



Senator Jerry Hill, 13<sup>th</sup> Senate District

## **SB 512 (Hill) – Governance, Accountability, and Transparency at the California Public Utilities Commission**

*Recent scandals at the California Public Utilities Commission (CPUC) have highlighted the need for more visibility in the interactions between Commissioners and regulated utilities, and a series of embarrassing audits of the CPUC's mismanagement of public funds poor safety oversight point toward poor management of the organization.*

*SB 512 would reform the CPUC's governance structure, more clearly outlining the roles and responsibilities of Commissioners and staff, and require the CPUC to reach out to communities affected by CPUC decisions instead of only the regulated utilities. To do so, SB 512 would make the following statutory changes:*

- 1) Require the commission to annually approve performance criteria for the commission and the executive director and to annually evaluate the performance of the executive director based on those criteria.** The CPUC's performance in its core functions—such as public safety, license processing, and fund management—during the last several years been dismal. As any board in government, corporate America, or the non-profit sector, the CPUC must set performance criteria for its executive director.
- 2) Require the CPUC to reach out to those affected by its proceedings.** Executive Order 13563 requires that all federal agencies perform outreach before instituting a proceeding. Agencies have demonstrated fulfillment of this obligation by outlining their outreach efforts in the document that opens the proceeding. Requiring the CPUC to do something similar would ensure that 1) the PUC is reaching out to multiple interested parties, and 2) if those parties are limited to the utilities, that is spelled out in a public document. SB 512 also requires the PUC to detail its public outreach efforts in its annual report.
- 3) Require CPUC judges to adhere to ethics provisions of the Administrative Procedures Act.** In PG&E's "judge-shopping" affair, the utility successfully convinced the CPUC's political appointees and their staff get PG&E's preferred judge assigned to a rate case. This bill will make CPUC judges subject to the same ethics requirements as judges covered by the Administrative Procedures Act, allowing CPUC judges to more effectively resist political pressure. The CPUC is not currently subject to the state's Administrative Procedures Act.
- 4) Allows the public to receive hearing transcripts at no charge.** Currently, utilities are reimbursed by ratepayers for transcript fees, and the fees are waived for those eligible for intervenor compensation, leaving only local governments and a host of small business groups subject to paying the fees. These fees are not cheap. In order to receive the transcripts in a timely manner, a requestor must pay \$6 per page. The San Bruno penalty proceeding had 5,377 pages of oral testimony, which would have cost an intervenor such as the City of San Bruno \$32,262 in transcripts alone. As these documents are provided to utilities and intervenors, such an exorbitant fee is an unreasonable bar for other to participate in proceedings for no extra work.

**5) Permit the CPUC to meet in locations other than San Francisco.** This will allow the commissioners to hear from residents in other parts of the state and, to the extent the CPUC meets in Sacramento, permits the Governor and Legislature closer oversight of CPUC performance.

**6) Require the CPUC to modify its annual report to clarify how long CPUC takes to finish cases.** Many CPUC cases—whether rate cases or penalty cases—have been getting longer and longer, yet the CPUC has reported that everything is “on time.” The San Bruno penalty case—nearly three years old—is considered to be “on time.” This bill adds more transparency by not asking the CPUC to interpret what “on time” means but to instead report on how long proceedings take.

**7) Allow local governments to receive intervenor compensation for participation to improve safety.** Local governments are specifically prohibited in law from receiving intervenor compensation in CPUC proceedings, yet CPUC officials have been asking that entities intervene in its proceedings to improve safety. Local governments that have suffered from utility incidents, such as the cities of San Bruno, San Carlos, Laguna Beach, and Carmel, have participated on a limited basis to protect their residents. This bill allows local governments that have suffered catastrophes to seek intervenor compensation for safety participation.

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