its safety management system.

### *TRANSPORTATION ENFORCEMENT – SAFETY ASSURANCE*

In 2022, the Transportation Enforcement Branch (TEB) continued its safety assurance activities across the range of passenger carriers under CPUC authority to ensure they are following statutory and regulatory requirements. These included proactive compliance inspections of vessel common carriers operating in California waters and inspections of Transportation Charter-Party Carriers and Passenger Stage Corporations that reported over \$5 million in 2020 revenues.

TEB staff also conducted weekly observations and compliance monitoring at metropolitan and international airports throughout California to assess compliance with state rules and laws related to safe passenger carrier operations. TEB enforcement analysts also held joint enforcement operations with local law enforcement agencies at several major airports in Los Angeles, San Francisco, Oakland, San Jose, and San Diego.



In addition, enforcement staff provided a visible field presence at locations where high passenger carrier activities are known to occur, such as wine tourism areas in Napa and Temecula, the Hollywood entertainment district, and locations where party buses are known to operate. These operations serve as effective deterrents for illegal activity and also contribute to increased investigations and enforcement activities. TEB worked jointly with several law enforcement agencies, including the Napa County District Attorney's Office, the Saint Helena Police Department, the Sacramento Police Department, the California Highway Patrol, the Los Angeles Police Department, and the Fullerton Police Department to address violations by regulated passenger carrier vehicles. The purpose of these enforcement activities is to monitor passenger carrier activities and seek compliance with California Public Utilities Codes and General Orders.

### *TRANSPORTATION NETWORK COMPANY ACCESS FOR ALL PROGRAM*

The TNC Access for All Act, enacted by Senate Bill 1376 (Hill, 2018), established a program to require transportation network companies (TNCs) provide services accessible to persons with disabilities through online-enabled applications, with a focus on wheelchair accessible vehicles. In 2022, the CPUC considered potential modifications to the TNC Access for All Program for Track 5.

The Transportation Licensing Analysis Branch (TLAB) continued to implement Senate Bill 1376 to increase on-demand wheelchair accessible transportation in California. In April 2022, staff issued its first Annual Benchmark Report analyzing wheelchair accessible vehicle response times and performance observed in the program between July 2019 and December 2021. The CPUC adopted Decision 21-11-004 (Track 4) which primarily resolved policy questions on required performance standards and the distribution of funding to access providers. Two workshops were held to support the CPUC in scoping Track 5 of the proceeding seeking, among other items, to resolve issues related to pre-scheduled wheelchair-accessible services.

TLAB continues to engage with Local Access Fund Administrators to set up local wheelchair-accessible vehicle programs and distribute money to access providers. Ten regional transportation planning agencies were approved to serve as Local Access Fund Administrators in their respective counties in Funding Year 2022-2023.

### *CLEAN MILES STANDARD PROGRAM*

Senate Bill (SB) 1014 (Skinner, 2018) seeks to lower greenhouse gas (GHG) emissions in the transportation sector from carriers that provide prearranged transportation services. In 2021, the Transportation Licensing Analysis Branch (TLAB) initiated planning efforts

to support a proceeding to implement the California Clean Miles Standard and Incentive Program, enacted through SB 1014, for increasing electrification and decreasing GHG emissions from transportation network companies that provide ride-hailing services starting in 2023. TLAB provided data and analyses to the California Air Resources Board (CARB) over the last year to support the development of the vehicle electrification and GHG emissions reduction targets for the Clean Miles Standard Program. In November 2021, the CPUC opened Rulemaking 21-11-014 to implement CARB's targets and goals for SB 1014, ensure minimal negative impact on low-income and moderate-income drivers, support the goals of clean mobility, and ensure that the California Clean Miles Standard and Incentive Program complements and supports sustainable land use objectives.

The CPUC held a workshop on March 8, 2022, to discuss the requirements of SB 1014 and potential implementation approaches. In November 2022, the CPUC issued a ruling to request comments on a staff proposal for implementing the program.

### *AUTONOMOUS VEHICLE REGULATION*

The CPUC has seven active autonomous vehicle passenger service providers authorized to participate in its pilot and deployment programs, one of which is authorized to transport passengers in driverless operations. The Autonomous Vehicle Pilot programs permit carriers to provide passenger service in autonomous vehicles with or without a driver on a testing basis. No fares may be collected, and carriers are required to provide quarterly reports on their operations. In addition, the CPUC approved its first permit application for Driverless Deployment passenger service, which allows the company to charge customers for rides within a portion of San Francisco between the hours of 10 p.m. and 6 a.m. Permitted carriers are required to file quarterly data on their operations. Public versions of all reports on deployment operations, which contains details on individual trips and incidents observed during operations are posted on the CPUC's website.

The Transportation Licensing Analysis Branch (TLAB) provides policy advisory services in the ongoing Rulemaking 12-12-011 and any successor proceedings that the CPUC may choose to open covering autonomous vehicle (AV) regulations. In addition, TLAB implemented the CPUC's prior decisions that established the AV Passenger Service Pilot programs (Decision 18-05-043) and the Phase 1 AV Passenger Service Deployment programs, including reviewing and making determinations on permit applications and reviewing submittals of quarterly data reports.

### *DATA ANALYTICS PROGRAM*

The Transportation Licensing Analysis Branch (TLAB) continues to enhance its data analytics capacity. In addition to analyzing the ongoing annual reporting of Transportation Network Company (TNC) data to support decision makers in Rulemaking 12-12-011,

the original TNC rulemaking proceeding, Rulemaking 19-02-012, the TNC Access for All proceeding, and Rulemaking 21-11-014, the Clean Miles Standard proceeding, the team also provided templates for and received the first autonomous vehicle deployment data. TLAB launched the TNC Data Portal in October 2022, for the first time making public TNC Annual Report data available to the public on a self-serve basis. The CPUC continues to increase its collaboration among data analysts across the TLAB and are working closely with Information Technology Services Division and external experts to develop concepts for a new data collection and validation tool.

### *TRANSPORTATION CARRIER PORTAL*

Last year, TLAB successfully launched the CPUC Transportation Carrier Portal, an electronic system for transportation carriers to apply for or renew an operating authority from the CPUC, monitor the status of their applications, manage and update their accounts, and pay regulatory fees. In 2022, major enhancements were made to the Transportation Carrier Portal, which allowed insurance companies/brokers the capability to electronically file evidence of insurance coverage on behalf of the carriers. In addition, Drug Consortiums now access the Transportation Carrier Portal to provide real time-controlled substance and alcohol testing results, and law enforcement has the ability to view information about CPUC-regulated transportation carriers.

CPUC's Information Technology Services Division took on the role of the developer of the portal's ongoing maintenance.

## **UTILITY ENFORCEMENT BRANCH ACTIVITIES**

### *FRONTIER COMMUNICATIONS CORPORATION INVESTIGATION*

On April 27, 2022, the CPUC issued Decision 22-04-059 approving a settlement, with modifications, that resolved an Order Instituting Investigation (OII) opened December 30, 2019, into Frontier Communications Corporation (Frontier) to determine whether Frontier violated laws, rules, and regulations associated with outages and service interruption when it acquired Verizon California in 2016. The OII also ordered Frontier to show cause why it should not pay a fine of \$2,500,000 for disclosing and publishing the addresses of residential customers who had previously elected to have their address suppressed. Decision 22-04-059 imposed penalties totaling \$2,504,000, which included a \$1,050,000 penalty for the release of customer address information and a \$1,454,000 penalty for the outages and service interruptions during the cutover from Verizon. In addition, Frontier was ordered to provide a one-time \$6 bill credit to all customers who did not receive bill credits in 2016 but were potentially affected by the address disclosure in 2016.

### *SAN JOSE CLEAN ENERGY APPLICATION FOR REHEARING*

On July 15, 2022, the CPUC issued Decision 22-07-025, denying San Jose Clean Energy's Application for Rehearing of Resolution ALJ-406, which upheld a RA citation in the amount of \$1,116,149. The CPUC did not find grounds for granting rehearing and reiterated that tight market conditions do not excuse San Jose Clean Energy from complying with the RA procurement standards.

San Jose Clean Energy Application (SJCE), a community choice aggregator (CCA), began operations in 2018. Pursuant to Public Utilities Code section 3802, all load-serving entities (LSEs), which includes CCAs, are subject to Resource Adequacy (RA) requirements to ensure reliable electrical service in California. Every year the CPUC assigns each LSE local, system, and flexible RA obligations based on the LSE's load forecasts. In March of 2019, SJCE began procurement efforts for its 2020 RA obligations. While SJCE accepted terms and conditions for some purchases that it considered difficult, it rejected bids that would have met its system RA obligations on the basis that it considered their terms and prices to be commercially impracticable.

### *SOUTHERN CALIFORNIA TELEPHONE COMPANY SETTLEMENT AGREEMENT*

On August 25, 2022, the CPUC adopted Resolution UEB-010 approving a settlement agreement between the Consumer Protection and Enforcement Division and Southern California Telephone Company (SCTC) to resolve SCTC's under-remitted public purpose program surcharges and user fees. SCTC agreed to pay \$457,363.31 as full payment of the total under-remitted amount.

### *SOUTHERN CALIFORNIA EDISON ADMINISTRATIVE CONSENT ORDER*

On August 25, 2022, the CPUC adopted Resolution UEB-011 approving an Administrative Consent Order between the Consumer Protection and Enforcement Division and Southern California Edison (SCE) to resolve issues relating to its noncompliance with California Alternate Rates for Energy and Level Payment Plan communications requirements. SCE agreed to pay, at its shareholders' expense, \$2.5 million to its Energy Assistance Fund for the benefit of low-income customers, subject to check for accuracy, and \$500,000 in penalties to the California State General Fund. In addition, SCE agreed to provide documentation of its California Alternate Rates for Energy and Level Payment Plan communication compliance on a quarterly basis to the Utility Enforcement Branch for a period of two years.



## ENERGY

### *NON-BYPASSABLE CHARGE IN SUPPORT OF CALIFORNIA'S NEW WILDFIRE FUND*

In Rulemaking 21-03-001, a decision was adopted on December 1, 2022, approving the California Department of Water Resources' requested Wildfire Fund revenue requirement for 2023. The 2023 Wildfire Fund Non-Bypassable Charge will collect a \$866.7 million throughout the year from Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company eligible customers.

### *INTEGRATED RESOURCE PLANNING*

In Rulemaking 20-05-003, the CPUC conducts long-term electricity planning, including evaluating biennial integrated resource plans (IRPs) required to be filed by all load-serving entities (LSEs) delivering electricity within the CPUC's jurisdiction.

In February 2022, the CPUC adopted a preferred system portfolio to meet the state's greenhouse gas goals for the electricity sector in 2030 and 2035, and the same order also adopted the base case electricity portfolio to be used in the California Independent System Operator's (CAISO's) transmission planning process for 2021-2022. The order also recommended sensitivity cases for the CAISO to analyze to help improve transmission planning assumptions going forward.

In May 2022, the CPUC adopted a modified cost allocation mechanism, which governs the manner in which costs are covered for LSEs within the CPUC's IRP purview. A 2019 order required 3,300 MW of resources to be procured, and a 2021 order required another 11,500 MW. The May 2022 decision addressed how host costs are allocated for LSEs who either opted out of procuring system resources to serve their load in 2019 or failed to deliver the required resources from either the 2019 or 2022 procurement orders.

### *RESOURCE ADEQUACY*

The Resource Adequacy (RA) program was established to ensure the safe and reliable operation of the grid. The program generally requires all load-serving entities within the CPUC's jurisdiction to meet procurement obligations for system, flexible, and local resources. In 2022, the CPUC issued the following decisions in Rulemaking 21-10-002: Decision 22-03-034 adopted modifications to the central procurement entity structure; Decision 22-06-050 adopted local capacity obligations for 2023-2025, flexible capacity obligations for 2023, and refinements to the RA program; and Decision 22-08-039 addressed regional wind effective load carrying capacity values and demand respond qualifying capacity methodology.



### *RENEWABLES PORTFOLIO STANDARD*

California's current Renewables Portfolio Standard (RPS) program targets (Senate Bill 100 (de León, 2018)) to increase the RPS to 60 percent by 2030 and requires all the state's electricity to come from carbon-free resources by 2045. Senate Bill 350 (de León, Leno, 2015) also requires interim annual RPS targets with three-year compliance periods and requires 65 percent of RPS procurement to be derived from long-term contracts of 10 or more years.

On July 14, 2022, the CPUC adopted Decision 22-07-003, denying two petitions for modification of Decision 10-12-048 related to potential security issues associated with making certain transmission and distribution system information available to the public. Rulemaking 08-08-009 is closed. Rulemakings 11-05-005 and 15-02-020 remain open.

In November 2022, the CPUC adopted a Voluntary Allocation and Market Offer mechanism which authorizes a process for Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company to allocate a "slice" of their entire Power Charge Indifference Adjustment eligible RPS portfolios to eligible load-serving entities (such as community choice aggregators, electric service providers, and the investor-owned utilities themselves) in proportion to their vintaged, forecasted annual load share.

### *ENERGY STORAGE REBATES*

Since the enactment of Assembly Bill 2868 (Gatto, 2016), the CPUC has worked to accelerate widespread deployment of distributed energy storage systems. Through the Self-

Generation Incentive Program (SGIP), the CPUC offers rebates for installing energy storage technology at both households and non-residential facilities. These storage technologies include battery storage systems that can function in the event of a power outage.

In 2022, the CPUC issued Decision 22-04-036 in Rulemaking 20-05-012, adopting final budgets, incentive levels, and other program requirements for the SGIP Heat Pump Water Heater (HPWH) program. HPWHs qualify as eligible SGIP technologies because these systems have the capability to shift load from peak to off-peak periods and can provide load drop and ramping services. Decisions 19-09-027 and 20-01-012 together yield a combined SGIP HPWH budget of \$44.7 million for general market and equity customers for the 2021 to 2025 period.

### *NET ENERGY METERING*

On December 15, 2022, the CPUC issued a decision that modernizes the Net Energy Metering solar tariff to promote grid reliability, incentivizes solar and battery storage, and controls electricity costs for all Californians. The decision has no impact on existing rooftop solar customers, maintaining their current compensation rates while improving the pricing structure and credits to new rooftop solar customers for the electricity they export based on its value to the grid. The new tariff supplements and bolsters federal incentives provided by the Inflation Reduction Act for solar and battery storage and works together with an additional \$630 million in state funding that the Legislature has dedicated to upfront incentives for low-income customers who install.

### *TRANSPORTATION ELECTRIFICATION*

As directed by various legislative mandates (Senate Bill (SB) 350 (de León, Leno, 2015), Assembly Bill (AB) 2127 (Ting, 2018), SB 1000 (Lara, 2018), AB 841 (Ting, 2020)), the CPUC coordinates the state's efforts to accelerate transportation electrification with the California Energy Commission (CEC), the California Air Resources Board (CARB), GO-BIZ, and other sister agencies. AB 2127 requires the CEC, with support from the CPUC, to assess the amount of electric vehicle (EV) infrastructure needed to meet California's zero-emission vehicle goals. SB 1000 requires the CPUC to explore technologies that promote grid integration, policies, and rate strategies that can reduce the effects of demand charges on EV drivers and fleets, and whether to adopt a tariff for heavy duty EVs that encourages charging during periods of excess grid capacity.

The CPUC issued Decision 22-08-024, adopting a plug-in EV submetering protocol for California's six investor-owned utilities and requires the utilities to implement the protocol for all customers with plug-in EVs and customer-owned submeters. The protocol is an important means of accelerating transportation electrification. The protocol reduces the cost of EV charging, as consumers can avoid installing a separate utility meter in

order to bill their EV separately from their primary utility meter. The decision also adopts electric vehicle supply equipment (EVSE) communication protocols for all chargers that the utilities install or fund going forward. The CPUC collaborates closely with the CEC on the communication protocols policy.

In November 2022, the CPUC issued Decision 22-11-040, adopting a five-year funding cycle approach to funding for transportation electrification, and ratepayer funding of \$600 million starting in 2025 with the potential to access up to \$1 billion. The decision categorizes the existing collection of transportation electrification infrastructure programs and pilots as Funding Cycle 0, established Funding Cycle 1 that will launch in 2025 focused on rebates for behind-the-meter charging infrastructure and supporting programs for targeted light-, medium-, and heavy-duty sectors, and outlines a yet to be defined/determined Funding Cycle 2 launching in 2030. This decision also resolved other outstanding issues from the Draft Transportation Electrification Framework staff proposal issued in February 2020, and represents the culmination of almost four years of CPUC-led work on this topic, coordination with sister agencies, and stakeholder engagement.

In December 2022, via Decision 22-12-054, the CPUC authorized Pacific Gas and Electric Company (PG&E) to spend up to \$52 million to implement its EV Charge 2 program. Through this program, PG&E will install approximately 2,822 Level 2 and direct current fast chargers. This is an expansion of PG&E's light duty pilot, EV Charge Network, which the CPUC authorized in 2016.

In December 2022, the CPUC issued Resolution E-5247 that established an average service energization timeline for energizing EV chargers across the state. This will have the impact of speeding up the deployment of EV chargers, and provide some certainty around the timing of utility energization approvals. The CPUC will review data on this policy in 2023 to inform a potential strengthening of this average service energization timeline.

## *MICROGRIDS*

Senate Bill (SB) 1339 (Stern, 2018) directs the CPUC, in consultation with the California Energy Commission and California Independent System Operator, to undertake a number of activities to further develop policies related to microgrids. In January 2022, upon initiation of Track 4 in Rulemaking 19-09-009, stakeholders submitted initial public comment in response to Southern California Edison (SCE), San Diego Gas & Electric Company (SDG&E), and Pacific Gas and Electric Company's (PG&E) Microgrid Incentive Program Implementation Plan pursuant to Ordering Paragraph 6 of Decision 21-01-018. After rounds of public comments, the CPUC issued a ruling with an Energy Division Staff Proposal which proposed modifications and changes to the SCE, SDG&E, and PG&E Microgrid Incentive Program Implementation Plan. Stakeholders submitted additional rounds of public comment in response to the ruling and Staff Proposal.



The Microgrid Incentive Program is targeted to fund microgrids to support the critical needs of vulnerable populations impacted by grid outage. In a related standalone proceeding, Application 21-06-022, PG&E proposed a framework for identifying substations at high risk of de-energization in future Public Safety Power Shutoff (PSPS) events; assessing alternatives to mitigate those PSPS outage risks; and, where appropriate, procuring substation-level microgrid solutions to mitigate PSPS outages consistent with a pathway to transition to cleaner sources of generation. On November 3, 2022, the CPUC adopted a final decision for PG&E that establishes a process for substation resiliency microgrid solutions that are single-season and/or multi-season oriented.

### *RENEWABLE GAS*

Decision 22-02-025, implementing Senate Bill 1440 (Hueso, 2018) Biomethane Procurement Program, was adopted in 2022. The gas utilities are required to procure biomethane derived from organic waste at levels sufficient to meet California's statutory obligation to divert 75 percent of 2014 levels of organic waste away from California landfills by the end of 2025. All biomethane procurement must be cost-effective according to a methodology to be developed jointly by the gas utilities and approved by the CPUC, and all contracts submitted subsequently will be approved by advice letter at tiers determined by the cost of each contract. Each gas utility would also be required to submit a plan for CPUC approval outlining their procurement strategy through 2030 and anticipated bill and rate impacts associated with that procurement.



Numerous conditions would be placed on biomethane producers in order to be eligible for procurement of their gas by an investor-owned utility, and procurement targets would be revisited in 2025.

On December 15, 2022, the CPUC adopted two decisions to assess the feasibility and safety implications of utilizing clean renewable hydrogen as decarbonization strategy for the natural gas system and hard-to-electrify industries.

### *LONG-TERM GAS PLANNING*

In December 2022, the CPUC adopted a new framework to comprehensively review utility natural gas infrastructure investments in order to help the state transition away from natural gas-fueled technologies and avoid stranded assets in the gas system. The decision requires utilities to seek CPUC approval of natural gas infrastructure projects of \$75 million or more or those with significant air quality impacts. Applications would also trigger California Environmental Quality Act review by the CPUC. Emergency projects, routine repair and maintenance projects, and projects expected to be in service by January 1, 2024, are exempt from the new review process. Projects for which an application of approval has been filed with a local agency for compliance with an environmental rule before the effective date of the General Order are also exempt. To advance transparency in long-term system planning, the decision directs utilities to file annual reports detailing planned long-term infrastructure projects exceeding \$50 million over the next 10 years.

### *NUCLEAR DECOMMISSIONING*

In Pacific Gas and Electric Company (PG&E) Application 21-12-007, PG&E's Nuclear Decommissioning Cost Triennial Proceeding (NDCTP), the CPUC is reviewing updated nuclear decommissioning cost studies and ratepayer contribution analyses to determine whether the nuclear decommissioning trust funds for both the Diablo Canyon Nuclear Power Plant and Humboldt Bay Nuclear Power Plant are fully funded, and reviewing decommissioning projects completed since the last NDCTP. PG&E has not requested new ratepayer contributions for their decommissioning trust funds. The CPUC issued a Scoping Memo on April 19, 2022, and parties are currently engaged in settlement discussions.

In a joint NDCTP application from Southern California Edison (SCE) and San Diego Gas & Electric Company (SDG&E), Application 22-02-016, like PG&E's, the CPUC is reviewing whether the decommissioning trust funds for the San Onofre Nuclear Power Plant (SONGS) are fully funded as well as all decommissioning projects since the last NDCTP. Additionally, the same reviews are being conducted for SCE's Palo Verde Nuclear Generating Station. The utilities have not requested new ratepayer contributions for the trust funds of either nuclear facility. The CPUC issued a Scoping Memo on May 24, 2022, and parties are preparing for evidentiary hearings.

On September 2, 2022, Governor Newsom signed Senate Bill (SB) 846 (Dodd, 2022), approving an extension of Diablo Canyon’s operating life by up to five years (i.e., through 2030). As ordered in the legislation, the CPUC issued Decision 22-12-005 (in Application 16-08-006) to take all actions necessary to preserve the option of extended operations at Diablo Canyon and track all associated costs. In December 2022, also in accordance with SB 846, the CPUC initiated an Order Instituting Rulemaking in which the CPUC will consider economic, reliability, and safety issues to determine the length of Diablo Canyon’s extended operations, if at all.

### *POWER CHARGE INDIFFERENCE ADJUSTMENT*

In Rulemaking 17-06-026, the CPUC reviews, revises, and considers alternatives to the Power Charge Indifference Adjustment (PCIA) mechanism. The PCIA is a ratemaking methodology adopted by the CPUC to ensure that when electric customers of the investor-owned utilities (IOUs) depart from IOU service and receive their electricity from a non-IOU provider they remain responsible for costs previously incurred on their behalf by the IOUs. The Forecast Resource Adequacy (RA) Adders for local RA were calculated using all transaction executed from December 2019 through August 2022, with delivery in 2023.

### *UNDERGROUNDING ELECTRIC DISTRIBUTION INFRASTRUCTURE*

In Rulemaking 17-05-010, the CPUC modernized the Rule 20 electric utility program for converting overhead electric infrastructure to underground at the request of local governments. In Decision 21-06-013, the CPUC revised the program to discontinue new ratepayer-funded work credit allocations for Rule 20A projects, clarify Rule 20A project eligibility criteria and work credit transfer rules, and enhance Rule 20 program oversight. On November 8, 2022, in Rulemaking 17-05-010, the CPUC held a workshop to discuss Phase 2 issues, including improving local engagement to inform utilities’ undergrounding efforts and the future of the Rule 20 program.

### *PUBLIC UTILITY REGULATORY POLICIES ACT IMPLEMENTATION*

In Rulemaking 18-07-017, the CPUC considers changes to the state implementation of the federal Public Utility Regulatory Policies Act of 1978 (PURPA) for the state’s electric utilities. The federal policies govern Qualifying Facilities generating 20 megawatts of power or less seeking to sell electricity to California utilities pursuant to PURPA. This year in Rulemaking 18-07-017, with Decision 22-06-003, the CPUC adopted rules on the eligibility of energy storage paired with qualifying facilities for the PURPA standard offer contract. Rulemaking 18-07-017 remains open.



### *CLEAN ENERGY FINANCING*

In Rulemaking 20-08-022, the CPUC is considering new financing programs to expand customer financing opportunities beyond energy efficiency to include other technologies and programs to broadly address California’s decarbonization and greenhouse gas reduction goals. In 2022, the CPUC held workshops to obtain public feedback on new financing program proposals and discuss metrics, reporting, and evaluation of the new financing programs. Following the workshops, several parties submitted proposals for CPUC consideration. Parties also filed comments and reply comments on the proposals.

### *PG&E GAS TRANSMISSION & STORAGE SETTLEMENT*

In Application 20-07-020, the CPUC issued Decision 22-07-007 which approved a Settlement Agreement that grants Pacific Gas and Electric Company (PG&E) \$356 million in revenue requirement for capital expenditures PG&E spent in 2011 to 2014 on its gas transmission and storage facilities. PG&E incurred these capital expenditures from additional gas transmission and storage work it had to perform in 2011 to 2014 to comply with regulatory and legislative mandates and directives imposed on PG&E after the 2009 San Bruno gas pipeline explosion.

### *ELECTRIC AND GAS RATE PROCEEDINGS*

#### **PG&E General Rate Case**

In Application 21-06-021, Pacific Gas and Electric Company (PG&E) is requesting approval of \$16.17 billion in revenue for 2023 for expenses and capital to support its gas and electric distribution, gas transmission and storage, and electric generation programs.



PG&E is also requesting approval for revenue for these expenses and capital for 2024 of \$17.23 billion, for 2025 of \$18.08 billion, and for 2026 of \$18.76 billion. The rate increases associated with the increase in revenue, if approved, will be effective January 1, 2023, for electric and gas customers. Under PG&E's request, the monthly PG&E bill for a typical residential customer (500kWh/33 therms) is estimated to increase by approximately 14.6% in 2023 (as compared to January 1, 2022, rates).

PG&E amended its request on March 10, 2022, to include a substantial additional request for wildfire mitigation programs, including undergrounding electric distribution and transmission wires and on September 14, 2022, to include upward adjustments for inflation and tax changes. In March 2022, the CPUC conducted six Public Participation Hearings, and in August and September, the CPUC conducted twelve days of public hearings regarding Track 1 of the application.

### **SCE General Rate Case**

In Application 19-08-013, on June 23, 2022, the CPUC adopted a decision addressing Southern California Edison's (SCE) Track 3 request for recovery of wildfire mitigation memorandum and balancing account balances. The decision authorized SCE to recover through rates the revenue requirement associated with \$385.24 million in incremental Operations and Maintenance expenses recorded in 2020 and the approved Track 2 capital-related revenue requirement for 2020 of \$15.12 million. The decision also found reasonable \$464.84 million in 2018-2020 recorded wildfire mitigation capital expenditures and authorized SCE to seek future recovery of these capital expenditures in a separate financing order application.

### **SDG&E General Rate Case**

In Application 21-09-001, San Diego Gas & Electric Company (SDG&E) is requesting to establish a residential untiered time-of-use rate with a fixed charge for customers who own one or more of the qualifying technologies (electric vehicles, energy storage, and electric heat pump for water heating or climate control). On September 29, 2022, a proposed decision adopting an opt-in un-tiered time-of-use rate with a flat monthly fixed charge of \$16 was issued.

In Application 21-07-017, SDG&E seeks to recover, on an interim basis, 50 percent of the recorded expenditures in its Wildfire Mitigation Plan Memorandum accounts, incremental to what is authorized for recovery by SDG&E's general rate case, for the 2019-2023 period. In Decision 22-05-001, the CPUC denied SDG&E's request.

## ***ENERGY EQUITY***

On April 7, 2022, the CPUC voted to adopt the 2.0 revision of the Commission's Environmental and Social Justice Action Plan. Energy Division is responsible for 26 action

items in the revised plan. Of these, 24 fall under the plan's Goal 2: increase investment in clean energy resources to benefit environmental and social justice (ESJ) communities, especially to improve local air quality and public health. The remaining two are related to Goal 4: increase climate resiliency in ESJ communities. Reflecting the cross-cutting nature of equity, energy activities range from climate adaptation to increased access to energy efficiency and distributed energy resource programs in impacted communities. Energy Division also coordinates the Disadvantaged Communities Advisory Group (DACAG) with its sister agency the California Energy Commission. The DACAG was instituted by Senate Bill 350 (de Leon, Leno, 2015) to provide guidance to the CPUC on clean energy and pollution reduction programs in disadvantaged communities.

In 2022, the DACAG provided written comments to inform CPUC's Microgrids Incentives Program (Rulemaking 19-09-009), Self-Generation Incentives Program (Rulemaking 20-05-012), the Equity Segment Business Plan Application (Application 22-02-005), and the investor-owned utilities' Electric Program Investment Charge (EPIC) Applications 22-10-001, 22-10-002, and 22-10-003. The Low-Income Oversight Board (LIOB) was established by Senate Bill 2 of the Second Extraordinary Session (SBX2-2, Alarcon, Chesbro, Escutia, Sher, Soto, Vincent, 2001) to advise the CPUC on low-income electric and gas customer issues and serve as a liaison for the CPUC to low-income ratepayers and representatives. In 2022, the LIOB continued its oversight of the California Alternative Rates for Energy and Energy Savings Assistance low-income qualified programs, consulted on the Universal Application System intended to remove barriers to program enrollment, and provided an ongoing forum for monitoring the Disconnections Rulemaking, 18-07-005.

### *ELECTRIC POWER INVESTMENT CHARGE*

Rulemaking 19-10-005 advances the state's goal of ensuring equitable access to safe, affordable, reliable, and clean electricity through ratepayers' investments in research and innovation through the Electric Power Investment Charge (EPIC) program, as established by Decision 12-05-037. The EPIC program is administered 80 percent by the California Energy Commission (CEC) and 20 percent by the investor-owned utilities (IOUs). The CPUC oversees EPIC program investments in areas such as building decarbonization, energy efficiency, microgrids, grid modernization, transportation electrification, wildfire mitigation, and reduction of Public Safety Power Shutoff events. Since its inception in 2012, the CPUC has approved over \$3 billion in EPIC investments through 2030. In June 2022, Decision 22-06-004 approved the CEC's \$592 million EPIC investment plan for the 2021-2025 cycle. In October 2022, the CPUC began reviewing the large IOUs' \$185 million EPIC investment plans for the 2021-2025 cycle (Pacific Gas and Electric Company: \$92.7 million; Southern California Edison: \$76.0 million; San Diego Gas & Electric Company: \$16.3 million). The CPUC anticipates adopting the IOUs' EPIC investment plans in 2023.



## RAIL

### *FEDERAL TRANSIT ADMINISTRATION STATE SAFETY OVERSIGHT GRANT*

The State Safety Oversight (SSO) program oversees safety of rail transit systems. The Federal Transit Administration (FTA) provides federal funds through the SSO Formula Grant Program for eligible states to develop and carry out their SSO programs. In 2022, the CPUC executed its eighth annual grant award from the FTA, bringing the total of FTA grant awards to over \$34 million.

### *TRIENNIAL SAFETY AND SECURITY REVIEWS OF RAIL TRANSIT AGENCIES*

CPUC regulations require staff to perform a comprehensive review of each Rail Transit Agency's (RTA) implementation of its safety program a minimum of once every three years. These audits require on-site visits to RTA facilities, including interviews and other interactions with RTA employees. Typically, CPUC staff performs three to four triennial reviews per year. During 2022, Rail Safety Division staff performed comprehensive triennial reviews for the Santa Clara Valley Transportation Authority and North [San Diego] County Transit District. Currently, the Rail Safety Division is finalizing the reports for several triennial reviews that were performed in prior years and is planning for triennial reviews to be performed in 2023.

## *FEDERAL TRANSIT ADMINISTRATION'S REVIEW OF CPUC'S STATE SAFETY OVERSIGHT AGENCY PROGRAM*

The Federal Transit Administration (FTA) conducts reviews of State Safety Oversight Agencies (SSOA) for rail fixed guideway public transportation systems that receive federal funding typically every three years. During July 11 to 19, the FTA conducted its review of CPUC's SSOA program. The FTA provided portions of its draft audit report for CPUC to review for factual accuracy but has not issued its final report.

## *RAIL TRANSIT AGENCY MAJOR CAPITAL PROJECTS COMPLETED OR NEAR COMPLETION*

CPUC has safety oversight jurisdiction over the following rail transit agency projects that were completed, or near completion, by the end of 2022.

- Los Angeles County Metropolitan Transportation Authority (LACMTA)
  - » K Line: This is an 8.5-mile line connecting the LACMTA's E Line (formerly known as Expo Line) to the C line (formerly known as Green Line) connecting to Los Angeles International Airport (LAX) and will serve the cities of Los Angeles, Inglewood, El Segundo, and portions of unincorporated Los Angeles County.
  - » Regional Connector: This project is an underground 1.9-mile system in downtown Los Angeles that will connect the existing A Line (formerly Blue Line) to the L Line (formerly Gold Line). It will allow passengers to travel from Azusa to Long Beach and from East Los Angeles to Santa Monica without transferring lines. The project includes three new subway stations.
- San Diego Trolley, Inc.
  - » Mid-Coast Corridor Project: This is a 10.9-mile light rail transit line that begins at the Old Town Transit Center in San Diego and connects Linda Vista, Clairmont, University of California at San Diego, and the University City with nine new stations.
- San Francisco Municipal Transportation Agency
  - » Central Subway: This project is a 1.7-mile tunnel extending MUNI light rail service from Third Street Line to Bayshore and Mission Bay areas of SoMa, downtown San Francisco, and Chinatown.

## *NATIONAL TRANSPORTATION SAFETY BOARD*

The National Transportation Safety Board (NTSB) investigated the collision between two Sacramento Regional Transit District light rail vehicles in Sacramento, that occurred on August 22, 2019, and published an accident investigation report on April 14, 2022. On



May 19, 2022, the NTSB issued a letter to the CPUC president recommending CPUC take one safety action. CPUC had already taken the recommended action shortly after the accident. In accordance with NTSB's request and California Public Utilities Code section 765, the CPUC sent a response letter to the NTSB dated August 16, 2022, indicating the recommended action had already been taken by the CPUC.

### *REPORT OF STATE SAFETY OVERSIGHT ACTIVITIES FOR RAIL FIXED GUIDEWAY PUBLIC TRANSPORTATION SYSTEMS IN CALIFORNIA*

As required by Title 49 of the Code of Federal Regulations, Part 674.13(a)(7), on March 15, the CPUC submitted the Report of State Safety Oversight Activities for Rail Fixed Guideway Public Transportation Systems in California to Governor Newsom's office, California Rail Transit Agencies (RTAs) receiving federal funding, and the Federal Transit Administration (FTA). The report summarizes CPUC's oversight activities over RTAs in California over the previous year, the causal factors of accidents identified through investigation, and the status of corrective actions, changes to the Public Transportation Agency Safety Plan of each FTA-regulated RTA, and the level of effort by the CPUC in carrying out its oversight activities over RTAs.

### *ANNUAL REPORT TO THE FEDERAL TRANSIT ADMINISTRATION*

As required by Title 49 of the Code of Federal Regulations, Part 674.39, on March 15, 2022, Rail Safety Division electronically submitted its annual report to the Federal Transit Administration (FTA). The FTA's Annual Report provides details of CPUC's activities as the State Safety Oversight Agency for rail fixed guideway public transportation systems in California.

### *RAIL CROSSING SAFETY PAVEMENT MARKING PROJECT*

In 2022, the CPUC reached out to the Department of Transportation (Caltrans) for review of the use of red pavement markings at highway-rail crossings. The CPUC will continue to work with Caltrans and the Federal Highway Administration (FHWA) to reconsider the use of red dynamic envelop pavement markings.

### *RAILROAD PREEMPTION*

CPUC staff continued the effort to work with California Department of Transportation (Caltrans) headquarter and district personnel to discuss ongoing preemption design details, and provided comments to the revision of Caltrans preemption worksheets and input on Caltrans traffic signal control program related to railroad interconnection. In 2022, the CPUC published content for railroad preemption on the CPUC website.

CPUC staff proposed language update in Part 4D.27 of the California Manual on Uniform Traffic Control Devices 6th Revision for railroad preemption.

During 2022, CPUC staff reviewed alteration requests for over 70 crossing locations that involved railroad preemption.

## AUTONOMOUS VEHICLES

The CPUC continued to participate in industry forums to update state and federal regulations and guidelines to address the safety of autonomous vehicles at rail crossings. The CPUC reviewed requests from the California Department of Motor Vehicles regarding Operational Design Domains of autonomous vehicle testing permit applications. Rail Crossings and Engineering Branch also worked with the CPUC's Consumer Protection and Enforcement Division for authorizations to use autonomous vehicles with passenger service.

## STOP/YIELD SIGNS PROJECT

The CPUC is the lead agency for coordinating the installation of STOP/YIELDS signs. The California Manual on Uniform Traffic Control Devices requires railroads to install

STOP or YIELD signs, a crossbuck sign, and pavement markings at all passive rail crossings. The Class 1 railroads have installed STOP or YIELD signs at many of the passive crossings, however, a portion of the installations do not align with CPUC recommendations. The CPUC is continuing efforts to work with railroads to ensure compliance with the STOP or YIELD sign requirements.

## FIELD INVENTORY OF RAIL CROSSINGS CONTRACT

The Rail Crossing Inventory Phase 2 contract completed data entry into CPUC and Federal Railroad Administration crossing inventory databases. A separate project, the Rail Crossing Inventory Phase 3 project, has been ongoing since July 2021. Most field data collection for Phase 3 was completed by the contractor in 2022. The

*On September 26, 2022, CPUC Rail Safety Director, Roger Clugston, and Deputy Executive Director for Consumer Policy, Transportation and Enforcement, Pat Tsen, visited the construction of California High Speed Rail in Fresno and Clovis, and examined existing rail lines and routes through the Central Valley.*



CPUC will continue providing guidance and oversight until the effort concludes around the third quarter of 2023.

### *HIGH-SPEED RAIL PROJECT*

The CPUC is one of the entities responsible for rail crossing safety oversight in the planning, development, construction, and operation of the California High-Speed Rail project. California's high-speed rail will use new technologies that are unique to high-speed rail and to the California rail safety program.

The CPUC continued to monitor the California High-Speed Rail Authority projects to ensure compliance with all applicable rules, including the CPUC's General Orders and the California Manual on Uniform Traffic Control Devices.

### *BRIGHTLINE WEST HIGH-SPEED RAIL*

Brightline West continued to design the proposed high speed passenger rail project from Rancho Cucamonga to Las Vegas. Approximately 70 new crossings still need authorization from the CPUC. Brightline West requested that a resolution process be used, rather than formal applications, and the resolution SX-148 for a grade-separated crossing was approved by the CPUC on August 25, 2022, which provided a process to use staff resolutions to authorize crossings. Rail Crossings and Engineering Branch staff has held several diagnostic meetings to review the design of the proposed crossings.

### *STATE HIGHWAY-RAIL GRADE CROSSING ACTION PLAN*

The Fixing America's Surface Transportation (FAST) Act mandates that ten states previously identified in the Rail Safety Improvement Act of 2008 provide the Federal Railroad Administration (FRA) with an updated State Action Plan. In 2022, the CPUC completed the State Highway-Rail Crossing Action Plan (SHRCAP) with concurrence from the California Department of Transportation. The report identifies location-specific strategies to reduce rail crossing safety risks associated with freight, transit, and high-speed rail. The CPUC approved the report on February 10, 2022, and on February 13, 2022, staff submitted the updated SHRCAP to the FRA. In 2022, the CPUC implemented some of the strategies at locations identified in the report.

### *MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES*

The Manual on Uniform Traffic Control Devices (MUTCD) is a living document that the Federal Highway Administration (FHWA) updates, as necessary. The CPUC filed comments with the FHWA regarding the Notice of Proposed Amendments for the national MUTCD revision. In 2022, the CPUC continued to work with the Department

of Transportation (Caltrans) and FHWA regarding standards, guidance, and options related to traffic control devices and updates to the California MUTCD. Caltrans adopts the national MUTCD for use in California with approved changes by the FHWA.

### *EXEMPT CROSSINGS*

The California Vehicle Code section 22452 requires that certain vehicles, like buses carrying passengers and vehicles transporting hazardous or explosive materials, must stop at rail crossings prior to proceeding across the tracks. At rail crossings designated as exempt by the CPUC and maintained with “EXEMPT” signs, those vehicles are generally not required to stop. In 2022, the CPUC began to review the exempt crossings list with intent to revise the list for publishing on the CPUC website.

### *RAIL SAFETY AND SECURITY INFORMATION MANAGEMENT SYSTEM*

The Rail Safety and Security Information Management System (RSSIMS) database replacement project continued throughout 2022. From January through August, CPUC staff and the vendor worked through the design phase. During this phase some delays were experienced in working through the details of the system design. This included the identification of additional scope of work and tasks to be done which will ensure the database meets current state requirements, and provides enhanced features related to mapping. A special project report was completed and approved. This realigns the schedule, budget, and scope to account for the changes identified during the Design Phase. The Build Phase began in September and will continue into 2023.

## **SAFETY AND ENFORCEMENT**

### *PUBLIC SAFETY POWER SHUTOFFS*

In 2022, the CPUC continued Rulemaking 18-12-005 to examine electric utilities’ Public Safety Power Shutoff (PSPS) practices designed to proactively shut off electric power to mitigate the risk of catastrophic wildfire caused by their infrastructure. The utilities must balance the risk of harm from utility-ignited wildfires against the public harms of shutting off power. The PSPS guidelines are intended to ensure utilities continually improve planning, preparation, and access to resources during PSPS events, and enhance notification of, and mitigate impacts on, all customers with particular focus on access and functional needs and vulnerable populations.

On June 15, 2022, the Safety and Enforcement Division (SED) issued proposed Administrative Enforcement Orders imposing corrective actions for violations related to 2020 PSPS events and fines shareholders of Pacific Gas and Electric Company





\$10 million, Southern California Edison \$12 million, and San Diego Gas & Electric Company \$24,000. All three utilities, as well as PacifiCorp, were directed to take specific corrective actions to ensure that future PSPS events comply with CPUC public safety and notification requirements.

The year 2022 was the first that CPUC required utilities to submit annual Post Season and Pre-Season PSPS reports. In July 2022, CPUC staff issued a compendium of PSPS guidelines and rules adopted in Resolution ESRB-8, and Decisions 19-05-042, 20-05-051, and 21-06-034. This consolidated document referenced all existing PSPS guidelines and rules that have been adopted by the CPUC in 2022 and earlier.

Again in 2022, the CPUC directed all six electric utilities to present their preparedness for PSPS events at public briefings in February, July, and August. These briefings included participation by the Office of Infrastructure and Energy Safety, the California Governor's Office of Emergency Services, and the California Department of Fire and Forestry Protection. The goal of these briefings was to evaluate how the utilities are mitigating the impact of these proactive deenergization events.

### *WILDFIRE INVESTIGATIONS*

In 2022, six wildfire investigations were concluded and nine were initiated. A total of approximately 12,204 acres were reported to have been burnt over the nine wildfire investigations. While investigations are ongoing, speculation of fire causes varied from distribution circuits, utility poles, downed lines, and brush fires.

### *2022 SUMMER RELIABILITY*

The CPUC acted to reduce the risk of electricity outages during extreme heat events similar to the climate-driven, west-wide heat waves of 2020 and 2021 by creating new programs and modifying existing programs to reduce energy demand and increase energy supply during critical hours of the day. All summer reliability efforts were a success during 2022 summer heat wave events due to the CPUC analysis which found that a range of 2,000 to 3,000 megawatts (MW) of new supply- and demand-side resources will help address grid reliability in the most extreme circumstances in 2022 and 2023. The Decisions approved are part of a series of significant actions the CPUC has already taken to ensure utilities can reliably serve customers during extreme weather events.

### *MOBILE HOME PARK UTILITY CONVERSION PROGRAM*

The Mobile Home Park Utility Conversion Program (MHPUCP) entered its second year in 2022. A CPUC decision established this program which authorizes investor-owned utilities to install new gas and electric utility systems in mobile home parks to replace master-metered utility systems with direct service. Its goal is to convert 50 percent of all applicable mobile home spaces by the end of 2030 using a risk-based priority ranking system. The Gas Safety and Reliability Branch (GSRB) administers the risk-ranked priority list of all applicant communities and processes appeals from MHPs. GSRB estimates that the investor-owned utilities converted approximately 5,000 mobile home spaces to direct service in 2022. The exact number will be available in March 2023 in the annual reports the utilities file for this program.

### *ALISO CANYON NATURAL GAS LEAK INVESTIGATION*

In 2022, the CPUC's investigation of Southern California Gas Company's (SoCalGas) role in the 2015 well failure and resulting uncontrolled release of gas at the Aliso Canyon Natural Gas Storage Facility resulted in the filing of an October 28, 2022, joint motion for adoption of a comprehensive settlement agreement which includes among other terms, SoCalGas' admission to a violation of Public Utilities Code section 451, and agreement to the fines, disallowances, and refunds, totaling \$610.1 million. The proposed settlement is under evaluation.

### *ALISO CANYON NATURAL GAS STORAGE RELIABILITY*

The Order Instituting Investigation 17-02-002 investigates the feasibility of reducing or minimizing the use of the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) and evaluates proposals to replace the services provided by it as required by Senate Bill 380 (Pavley, 2016). In Decision 21-11-008, the CPUC increased the maximum level of the storage capacity at Aliso Canyon from 34 billion cubic feet (Bcf) to 41.16 Bcf

to address reliability during the 2021/2022 winter and in the future. In Phase 3 of the proceeding, the CPUC is examining results of independent consultants' (FTI Consulting, Inc. and Gas Supply Consulting, Inc.) report on options for minimization or elimination of Aliso Canyon. The CPUC issued a ruling in September that includes an Energy Division framework for replacing or reducing reliance on Aliso Canyon by increasing electrification in buildings and adding new clean energy resources and asks the parties to provide implementation proposals.

The CPUC staff evaluated consultant reports and chose reducing gas demand and enabling the closure of Aliso Canyon by 2027 or 2035.

### *INVESTIGATION INTO PG&E'S FAILURE TO COMPLY WITH LOCATE-AND-MARK PROGRAM*

In Order Instituting Investigation 18-12-007, the CPUC initiated a formal investigation of allegations that Pacific Gas and Electric Company (PG&E) failed to accurately record and report the number of their late responses to Underground Service Alert notifications, commonly known as the "Call before you dig" or "Call 811" program, and violated other rules meant to prevent damage to natural gas pipelines during excavation activities over a number of years. A 2020 settlement penalized PG&E \$110 million and imposed other remedies including reporting and audits.

In 2022, PG&E submitted its second Locate and Mark Annual Report for reporting period January 1 through December 31, 2021.

### *CREATION OF A SHARED DATABASE OR STATEWIDE CENSUS OF UTILITY POLES AND CONDUIT*

In 2017, the CPUC opened a proceeding to address the feasibility of establishing a data management platform for pole owners and tenants to access pole data, attachment, and conduit data.

In 2022, the now consolidated Pole Order Instituting Investigation/Rulemaking proceeding, Investigation 17-06-027 and Rulemaking 17-06-028, included creating a One-Touch-Make-Ready (OTMR) proposal, approving an OTMR decision, a conduit data ruling, and a conduit data decision.

### *ELECTRIC SAFETY AND RELIABILITY BRANCH – GENERATION SECTION*

In 2022, the Electric Safety and Reliability Branch (ESRB) received funding for five new positions through the spring financial letter process. The new program and project supervisor, two senior utilities engineer and two utilities engineer positions will comprise of the new Generation Section within ESRB. The Generation Section will focus on

summer reliability efforts that will ensure that generation resources are able to meet the needs of peak demand during the summer months when extreme weather can cause resource constraints and supply shortages.

### *PG&E ENHANCED OVERSIGHT AND ENFORCEMENT PROCESS*

In 2022, the Electric Safety and Reliability Branch (ESRB) continued its monitoring and oversight of Pacific Gas and Electric Company (PG&E) on the utility's progress to meeting its Corrective Action Plan under the CPUC's Enhanced Oversight and Enforcement (EOE) process. Since placing PG&E into Step 1 of the EOE process in Spring 2021, the CPUC has closely monitored PG&E's actions to correct the issue, which included adopting risk-driven prioritization and making sure this prioritization was carried out by its vegetation management crews on the ground. The CPUC determined on December 1, 2022, that PG&E has implemented these corrective actions, enabling the utility to exit Step 1. While the issue related to 2020 activities has been resolved, the CPUC, together with the Office of Energy Infrastructure Safety, continues to oversee and monitor PG&E's safety efforts.

### *CPUC ENFORCEMENT POLICY IMPLEMENTATION*

As part of the strategic directive on compliance and enforcement, the CPUC adopted an Enforcement Policy in 2020 to allow staff to take expeditious and efficient enforcement actions to better serve Californians and more efficiently ensure maximum compliance across all the industries that the CPUC regulates. In 2022, the Safety and Enforcement Division (SED) issued five proposed Administrative Enforcement Orders (AEOs) against the electric utilities. Four of the proposed AEOs were for failure to comply with CPUC Public Safety Power Shutoff guidelines in 2020 (PacifiCorp and San Diego Gas & Electric Company agreed to corrective actions and fines; Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) requested hearings and proposed settlements of these AEOs are pending CPUC action). The fifth proposed AEO was issued against PG&E for the Zogg Fire—PG&E has requested a hearing and the parties are currently exploring settlement.

In 2022, SED issued two Administrative Consent Orders (Resolution SED-5 settled SCE's 2017/2018 wildfires, and Resolution SED-6 addressed the 2019 PG&E Kincadee Fire). Both resolutions were adopted by the CPUC.

### *RESOLUTION RESOLVING THE 2017 & 2018 FIRES IN SCE TERRITORY*

In August 2022, the CPUC voted out Resolution SED-5A which added a Penalty Assessment Methodology to the Administrative Consent Order and Agreement (ACO) between the Safety and Enforcement Division and Southern California Edison (SCE).



Resolution SED-5, a previously approved resolution, resolved issues involving the 2017 Liberty, Rye, Meyers, and Thomas Fires, and the 2018 Woolsey Fire. The ACO, with the addition of a penalty methodology, approves fines, safety measures, and disallowances against SCE totaling \$550,000,000.

### *RESOLUTION RESOLVING THE 2019 FIRE IN PG&E TERRITORY*

In August 2022, the CPUC voted out Resolution SED-6A which added a Penalty Assessment Methodology to the Administrative Consent Order and Agreement (ACO) between the Safety and Enforcement Division and Pacific Gas and Electric Company (PG&E) earlier approved in Resolution SED-6 and resolved issues relating to the 2019 Kincade Fire. The ACO approves fines, safety measures, and disallowances against PG&E totaling \$125 million. This includes \$40 million in penalties, and \$85 million in shareholder funded costs for removal of permanently abandoned transmission lines.

### *PSPS PROPOSED ADMINISTRATIVE ENFORCEMENT ORDER*

In July 2022, the CPUC issued proposed Orders imposing corrective actions and more than \$22 million in fines to be paid by the shareholders of Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric for violations related to 2020 Public Safety Power Shutoff (PSPS) events. Safety and Enforcement Division staff had uncovered multiple violations of CPUC PSPS guidelines. This action marks the first time the CPUC has proposed and then approved use of an Administrative Enforcement Order.

## **SAFETY POLICY**

### *PG&E RISK ASSESSMENT AND MITIGATION PHASE*

The Safety Policy Division completed its evaluation report of Pacific Gas and Electric Company's (PG&E) 2020 Risk Assessment Mitigation Phase (RAMP) application which contributed to the CPUC issuing a decision on March 21, 2022, closing the proceeding. The RAMP proceeding informs PG&E's Test Year 2023 general rate case proceeding which was filed on June 30, 2021, and is currently ongoing.

### *SCE RISK ASSESSMENT AND MITIGATION PHASE*

The Safety Policy Division (SPD) completed its evaluation report of Southern California Edison's (SCE) 2022 Risk Assessment Mitigation Phase (RAMP) application in November and held a public workshop on November 21, 2022, to review the findings. The RAMP proceeding will inform SCE's Test Year 2025 general rate case proceeding.

## *INVESTIGATION INTO SAFETY CULTURE OF PG&E*

After Pacific Gas and Electric Company's (PG&E) bankruptcy proceeding closed, the CPUC continued to employ independent consultant, NorthStar Consulting Group (NorthStar), to monitor and assess the progress of PG&E's corporate governance and overall management system towards advancing and achieving safety for the public, the company's customers, and workers. The assessment also examines the company's implementation of the CPUC-ordered recommendations stemming from the safety culture investigation and related CPUC decisions. The CPUC ordered PG&E to implement safety culture recommendations developed by NorthStar in July 2019, and PG&E continues to submit quarterly reports to the CPUC on recent updates related to implementation of the recommendations. In September 2022, the CPUC issued a ruling that included the Assessment of Pacific Gas and Electric Corporation and PG&E's Safety Culture Final Update (December 27, 2021) prepared by NorthStar and Safety Policy Division staff report. The NorthStar report provides a final assessment of the implementation status of all recommendations from NorthStar's 2017 and 2019 reports.

## *INVESTIGATION INTO SAFETY CULTURE OF SOCALGAS*

The CPUC opened Investigation 19-06-014 to investigate whether the organizational culture and governance of Southern California Gas Company (SoCalGas) and its parent company, Sempra Energy, prioritize safety, and adequately direct resources to promote accountability and achieve safety performance goals, standards, and improvements. The

Safety Policy Division selected Evolving Energy Consortium (2EC) to investigate and produce a report that evaluated SoCalGas' organizational culture, governance, policies, practices, and accountability metrics in relation to its record of operations, including its record of safety incidents.

In January 2022, 2EC issued the Safety Culture Assessment Report 2 upon which the CPUC commenced the second phase of the investigation, which reviewed the Safety Culture Assessment Report and directed SoCalGas and Sempra to issue a Safety Culture Improvement Plan. The CPUC is evaluating the adequacy of the proposed Safety Culture Improvement Plan.



## *CYBERSECURITY COORDINATION*

In 2022, the Safety Policy Division (SPD) facilitated meetings between the California Cybersecurity Integration Center (Cal-CSIC) and Critical Infrastructure Sectors to provide a briefing on the current threat environment and provide awareness of the Cal-CSIC Industrial Control System Security Analytics Program (ISAP) which is a program that provides a set of tools that may help the public better understand risk and tools to help strengthen preparedness.

The California Office of Emergency Services through the Cal-CSIC serves as the lead state agency for identifying, preventing, responding to, and recovering cybersecurity risks across all sectors and industries. SPD actively coordinated and collaborated with the Cal-CSIC in a support role, providing insights and assistance and ensuring that the Cal-CSIC received the necessary information from CPUC regulated industries to prevent and address cyber incidents. The CPUC facilitated a Cybersecurity Taskforce Subcommittee consisting of the Cal-CSIC and cyber representatives of the California electric investor-owned utilities to collaborate on cyber incident information sharing procedures.

Additionally, SPD worked with electric and gas utilities to identify and prevent cybersecurity and physical risks to their systems and operations through participation in cybersecurity exercises, the Safety Model Assessment Proceeding, Risk Asset Mitigation Phase filings, and through oversight of utility Physical Security Plans. SPD engaged and coordinated work across divisions on cross-cutting proceedings, including but not limited to general rate cases, risk assessment mitigation, and vehicle-to-grid integration. The cybersecurity space for the electric and gas utilities is dynamic and constantly evolving. The CPUC remains vigilant with its state and federal partners in close collaboration with affected entities to develop more comprehensive and integrated efforts to mitigate emerging threats.

## *PHYSICAL SECURITY AND EMERGENCY PREPAREDNESS PLANS*

To address physical security threats and risks to electric distribution facilities the CPUC requires investor-owned utilities (IOUs) and publicly-owned utilities (POUs) to maintain and submit security plans every five years. These plans establish how IOUs and POU protect their distribution assets and sensitive facilities. IOUs are required to report plan updates on an annual basis by March 31. For 2022, all IOUs submitted their Physical Security Annual Update Reports by March 31, 2022, and the Security and Resilience Branch held briefing meetings with the IOUs during the month of April to review their submissions. The CPUC uses these annual meetings and future risk discussions to shape and inform ongoing preparedness discussions with IOUs throughout the year.

General Order 166: Standards for Operation, Reliability, and Safety During Emergencies and Disasters requires IOUs to maintain and update their emergency response plans on

an annual basis. The 2022 annual meetings played a critical role in ensuring that IOUs were addressing the new items that were required through the May 21, 2021, Decision 21-05-019 which ordered IOUs to use California Standardized Emergency Management Systems, address the access and functional needs customers, and include other critical infrastructure stakeholders in the planning process. In 2022, CPUC staff engaged and monitored the IOUs' progress on meeting existing and new requirements set forth in the 2021 decision. This culminated in their submission of their annual report in April 2022 and briefings by the IOUs on changes to their plan. During these meetings the CPUC and the IOUs also engage in a dialogue on future improvements and enhancing their integration into the larger statewide disaster response team.

### *ACCESS AND FUNCTIONAL NEEDS*

The CPUC brought together leaders of electric utilities and leaders of communities with access and functional needs (AFN) to align on who the utilities are serving as AFN; what the utilities assess as needs and provide before, during, and after Public Safety Power Shutoffs (PSPS) for individuals with AFN; and how PSPS impacts are mitigated for these vulnerable populations. The CPUC monitored investor-owned utilities' efforts and shared monthly what opportunities arose in proceedings for the involvement of communities with AFN. Finally, the Safety Policy Division and Executive Division hosted interested AFN parties to share how to get involved with CPUC proceedings.

### *SAFETY MODEL ASSESSMENT PROCEEDING*

The Safety Model Assessment Proceeding (SMAP) reviews energy utilities' models to identify, rank, and budget for safety risk mitigations. In 2022, the Safety Policy Division supported Phase 2 of the SMAP with a series of workshops and working groups leading to a decision to improve the current Risk-Based Decision-Making Framework. The focus of the decision is to modify risk quantification from a dimensionless risk score to dollar valuation of safety and reliability risk so that cost-benefit ratios of proposed risk mitigations can be expressed directly in rate cases.

### *RISK-BASED DECISION-MAKING WHITE PAPER PRESENTED*

The Safety Policy Division presented a white paper on the CPUC's development of the Safety Model Assessment Proceeding Risk-Based Decision-Making Framework to a national audience at the Center for Research in Regulated Industries Monterey Conference 2022.



## *NATURAL GAS LEAK ABATEMENT PROGRAM*

Safety Policy Division worked with the California Air Resources Board and the large gas utilities to develop improved gas leak measurement and reporting methods, which can now demonstrate a 23 percent reduction from the program baseline, three years ahead of the CPUC target established in Decision 19-08-020.

## *PG&E SAFETY REPORTING MOBILE APP PILOT*

Pacific Gas and Electric Company's (PG&E) electric-safety infrastructure reporting mobile app has been available via the Apple and Android app stores for more than one year. The utility's most recent quarterly compliance filing, for the period through Q3-2022, indicates the app meeting or exceeding targets and expectations. It has more than 30,000 downloads and 1,200 valid submissions, with three-quarters of valid reports identifying a concern warranting PG&E follow-up. As proposed and authorized, PG&E's emphasis is on addressing high-risk wildfire regions of the state, with all customers, CalFire, and PG&E vegetation management workers throughout the service territory now able to report safety concerns in the field. In 2022, the Safety Policy Division approved a revised scope of work for the mobile app pilot's evaluation phase, to be conducted by an independent third-party evaluator. By August 1, 2023, the evaluation phase is expected to be completed, at which time the CPUC will begin to consider the initial indicators to make an informed decision about the future of the pilot and whether it should be modified, made permanent, and/or expanded statewide.

## *WILDFIRE MITIGATION PLAN REVIEW AND RATIFICATION*

Wildfire Mitigation Plans (WMP) are submitted each year by the six investor-owned utilities (IOU) and two Independent Transmission Operators (ITOs) to describe their efforts to mitigate the risks of wildfires. The Office of Energy Infrastructure and Safety (OEIS) is the lead agency charged with reviewing and approving each WMP. Public Utilities Code section 8386.3(a) charges the CPUC to ratify OEIS' decision. To assist the CPUC with this goal, the Safety Policy Division (SPD) reviewed each WMP plan from the six IOUs and the two ITOs for compliance with Public Utilities Code section 8386(c). SPD leveraged its subject matter expertise to collaborate with OEIS and provided feedback on OEIS' review of each WMP. SPD presented the content of the WMPs, OEIS' decisions on WMPs, and internal analysis of the WMPs to the CPUC Commissioners. SPD wrote resolutions so the CPUC could ratify the WMPs and anticipates finishing the balance of the resolutions by the end of the year.

## *SAFETY AUDIT PRIORITIZATION TOOL*

The mission of the Safety Audit Prioritization Tool pilot project is to develop analytical tools and dashboards to enable the Safety Enforcement Division (SED) to make data-driven decisions. These tools will empower the senior management to easily access, analyze, and interpret data through user-friendly dashboards which will be automatically updated and connected to the data source. These dashboards deliver data visualization, and more advanced analytical analyses and facilitate meaningful, actionable research and insights.

The tools requested by and developed in collaboration with SED include dashboard quantifying major risk factors, integrate definitive data sources from authoritative sources, and provides for significant data error reductions.

## *PG&E SAFETY AND OPERATIONAL METRICS REVIEW FOR THE ENHANCED OVERSIGHT AND ENFORCEMENT PROCESS*

Decision 21-11-009 requires Pacific Gas and Electric Company (PG&E) to submit every March and September a list of Safety & Operational Metrics (SOM) as part of its post-bankruptcy reorganization agreement, as decided in Decision 20-05-053 and formally authorized in Rulemaking 20-07-013. These SOMs constitute an important part of the Enhanced Oversight and Enforcement (EOE) Process, by which PG&E is evaluated for its progress on wildfire safety improvement. If PG&E fails to meet selected SOM targets, then it could trigger punitive actions specified in the EOE Process, including eventually losing its right to operate as a utility in California.

The Safety Policy Division (SPD) collated the first SOM report in March 2022, which summarized 2021 performance, and used data visualization software (Tableau) to chart the metrics with PG&E's chosen 1-year and 5-year future performance targets. After analysis of historical metrics data, some of which spanned 10 years, SPD believed that PG&E's targets were overly conservative. SPD met with PG&E representatives to discuss the actual operations behind the metrics and whether new, more ambitious targets were possible.

SPD received the September 2022 SOM report, which reviews PG&E's progress over the first half of 2022. SPD is in the process of reviewing the report to understand trends, and understand PG&E's methodology of selecting targets, some of which were revised after SPD's comments earlier in the year.

## *EVALUATION OF SAFETY PERFORMANCE METRICS FOR LARGE IOUS*

In 2022, the four large investor-owned utilities (IOU) filed their 2021 Safety Performance Metrics (SPM) to the CPUC. The Safety Policy Division reviewed each SPM report for compliance and created a template to analyze SPM reports and developed methods to

compare metrics across the utilities. SPD is in the process of finishing its reports on each IOU's Safety Performance Metric Report which will analyze trends in the data to help the CPUC and other stakeholders better understand each IOU's performance.

## *COORDINATION WITH OEIS*

### **Wildfire Mitigation Plans Concerns and Approval Status**

The Safety Policy Division (SPD) met regularly with the Office of Energy Infrastructure Safety (OEIS) throughout the Wildfire Mitigation Plan (WMP) approval process in 2022. OEIS is the lead agency evaluating utility WMPs for approval, with CPUC ratifying any OEIS final action (approval or denial). Discussion with OEIS is ongoing regarding their timeline for issuing final decisions. OEIS approved Pacific Gas and Electric's (PG&E) WMP on November 10, 2022. On December 15, 2022, CPUC adopted Resolution SPD-9 to ratify OEIS' approval on PG&E's 2022 WMP update. In addition, Resolution SPD-8 ratifying OEIS' approval of Liberty's 2022 WMP update was adopted on November 2, 2022, and Resolutions SPD-11 and SPD-12 separately for the approval of Bear Valley Electric Service's and PacifiCorp's 2022 WMP updates are currently out for public comment with a comment deadline on February 9, 2023, for the voting meeting on February 23, 2023.

### **Approval of Office of Energy Infrastructure Safety Documents**

Pursuant to Public Utilities Code (PUC) section 8389(d), the CPUC approves (1) Wildfire Mitigation Plan (WMP) performance metrics, (2) Additional requirements for WMPs, (3) WMP Compliance Process, and (4) Safety Culture Assessment Process annually by December 1. The Safety Policy Division has prepared Resolution SPD-3 for PUC section 8389(d) (1) and (2), Resolution SPD-6 for PUC Section 8389(d)(4) and Resolution SPD-7 for 8389(d)(3). SPD-3 was adopted on November 17, 2022, approving WMP performance metrics and additional requirements. SPD-6 was adopted on December 1, 2022. SPD-7 approving the Office of Energy Infrastructure and Safety's WMP Compliance Process was adopted by CPUC on December 15, 2022.

## **UTILITY AUDITS, RISK AND COMPLIANCE**

### *MODERNIZATION OF STATUTORY AUDIT REQUIREMENTS*

The CPUC proposed modernization of the statutory audit requirements outlined in Public Utilities Code sections 314.5, 792.5, and 274, which mandate various audit obligations for the CPUC. With the state Legislature's approval, the amendments to the audit requirements became effective September 6, 2022, which will modernize the CPUC's oversight of the regulated entities and will facilitate implementation of effective risk-based audit methodologies. The recent amendments to the statutory requirements will allow

CPUC to utilize more effective and practical approaches in dedicating its audit resources to those programs and utility companies that have the greatest potential impact to ratepayers. Implementation of such risk-based methodologies will ensure the CPUC continues meeting its mission to protect the interests of California consumers and ratepayers.

### *EXTERNAL AUDITS OF REGULATED UTILITY COMPANIES*

The Utility Audits Branch (UAB) gathers its information through conducting external audits of regulated utility companies. By checking companies' past actions, completed audits have a direct impact on protecting the consumers' interests in the future. UAB focuses its resources on the following programs and utility companies:

- Performance audits of balancing accounts for energy and water utility companies—ensure that transactions recorded in the accounts are accurate, allowable, and supported with appropriate source documentation.
- Performance audits of energy utility companies and various energy programs—determine whether program expenditures are accurate, allowable, and supported by appropriate source documents; and whether program activities are carried out in compliance with applicable laws and regulations.
- Performance audits of communication carriers and public purpose programs' costs and activities—ensure ratepayer-funded programs are implemented and funds are expended in accordance with applicable regulatory requirements.
- Reviews of financial statements of water and sewer utility companies—determine whether any material modifications need to be made to the financial statements submitted by utilities that could potentially impact customer rates.
- Agreed-upon procedure engagements of energy utility companies—determine whether specified energy procurement transactions reported to the CPUC comply with the applicable laws, regulations, and CPUC directives.

In 2022, UAB completed 34 audits of regulated utilities and identified various findings that enhance the transparency, accountability, and performance of California's regulated utilities. UAB communicates findings and recommendations through the issuance of audit reports posted to CPUC's public website.

### *BALANCING ACCOUNTS AUDITS*

The CPUC has a responsibility to authorize the rates that regulated utilities may charge their customers. Considering that the rates are derived from projected costs and projected consumption of service, the CPUC authorizes regulated utilities to establish balancing accounts to track the actual costs and the related revenues the utilities collect from





ratepayers for specified activities. The Utility Audits Branch (UAB) utilizes a risk-based approach for reviewing or auditing balancing accounts to ensure that the transactions recording in the balancing accounts are for allowable purposes and are supported by appropriate documentation. As of December 31, 2021, the total population of balancing accounts consisted of 8 energy and 12 water utility companies, encompassing a total of 486 balancing accounts (367 electric and gas, and 119 water) authorized by the CPUC and administered by the utilities. The primary purpose of a balancing account is to ensure that a utility recovers its CPUC-authorized revenue requirement from ratepayers for a given program or function, but not more or less. UAB's completed audits help ensure that the balancing accounts operate within the context of regulatory requirements and promote accountability for utility companies to report accurate and complete information to the CPUC decision-makers.

In 2022, UAB completed two performance audits of balancing accounts administered by two water utilities, which encompassed a total of 17 balancing accounts and six recovery accounts with a combined under-collected balance totaling \$17.4 million. Completed audits found that both water utilities had various reporting discrepancies including the incorrect reporting of year-end balances in certain balancing accounts and the omission of several balancing accounts from its preliminary statement in accordance with CPUC directives. These findings resulted in CPUC recommending specific internal control improvements for each of the two water utilities to ensure such errors can be prevented in the future and the balancing accounts continue operating in a more transparent and accurate manner.

## *COMMUNICATIONS AUDITS*

The CPUC mandates and administers various public purpose programs for the purpose of making basic communication services affordable to California customers. These programs are funded by surcharges on communication services customer billings and include, California LifeLine program, Deaf and Disabled Telecommunications program, California Advanced Services Fund, and others that provide subsidized telephone and broadband services and special equipment to qualified carriers and individuals. The Utility Audits Branch (UAB) utilizes risk assessment methodology to target its audit resources toward conducting audits of high-risk communication carriers and program-related costs and activities to ensure carriers carry out the program responsibilities in accordance with applicable guidelines and regulations, and that program funds do not get mismanaged or misused. The current population of communication carriers conducting business in California is nearly 1,000 companies.

In 2022, UAB completed performance audits of two communication carriers to determine whether the carriers' claims submitted and reimbursed from the California LifeLine Fund were accurate, properly supported, for eligible consumers, and for allowable costs and activities. These audits focused on providing assurances that the reimbursed LifeLine claimed costs went toward providing essential discounted services to qualified Californians and that the carriers utilized the funds for intended purposes in an accountable manner. The audits found that one of the two carriers claimed costs for ineligible consumers and activities, which resulted in ratepayers reimbursing unallowable costs. The non-compliant carrier is required to remit the over-claimed funds back to the California LifeLine Fund and implement corrective actions to ensure future claims submitted to the fund are accurate and allowable.

## *ENERGY AUDITS*

The CPUC authorizes set budgets annually toward a variety of energy programs funded by a small portion of electricity and gas rates included in ratepayer bills and administered by the four largest energy utility companies in the state. Many of these programs consist of specific activities and measures that help meet energy savings goals and transform technology markets within California. The Utility Audits Branch (UAB) conducts a variety of energy audits to assist the CPUC in performing quality assurance and policy oversight functions necessary to ensure that specific program results are accurate and effective, and that ratepayer funds are being spent and managed in a responsible and productive manner. UAB conducts these audits based on risk assessments, CPUC decisions, and at the request of CPUC's Energy Division. In recent years, UAB has performed a variety of Energy Efficiency program audits, including Codes and Standards, Non-Resource, School Energy Efficiency Stimulus Program, and various other incentives and rebate programs.

In 2022, UAB began performance audits of four energy utility companies to ensure compliance with the Energy Savings Assistance (ESA) program requirements. The audits commenced to determine whether the total amount of unspent and uncommitted ESA funds for program years 2019, 2020, and 2021, totaling \$1.059 billion were reported accurately, supported by appropriate source documents and in compliance with relevant criteria. In 2022, UAB completed one of the four ESA audits and did not identify any significant non-compliance issues. UAB will complete the remaining three audits in early 2023. UAB's ESA audits provide assurances that ESA funds are utilized appropriately to provide essential no-cost services to eligible California consumers and that energy utility companies utilize these funds for intended purposes in an accountable manner.

### *ENERGY PROCUREMENT AUDITS*

The CPUC requires the three largest electric utility companies in California to submit Quarterly Procurement Plan Compliance Reports for all energy (electricity and fuel gas) procurement transactions of less than five years duration executed in a calendar quarter for purposes of monitoring compliance with the regulatory framework established in various CPUC decisions for energy procurement planning and implementation. The CPUC implemented this regulatory framework to ensure that energy utilities implement their energy procurement activities using the least-cost best-fit approach that would not have adverse effects to ratepayers. The Utility Audits Branch (UAB) conducts quarterly Energy Procurement audits to verify whether energy procurement transactions and activities reported to the CPUC in utilities' Quarterly Compliance Reports are in compliance with the established upfront and achievable standards contained in the CPUC-approved Bundled Procurement Plan, relevant energy procurement state laws and regulations, and CPUC directives.

In 2022, UAB completed 12 Energy Procurement audits of the three energy utilities' Quarterly Compliance Reports that included transactions and activities with a combined total exceeding \$3.6 billion. Completed audits found that all three utilities had various reporting errors with some of the errors amounting to \$39 million. In addition, all three utilities failed to report required information in some instances. Moreover, completed audits found that two out of the three utilities did not comply with the CPUC directives and relevant contract provisions with respect to the utilities' credit risk protection for energy procurement transactions. These various reporting and non-compliance errors could potentially impact customer rates and have potentially damaging effects to the utilities' credit risk controls for energy procurement transactions. UAB's completed audits ensured that the utilities implemented corrective actions to avoid such errors in the future procurement practices and reporting.

## *SUPPLIER DIVERSITY PROGRAM AUDITS*

The CPUC oversees the Supplier Diversity program, established in General Order 156 in 1986 that outlines the specific guidelines and framework of fair procurement practices that encourage and promote the award of a portion of total utility contracts to women-owned business enterprises (WBE), minority-owned business enterprises (MBE), disabled veteran-owned business enterprises (DVBE), and lesbian, gay, bisexual, and/or transgender-owned business enterprises (LGBTBE), collectively referred to as WMDVLGBTBE. The main goal of the program is to increase participation of WMDVLGBTBE in procurement of contracts from utilities. The Supplier Diversity program is a voluntary program that promotes and monitors procurement from WMDVLGBTBE. Each participating utility reports annually to the CPUC on its procurement performance and its plans for future improvements. These Annual Reports provide the CPUC with information that enables CPUC to monitor diverse procurement practices across the state.

To assist CPUC in monitoring the participating utilities' program performance and progress in achieving the Supplier Diversity procurement goals, the Utility Audits Branch conducts performance audits of participating utility companies to determine whether reported procurement expenditures are reported accurately, supported by appropriate source documents, and in compliance with applicable guidelines. In September 2022, the UAB commenced an audit of a Class A water utility's procurement expenditures for Supplier Diversity program reported for Program Year 2021. The audit will measure program effectiveness in achieving diverse procurement goals and will provide critical input to CPUC decision makers. The audit is still ongoing.

## *WATER AND SEWER AUDITS*

The CPUC is responsible for overseeing the regulated public water and sewer utilities that provide water and sewer services to California consumers. In 2022, the total population of regulated water and sewer utility companies under CPUC's purview totaled 106, consisting of 94 water and 12 sewer utilities. The CPUC requires all regulated water and sewer utilities to file an annual report with the CPUC. The annual reports contain various required financial information that could help CPUC decision makers during the ratemaking process, and to evaluate the utilities' performance and compliance. These annual reports also provide transparency to the public regarding the water and sewer utilities' financial positions.

The Utility Audits Branch (UAB) utilizes a risk-based approach for reviewing or auditing high-risk water and sewer utilities to determine whether the annual reports submitted to the CPUC contain accurate financial information in accordance with the accounting framework prescribed by the CPUC's Uniform Systems of Accounts. For regulatory purposes, UAB also verifies the water and sewer utilities' compliance with certain



regulatory requirements, including timely filing of their annual reports and obtaining proper authorization from the CPUC before incurring any long-term debts.

In 2022, UAB completed 17 reviews of water and sewer utilities, resulting in the issuance of ten review reports and seven non-compliance letters. Completed reviews found that all utilities exhibited various reporting, accounting, and non-compliance issues, which could impact decision makers when reviewing financial data submitted by these water and sewer utilities. Furthermore, inaccurate reporting of some of the financial information could be used during future general rate case application review processes and could potentially impact water rates for ratepayers. Therefore, the completed audits resulted in corrective actions implemented that will ensure accuracy and transparency of required financial data.

In addition, to improve water and sewer industry accountability, UAB continues to notify utilities identified through the annual risk assessment that failed to file their annual reports with the CPUC as required. UAB has implemented a process to notify those utilities that were not in compliance of filing their annual reports with the CPUC.

## RISK AND COMPLIANCE BRANCH

The Risk and Compliance Branch (RCB) oversees the CPUC's enterprise risk-management system by identifying, measuring, reporting, and monitoring risks that may affect CPUC's ability to achieve its mission, and ensuring CPUC's compliance with state and federal mandates and other control agency recommendations. Additionally, RCB conducts policy and technical research and analysis of risk and compliance issues facing the CPUC. RCB communicates the results to CPUC management to improve operational effectiveness.

In 2022, the RCB completed a variety of critical operations tasks, including:

- Coordinated and submitted the June and December 2022 State Leadership and Accountability Implementation Plans in accordance with the State Leadership Accountability Act.
- Coordinated and monitored implementation of audit recommendations and facilitated successful closing of 31 audit recommendations, subsequently resulting in the development and implementation of several new and updated policies and procedures and controls at the CPUC.
- Continue tracking over 69 outstanding audit recommendations to improve CPUC's efficiency, effectiveness, accountability, and compliance with state rules and regulations.
- Performed quality control review of the Utility Audits Branch to evaluate its adherence to professional auditing standards.
- Created an RCB SharePoint site and dashboards to improve transparency throughout the organization.



*CPUC inspectors in the field.*

- Improved the management software used to track, follow-up, and monitor the progress of internal and external audit recommendations issued to the CPUC.
- Developed and implemented an internal monthly reconciliation process to ensure the accuracy of the audit monitoring data.
- Participated in providing CPUC onboarding training and Supervisor Development Program training to CPUC staff.
- Performed a desk review of the communication wireless and wireline intrastate revenue surcharge verification process and assisted in developing new controls and checklist to be implemented in the future surcharge revenue verification.

## **WATER**

### *DROUGHT, AFFORDABILITY, AND LOW-INCOME CUSTOMERS*

In response to Governor Newsom's executive orders regarding drought, the CPUC has continued to work with regulated water utilities to implement measures to conserve water. Regulated water utilities have filed tariffs to implement Rule 14.1 (Voluntary Conservation programs) and Schedule 14.1 (Mandatory Conservation programs) in response to the governor's executive orders. Most water utilities have established voluntary conservation programs to encourage customers to heed the call for conservation. Some water utilities have established mandatory conservation programs in accordance with localized drought conditions affecting water supplies.

At the start of the COVID-19 pandemic in March 2020, a moratorium on water disconnections was imposed by Governor Newsom through Executive Order N-28-20. All water utilities in California were prohibited from shutting off water to customers for non-payment of bills. The initial expiration date of the moratorium was September 30, 2021, but was later extended to December 31, 2021. The CPUC further extended the moratorium for its regulated water utilities to February 1, 2022, with Decision 21-07-029. Water utilities were then authorized to begin collection processes under the pre-existing authority of the Water Shutoff Protection Act (Senate Bill 998, (Dodd, 2018)) as well as Senate Bill 155 (Committee on Budget and Fiscal Review, 2021), which put in consumer protections, including a provision that customers who participate in an arrearage payment program shall not be disconnected. The CPUC continued Rulemaking 17-06-024, the Water Low-Income Proceeding, where the situation of customer arrearages and disconnections for nonpayment of bills continue to be monitored.

The CPUC continued to study and monitor the affordability of utility services of all types, not just water, in Rulemaking 18-07-006. In August, in Decision 22-08-023, the CPUC adopted metrics regarding utility service affordability.

## *ACQUISITIONS AND CONSOLIDATIONS*

In April, the CPUC opened Rulemaking 22-04-003 to review the existing guiding framework regarding acquisitions involving water utilities under the CPUC's jurisdiction. The rulemaking included as an appendix a March 2022 Water Division White Paper, "A Revised Framework for Water Utility Acquisitions." The goal of the proceeding is to streamline and encourage acquisitions of smaller and inadequately operated and maintained water systems through incentives and/or clear guidance on particularly contentious aspects of acquisitions (e.g., issues relating to valuation and the effects on ratepayers of both the acquiring system and the system being acquired).

There were several approvals of water system acquisitions during 2022. The CPUC approved Suburban Water Company's acquisition of the Sativa Los Angeles County Water District in April, through Decision 22-04-010. In August, CPUC approved California-American Water Company's purchase of Warring Water Service, through Decision 22-08-005, and in October its purchase of the Bellflower Municipal Water System, through Decision 22-10-003. Lastly, the CPUC approved the San Gabriel Valley Water Company's purchase of the City of Montebello's water system asset. This process started in 2020. With the passage of Assembly Bill 850 (Gallagher, 2021), the acquisition was able to be completed in 2022 through Decision 22-12-002.



### *CLASS A WATER UTILITY GENERAL RATE CASE DECISIONS AND APPLICATIONS*

In October, in Decision 22-10-005, the CPUC granted authorization to San Jose Water Company to increase revenues for the years 2022-2024.

In January 2022, San Gabriel Valley Water Company filed Application 22-01-003 to increase revenues and rates. In July 2022, California-American Water Company filed Application 22-07-001 for authority to increase rates. These application proceedings will continue in 2023.

### *ADVANCED METERING INFRASTRUCTURE*

In June, in Decision 22-06-013, the CPUC authorized San Jose Water Company to recover costs associated with advanced meter infrastructure.

### *GROUNDWATER REPLENISHMENT PROJECT*

In December 2022, in Decision 22-12-001, the CPUC authorized the proposed expansion to the Pure Water Monterey Groundwater Replenishment Project as a near-term source of water for California-American Water Company's customers on the Monterey Peninsula.





### *AUTHORIZATION OF ELECTRONIC PAYMENT PROGRAMS FOR SMALL WATER UTILITY COMPANIES*

In August 2022, the CPUC passed Resolution W-5253, which granted three small water utility companies' authorization to process customer payments by credit card, debit card, or automatic clearinghouse/electronic check through a third party. The resolution requires the companies to establish memorandum accounts to track expenses associated with the electronic payment programs and allows customers the option to receive water bills and most legally mandated notices electronically. In addition, the Resolution authorized other small (Class-B, -C, and -D) companies to request E-Payment programs via Tier-2 Advice Letter filings contingent upon meeting prescribed conditions.





# Representing California at the State and Federal Levels

## FEDERAL ENERGY REGULATORY COMMISSION

Advocating for the People of the State of California, the CPUC's litigation and rulemaking advocacy at the Federal Energy Regulatory Commission (FERC) includes engaging in two significant undertakings: promoting and defending state electric and gas regulatory programs, and advocating as the sole representative of California's retail electric and natural gas customers who purchase service from investor-owned utilities. The CPUC also advocates for the interest of non-retail electric generator and industrial gas customers, as their interstate gas transmission costs are passed on to downstream consumers.

### 2022 Highlights

- The CPUC filed extensive comments on behalf of California ratepayers recommending reforms to improve the electric regional transmission planning, cost allocation, and generator interconnection processes, and to enhance oversight of transmission spending, including competition reform.
- The CPUC filed joint comments with the California Department of Water Resources State Water Project regarding proposed cybersecurity incentives.
- The CPUC joined comments filed by a multi-state coalition of state agencies recommending reform to FERC's accounting rules governing trade association dues.
- The CPUC reached a settlement to resolve rate matters with one of the major interstate natural gas pipelines delivering gas to the California border, which will keep gas transportation rates stable through the end of 2023.

### 2022 Ongoing Activities

- The CPUC continues to advocate for transparency in electric utilities' and transmission owners' capital projects planning and replacement projects so that expenditures are prioritized according to risk-informed analyses, maximizing safety and reliability, and are prudently incurred. Staff has participated in multiple stakeholder conferences and sent hundreds of data requests to transmission owners in a long-term effort to improve transmission planning and spending.



- The CPUC continues to litigate for ratepayer savings through refunds in still-unresolved 2017-2019 FERC rate cases. FERC issued a final order in Pacific Gas and Electric Company’s (PG&E) 18th transmission owner rate case (TO18), resolving the reopened return on equity issue. The result of TO18 litigation is an expected refund to ratepayers of approximately \$300 million in 2023.
- The CPUC continues to advocate for the elimination of the transmission organization incentive and to recommend reforms to other currently available transmission incentives.
- The CPUC participated in El Paso Natural Gas Company’s latest rate case filing, in FERC Docket Number RP19-73.
- The CPUC’s advocacy is ongoing to ensure reliable interstate deliveries of natural gas to the Los Angeles Basin and San Diego.

## FEDERAL COMMUNICATIONS COMMISSION

The CPUC monitors and participates in proceedings before the Federal Communications Commission (FCC), which establishes national policies affecting the provision of communications services offered by different classes of providers. The FCC proceedings in which the CPUC participated in 2022 addressed the following issues:

- A declaratory order supported by the telecommunications industry that, if granted, would harm California’s ability to regulate the industry.
- The FCC’s Alternative Connect America Cost Model, which proposes to deploy high-speed broadband services to rural areas served by rate-of-return communications carriers.
- Proposed changes to the FCC’s universal service subsidies in light of the Infrastructure Investment and Jobs Act.
- Proposals to increase the reliability, resiliency, and continuity of communications service.
- FCC rules changes that may affect the CPUC’s administration of billions of dollars for public purpose programs, such as California LifeLine, and the Deaf and Disabled Telecommunications Program.
- The Rural Digital Opportunity Fund Program, which initially announced 15 winning bidders in California to fund broadband deployment in unserved areas. This required reviewing many bidders’ applications for Eligible Telecommunications Carrier certification.
- FCC proceedings addressing the urgent connectivity challenges of low-income pupils during the pandemic, including: The Emergency Broadband Benefit program, which





allows eligible low-income households to receive discounted broadband service and some devices while reimbursing service providers for the discounts; the federal Lifeline program; the Emergency Connectivity Fund; and enhancements to the E-Rate program, which subsidizes service for schools and libraries.

- FCC data collection efforts pertaining to the deployment of broadband service across the country, as well as updating mapping of the location of broadband facilities in California.
- Proposed changes to FCC rules regarding how broadband deployment should be measured and tracked.
- Proposals by incumbent providers to eliminate or significantly modify services to many classes of customers as part of the transition to an internet protocol-based network.
- Several FCC proceedings on the important issues of telecommunications network outage confidentiality, notification, and reporting; and the associated matter of wireless provider improvements for network resiliency. These issues, raised at the federal level by the FCC, remain critical for California communities facing the threat of wildfire.

## NATIONAL TELECOMMUNICATIONS INFORMATION ADMINISTRATION

- Governor Newsom designated the CPUC as the lead California state entity to apply for and administer broadband infrastructure funding under the Broadband Equity, Access, and Deployment Program (BEAD).
- Funded by the federal Infrastructure Investment and Jobs Act (IIJA), BEAD will provide \$42.5 billion nationwide for new broadband networks to be administered by state and territorial governments.
- In September, the CPUC successfully completed the state's application in the first phase of BEAD, for Initial Planning Funding (IPF) in the amount of \$4,996,502. IPF funds will help the CPUC draft California's Five-Year BEAD Action Plan. An accepted Five-Year Action Plan is the primary requirement for California to apply for BEAD funding.
- The CPUC is collaborating with the California Department of Technology to implement California's Digital Equity program. The National Telecommunications Information Administration (NTIA) also administers that program, which is funded through the IIJA.
- The CPUC helped California tribes apply for the NTIA's Tribal Connectivity Program.

## FEDERAL LITIGATION

In 2022, the CPUC litigated over two dozen cases in federal district, appellate, and U.S. bankruptcy courts. Among these cases, the CPUC achieved successful outcomes on matters as varied as:

- Successfully challenged at the D.C. Circuit Court of Appeals FERC's adoption of a revised method to calculate compensation for resources procured through California Independent System Operator's backstop capacity procurement mechanism. The backstop capacity procurement rate that FERC approved would have generated windfall profits for generators, paid for by Californians. The D.C. Circuit vacated FERC's approval and directed FERC to adopt an alternative proposed rate, which the CPUC supported. The CPUC was the sole petitioner in the case, litigating against FERC as the respondent and Calpine as an amicus, without relying on any outside counsel.
- Successfully defended a challenge to the CPUC's implementation of Assembly Bill 1054 (Holden, Burke, Mayes, 2019), which authorized a nonbypassable surcharge to capitalize the Legislature's establishment of the Wildfire Fund. The CPUC, in conjunction with the Attorney General's office, prevailed in the United States District Court, Northern District of California, and Ninth Circuit, arguing that the challenge was preempted by the Jones Act, and thereby adding to published caselaw supporting CPUC authority to implement such charges free of constitutional challenges.

### **In Ongoing Cases, the CPUC's Federal Litigation Team Continues to:**

- Defend California's renewable generation procurement and rooftop solar programs.
- Defend the CPUC's adoption of California LifeLine offerings at no charge to consumers beyond the discount reimbursed to participating service providers.
- Defend California's Prepaid Mobile Telephony Services Surcharge Act, Assembly Bill 1717 (Perea, 2014), and procedures the CPUC adopted for collecting and remitting of public purpose program surcharges imposed on prepaid wireless telecommunications services sold in California.
- Advocate on behalf of the CPUC and in an appeal from the U.S. Bankruptcy Court proceedings approving Pacific Gas and Electric Company's (PG&E) plan of reorganization and emergence from Chapter 11 bankruptcy. The appeal is from the Bankruptcy Court's dismissal of a class action seeking over \$2.5 billion in damages arising from Public Safety Power Shutoffs that PG&E implemented in October 2019 and thereafter. On appeal, the Ninth Circuit sought, and the California Supreme Court granted certification of two questions. The CPUC is defending its exclusive jurisdiction to regulate utility's use of Public Safety Power Shutoffs as a wildfire mitigation tool of last resort.
- Challenge at the D.C. Circuit Court of Appeals FERC's approval of thirteen Western Electricity Coordinating Council (WECC) above soft price cap justification filings. As a market power mitigation tool, sellers must submit for FERC approval a filing justifying transactions above \$1,000 per MWh, the WECC soft price cap. During the summer 2020 west-wide heat wave, there were many transactions above \$1,000 per MWh. In reviewing the resulting justification filings, FERC allowed sellers to support their high prices by referencing the average index price at thinly traded hubs, where such indices included trades that were themselves subject to FERC price justification review. The CPUC is seeking appellate review to contest FERC's application of the index price methodology in order to shield Californians from high prices that result from the exercise of market power.

## **STATE APPELLATE LITIGATION**

The CPUC's state litigation team defends the CPUC against court challenges of its decisions in a variety of highly technical and complex subject areas. The CPUC is challenged in court about twelve times each year. Most of these petitions for writ of review are at the state court appellate level, in the Court of Appeal or the California Supreme Court. In the vast majority of those challenges, the CPUC has prevailed. This year, the CPUC's state appellate team answered eight petitions for writ of review. Most notably, the team successfully:

- Defended Decisions 21-04-030 and 21-05-015, which granted Pacific Gas and Electric Company's application for administration of the Public Utilities Code section 451.2 stress test methodology for 2017 wildfire costs and issued a financing order for administration of the Public Utilities Code section 451.2 stress test methodology for 2017 wildfire costs, respectively. The California Court of Appeal summarily denied petitioners' challenge on February 18, 2022.
- Defended a challenge, in the California Court of Appeal, to Decisions 20-09-029 and 21-07-034, which held that Vaya Telecom, Inc. (Vaya) owed Pacific Bell Telephone Company d/b/a AT&T California \$3,364,692 in reparations for switched access charges and ordered Vaya to pay a penalty of \$40,000 for violating Decision 14-01-006. The California Court of Appeal summarily denied petitioners' challenge on January 31, 2022, and the California Supreme Court summarily denied its Petition for Review on April 13, 2022.
- Defended in the California Court of Appeal, an emergency challenge seeking a writ of mandamus and a stay of Decision 22-05-003, which denied an appeal from Lyft seeking to redact certain trip data from the public version of its 2020 Annual Report as protected from disclosure on trade secret or privacy grounds. The California Court of Appeal dismissed Lyft's petition on May 25, 2022.
- Defended CPUC Resolution T-17757 and Decision 22-02-028, which denied TruConnect Communication, Inc.'s (TruConnect) request for state LifeLine subsidies for providing Emergency Broadband Benefit plans that were not approved by either the FCC or the CPUC. The California Court of Appeal summarily denied petitioner's challenge on July 1, 2022, and the Supreme Court denied review on August 24, 2022.
- Defended a challenge in the California Supreme Court to Decisions 21-07-029 and 22-05-010, which provide standardized guidance to Class A water utilities for requesting recovery of unpaid bills accumulated during the COVID-19 pandemic and recorded in their Catastrophic Event Memorandum Accounts. Specifically, the decisions limit the total recoverable amount of these unpaid bills by a small percentage to ensure ratepayers do not fund costs that may otherwise be a normal loss to the utilities. The California Supreme Court summarily denied the petition for writ of review on September 29, 2022.
- Defended a challenge of Decision 21-04-005 in the California Court of Appeal. Decision 21-04-005 authorizes a new intrastate ratemaking mechanism, broadband imputation, which lowers the Small Incumbent Local Exchange Carriers' (Small ILECs) California High-Cost Fund-A subsidy levels by the amount of their internet service provider (ISP) affiliates' profits. The purpose of broadband imputation is to ensure that ratepayers are not over-subsidizing those Small ILECs. The Small ILECs and their ISP affiliates challenged the CPUC's determinations alleging that broadband imputation exceeded the Commission's statutory rulemaking authority, amounted to



a taking of the Small ILECs' and ISP affiliates' property, and was preempted by federal law. On December 20, 2022, the Court issued an unpublished opinion denying the challenge.

### **In Ongoing Cases, the CPUC's State Litigation Team Continues to:**

- Defend the CPUC's decision to end its pilot program designed to incent water utilities to promote water conservation, the Water Revenue Adjustment Mechanism.
- Defend CPUC Resolution ALJ-391, which ordered Southern California Gas Company to produce certain information associated with anti-decarbonization campaigns using "astroturfing" groups sought by Public Advocates Office in litigated data requests and subpoenas. The court held oral argument on October 19, 2022. The CPUC made a strong argument that the Commission's constitutional and legislative authority over public utilities amply justifies the information requested in the underlying investigation. A decision from the court is expected soon.
- Defend CPUC Resolution T-17707 and Decision 21-02-035, which denied TruConnect's request for state LifeLine subsidies for ineligible customers that did not actually receive service.
- Defend the CPUC's decision to reject certain portfolio optimization and other cost-reduction proposals to address the issue of excess resources in the utilities' portfolio.
- Defend the CPUC's decision to impose interim rate cap and ancillary fee limits on incarcerated persons voice communication services in state, county, and city incarceration facilities.
- Defend Decision 19-12-041, which determined that certain small telephone companies violated Rule 1.1 of the CPUC's Rules of Practice and Procedure, by failing to report the proceeds they received from the dissolution of the Rural Telephone Bank in 2006.

Although several matters are still pending in court, the state appellate attorneys have successfully defended the CPUC in all five of the petitions for writ of review that the courts decided in 2022.

### ***PUBLIC RECORDS ACT RESPONSES***

During 2022, Legal Division's Public Records Act team received 590 total records requests and completed processing 710 requests, including 53 subpoenas. These numbers represent a 17 percent decrease in requests compared to 2021, a 16 percent decrease in requests compared to 2020 and 2019, and a 187 percent increase since 2012. Requests have increased in complexity as well. At least 20 percent of requests require email searches of up to tens of thousands of emails, ranging from a few days to several weeks to process.



# Informing and Engaging California Consumers

The CPUC assists customers with utility complaints and provides information and assistance to the public, state and local governments, community organizations, small and diverse businesses, the media, and other stakeholders about the CPUC's many innovative programs, policies, and proceedings.

The CPUC's Business Community Outreach (BCO) team has statewide geographic coverage for all 58 counties. Despite the lingering impacts of pandemic and staff changes, BCO continued to connect with the communities it serves, engaging in 684 meetings and 524 events with local officials and community stakeholders, with 44 percent of meetings and 49 percent of events focused on disadvantaged communities. Issues that were of concern to community stakeholders include: Affordability, COVID-19 pandemic disconnection protections, broadband availability and service quality, wildfires, natural gas, building electrification, and homeless encampments near railroads. BCO continued its successful quarterly CBO webinar series to engage directly with community-based organizations and local government on issues that matter most to them. Topics in 2022 included: Gas 101 and a Just Transition Webinar, Last Mile Broadband – CPUC Funding to Close the Digital Divide, and How to Get Your Voice Heard at the CPUC – Advocate for your Organization.

The year also saw the CPUC's General Order (GO) 156 Supplier Diversity program achieve \$12.3 billion in utility spending with diverse companies, which equates to 31.2 percent utility spending with diverse suppliers. Fifteen community choice aggregators reported their procurement spend with diverse suppliers in 2022. Community choice aggregators reported 1.4 percent or \$3.5 million spend with diverse suppliers. At the CPUC's 20th annual GO 156 Supplier Diversity en banc meeting, more than 250 attendees joined to examine the supplier diversity programs of the state's regulated utilities and hear from community-based organizations, community choice aggregators, and executive leaders on the progress of GO 156. Additionally, CPUC amended GO 156, consistent with the requirements of legislation, Senate Bill 255 (Bradford, 2019), which seeks to extend the parameters of the Supplier Diversity Program to include non-utility entities, community choice aggregators, and electric service providers. The amendments established a voluntary target percentage goal for procurement from lesbian, gay, bisexual, and transgender business enterprises: 0.5 percent for 2022, 1.0 percent for 2023, and 1.5 percent for 2024



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 Apple Valley Choice Energy (AVCE)/SCE  
 Central Coast Community Energy (CCCE)/PG&E  
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Search

Clear

Clear data before starting a new search.

Disclaimer: Information displayed is current as of 07/08/2022, please contact your Investor-Owned Utility or Community Choice Aggregator program if available rate information is not current or found on this page.

CCA/Utility Name	Category	Rate Plan	Joint Rate Mailer
Central Coast Community Energy (CCCE)/SCE	Residential CARE	D-CARE	<a href="#">View Joint Rate Mailer</a>
Central Coast Community Energy (CCCE)/SCE	Residential	D	<a href="#">View Joint Rate Mailer</a>

and beyond. The amendments also added a new category to the program: Persons with Disabilities Business Enterprise. The CPUC convened a community-based organization and joint utility issue resolution session and conducted two workshops: Meet the Utility Supplier Diversity Representatives, and Doing Business with Community Choice Aggregators.

One of the major initiatives for the CPUC's Public Advisor's Office (PAO) in 2022 was going live with the California Electric Rate Comparison Website, which is Phase 1 of the Electric Rates, Tariffs, and Programs Website project. PAO leads the mandate to implement Assembly Bill 1362 (O'Donnell, 2019), which requires the CPUC and electric providers to post

residential rate tariffs and information on the CPUC website in a consolidated location for ratepayers.

The purpose of the website is to ensure greater transparency, fair competition, and customer choice in a competitive, changing, regulatory landscape in California. This effort to make electric rate information available will enable customers and local governments to compare rates and other offerings on easily accessible, reliable websites. PAO continues to work with the Information Technology Services Division, Energy Division, and external stakeholders to build Phase 2 of this comprehensive website portal.

One of PAO's primary roles is the planning and facilitation of events to inform and educate the public and receive feedback. In 2022, PAO assisted with 61 public meetings, 7 of which were held in-person. Virtual meetings allow increased access so the public can continue to make their voices heard in CPUC proceedings without having to travel. The 37 Public Participation Hearings, and 21 Voting Meetings in 2022 drew 25,074 attendees and 2,306 speakers.

In 2022, PAO received 39,050 comments and inquiries from the public. The top three proceedings commented on were related to the Net Energy Metering 3.0 Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs Pursuant to Decision 16-01-044 (Rulemaking 20-08-020); the California LifeLine Order Instituting Rulemaking to Update the California Universal Telephone Service (California LifeLine) Program



(Rulemaking 20-02-008); and Order Instituting Rulemaking to Consider Amendments to General Order 133 (Rulemaking 22-03-016).

Both BCO and PAO continue to engage with stakeholders and communities from diverse regions of the state to facilitate and encourage their participation in CPUC proceedings. BCO engages through direct meetings, webinars, and building relationships with CBOs embedded in those communities. The PAO advises and assists those interested in becoming a party, facilitating public comments, or otherwise following proceedings and providing valuable input to the decision-making process. Virtual attendance at public forums, workshops, and webinars encourages attendance and participation by communities statewide. As the data above shows, these outreach and engagement efforts are successful and ongoing, and BCO and PAO continue to meet the challenge of identifying new stakeholders and creating innovative ways to engage with the CPUC. In 2023, BCO and PAO will continue to identify issues of potential relevance to diverse regions and engage with those communities to make their voices part of the decision-making process.

## **ENVIRONMENTAL AND SOCIAL JUSTICE ACTION PLAN**

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 with which to integrate ESJ considerations throughout the agency's work. Since the adoption of Version 1.0 of the ESJ Action Plan in February 2019, the CPUC has made significant progress on incorporating ESJ considerations into its work, as well as creating a culture that takes into account the lived experiences of ESJ communities where residents are predominantly communities of color or low-income; underrepresented in the policy setting or decision-making process; subject to a disproportionate impact from one or more environmental hazards; and likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities. In 2021, CPUC staff initiated an update to the ESJ Action Plan which was adopted by the CPUC in April 2022. Some of the updates include revised objectives and action items and an updated workforce development goal emphasizing "high road" career paths. Implementation of Version 2.0 of the ESJ Action Plan began in August 2022.

### **Highlights of the CPUC's efforts include:**

- Training CPUC staff on CalEnviroScreen 4.0.
- Translating consumer fact sheets and brochures into multiple languages.
- Implementing enhanced requirements for regulated entities to conduct outreach to limited English proficient communities and to partner with community-based organizations.

- Developing tools to increase outreach to Access and Functional Needs communities for participation in key proceedings and events.
- Prioritizing underserved areas to conduct transportation field enforcement operations.
- Providing partial energy debt forgiveness to income-qualified customers affected by the COVID-19 pandemic.

Implementation of ESJ Action Plan Version 2.0 will continue in 2023.

## ASSISTING CONSUMERS WITH UTILITY COMPLAINTS

The CPUC’s Consumer Affairs Branch (CAB) directly assisted Californians by handling more than 21,714 consumer cases that were submitted via phone calls and written correspondence received online, faxed, emailed, or by U.S. mail. CAB’s work in 2022 resulted in more than \$2.4 million in refunds to consumers.

### 2022 Annual Summary of Contacts From Consumers

Communications	Energy	Water	Other**	Total
7,885	10,258	727	2,844	21,714

\*\* Non-regulated complaints

### Total Refunds From Consumer Complaints Submitted to CAB

Communications	Energy	Water	Total
\$694,956	\$1,712,022	\$32,818	\$2,439,796

During 2022, CAB worked diligently to resolve the lingering effects of the COVID-19 pandemic. Energy-related contacts increased from 2021 levels in the first two quarters due in part to consumer concerns over rising utility rates, increasing arrearage balances, lingering Southern California Edison billing system issues, and navigating the myriad of payment plans. CAB worked diligently to expedite resolution of consumer concerns, facilitate payment arrangements and reconnections of interrupted services for nonpayment, and address service outages and delayed orders due to reduced utility staffing. In addition, CAB kept decision-makers informed on the volume and nature of consumer contacts.

The CAB team also oversaw the work of the Telecommunications Education and Assistance in Multiple-languages (TEAM) and Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) programs, which are a vital part of the CPUC’s efforts to support limited English proficient (LEP) speakers across the state. The



CPUC, in association with a lead contractor, manages 26 community-based organizations (CBOs) that provide support statewide in 32 languages. The CBOs enable the CPUC to assist LEP consumers in their preferred language with cultural sensitivity. The programs provide consumer outreach, education, needs assistance (e.g., help signing up for low-income programs), and dispute resolution. In 2022, TEAM and CHANGES had a class attendance of 59,865 consumers that were educated on issues that helped them to manage their services (e.g., understanding their bill, applying for financial assistance, safety issues) and facilitated returning just over \$115,600 in refunds to consumers from utilities.





SAN CLEMENTE



# 2023 Work Plan

## COMMUNICATIONS

### *CALIFORNIA ADVANCED SERVICES FUND AND LAST-MILE INITIATIVES FEDERAL FUNDING ACCOUNT*

The CPUC will continue implementation of Senate Bill 156 (Committee on Budget and Fiscal Review, 2021) and Assembly Bill 164 (Ting, Budget Act of 2021). The CPUC will accept and award applications in (1) the \$2 billion Last-Mile Initiatives Federal Funding Account to connect the unserved in Rulemaking 20-09-001; (2) the \$750 million Loan Loss Reserve Program for credit enhancements to support public entity broadband infrastructure in Rulemaking 20-08-021; and (3) the \$50 million broadband Local Agency Technical Assistance program to support community efforts to address their broadband needs in Rulemaking 20-08-021.

The CPUC will open application rounds for the Broadband Adoption Account and Public Housing Accounts, and open new solicitations for the Consortia Account, as necessary, and continue to accept applications for the Tribal Technical Assistance Grant. The CPUC will also determine funding allocations for Fiscal Year 2023/2024.

The CPUC intends to address program modifications to the California Advanced Services Fund (CASF) Line Extension Program and will continue to address eligibility rules for other low-income housing developments and mobile home parks with low-income residents.

The Infrastructure Grant Account will implement Decision 22-11-023 adopting modifications to the CASF Broadband Infrastructure Grant Account and accept new applications in the first half of 2023 and process all applications by the end of the year. Significant rule changes were made to the program because of legislation passed by Assembly Bill 14 (Aguiar-Curry, Bloom, Cristina Garcia, Eduardo Garcia, Low, Petrie-Norris, Quirk, Quirk-Silva, Reyes, Robert Rivas, Santiago, Stone, 2021) and Senate Bills 156 (Committee on Budget and Fiscal Review, 2021) and 4 (Gonzalez, 2021). To accomplish all this, the CPUC will hire more staff in a new section to carry out this immense and important work.

### *BROADBAND EQUITY, ACCESS, AND DEPLOYMENT*

The CPUC plans to submit an availability challenge to the Federal Communications Commission Broadband Map to ensure California receives the correct allocation of Broadband Equity, Access, and Deployment (BEAD) last-mile funds. Following the

award of \$4,996,502 in initial planning funds at the end of 2022 by the National Telecommunications and Information Administration, the CPUC plans to open a rulemaking to create a last-mile sub-grantee program, create a 5-Year Action Plan, an Initial Proposal, and Final Proposal for use of BEAD funds.

### *CALIFORNIA HIGH-COST A & B FUNDS*

The CPUC will continue its work in Rulemaking 11-11-007 to update and clarify existing California High-Cost Fund-A (CHCF-A) program rules from Decisions 91-05-016 and 91-09-042, and to address the support of CHCF-A and California High-Cost Fund-B on tribal communities. On September 28, 2022, Governor Newsom signed Senate Bill 857 (Hueso, 2022), extending both programs until January 1, 2028.

In the Cost of Capital proceeding (Application 22-09-003), the CPUC will establish a reasonable rate of return for the ten Small Independent Local Exchange Carriers (Small ILECs). The rate of return will then be implemented as part of company-specific ratemaking determinations in each of the rate cases for the Small ILECs that will be processed from 2022 through 2025.

In the general rate case applications, the CPUC will adopt revenue requirement, rate design, and CHCF-A support for the three Small ILECs (Kerman, Foresthill, and Ponderosa). The revenue requirement and rate design were last examined in 2016 and 2017.

### *CALIFORNIA LIFELINE*

In Rulemaking 20-02-008, the CPUC will address the requirements in Assembly Bill 74 (Gonzalez, 2021) and implement additional improvements to the renewals process, consider addressing the minimum service standard requirements, consider recommendations from the program assessment by California State University, Sacramento, and consider how to incorporate foster youth into the program for the long-term.

In 2023, the CPUC will consider whether to authorize a potential pilot program that would allow combining a California LifeLine monthly subsidy with the federal Affordable Connectivity Program discount to provide low-income participants with a service plan that includes voice service and sufficient broadband service to meet household needs.

### *STATEWIDE OPEN-ACCESS MIDDLE MILE NETWORK*

The CPUC will continue to collaborate with the California Department of Technology, Department of Transportation, and other agency partners and stakeholders in implementing the \$3.25 billion state-owned open-access middle mile network, updating locations, and coordinating middle mile activities with last mile program funding and construction.



### *TELECOMMUNICATION SERVICES OUTAGES*

In 2023, the CPUC will continue working with the California Office of Emergency Services to maintain the public telecommunications outage map webpage in compliance with Senate Bill 341 (McGuire, 2021) which requires all telecommunication service providers to update public outage maps and make them available to the public.

### *DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM*

To modernize the Deaf and Disabled Telecommunications Program (DDTP), CPUC continues to receive direct input from the disability community on which communication barriers confront them and how the barriers need to be removed to allow functional access to their communication needs. The DDTP staff conducted a needs assessment and wrote a staff report. The CPUC plans to open a new rulemaking in 2023 that will solicit public comment on the assessment's findings as well as suggestions on how to improve the program to include equipment, services, and emergency services while using wired or wireless services. In addition, the DDTP will continue its multi-year process of modernizing the service delivery model, which is planning changes to position the program to provide direct services and equipment to a broader disability consumer population. The DDTP also began a rebranding effort to consolidate various DDTP brands into one brand, which will continue in 2023.

### *SERVICE QUALITY*

The Communications Division will continue to analyze service quality data to determine if the General Order (GO) 133-D penalty mechanism is effective at improving carriers' service quality performance and continue working on the Order Instituting Rulemaking 22-03-016 to amend the existing GO 133-D rules and standards. Additionally, the CPUC will evaluate the communications service providers' ability to restore services after an outage and produce a report of its evaluation.

### *VIDEO FRANCHISING PROGRAM*

To implement Senate Bill 28 (Caballero, 2021), in 2023 the CPUC will initiate one or more rulemakings that will incorporate new customer service requirements/rules into General Order 169, define an enforcement process for the new customer service rules and a process for adjudicating customer complaints, and define the granular data that state video franchise holders are required to submit.

In addition, the CPUC will continue to process amendments from existing state video franchise holders and new applications from those that wish to enter the video services market in California. The CPUC will respond to a variety of questions and requests received from the public, franchise holders, and local entities.

### *UTILITY POLE PROCEEDINGS*

Rulemaking 17-06-028 and Investigation 17-06-027 will continue to evaluate the feasibility of a data management platform that will allow stakeholders to share key pole attachment and conduit information such as approved contractor lists, General Order 95 Rule 31.1 pole attachment applications, pole loading applications, notifications, and protests. Both proceedings will also address conduit issues and pole replacement barriers to broadband deployment.

### *TELECOMMUNICATIONS CUSTOMER SURCHARGE REFORM*

Staff will implement Decision 22-10-021, which adopts a per access line flat rate end user mechanism effective April 1, 2023. Phase 2 will be focused on reviewing the reasonableness of the fees, taxes, and surcharges, charges that may appear on a customer's bill. Staff will also be implementing a new version of the Telecommunications User Fee Filing System, which is the portal used by telephone corporations to file surcharge remittances.

### *T-MOBILE/SPRINT MERGER*

Year-end 2023 marks an important milestone date for T-Mobile's deployment of a statewide 5G network, in addition to several other important conditions as ordered in



Decision 20-04-008. Working with the compliance monitor, the CPUC will continue to track T-Mobile's progress toward completing all of the merger decision requirements. The compliance monitor will issue two reports in 2023 advising on T-Mobile's progress and recommend whether the CPUC should impose any penalties.

### *CALSPEED*

The CPUC will continue to use CalSPEED to measure and map mobile broadband availability and quality and the pace of 5G deployment, to monitor and evaluate T-Mobile's compliance with service obligations contained in the decision approving its merger with Sprint, to help guide the CPUC's broadband infrastructure grant decisions, to provide data to the Federal Communications Commission (FCC) to validate mobile providers' broadband coverage, and to assist other state agencies which rely on mobile broadband service to carry out their programs.

New FCC Broadband Data Collection requirements will shape the direction of CalSPEED as the CPUC seeks to maximize federal funding by challenging carrier claims.

### *BROADBAND ASSESSMENT AND DEPLOYMENT*

In the Broadband Deployment proceeding, Rulemaking 20-09-001, the CPUC will:

- Continue to collect and consider information regarding internet service providers who are refusing to serve certain communities or neighborhoods within their service or franchise areas.
- Evaluate Federal Funding Account rule modifications.
- Further consider ways to leverage investor-owned utilities fiber to provide residential internet service.
- Consider measures to mitigate or eliminate redlining practices if internet service providers are doing so.

### *REGULATING TELECOMMUNICATIONS SERVICES USED BY INCARCERATED PEOPLE*

In Rulemaking 20-10-002, the CPUC will consider expansion of the definition of incarcerated persons' calling services used in Decision 21-08-037 to include video calling services and/or other communication services such as texting and/or email. It will also consider developing permanent rates for incarcerated persons' calling services.

### *EFFECT OF WILDFIRES AND DE-ENERGIZATION EVENTS*

The CPUC will continue to collect data on the impact wildfire, Public Safety Power Shutoff events, and other major disaster or emergency events might have on a telecommunication service provider's wireline, wireless, and Voice over Internet Protocol networks throughout the state. In addition, the CPUC plans to continue meeting monthly with communications service providers and investor-owned utilities to ensure smooth, consistent, and clear coordination prior to and during disasters.

## **CONSUMER PROTECTION AND ENFORCEMENT DIVISION**

### *TRANSPORTATION ENFORCEMENT—SAFETY ASSURANCE ACTIVITIES*

The Transportation Enforcement Branch (TEB) will continue its commitment to an increased safety presence by conducting operations and field activities at various locations statewide in 2023, including metropolitan and international airports throughout California. Other types of locations could include at sporting venues and events, concerts, entertainment district activities, bus inspections, border inspections, party bus operations, and wine tourism operations. TEB will perform proactive safety assurance compliance inspections for selected Transportation Charter Party Carriers and Passenger Stage Corporations and Vessel Common Carriers. TEB's safety assurance activities are designed to promote compliance with state laws and regulations related to safe passenger carrier operations.

### *COMPLIANCE ENFORCEMENT COLLABORATION WITH TRANSPORTATION LICENSING ANALYSIS BRANCH*

The Transportation Enforcement Branch (TEB) will continue to advise the Transportation Licensing Analysis Branch on emerging trends, proceedings, and transportation carrier applications to ensure the prospective regulations related to safety and enforcement are considered. In addition, TEB will continue to support the autonomous vehicle pilot and deployment programs related to safety and enforcement, including reviewing incident data and collaborating with the California Department of Motor Vehicles.

### *TRANSPORTATION ENFORCEMENT—RISK MANAGEMENT*

The Transportation Enforcement Branch (TEB) will continue to develop its Risk Management program by performing risk assessments based on data from TEB enforcement operations, including data from field inspections, investigations, airport observation activities, and proactive compliance. These assessments represent a risk informed approach to developing data and recommendations for decisions related to

resource prioritization that seek to maximize passenger safety. TEB's data collection efforts are enhanced by data capture technology implemented in 2022.

### *TRANSPORTATION NETWORK COMPANY ACCESS FOR ALL PROGRAM*

Transportation Licensing and Analysis Branch will continue to implement Senate Bill 1376 (Hill, 2018) and support Rulemaking 19-02-012 to increase the availability of “on-demand” transportation to wheelchair users who need a wheelchair accessible vehicle. In 2023, staff will review and authorize offset incentives for transportation network companies (TNC) who invest in on-demand wheelchair accessible transportation and meet the CPUC's performance standards and will continue to disburse Access Fund monies to Local Access Fund Administrators to set up local wheelchair accessible programs and allocate funds to access providers. Staff will also publish its second Annual Benchmark Report, reporting on program progress, support the CPUC's decision on Track 5 issues related to pre-scheduled and modified on-demand services, issue a Request for Proposals for a Statewide Access Fund Administrator, and develop a report to the Legislature that is due in 2024.

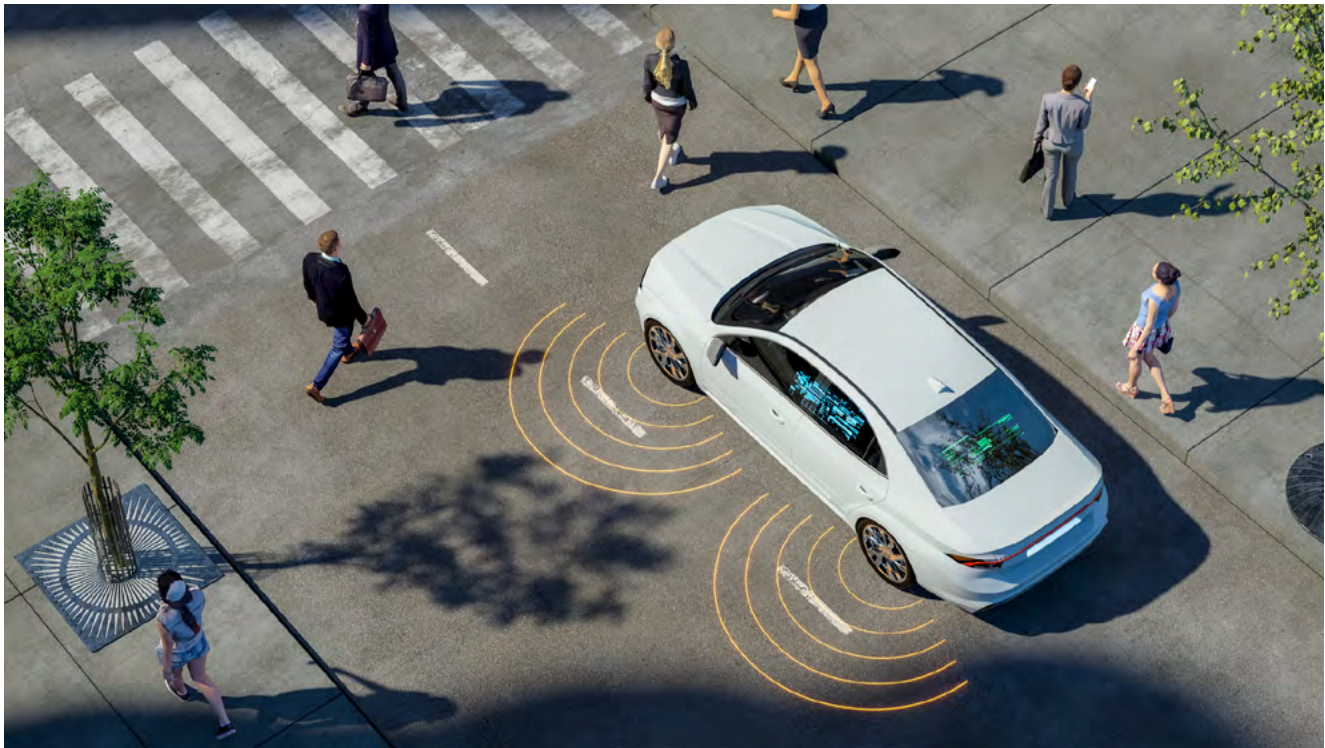
In 2023, the CPUC will continue to consider modifications to the TNC Access for All program for Track 5.

### *CLEAN MILES STANDARD PROGRAM*

The CPUC opened Rulemaking 21-11-014 at its November 18, 2021, Voting Meeting to implement the Clean Miles Standard pursuant to Senate Bill (SB) 1014 (Skinner, 2018), including targets set by the California Air Resources Board (CARB). In 2023, the CPUC will consider a staff proposal by the Transportation Licensing and Analysis Branch for implementing CARB's targets and goals for SB 1014, ensure minimal negative impact on low-income and moderate-income drivers, support the goals of clean mobility, and ensure that the California Clean Miles Standard and Incentive Program complements and supports sustainable land use objectives.

### *AUTONOMOUS VEHICLE REGULATION*

The Transportation Licensing and Analysis Branch (TLAB) will continue to provide policy advisory services in the ongoing Rulemaking 12-12-011 and any successor proceedings that the CPUC may open covering autonomous vehicle regulations. In addition, TLAB will continue implementing the CPUC's prior decisions that established the Autonomous Vehicle Passenger Service Pilot programs (Decision 18-05-043) and the Phase 1 Autonomous Vehicle Passenger Service Deployment programs (Decision 20-11-046), including reviewing and making determinations on permit applications and reviewing quarterly data report submittals. In 2023, staff will issue updated application



guidance for autonomous vehicle carriers and plan a workshop, as directed by Decision 20-11-046, to develop the CPUC’s approach to setting goals and targets for its autonomous vehicle programs. Staff will also continue to coordinate with the Department of Motor Vehicles’ Autonomous Vehicle Branch.

### *TRANSPORTATION NETWORK COMPANIES RULEMAKING*

The Transportation Licensing and Analysis Branch will continue to provide policy advisory services in the ongoing Rulemaking 12-12-011 proceeding and any successor proceedings that the CPUC may choose to open covering regulations for Transportation Network Companies. Staff will also update the Transportation Network Companies Data Portal—a webpage where members of the public may directly download public Transportation Network Companies Annual Report data—as new data become available.

### *DATA ANALYTICS PROGRAM*

To provide more efficient and effective advisory services to CPUC management, staff will continue to develop analytical tools to expand the storage and use of transportation data, onboard new staff to expand the team’s data analytics capacity, and develop cloud-based storage solutions to perform more efficient big data analytics and visualizations. In addition, the data analytics team will begin ingesting Clean Miles Standard compliance data.



The Transportation Licensing and Analysis Branch's data analytics team will provide technical analysis to inform policy recommendations in ongoing transportation proceedings, including those that regulate transportation network companies, autonomous vehicles, and specialized programs such as the Clean Miles Standard and Transportation Network Companies Access for All programs.

### *TRANSPORTATION CARRIER PORTAL*

The Transportation Licensing and Analysis Branch (TLAB) will work with the Information Technology Services Division and the third-party vendor who developed the system to enhance the capabilities of the Transportation Carrier Portal (TCP) to increase the efficiency of the transportation carrier licensing process and improve the convenience of the system for internal and external users. Specifically, TLAB will implement changes to the TCP system to be identified in a contract amendment. Staff will also develop and improve public outreach and educational resources, improve cross-references with other state agency databases, increase documentation of standard protocols and procedures for staff, and staff a telephone line for inbound inquiries from the public. Staff will also make necessary enhancements to the TCP to facilitate the collection of any new Public Utilities Commission Transportation Reimbursement Account fees applied to the transportation industry.

### *TRANSPORTATION CARRIER REGULATIONS*

In an anticipated new proceeding, the Transportation Licensing and Analysis Branch will identify and propose revisions to the existing rules and regulations governing charter-party carriers, passenger stage corporations, and vessel common carriers to make updates to outdated requirements and to address issues related to safety, access, and competition in the for-hire transportation market. Actions to be taken include conducting a comprehensive review of the General Orders, resolutions, and key CPUC decisions that govern the transportation industry generally, including existing requirements related to insurance, as well as the regulation of passenger stage corporations and vessel common carriers on matters such as filing and updating tariffs as well as rate setting activities (e.g., general rate cases). Furthermore, staff will conduct research and draft a staff report to propose "Industry Rules" for an advice letter process in the transportation industry.

### *UBER INVESTIGATION*

The CPUC will continue developing the record and considering evidence to resolve the issues outlined in Investigation 21-12-001, the CPUC's investigation into the operations, policies, and practices of Uber Technologies, Inc., and Uber Black sub-carriers operating on the Uber Black platform.

## *ENVIRONMENTAL AND SOCIAL JUSTICE ACTION PLAN*

The CPUC's Environmental and Social Justice (ESJ) Action Plan serves as both a commitment to furthering principles of environmental and social justice, as well as an operating framework with which to integrate ESJ considerations throughout the CPUC's work. The Transportation Licensing and Analysis Branch will continue to dedicate staff time to reviewing and analyzing transportation data through an ESJ lens. Staff will also support implementation of the updated ESJ goals and action items in 2023.

## *UTILITY ENFORCEMENT BRANCH*

On July 20, 2022, the CPUC issued Decision 22-07-002, which among other things, required the large investor-owned utilities to maintain adequate backbone capacity to meet the average day in a 1-in-10 cold and dry year, standards established by Decision 06-09-039. This decision also established a framework for a citation program applicable to utilities that fail to maintain adequate backbone capacity and directed the Utility Enforcement Branch (UEB) to propose a citation program for the CPUC's consideration. UEB will develop, through a draft Resolution for the CPUC to consider, a citation program to promote utility compliance with the minimum design standard to ensure reliable gas service to core and non-core gas customers in 2023.

## **ENERGY**

### *RENEWABLES PORTFOLIO STANDARD*

California's Renewables Portfolio Standard (RPS) program was established in 2002 by Senate Bill (SB) 1078 (Sher, 2002) with the initial requirement that 20% of electricity retail sales must be served by renewable resources by 2017. The program was accelerated in 2015 with SB 350 (de León, 2015) which mandated a 50% RPS by 2030. SB 350 includes interim annual RPS targets with three-year compliance periods and requires 65% of RPS procurement to be derived from long-term contracts of 10 or more years. In 2018, SB 100 (de León, 2018) was signed into law, which again increases the RPS to 60% by 2030 and requires all the state's electricity to come from carbon-free resources by 2045. CPUC will continue in 2023 to require investor-owned utilities to meet these goals.

### *DEMAND FLEXIBILITY PROCEEDING*

On July 14, 2022, the CPUC issued an Order Instituting Rulemaking to establish a proceeding to create demand flexibility policies and modify electric rates to advance the following objectives: (a) enhance the reliability of California's electric system; (b) make electric bills more affordable and equitable; (c) reduce the curtailment of renewable energy



and greenhouse gas emissions associated with meeting the state's future system load; (d) enable widespread electrification of buildings and transportation to meet the state's climate goals; (e) reduce long-term system costs through more efficient pricing of electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers. The CPUC will form and facilitate two working groups to create stakeholder proposals that address the key issues of the demand flexibility rulemaking. The CPUC will incorporate ideas from its June 2022 whitepaper, which introduced the Energy Division's staff proposal for a flexible, unified signal for electricity for California (CalFUSE), to inform working group discussions.

In a separate track of the same proceeding, the CPUC is working on the design and implementation of income-graduated fixed charges as required by Assembly Bill (AB) 205 (Committee on Budget, 2022). This legislation requires the CPUC to authorize fixed charges in default residential electric rates that are progressively higher for higher income customers, with a minimum of three income thresholds. These fixed charges need to be authorized by July 2024. AB 205 also requires a change in the effective discount offered through the California Alternate Rates for Energy (CARE) program such that charges that CARE customers are exempt from are not included in the discount. This has also been scoped into this track of the proceeding.

## *EVALUATION OF ENERGY STORAGE PROCUREMENT PROGRAM*

In Rulemaking 20-05-012, the CPUC will contract for a consultant to conduct an Energy Storage Procurement Program evaluation. The purpose of the evaluation is to assess the success of energy storage procurement to date pursuant to the energy storage mandate under Assembly Bill 2514 (Skinner, 2010). Specifically, the evaluation will help determine if the Energy Storage Procurement Program is meeting its established policy goals of reducing greenhouse gases, integration of renewable energy, and grid optimization.

## *SELF-GENERATION INCENTIVE PROGRAM AND NEW AB 209 FUNDING FOCUSED ON LOW-INCOME CUSTOMERS*

The Self-Generation Incentive Program (SGIP) was established in 2001 and provides financial incentives for the installation of eligible behind-the-meter (BTM) distributed generation and energy storage technologies that meet all or a portion of a customer's electricity needs. The SGIP is funded by California's ratepayers and managed by Program Administrators representing California's major investor-owned utilities (IOUs). The CPUC provides oversight and guidance on the SGIP.

The SGIP was initially designed to provide incentives for distributed generation technologies to help address peak electricity problems in California. The program has been revised and extended multiple times since 2001, with eligibility requirements, program administration, and incentive levels all changing over time. Over the years, the program focus has transitioned from peak-load reduction to greenhouse gas reductions and resiliency as climate change has moved to the forefront of statewide public policy.

In September 2022, Governor Newsom approved Assembly Bill 209 (Committee on Budget, 2022), which amends Public Utilities Code section 379.6 and adds section 379.10 to guide legislatively appropriated state General Fund monies into solar and storage incentives through the SGIP for California residential customers. Improving SGIP outcomes for low-income customers and enhancing grid and resiliency benefits of customer-hosted battery storage will be focus areas for SGIP in 2023. A decision is expected in spring 2023 on these issues and how any new General Fund monies will be programed and administered to achieve these objectives for California customers.

## *UNDERGROUNDING ELECTRICAL DISTRIBUTION INFRASTRUCTURE*

The CPUC initiated Rulemaking 17-05-010 to review policies and funding mechanisms for the overhead to underground conversion program administered by electric utilities for cities and other jurisdictions. CPUC staff will monitor the proceeding with an interest in



adding safety as one of the program eligibility criteria. Phase 1 is focused on identifying and evaluating various potential improvements to the program and associated tariffs. In 2023, the CPUC will consider opportunities for supporting active Rule 20A projects, whether to modify Rule 20A project eligibility criteria (such as adding wildfire safety or emergency-related project criteria), whether to modify the Rule 20A program to support projects in underserved and disadvantaged communities, and whether to modify or discontinue the unused Rule 20D program. To date, about 33 percent of 220,590 miles of distribution lines across the state are underground.

### *INTERCONNECTING DISTRIBUTED ENERGY RESOURCES*

In Rulemaking 11-09-011, the CPUC will review party comments to determine whether reliability and grid safety concerns exist and, if needed, adopt modifications to Rule 21 to ensure reliability and grid safety.

### *ENERGY EFFICIENCY*

In addition to continuing oversight of ratepayer-funded energy efficiency programs, the CPUC will continue its energy efficiency market transformation efforts with the selection of a new statewide administrator and a five-year strategy to develop deeper and longer-lasting energy efficiency benefits in California.

In 2023, the CPUC will adopt the energy efficiency programs to be implemented by the program administrators, including utilities, community choice aggregators, and regional energy networks for 2024 through 2027.

### *LOW-INCOME ENERGY PROGRAMS*

The CPUC will focus on implementation of the new program designs, including: modifying the income eligibility limits of the energy savings assistance program from 200 percent of federal poverty guidelines to 250 percent of federal poverty guidelines pursuant to Senate Bill 756 (Hueso, 2021), implementing tailored marketing and outreach strategies focusing on customer needs, shifting towards a customer-centered prioritization model for treatments based on customer profile, and focusing on deeper treatments that result in greater energy savings.

### *BUILDING DECARBONIZATION*

Phase 3.A of the Building Decarbonization Proceeding (Rulemaking 19-01-011) eliminated gas line extension allowances, refunds, and discounts provided under current

gas line extension rules (Decision 22-09-026). Phase 3.B of this proceeding will consider further policy changes to promote reduced emissions from the building sector. Assembly Bill 3232 (Friedman, 2018) calls on the Energy Commission to, by 2021, develop an assessment of the feasibility of reducing the greenhouse gas emissions of California's buildings 40 percent below 1990 levels by 2030, working in consultation with the CPUC and other state agencies.

### *MICROGRIDS*

In Rulemaking 19-09-009, the CPUC will initiate conceptual proposals to lay a foundation for developing and implementing a microgrid incentive program including a multi-property tariff to continue to facilitate the commercialization of microgrids pursuant to Senate Bill 1339 (Stern, 2018). The proceeding will also be working on a value of resiliency to further understand and build metrics for resiliency investments. In early 2023, the CPUC is expected to issue a decision implementing the Microgrid Incentive Program pursuant to Decision 21-01-018, which authorized the program for disadvantaged and vulnerable communities so they could build, in partnership with the large investor-owned utilities, community microgrids for increased resiliency and reliability benefits.

### *RESOURCE ADEQUACY*

In 2023, the CPUC will continue to ensure that generation sources are developed to support an electricity market that provides reliable, clean, and affordable electricity for customers, and consider proposals to restructure the program. Resource Adequacy Rulemaking 21-10-002 will have a final decision on Phase 3 in June 2023. Decision 22-06-05 adopted local capacity obligations for 2023-2025.

### *RENEWABLE GAS*

In Rulemaking 13-02-008, the CPUC adopted a decision on December 15, 2022, directing gas utilities to provide certain biomethane reporting to the Commission from 2024 through 2027, providing guidance and directing gas utilities to file applications for hydrogen blending pilot projects of 0.1–5% and 5–20% hydrogen concentration to evaluate for safety, directing stakeholder meetings; hydrogen blending literature reporting; and independent project analysis, adopting an interim definition for clean renewable hydrogen, and directing gas utilities to specify funding for proposed hydrogen blending pilot projects. Until the adopted decision takes effect in May 2024, original reporting requirements will remain for 2023.

## *SOLAR CONSUMER PROTECTIONS*

In Rulemaking 14-07-002, the CPUC directed Pacific Gas and Electric Company (PG&E) to convene a workshop if and when the Contractor State Licensing Board distributes 50 percent of the funds authorized for the Solar Energy System Restitution Program, which is intended to provide financial assistance to consumers who received inadequate solar energy systems. On December 6, 2022, PG&E hosted the workshop to assess the continued need for a solar consumer assistance fund. Subsequently, PG&E developed and circulated the workshop recap report, and workshop presentation materials to stakeholders on January 5, 2023. Additional solar consumer protection activities are anticipated to start in 2023 in Rulemaking 20-08-020.

## *SOLAR ON MULTIFAMILY AFFORDABLE HOMES PROGRAM PROGRESS*

The Solar on Multifamily Affordable Homes (SOMAH) Program, established by Assembly Bill 693 (Eggman, 2015), provides incentives for solar energy photovoltaic systems for multifamily affordable housing. The program is funded with an annual budget up to \$100 million from electric investor-owned utilities' Greenhouse Gas Auction allowance sales. SOMAH encourages installations in disadvantaged communities and aims to lower tenant energy bills. As of December 2022, statewide there have been 13.25MW of installed capacity that has received \$24.82 million in incentive funding, and reserved capacity is at 51.99MW with reserved incentives of \$110.56 million. Together, this is 22% of the program's goal of 300MW by 2030. The location of planned and installed projects is as follows: Pacific Gas and Electric Company with 223 projects and 30% of those in disadvantaged communities, Southern California Edison with 132 projects and 44% of those in disadvantaged communities, San Diego Gas & Electric Company with 50 projects and 98% of those in disadvantaged communities, and Liberty Utilities with 2 projects.

## *AFFORDABLE UTILITY SERVICES FRAMEWORK*

The second proceeding phase has been completed, with a decision that refines the adopted affordability metrics, specifies the applications and advice letters where their submission will be required, establishes the tools and processes that will be used to calculate the metrics, and promotes transparency in cumulative rate changes for regulated water and energy utilities. Going forward, we will continue implementing the requirements adopted in Phase 2 and evaluating whether any modifications are needed, as well as using the forecasting capabilities developed through the metrics to understand and improve affordability outcomes.

### *LONG-TERM GAS PLANNING RULEMAKING*

In Rulemaking 20-01-007 the CPUC will address reliability standards that reflect the current and prospective operational challenges that face California gas system operators and will initiate the development of a long-term planning strategy as the state reduces its use of natural gas and related infrastructure consistent with California's climate policies. The long-term planning strategy will take into account safety, reliability, affordability, workforce, environmental justice, and rate design issues.

### *REVISION OF GENERAL ORDER 156 TO INCLUDE CERTAIN ELECTRIC SERVICE PROVIDERS AND COMMUNITY CHOICE AGGREGATORS*

In Rulemaking 21-03-010 the CPUC will implement Senate Bill 255 (Bradford, 2019) by incorporating community choice aggregators and electric service providers into the General Order 156 Supplier Diversity Program, and will also establish a procurement goal for lesbian, gay, bisexual, and transgender (LGBT) business enterprises. Each utility and other covered entity shall establish minimum long-term procurement goals for each major category of products and services purchased from eligible suppliers of not less than the following: 15% for minority business enterprises; 5% for women business enterprises; 1.5% for disabled veteran business enterprises; and 0.5% for 2022, 1.0% for 2023, and 1.5% for 2024 and beyond for LGBT business enterprises. No procurement goal has been adopted for persons with disabilities business enterprises.

### *POWER CHARGE INDIFFERENCE ADJUSTMENT*

In 2023, the CPUC will consider solutions for improving the efficiency of consideration of Power Charge Indifference Adjustment (PCIA) issues in Energy Resource Recovery Account proceedings and improvements to PCIA calculation methods in the PCIA proceeding (Rulemaking 17-06-026).

### *GAS AND ELECTRIC SERVICE DISCONNECTIONS*

The CPUC will continue its work in Rulemaking 18-07-005 to evaluate the causes of disconnections and consider potential solutions.

### *IMPLEMENTATION OF ELECTRIC AND GAS DISCONNECTION CITATION PROGRAM*

The CPUC issued Decision 20-06-003 to adopt rules and policies to reduce residential customer disconnections for the larger California-jurisdictional energy utilities, including a citation program in Resolution UEB-006 to enforce compliance with the rules. As a result of the COVID-19 pandemic, the CPUC included an emergency disconnection





moratorium in Resolution M-4842, which was later extended to June 30, 2021, in Resolution M-4849. The CPUC further extended the moratorium to September 30, 2021, in Decision 21-06-036. In 2023, the CPUC will continue its work in Rulemaking 18-07-005 to consider potential solutions for reducing residential disconnections of gas and electric utility service.

### *PG&E GENERAL RATE CASE*

In October 2022, Pacific Gas and Electric Company (PG&E) and two other parties in Application 21-06-021 filed a motion for expedited approval and adoption of proposed settlement regarding wildfire liability coverage. The settlement would determine the structure and funding of PG&E's wildfire liability insurance coverage for the 2023-2026 general rate case period. The settlement establishes a revenue requirement of \$400 million per year, for 2023 through 2026, for wildfire liability insurance coverage and approves coverage, which consists entirely of self-insurance for third-party wildfire claims of less than \$1 billion per year within the framework of the Assembly Bill 1054 (Holden, Burke, Mayes, 2019) Wildfire Fund. In December 2022, the CPUC published an interim decision that would adopt the proposed settlement. This decision will be considered by the CPUC in early January to allow PG&E to avoid the cost of renewing commercial insurance at a higher cost.

## **RAIL**

### *GENERAL ORDER 143-B RULEMAKING*

The Rail Safety Division plans to recommend to the CPUC that it initiate an Order Instituting Rulemaking to modify its General Order 143-B, pertaining to the design, construction, operation, and maintenance of rail fixed guideway systems.

### *DATABASE UPDATES*

The Rail Safety Division (RSD) is in the process of replacing its rail programs database. There is an ongoing project to implement a new database solution and migrate all data to the new system. Significant RSD resources from all rail programs will be devoted to this effort in 2023.

### *EXPANDING RAIL TRANSIT SYSTEMS AND NEW LINES*

The CPUC will continue to conduct safety oversight of numerous major rail transit agency capital projects, system expansions, and major rail vehicle procurements. There are 22 major capital projects currently, in design and construction, that are under CPUC safety review. Each project requires a Safety Certification Plan and continual involvement of CPUC staff to oversee project implementation and inspection of installations and new vehicles for safety and compliance.

### *PAVEMENT MARKING PROJECT*

In 2023, the CPUC will determine the feasibility of installing the pavement marking with lawmakers and stakeholders.

### *RAILROAD PREEMPTION*

In 2023, with the anticipation of the Final Rule for 11th Edition of the national Manual on Uniform Traffic Control Devices (MUTCD) from the Federal Highway Administration, CPUC staff will work closely with the Department of Transportation to revise the language in Parts 4 and 8 of the California MUTCD to address the current railroad preemption practice.

The CPUC will continue to update web content for railroad preemption on the CPUC website.

### *AUTONOMOUS VEHICLES*

In 2023, as the autonomous vehicles industry continues to develop, the CPUC's Rail Crossings and Engineering Branch will continue to team with the California Department

of Motor Vehicles, and the CPUC's Consumer Protection and Enforcement Division for the review of Operational Design Domains and passenger service authorizations to use autonomous vehicles.

### *STOP/YIELD SIGNS PROJECT*

The CPUC will continue efforts to work with railroads to ensure compliance with the STOP or YIELD sign requirements at locations identified where the installations do not align with CPUC recommendations.

Staff will inspect passive crossings to verify the recommended STOP/YIELD signs are installed.

### *FIELD INVENTORY CROSSINGS CONTRACT*

The CPUC will continue working on the Rail Crossing Inventory Phase 3 project. Following field work completed in 2022, the data entry will continue through approximately the third quarter of 2023. The CPUC will continue providing detailed guidance and oversight to the contractor.

### *BRIGHTLINE WEST HIGH-SPEED RAIL*

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 staff resolutions to authorize new crossings as appropriate.

### *HIGH-SPEED RAIL PROJECT*

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

### *STATE HIGHWAY—RAIL GRADE CROSSING ACTION PLAN*

The Fixing America's Surface Transportation (FAST) Act mandates that the ten states previously identified in the Rail Safety Improvement Act of 2008 provide the Federal Railroad Administration (FRA) with an updated state action plan.

In 2023, the CPUC will continue to implement the strategies recommended in the California State Highway-Rail Crossings Action Plan and answer any inquiries from the FRA. The CPUC expects to accomplish several goals including developing a new database for the crossing inventory, collision analysis, and funding programs, and nominating

crossings for federal and state funds to improve the safety at the highest-risk crossings. The CPUC will continue to update the California Manual on Uniform Traffic Control. The state action plan is a living document subject to changes as safety regulations, laws, and new technology develops. The CPUC and the California Department of Transportation will continue to cooperate with the Federal Highway Administration and make necessary changes to the plan.

### *MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES*

The revised national Manual on Uniform Traffic Control Devices (MUTCD) is expected to be released in May 2023. The CPUC will continue to work with the California Department of Transportation to review and revise the current California MUTCD and prepare for the implementation of the revised national MUTCD in 2023. The process is estimated for completion in 2025.

### *EXEMPT CROSSINGS*

In 2023, the CPUC will continue to review the exempt crossings list with plans to update the list on an annual basis. CPUC records identified approximately 300 highway-rail crossings as exempt. As developments, roadway changes, and modifications to crossings continue, the exempt crossings list will be revised and posted on the CPUC website.

### *RAIL SAFETY AND SECURITY INFORMATION MANAGEMENT SYSTEM*

The Rail Safety and Security Information Management System database replacement project Build Phase will continue through early summer. After the build is complete, the system will proceed through various testing and acceptance steps. Staff training for the new system will also be conducted. The system is planned to go live no later than September 30, 2023.

### *PRIVATE CROSSINGS GUIDANCE*

In 2023, the CPUC will post information on regulations regarding private crossings. Private crossings require an agreement with the railroad to construct, install, and maintain the crossings. On occasion, a railroad will encounter the need to establish a new private crossing or modifications to an existing private crossing upon a request from a private landowner. Private crossings that are on privately owned roadways are intended for use by the owner, owner's licensees, and invitees. Access to the private road is not open to the public.



## SAFETY AND ENFORCEMENT DIVISION

### *ALISO CANYON WELL LEAK INVESTIGATION*

In Order Instituting Investigation 19-06-016, the assigned Administrative Law Judges will consider a proposed settlement agreement filed by the Safety and Enforcement Division, Southern California Gas Company, and the Public Advocates Office. If a Presiding Officers' Decision approving the settlement agreement is issued and adopted by the CPUC, all issues in the investigation will be resolved. If the settlement agreement is rejected, the CPUC will issue a Phase 1 decision regarding violations associated with Southern California Gas Company's uncontrolled release of natural gas at Aliso Canyon and commence Phase 2 to consider the appropriate remedies for any violations found in Phase 1.

### *MOBILE HOME PARK UTILITY CONVERSION PROGRAM*

In Rulemaking 18-04-018, the CPUC is completing work on a decision to increase the electrical service for the Mobile Home Park Utility Conversion Program (MHPUCP). The new standard will improve safety of electrical systems while supporting growth of electric system load due to the use of newer technologies such as electric heating, water heating, and vehicle charging. The CPUC will also consider whether to pilot further improvements to the MHPUCP such as increased support for transitioning away from the use of natural gas by providing full electrification of parks or integrating solar or storage technology.

In 2023, staff estimates that the MHPUCP will result in approximately 5,000 mobile home spaces being converted to direct gas and electric service.

### *INVESTIGATION INTO PG&E'S FAILURE TO COMPLY WITH LOCATE-AND-MARK PROGRAM*

In Investigation 18-12-007, the CPUC will continue to follow the adopted settlement with modifications in Decision 20-02-036 including reviews of reporting and audit reports from Pacific Gas and Electric Company (PG&E) and the consultants.

In 2023, the CPUC will continue to monitor PG&E's safety enhancement actions ordered following the CPUC's formal 2018-2020 investigation of PG&E's natural gas system locate-and-mark investigation.

### *ENERGY STORAGE*

In 2023, the Electric Safety and Reliability Branch's (ESRB) Generation Section will seek positions to build up its subject matter experts team in energy storage to monitor the operations, maintenance, and safety of battery energy storage systems.

Senate Bill 1383 (Hueso, 2022) requires the Safety and Enforcement Division to develop and enforce new safety standards for the maintenance and operation of facilities for the storage of electricity owned by an electrical corporation or located in the state.

Because there are no General Orders to address the safe operation and maintenance of battery energy storage systems, ESRB will work with industry experts, the investor-owned utilities and regulators to develop rules, regulations, and processes for oversight of these systems. ESRB will need to employ engineers with the knowledge, experience, and expertise to audit these systems for conformance with applicable safety, operational, and performance standards, and propose corrective actions or enforcement measures in situations of non-compliance.

A working group report and/or proposal will be submitted in January 2023. A proposed decision addressing the station power rules applicable to hybrid and co-located energy storage resources is expected in the second quarter of 2023.

### *ENHANCED RISK-BASED AUDITING*

Based on feedback from the California State Auditor, the Electric Safety and Reliability Branch (ESRB) is working with the Safety Policy Division to enhance its approach to risk-based auditing through the development of an interactive database tool. ESRB plans to integrate the tool into its annual auditing methodology exercise that is used to create a schedule of facilities to be audited in the upcoming year.

### *OVERSIGHT OF EMERGING TECHNOLOGIES AND INDUSTRY BEST PRACTICES*

In 2023, the Electric Safety and Reliability Branch plans to continue its efforts to expand its subject matter experts in the areas of emerging technologies.

### *PUBLIC SAFETY POWER SHUTOFFS*

Beginning in 2022, CPUC staff started work on planning a compendium of Public Safety Power Shutoff (PSPS) guidelines and rules from Resolution ESRB-8, and Decisions 19-05-042, 20-05-051, and 21-06-034, etc. A consolidated document referencing all existing PSPS guidelines and rules that have been adopted by the CPUC is expected in 2023. Additional PSPS guidelines in Rulemaking 18-12-005 may be issued in 2023. The Safety and Enforcement Division will continue its oversight of utility compliance with CPUC PSPS guidelines.

### *WILDFIRE INVESTIGATIONS*

Wildfire investigations by CPUC's Safety and Enforcement Division will continue in 2023.

## SAFETY POLICY DIVISION

### *ELECTRIC UNDERGROUNDING EXPEDITING PROGRAM*

In accordance with Senate Bill 884 (McGuire, 2022), the Safety Policy Division (SPD) will take the lead and work with the Energy Division, Legal Division, Administrative Law Judge Division, and Office of Energy Infrastructure Safety to develop the guidelines, templates, and review process for electric utilities to expedite long-term undergrounding plans. SPD anticipates engaging in a robust public discourse on these developments. Staff anticipates incorporating applicable risk-based decision-making principles from the Risk Assessment Mitigation Phase process into the review of investor-owned utilities' undergrounding proposals.

### *DATA TRANSPARENCY IN RAMP PILOT TEST REVIEW*

Safety Policy Division will review data from the pilot test performed by Southern California Edison for the presentation of data uncertainty in Risk Assessment Mitigation Phase as ordered in Decision 21-11-009. The review will inform the ongoing Safety Model Assessment Proceeding for potential improvements in the risk making decision format.

### *PHYSICAL SECURITY AND EMERGENCY PREPAREDNESS PLANS*

By March 31, 2023, in compliance with Decision 19-01-018 which requires investor-owned utilities (IOUs) and publicly owned utilities (POUs) to address physical security risks and threats to electric distribution facilities, IOUs and POUs will file their physical security annual update reports.

By April 30, 2023, in compliance with General Order 166 Standards for Operation, Reliability, and Safety During Emergencies and Disasters, IOUs will submit annual reports.

The Safety Policy Division will oversee the compliance of both Decision 19-01-018 and General Order 166 annual report submissions.



### *PG&E SAFETY REPORTING MOBILE APPLICATION*

In late September 2022, staff approved a revised scope of work for Pacific Gas and Electric Company's mobile application pilot's evaluation phase, to be conducted by Opinion Dynamics, the independent third-party evaluation contractor. By August 1, 2023, the evaluation phase is expected to be completed, at which time the CPUC will begin to consider the existing body of knowledge to make an informed decision about the future of the pilot and whether it should be modified, made permanent, and/or expanded statewide.

### *ELECTRIC UTILITY SAFETY UPDATE BRIEFINGS*

In 2023, the Safety Policy Division (SPD) will continue to plan, coordinate, and facilitate the annual electric utility safety update briefings to the CPUC and Office of Energy Infrastructure Safety, pursuant to Public Utilities Code section 8389(e) (5). SPD will incorporate lessons learned from the briefings in previous years and will begin coordination efforts in March 2023, with the expectation that briefings will be held in August.

### *INVESTIGATION INTO SAFETY CULTURE OF SOUTHERN CALIFORNIA GAS COMPANY AND SEMBRA ENERGY*

Upon issuing the independent consultant's report on safety culture of Southern California Gas Company (SoCalGas) and Sempra Energy, the CPUC in Investigation 19-06-014 will evaluate the utilities' governance, policies, practices, including safety metrics that have formed and continue to shape its safety culture and record of operation and performance, as well as implement changes as necessary. This investigation will also assess whether SoCalGas's organizational culture and governance are related to their safety incidents and performance record.

### *RULEMAKING TO DEVELOP SAFETY CULTURE ASSESSMENTS FOR ELECTRIC AND NATURAL GAS UTILITIES*

On April 28, 2022, the assigned Commissioner issued a scoping memo and ruling dividing Rulemaking 21-10-001 into two phases. Phase 1 focuses on developing and adopting a safety culture assessment framework for California's large investor-owned electric and natural gas corporations. Phase 2 focuses on developing and adopting a safety culture assessment framework for California's multi-jurisdictional utilities as well for the gas storage operators.

This proceeding hosted four technical working group meetings that fostered collaboration between the CPUC's Safety Policy Division (SPD), Pacific Gas and Electric Company,



Southern California Edison, San Deigo Gas & Electric Company, and Southern California Gas Company, and stakeholders. The CPUC issued multiple rulings soliciting public comment to help form the structure, elements, and process necessary to establish safety culture assessments as well as continuously improve their organization-wide safety culture. SPD has issued several staff concept papers which informed public comment. Phase 1 of this proceeding will culminate in an all-party workshop and a final staff proposal. A proposed decision will be released in the first half of 2023.

### *INVESTIGATION INTO PG&E SAFETY CULTURE*

In September 2022, in the Pacific Gas and Electric Company's (PG&E) Safety Culture Investigation, CPUC issued a ruling that included the Assessment of Pacific Gas and Electric Corporation and Pacific Gas and Electric Company's Safety Culture Final Update (December 27, 2021) prepared by NorthStar Consulting Group (NorthStar). This report provides a final assessment of the implementation status of all recommendations from NorthStar's 2017 and 2019 reports. Additionally, the ruling included a Safety Policy Division (SPD) staff report that provides a plan for tracking designated recommendations from NorthStar's reports. The CPUC solicited feedback on these documents from parties in the fall of 2022 and will consider the reports appended to the ruling in a final decision for the proceeding, expected in 2023. Subsequently, SPD staff will continue to track designated recommendations from NorthStar's report using the procedure outlined in its staff report.

### *PG&E ROOT CAUSE ANALYSIS*

The Order Instituting Investigation 19-06-015 was opened to consider penalties and other remedies for the role Pacific Gase and Electric Company (PG&E) facilities had in the ignition of 2017 and 2018 wildfires in its service territory. One of the requirements of Decision 20-05-019, was for PG&E to hire a consultant to perform a Root Cause Analysis (RCA) looking into the causes of 2017-2018 wildfires where PG&E facilities had a role. This RCA report is now complete. The report identified several issues and made several recommendations for possible corrective actions. The Safety Policy Division will facilitate workshops required by the decision to evaluate the report and make recommendations to allocate the more than \$60 million in funds for corrective actions that stem from the RCA findings.

### *INDEPENDENT SAFETY MONITOR*

In January 2022, as required by Decision 20-05-053 and in compliance with Resolution M-4855, an independent consultant was selected as the Independent Safety Monitor (ISM).

Through a competitive bid process, Filsinger Energy Partners, Inc. was selected and has been reporting to the CPUC. The ISM's duties enhance the CPUC's safety oversight of Pacific Gas and Electric Company (PG&E) by: supporting and adding to the CPUC's sustained efforts to ensure PG&E prioritizes and executes effective risk reduction; assessing PG&E's risk management activities in the field; evaluating safety operations and the efficacy of risk identification and mitigation activities; and monitoring PG&E's safety-related recordkeeping and record management systems to ensure modernization efforts are informed by prior failures and support safe system construction, operation, and maintenance in PG&E's electric and natural gas lines of business. The ISM will serve for five years and provide summary reports of their activities and observations every six months to the CPUC and the public.

In October 2022, the CPUC released the first report of the ISM.

In 2023, the Safety Policy Division (SPD) will continue working with the ISM and adjust the scope, if necessary, in compliance with Decision 20-05-053 and Resolution M-4855. SPD expects to release a second and third ISM report in the early and later half of 2023.

### *PG&E SYSTEM ENHANCEMENT INITIATIVES*

CPUC is working on the system enhancement initiatives (SEI) as part of the Investigation 19-06-015 settlement agreement. CPUC will interview and select qualified consultants to perform the work for each SEI. Pacific Gas and Electric Company (PG&E) will enter into a contract with each consultant selected by the CPUC. CPUC will review and approve the terms and scope of work prior to PG&E entering into the contract

with the consultants. The consultants will confer with and work under the direction of CPUC. CPUC will then manage the consultants to ensure work is being performed according to the contract. Each consultant will then issue a report of their findings and recommendations.

### *CLIMATE ADAPTATION*

The CPUC issued Order Instituting Rulemaking 18-04-019 to integrate climate change adaptation matters in relevant CPUC proceedings. CPUC staff is evaluating how electric and gas utilities may incorporate climate change adaptation into their planning and operations. SPD is analyzing CPU



General Orders to determine if amendments are needed to address risks due to changing climate conditions.

### *SAFETY CULTURE ASSESSMENT COORDINATION WITH OFFICE OF ENERGY INFRASTRUCTURE SAFETY*

The Safety Policy Division (SPD) is working with the Office of Energy Infrastructure Safety to align their annual safety culture assessment (mandated by California Assembly Bill 1054 (Holden, Burke, Mayes, 2019)) with the safety culture assessment conducted by CPUC (Senate Bill 901 (Dodd, 2018)). The objective of the on-going collaboration is to ensure transparency among departments and prevent duplication of effort and contraction of findings.

### *UTILITY CYBER SECURITY*

The CPUC will continue to identify key cybersecurity challenges facing the distribution grid and help mitigate incidents. This will be accomplished by aligning with Presidential Memorandums and Executive Orders pertaining to CPUC regulated entities, reviewing the current state of cybersecurity efforts by investor-owned utilities, participating in electric sector cybersecurity exercises, and collaborating with federal, state, and private partners to foster increased threat intelligence sharing.

### *SAFETY MODEL ASSESSMENT PROCEEDING*

In Phase 2 of Rulemaking 20-07-013, the CPUC has strengthened the risk-based decision-making framework that regulated energy utilities use to assess, manage, mitigate, and minimize safety risks. Phase 3 of the Safety Model Assessment Proceeding will take up the issues of risk tolerance, risk attitude and remaining scoping memo topics in 2023.

### *ACCESS AND FUNCTIONAL NEEDS*

The CPUC will continue to monitor investor-owned utilities' Public Safety Power Shutoff Access and Functional Needs pre-planning and operations that were established through Resolution ESRB-8, and Decisions 19-05-042, 20-05-051, 21-06-034, and 21-06-014.

### *GENERAL RATE CASE ADVISORY*

In 2023, the Pacific Gas and Electric Company and Sempra general rate cases will be underway, and the Southern California Edison rate case is expected to be filed. The Safety Policy Division has been increasingly relied on to support the Energy Division in general rate cases because of the emphasis on risk analysis in these proceedings.

### *RISK SPEND ACCOUNTABILITY REPORTS*

The Safety Policy Division expects to continue to support the Energy Division in reviews of the Risk Spending Accountability Report filings. These filings document actual utility spending on risk mitigations which are compared to expected spending.

### *NATURAL GAS LEAK ABATEMENT PROGRAM*

The Safety Policy Division (SPD) will continue to manage the Natural Gas Leak Abatement program established in Rulemaking 15-01-008 to reduce natural gas leaks as required by Senate Bill 1371 (Leno, 2014), including evaluation of novel leak measurement methods developed by the utilities. SPD will co-author the Annual Joint Emissions Report with the California Air Resources Board.

### *WILDFIRE MITIGATION PLAN REVIEW AND RATIFICATION*

The Safety Policy Division (SPD) will continue to review each Wildfire Mitigation Plan (WMP) for compliance with Public Utilities Code (PUC) section 8386(c), and create resolutions so the CPUC can ratify the Office of Energy Infrastructure Safety's (OEIS) decision for each WMP as required by PUC section 8386.3(a). SPD will coordinate and collaborate with OEIS throughout the review process to better understand the WMPs. SPD will leverage staff's subject matter expertise and perspective to analyze the WMPs and explain OEIS' conclusions to decisionmakers.

### *AUDIT PRIORITIZATION TOOL*

The mission of this project is to develop analytical tools and dashboards to enable the Electric Safety and Reliability Branch (ESRB) to make data-driven decisions. These tools will empower the senior management to easily access, analyze, and interpret data through user-friendly dashboards which will be automatically updated and connected to the data source. These dashboards deliver data visualization, and more advanced analytical analyses and facilitate meaningful, actionable research and insights. The dashboard will be finalized and functional for ESRB. More data from internal and external sources including safety performance metrics data and utilities data will be embedded in the dashboards.

### *SAFETY PERFORMANCE METRICS DATA AND OTHER DATA GOVERNANCE*

The Safety Policy Division will work with utilities to develop a structured format for safety performance metrics (SPM) data. The standardized data format will ensure consistent data quality from investor-owned utilities, provide better data governance for the uploaded SPM data, and streamline data analysis.



## *PG&E SAFETY AND OPERATIONAL METRICS REVIEW*

As part of the Enhanced Oversight Enforcement Process, the Safety Policy Division (SPD) will continue to review and analyze the safety and operational metrics (SOM) for Pacific Gas and Electric Company (PG&E), including discussing with PG&E and finalizing a standardized format for submitting metrics data to facilitate analysis. SPD plans to update the current SOM charts on its website and incorporate a more interactive dashboard for public access. SPD will continue to work with PG&E to determine long-term performance goals for the utility. SPD will also analyze the data to identify trends and ensure that PG&E is on track to meet its current performance goals. SPD will also assist decisionmakers as required to understand each metric and PG&E's overall performance.

## *EVALUATION OF SAFETY PERFORMANCE METRICS FOR LARGE INVESTOR-OWNED UTILITIES*

The Safety Policy Division (SPD) will review and analyze the Safety Performance Metrics (SPM) for 2022. SPD will discuss a standardized format for submitting metrics data for incorporation into data visualizations, particularly dashboards for CPUC's website and easier incorporation into the audit prioritization tool. SPD will also continue to use its report template format to track trends in the data to track performance. SPD plans to develop a webpage to display the metrics from the SPMs so that this information is more accessible. SPD will continue to investigate methods to compare the investor-owned utilities to better understand how they are performing relative to each other, and ultimately assist in transferring best practices between them.

## *COORDINATION WITH OFFICE OF ENERGY INFRASTRUCTURE SAFETY*

### **Wildfire Mitigation Plan Concerns and Approval Status**

The Safety Policy Division (SPD) will continue to coordinate with the Office of Energy Infrastructure Safety (OEIS) on the review of wildfire mitigation plans (WMPs) submitted by large investor-owned utilities (IOUs) and small multijurisdictional utilities, and evaluation of IOUs' performance in implementing wildfire mitigation plans (WMPs). SPD has routine meetings with OEIS to share comments on reviewing WMPs and identify adequate schedules for timely ratification.

### **Approval of Office of Energy Infrastructure Documents**

Public Utilities Codes section 8389(d) requires the CPUC to approve: wildfire mitigation plan (WMP) performance metrics, additional requirements for WMPs, WMP compliance process, and safety culture assessment process annually by December 1. The Safety Policy Division will continue to work with the Office of Energy Infrastructure Safety to evaluate all documents and prepare a resolution to approve them.

## **2023-2025 Wildfire Mitigation Plan Guidelines**

The Office of Energy Infrastructure Safety (OEIS) released 2023-2025 wildfire mitigation plan (WMP) guidelines and schedule for investor-owned utilities to submit WMPs. The Safety Policy Division will review the guidelines and provide feedback to OEIS.

### *WILDFIRE & SAFETY PERFORMANCE WEBSITE*

The Safety Policy Division plans to create a new webpage for the new Wildfire & Safety Performance Section. The guiding principles will be to create access and ease of use for the public. Content will be easy to understand and streamlined for user access rather than reformatted from existing documents or links to other pages. Language referencing CPUC internal proceedings will also be minimized and better explained. Two sections will display Pacific Gas and Electric Company's safety and operational metrics data and all major utilities' safety performance metrics data for public access. Metrics will be published as interactive dashboards. Ongoing discussions with CPUC Information Technology Services Division is currently in progress regarding how to create enhanced access for all users.

## **UTILITY AUDITS RISK AND COMPLIANCE**

### *UTILITY AUDITS, RISK, AND COMPLIANCE DIVISION (UARCD)*

#### **Utility Audits Branch**

In developing its 2023 Work Plan, the Utility Audits Branch (UAB) remains committed in its efforts to provide critical information and input for the CPUC's decision makers to improve program implementation and oversight. Completed audits will continue providing recommendations that would strengthen program effectiveness and oversight and will continue facilitating effective solutions and corrective actions to enhance the transparency, accountability, and performance of California's regulated utility companies. UAB will continue conducting audits of the regulated utility companies utilizing risk-based methodologies and will continue enhancing its risk assessments for each regulated industry to ensure audit resources are dedicated to those programs and companies that have the greatest potential impact.

UAB plans to continue enhancing its external audit services to investigate high-priority and high-risk issues and provide heightened levels of accountability of the public funds that are used to provide assistance to the most vulnerable population segments in the state. UAB plans to complete 42 audits of regulated utilities in 2023.

### **Balancing Accounts Audits**

In 2023, the Utility Audits Branch will continue auditing both energy and water utility balancing accounts to remain consistent with the risk assessment methodology. The goal is to complete four performance audits based on its annual risk assessment.

### **Communications Audits**

The Utility Audits Branch (UAB) plans to continue updating its risk assessment methodology to target its resources toward the communication carriers and public purpose programs bearing the highest risk. UAB aims to complete six communication carrier audits in 2023, focusing on California LifeLine Fund, California High-Cost Fund, and/or California Teleconnect Fund.

### **Energy Audits**

The Utility Audits Branch (UAB) plans to complete three Energy Assistance Program audits in early 2023. In addition, UAB plans to conduct a follow-up audit to determine whether Southern California Edison's wildfire mitigation activities were properly recorded in the accounting records and properly spent in accordance with relevant criteria and whether the utility implemented corrective actions in response to prior audit recommendations. Additionally, UAB plans to commence another follow-up audit to investigate whether Southern California Gas Company's codes and standards activities were properly accounted for and incurred for allowable purposes.

### **Energy Procurement Audits**

The Utility Audits Branch (UAB) plans to conduct and complete 12 audits of the three largest electric utilities' (Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company) energy procurement transactions and activities reported in their respective Quarterly Compliance Reports to ensure that the utilities comply with relevant CPUC directives, state laws, and regulations when conducting energy procurement activities and reporting related transactions to the CPUC.

### **Supplier Diversity Program Audits**

In 2023, the Utility Audits Branch plans to complete the audit of a Class A water company's compliance with the CPUC's Supplier Diversity Program guidelines to determine program effectiveness in achieving diverse procurement goals.

### **Water and Sewer Audits**

The Utility Audits Branch plans to continue auditing the water and sewer utilities in 2023 with a goal to complete 14 reviews of high-risk regulated water and sewer utilities based on the annual risk assessment of all water and sewer utilities.

## *RISK AND COMPLIANCE BRANCH*

In 2023, the Risk and Compliance Branch (RCB) will continue its commitment to provide critical input to CPUC decision makers on the enterprise risk management system by identifying, measuring, reporting, and monitoring risks that may affect CPUC's ability to achieve its mission. RCB will continue to track, monitor, and coordinate management corrective action plan updates for implementation of the remaining outstanding audit recommendations issued to the CPUC. RCB will continue to refine and develop internal dashboards for reporting and presenting audit monitoring data. Additionally, RCB will continue leading the Utility Audits, Risk and Compliance Division's recruiting efforts by expanding its reach to include additional visits at colleges throughout California during spring and fall 2023 semesters. Finally, RCB will facilitate the preparation and submission of CPUC's June 2023 Leadership and Accountability Implementation Plan and subsequently coordinate the December 2023 Leadership and Accountability Report in accordance with the State Leadership and Accountability Act.

## **WATER**

### *ACQUISITIONS AND CONSOLIDATIONS*

The CPUC will continue developing the record with additional workshops scheduled for 2023 in Rulemaking 22-04-003 to review the existing guiding framework regarding acquisitions involving water utilities under CPUC jurisdiction. The topics for these workshops will cover issues relating to valuation and the effects on ratepayers of both

the acquiring system and the system being acquired. A proposed decision is anticipated for the first quarter of 2024.

### *WATER COST OF CAPITAL*

In May 2021, four Class A water companies filed required applications for review of their cost of capital, which would affect their authorized returns and subsequently rates charged to customers. These companies included California-American Water Company, California Water Service Company, Golden State Water Company, and San Jose Water Company. The matter will continue into 2023.





## GENERAL RATE CASE PROCEEDINGS

Golden State Water Company filed a general rate case (GRC) application in 2020 (Application 20-07-017). It is expected the CPUC will decide on that application in 2023. California Water Service Company, Apple Valley Ranchos Water Company, and Park Water Company filed GRC applications in 2021 (Applications 21-07-002, 21-07-003, and 21-07-004, respectively). Great Oaks Water Company applied for authority to raise revenues in July 2021 (Application 21-07-001). The CPUC is expected to decide those cases as well in 2023.

Two Class A water companies filed GRC applications in 2022: San Gabriel Valley Water Company (Application 22-01-003), and California-American Water Company (Application 22-07-001). Both proceedings are continuing into 2023.

Suburban Water Systems will file a GRC application in January 2023, and Golden State Water Company will file a general rate application in July 2023.

## VOTING MEETINGS HELD IN 2022 AND PLANNED FOR 2023

### 2022 Voting Meetings

Date	Location
13-Jan	Remote
27-Jan	Remote
10-Feb	Remote
24-Feb	Remote
17-Mar	Remote
7-Apr	San Francisco
21-Apr	Sacramento
5-May	Sacramento
19-May	Sacramento
2-Jun	San Francisco
23-Jun	San Francisco
14-Jul	Diamond Bar
4-Aug	Remote
25-Aug	Remote
15-Sep	Clovis
6-Oct	Remote
20-Oct	Remote
3-Nov	Chico
17-Nov	Remote
1-Dec	Remote
15-Dec	Remote

### 2023 Voting Meetings

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



# Executive Director's 2022 Report and Assessment



## A MESSAGE FROM THE EXECUTIVE DIRECTOR

The Executive Director's Annual Report is an opportunity to highlight the CPUC's accomplishments that may be less visible to the public but are nevertheless critical to ensuring that the CPUC operates effectively. With the guidance of the CPUC president and Commissioners, the executive director leads and supports the work of CPUC divisions to implement the CPUC's mission of empowering California through access to safe, clean, and affordable utility services and infrastructure. The CPUC's achievements and improvements in regulating utility services and infrastructure are discussed in detail throughout this report and are incorporated into the Executive Director's 2022 Report and Assessment. The Executive Director's report focuses on achievements in organizational effectiveness.

Sincerely,

A handwritten signature in black ink that reads "Rachel Peterson".

Rachel Peterson, Executive Director  
California Public Utilities Commission

Pursuant to Senate Bill 512 (Hill, 2016), 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 2021 Work Plan and the overall performance of the CPUC.

## *SUCCESS IN EXECUTING AND CONTINUAL PROGRESS TOWARD THE REGULATORY POLICY AND ADMINISTRATIVE GOALS SET OUT IN THE CPUC'S ADOPTED STRATEGIC DIRECTIVES*

**SUPPLIER DIVERSITY:** In furtherance of the CPUC's strategic directives on climate change and economic prosperity, through its General Order 156 Supplier Diversity Program, the utilities reported \$12.3 billion spend with diverse businesses or 31.2 percent of their total spend. This procurement activity is economic opportunity for California communities, with about 42 percent of this diverse utility spend occurring within Environmental and Social Justice (ESJ) communities.

**ENFORCEMENT POLICY:** In 2022, the CPUC continued to implement the adopted Enforcement Policy, successfully making its first use of two new types of enforcement tools—the Administrative Consent Order and the Administrative Enforcement Order—in cases against Pacific Gas and Electric Company, Southern California Edison, San Diego Gas & Electric Company, and PacifiCorp.

**ENHANCED DATA ANALYTICS:** The CPUC received the Legislature's approval to implement enhanced enterprise Geographical Information Systems and data analytics capabilities for the CPUC's public purpose programs, service quality activities, and policy support.

**INFORMATION SECURITY:** The CPUC received the Legislature's approval to bolster the Information Security Office within the Information Technology Services Division with resources to focus on maturing the overall security program, including updates to policies and procedures, implementation of new security monitoring solutions, and increased capacity to identify and mitigate security risks and incidents.

## *CONTINUAL IMPROVEMENT IN COMPLIANCE WITH STATE RULES THROUGH THE IMPLEMENTATION OF EFFECTIVE BUSINESS SYSTEMS AND INNOVATION IN CORE OPERATIONS*

**2022 SEPTEMBER HEAT WAVE EMERGENCY:** The Administrative Services Division, Human Resources Division, and Information Technology Services Division provided support to CPUC staff during the heat wave, including energy saving options in CPUC facilities, backup plans for its information technology infrastructure, and dissemination of its Heat Illness Prevention Program for its field staff.

**STATE TELEWORK POLICY:** In 2022, CPUC officially became a hybrid workplace and implemented California's State Telework Policy. Since the COVID-19 pandemic began in 2020, CPUC employees have successfully met the needs of ratepayers by rapidly pivoting to working remotely. The CPUC is committed to sustainability, reducing the CPUC's carbon footprint, using innovative business systems, and reducing state costs by its commitment to being a hybrid workplace.



**LEARNING MANAGEMENT SYSTEM:** The Human Resources Division and Information Technology Services Division deployed the CPUC Learning Management System (LMS) in summer 2022. The LMS provides management and staff with a central shared resource for accessing mandatory and career development training, tracking progress, and sharing training data as required with the California Department of Human Resources.

**VIRTUAL AND IN-PERSON VOTING MEETINGS:** Throughout 2022, the CPUC deployed its information technology, Public Advisor, and other resources to hold virtual and in-person Voting Meetings to ensure safe public access to the CPUC’s process in response to the changing pandemic conditions.

**AUDITS AND COMPLIANCE:** In a demonstration of the CPUC’s commitment to compliance, the CPUC successfully closed 28 audit recommendations by implementing new risk mitigation controls across numerous divisions and teams, including accounting, contracts, and information technology.

### *PROGRESS TOWARD DEVELOPING A SAFETY CULTURE AT THE CPUC*

**WELLNESS CHALLENGES:** In 2022, the CPUC offered its employees two Wellness Challenges:

- **Steps and Sweats:** This encouraged employees to be active by tracking their daily steps. The goal was to be active 30 minutes per week to earn points.
- **Way 2 H2O hydration challenge:** The goal of the challenge was to remind staff to drink water daily, especially in the summer months.

**COVID-19:** The CPUC revised its COVID-19 prevention policy and program several times in 2022, in compliance with directives from several state agencies: the California Department of Public Health, the California Department of Industrial Relations, and the Division of Occupational Safety and Health. With a statewide workforce, offices in Sacramento, San Francisco, and Los Angeles, the CPUC has adapted to the changing pandemic conditions and state directives by implementing face covering requirements, exclusion periods, unverified employee testing requirements, and ongoing training.

### *PROGRESS TOWARDS CREATING AN INCLUSIVE ENVIRONMENT THROUGH INVESTING IN THE CPUC WORKFORCE*

**CAREER FAIRS:** Throughout 2022 the CPUC held and attended 27 career fairs, 15 virtual, and 12 in person.

**HIRING PROCESS:** The CPUC has made 69% of its exams—18 out of 26 total—available online 24 hours a day, which has streamlined the application and hiring process. The CPUC processed 471 appointments in 2022, including promotions, transfers, and new hires. More than 120 employees from outside the agency joined the CPUC in 2022,

and 103 employees moved on to retirement or other job opportunities this year.

**TRAINING:** The CPUC requires all employees to comply with State of California training requirements, and to take training to continue building an inclusive work environment. The CPUC's additional training includes the value of workplace diversity, diverse recruiting, and recognition of implicit bias. The CPUC has designed and conducts a six-month onboarding session for new employees addressing numerous aspects of the CPUC's regulatory mission, including the Environmental and Social Justice Action Plan.

**HYBRID WORKPLACE RECRUITING ADVANTAGE:** The CPUC's new permanent status as a hybrid workplace is showing early benefits, including a recruiting advantage because of the flexibility offered through telework.

### *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 the 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. For example, as part of this engagement, OGA organized and led four formal legislative staff informational briefings in 2022 on topics such as electric system safety oversight, building decarbonization, distributed energy resource planning, integration and deployment, and electric supply reliability. These briefings helped prepare legislative staff to address key issues in these complex and growing policy areas.

**SUPPORTING THE CPUC TRIBAL ADVISOR:** In 2022, the CPUC's Tribal Advisor, Kenneth Holbrook, focused on conducting Tribal Consultations and outreach related to the ongoing rulemaking to consider the effectiveness of its Tribal Land Transfer Policy (TLTP) Implementation Guidelines (Rulemaking 22-02-002). The TLTP and Implementation Guidelines (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 Guidelines provide tribes with information required to determine whether they are interested in the real property, provide tribes with meaningful consultation in making that determination, and ensure that the investor-owned utilities act in good faith in all efforts to transfer real property to the appropriate tribe. Another focus of work for CPUC's Tribal Advisor is the design and conducting of multi-stage staff trainings on consultation best practices, cultural awareness, and tribal law discussions. Kenneth Holbrook led a small delegation of key staff to the Department of Energy's Tribal Clean Energy Summit in October. The CPUC prioritizes its role in supporting California's tribes in their efforts to secure new federal investment in clean energy adoption and climate adaptation set aside for tribes.

**PUBLIC PARTICIPATION HEARINGS AND FORUMS:** The CPUC continues to prioritize transparency and input from the public. While not an exhaustive list, in 2022 the CPUC held 37 Public Participation Hearings, 21 Voting Meetings, and more than 10 other events designed to provide a forum for the general public. Some of these public forums included a Workshop on Managing Customer Arrearages and Disconnections, Public Safety Power Shutoff readiness, and Public Briefings on Utility Safety Practices.

### *SUMMARY EVALUATION OF EXECUTIVE DIRECTOR PERFORMANCE*

Based on the criteria set forth, the executive director has met the performance criteria established in the 2021 Annual Report.

## **PERFORMANCE CRITERIA FOR 2023**

In 2023, the criteria against which the executive director will be assessed will continue to include:

- Success in executing and continual progress toward the regulatory policy and administrative goals set out in the CPUC’s adopted strategic directives.
- 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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